

Escalating student debt blamed on parental spending

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Total student debt in Canada has risen by 6.2 per cent a year over the last 10 years to \$42.9 billion, according to a new study by research company [Strategic Insight](#).

A lot of that debt, the report says, can be blamed on parents who have spent so much money they don't have enough to save for their children's college or university fund.

Debt may actually be an intergenerational problem, says Strategic Insight's senior managing director, Carlos Cardone.

"There is almost like a spillover effect," said Cardone.

"Families are dealing with more debt, and as a consequence of that, they may not have the capacity to save all the money they would like to save for things like education."

[Statistics Canada](#) says the estimated cost of a four-year degree — before the cost of books, transportation or living expenses — is \$24,492 on average.

Cardone says even families with high incomes often only tend to have enough savings to cover a year-and-a-half or two years of post-secondary schooling.

A significant student debt, he says, could well stretch into retirement.

Lifetime of debt

Experts say the impact of parental debt on future generations could turn out to be a lifetime of owing money, from their student years to retirement.

"I think we have to worry about generations in their prime child-bearing and rearing years who are particularly squeezed by money pressures," said Paul Kershaw, a professor at UBC's [School of Population and Public Health](#).

"That group is struggling so much more to cover their cost of housing which makes it hard to save for their kids' post-secondary which is going to make it even more challenging when their kids are 18, 19, 20 years old and trying to go to college."

RESPs

Also increasing very fast over the past few years is the use of registered education savings plans — but it's not enough to slowdown the growth of debt.

"The savings that are accumulating in those plans are not sufficient to finance the entire education of many students," said Cardone.

"Even those who manage to accumulate the most money tend to average around \$14,000 or so, which is well below the cost of a four-year university degree in Canada."