

# ATB Investor Beat:

## The Pulse of Alberta Investors


*Investor Services*


### Saving for an education to get ahead or just fall into debt?

With another school year over, kids are being asked, “What do you want to be when you grow up?” While many may dream of being a doctor, astronaut or chef, one of the biggest roadblocks is not having enough money for post-secondary education. People often think about saving for a house, a trip or retirement but neglect to invest appropriately for education.

According to Macleans, the average cost of an out-of-province, four-year post-secondary degree is \$78,000, which is no small investment. Education is supposed to get you ahead, and three-in-ten Albertans think a post-secondary education is a valuable personal investment. However, for many students, going to college or university marks the first time they’re handling their own finances. Insufficient savings to pay for post-secondary education can result in student debt that feeds into a cycle of limited capacity to save in the future.

For many, a lack of cash flow prevents them from putting money towards a future education either for themselves or for loved ones. The financial dilemma emerges of how to balance paying expensive tuition bills, managing daily expenses and saving for retirement. For most Albertans, saving for retirement remains their top priority, but they tend to revert to borrowing when it comes to paying for education costs. However, with the cost of tuition rising at a much faster rate than inflation, Albertans may want to consider education

savings a priority early on to avoid saddling their children with an enormous amount of post-secondary debt when they graduate. The hardest parts are figuring out how to start and how to invest those education savings for the future.

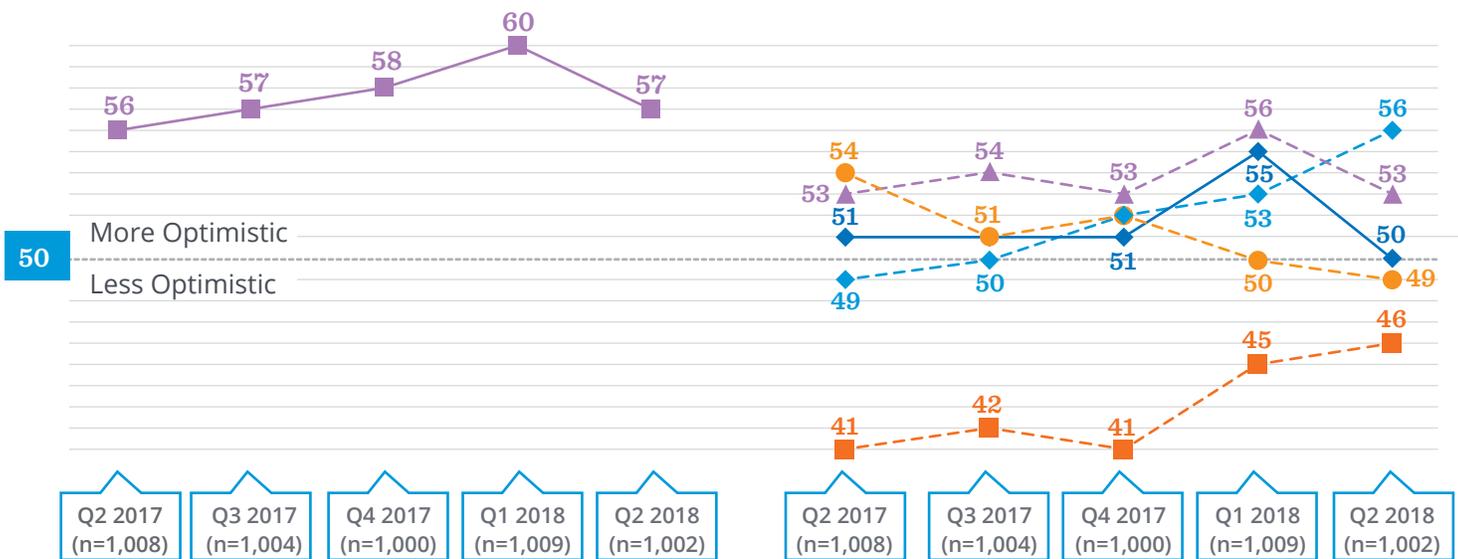
The good news is that saving is possible with the right plan in place. By starting a savings plan early, even before your child begins elementary school, you can reduce the burden of taking on high debt to pay for his or her higher education. Put simply, we invest so the hard-earned money we have today will provide us with more money sometime in the future.

