



 NatWest

another way

Student Money Matters 2005

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NatWest questioned over 3,000 sixth formers, undergraduates and graduates to determine the spending patterns, financial concerns and future prospects of young people in the UK in 2005.

With this year's sixth formers expecting to shell out £28,600 for a three year degree course and expecting to graduate with debts of nearly £14,000, it's no surprise that worrying about finances outweighs concerns about the educational side of university by 8%. Nearly three-quarters cite it as their biggest concern about flying the nest this summer.

This year's freshers are however relieved that they are not a year younger as 49% admit that they would feel less inclined to go to University in September 2006 because of the new charging structure coming in.

Debt

Graduating from university with thousands of pounds worth of debt is clearly a daunting prospect for anyone embarking on a degree. However, the good news this year is that although debt has risen, it is at a much slower pace than in previous years.

The actual average graduate debt in 2005 is £12,640, a modest increase of £460 on 2004. That said, 62% left university with debts of over £10,000 and 35% expect to take over 10 years to pay it off.

University, however, is clearly seen as an investment in the future as 67% hadn't thought twice about not going to university because of the debt that they had been left with, an increase of 4% on 2004.

% of students who expect a debt of between £4,000 and £10,000

19%

% of graduates with a debt of between £4,000 and £10,000

20%

% of students who expect a student debt of over £10,000

50%

% of graduates who graduated with a debt of over £10,000

62%

Graduate debt (2000 - 2005)

2005	-	£12,640
2004	-	£12,180
2003	-	£8,125
2002	-	£5,636
2001	-	£5,170
2000	-	£3,174



Spending

University is a costly business and two thirds of the UK's current students admit that they are spending much more than they had anticipated each month. The average student spends £871.79 per month on essentials and rent, however this doesn't include the yearly tuition fees.

Insurance, however, is not regarded as an important expense by students as only 38% have actually bought an insurance policy to cover their belongings at university, despite the average value of their possessions being £2,470.

Average weekly spend in £s (2004 figures in brackets)

Rent	£56.99*	(£65.00)
Food	£17.91	(£18.17)
Alcohol	£17.09	(£17.11)
Going out	£14.65	(£14.40)
Cigarettes	£13.10	(£14.35)
Utility Bills	£12.71	(£13.56)
Buying clothes	£12.61	(£12.36)
Transport	£12.54	(£12.66)
Eating out	£11.85	(£12.34)
Telephone bills	£10.22	(£10.22)
Books	£9.25	(£8.59)
Music	£7.49	(£7.50)
Laundry	£4.22	(£4.70)

* NUS Accommodation Survey

If students find themselves hard up:

70% would go out socially less often



70% would spend less on clothes



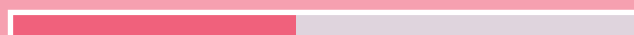
62% would shop at budget shops



51% would walk instead of using public transport



45% would use their mobile phone less



Funding

With the cost of university increasing every year, part time work is becoming essential for over a third of students. What's more, 78% of these students say that they would not be able to afford a university education if they didn't work on top of their studies.

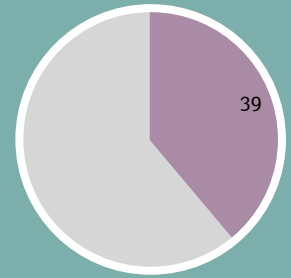
For sixth formers starting university in September, the expectation is that the majority will need to have a part time job of some kind. As many as 88% expect to have to roll their sleeves up and spend an average of 15 hours per week working to finance university.

Part time work is a money-spinner for students at university with the average employed student taking home £4,000 tax-free. Many students admit that their education could be impacted as a result of too much work, as 41% have skipped lectures to earn more money.

That said, despite increasing debt and a greater necessity to fund university through part time work, 2005 has seen a large increase in the number of students receiving financial help from their parents. Almost a third of parents are now giving their offspring regular amounts to fund their life at university, 25% get money as and when they need it and only 29% get no assistance at all.

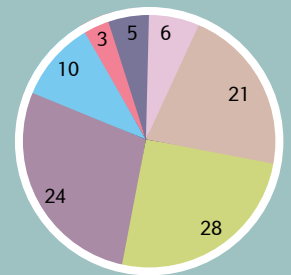
% of students that have a part-time job

39%



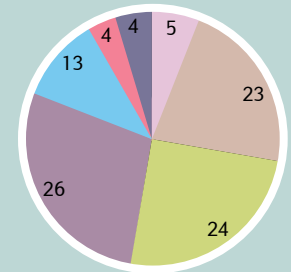
% working set amount of hours (2004 figures in brackets)

Up to 5 hours	9%	(6%)
6 – 10 hours	24%	(21%)
11 – 15 hours	21%	(24%)
16 – 20 hours	27%	(28%)
21 – 25 hours	9%	(10%)
26 – 30 hours	4%	(3%)
Over 30 hours	3%	(5%)



Amount earned per week from part time work (2004 figures in brackets)

Up to £20	6%	(5%)
£20 - £50	27%	(26%)
£51 – £75	21%	(23%)
£76 - £100	22%	(24%)
£101 - £150	15%	(13%)
£151 - £200	6%	(4%)
£201 plus	2%	(4%)



Starting Work

Leaving university means different things for different people, but for most it comes with the realisation that it is time to stand on their own two feet. To do this successfully, finding a job with a good starting salary is essential. Students expect to earn £17,440 in their first job, however, in reality the average starting salary is actually £14,090 – a distinct difference.

Finding an enjoyable job (60%) is the most important factor for graduates looking to get on the first rung of the career ladder, closely followed by a job related to their degree (51%). Today's graduates however are in it for the long term with 47% looking for a job, which will give them good long-term career prospects.

Average expected starting salaries:

Sixth formers: £17,140
Undergraduates: £17,440

Actual average starting salary for graduates: £14,090

% of graduates who had secured a job before graduation: (2004 figure in brackets)
18% (22%)

Most important factors when looking for a job (2004 figure in brackets)

A job which you enjoy	60%	(59%)
A job related to your degree	51%	(45%)
A job with long term career prospects	47%	(48%)
Good basic salary	40%	(35%)
A job that looks good on the CV	31%	(28%)