Whether you’re saving for yourself or a loved one, or trying to balance investing and saving while paying off a student loan, talking to a professional advisor and creating a financial plan can help you manage conflicting financial priorities that may seem overwhelming.




Chris Turchansky  
President  
ATB Investor Services

# The Investor Beat Optimism Index



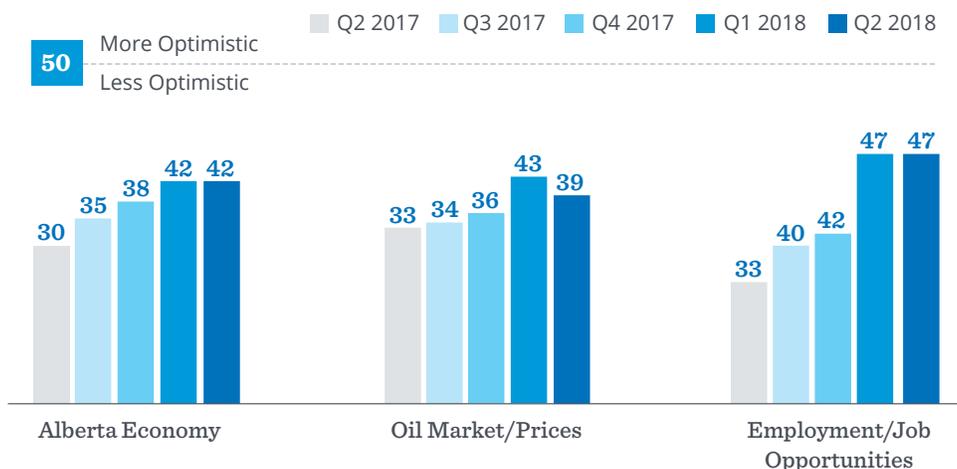
The **Investor Beat Optimism Index** is based on a representative sample of Albertans who rate their optimism towards investing, different investment products and economic factors. The ratings are based on a net positive score, which is then rescaled to fit an index ranging from 0 to 100.

- ▲— Balanced Mutual Funds
- Real Estate
- ◆— Cash
- ◆— Stocks (directly and equity funds)
- Bonds

After very strong market returns in 2017 and abnormally low volatility, Alberta investors' moods quickly shifted this past quarter. A return of volatility resulted in a six per cent drop in the number of people who think now is a good time to invest (15% in Q2'18 versus 21% in Q1'18). The lingering effects of unstable markets appear to have caused some skepticism towards investing, especially within the stock market, which saw a significant decline in optimism this quarter (50 in Q2'18 versus 55 in Q1'18). It also makes sense, given the recent choppiness in the markets, that optimism towards cash and bond investments increased compared to a year ago. Despite this sentiment shift, four-in-ten Albertans who feel positive about investing today say it's always a good time to invest to help reach financial goals.

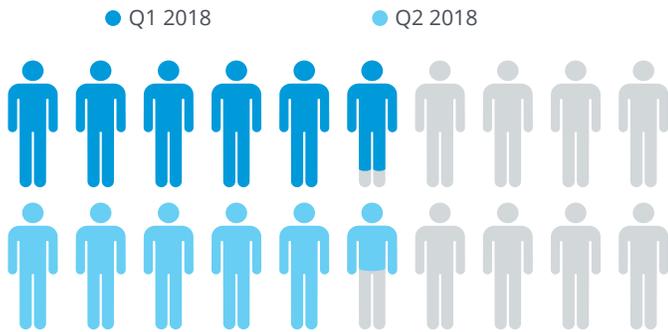
# The economy according to Albertans

The resurgence of the Alberta economy has instilled Albertans with a more optimistic view of employment and job opportunities compared to the same period last year (47 in Q2'18 versus 33 in Q2'17). On the contrary, the perception of the Canadian dollar shows a negative downward trend over the last two quarters.



# Is the drop in oil prices still impacting Albertans?

Change in those impacted decreased from 59% in Q1 2018 to 54% in Q2 2018.



Despite potential disenchantment with the stock market, there are positive indicators that Alberta's economy is recovering, including less Albertans reporting being impacted by oil prices hitting the \$70 range. This has resulted in fewer Albertans changing their vacation plans, putting off a big purchase (e.g., car, TV, etc.) or postponing home renovations. Along with the intention to put off spending, less Albertans are stopping regular contributions to their savings/ investments this quarter. While their spending is less restrained, Albertans will likely keep their investing and saving contributions the same, with less investors planning to increase the amount they contribute (down five per cent and ten per cent, respectively, this quarter compared to last).

**Changes Albertans have made**



## Financial goals

Top savings goals:



Albertans saving for education:



Saving for your education



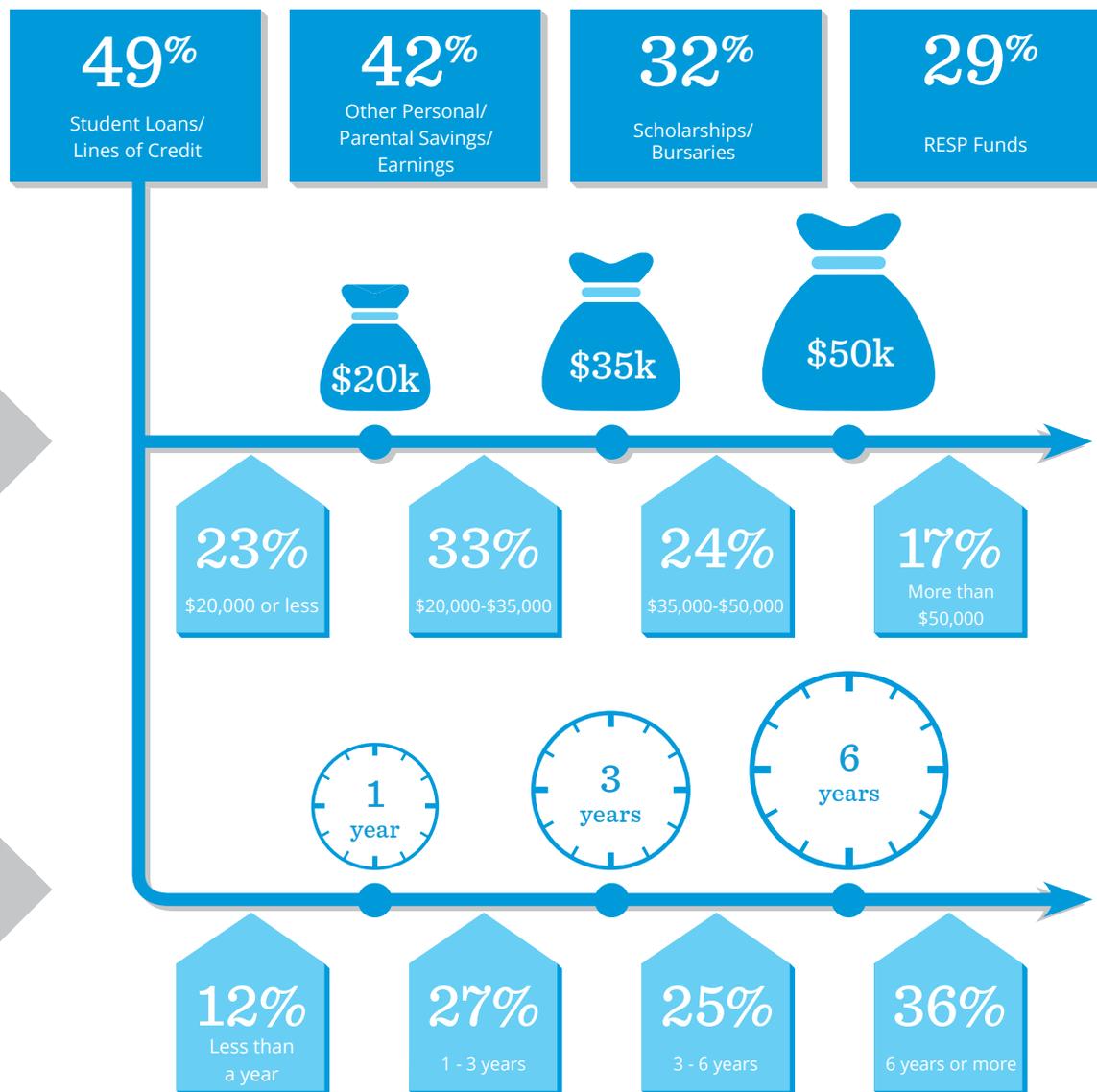
Saving for your children's/ grandchildren's education

Although the top financial goals remain consistent this quarter compared to the previous quarter, one financial goal that doesn't get enough attention is saving for education. Consistently, only about one-in-ten Albertans are saving for their own education, and about two-in-ten are saving for a child or grandchild's education. Half of respondents saving for their own or a loved one's education don't believe that they'll save enough to cover the total education expenses, suggesting a future dependence on other income sources to cover education such as student loans or lines of credit.

# Student debt



How Albertans are paying for education:



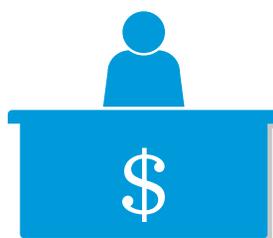
Four-in-ten current students or recent graduates took out student loans or lines of credit, with the average expected range of debt falling between \$20,000 and \$35,000. Over half of those current students or recent graduates believe that it'll take one to six years to pay off their student debt, and one-in-three expect it to take more than six years. With these timelines in mind, it isn't surprising that three-quarters (73%) of current students or recent graduates state that having student debt is a barrier to saving/investing regularly. However, a large majority of those who have student debt (78%) have not spoken to a financial professional about how to pay off their student debt sooner.

## Saved enough to cover education costs



Yes	32%
No	50%
Don't know	18%

## Spoke to professional on how to pay off student debt



Yes	21%
No	78%
Don't know	1%

## Saving for a loved one's education

One-half of Albertans (48%) expect that a four-year post-secondary degree completed while living away from home would be anywhere between \$50,000 and \$90,000, which falls within the average estimate of \$78,000. Nonetheless, half of those Albertans saving for this goal (50%) don't believe they'll save enough to cover the total expense of a post-secondary education. Among those who report saving for education (for themselves or a loved one), the most common way of saving is through RESPs followed by TFSAs.

### How are Albertans saving for post-secondary education?



For more information on this report or the next ATB Investor Beat edition, please write us at [investorbeat@atb.com](mailto:investorbeat@atb.com). You can also visit [atb.com/investorbeat](http://atb.com/investorbeat) to be included on the mailing list.

### About ATB Investor Services

ATB Investor Services is the wealth management arm of ATB Financial. Our goal is to sort through the clutter and make investing easier to understand so our clients can focus on the things that really matter in life.

To learn more about ways our investing philosophy is helping Albertans, please contact Chris Turchansky, president of ATB Investor Services at [christurchansky@atb.com](mailto:christurchansky@atb.com)

### Who did we talk to?

Ipsos ([www.ipsos-na.com](http://www.ipsos-na.com)) is the third largest market research company in the global industry providing a full range of market research services. In North America, Ipsos has more than 2,100 research professionals and support staff located in 33 offices, with eight offices in Canada.

These findings are from an online survey conducted from April 23 to May 3, 2018, using Ipsos' i-Say panel. The 1,002 respondents are representative of Albertans 18 years of age and older based on age, gender and region. Using a Bayesian credibility interval, the survey is considered accurate to within +/- 3.5 percentage points had all adults in Alberta been polled.

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