THE GLOBE AND MAIL

Why the cost of education may end up far higher than many students expect

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Christopher Bishop expects to have about $24,000 in student debt when he graduates from his computer-science program at Ryerson University in 2020. But that won't be the end of it. The 22-year-old plans to keep upgrading his skills with various certifications and graduate studies, which, in his fast-moving field, is a necessity rather than an option.

With that extra training comes more debt, which Mr. Bishop considers a necessary evil. "It's not just the fact that you need the extra training after school, but the shelf life of your knowledge is also significantly shorter than in other fields," he says. "It's scary knowing how much master's programs cost, and the individual certificates, but with the way the industry is going it seems worth it to me."

He won't be alone when graduating from university with debt and the realization that one degree may not be enough for a future career. A new CIBC poll shows that about three-quarters of postsecondary students believe they will need to supplement their education with more training after graduation. That's despite already spending an average of about $14,000 a year on their current program and owing an average of $30,300 when it's over.

Despite rising tuition fees, about two in five students surveyed say they have no savings and two-thirds don't have a registered education savings plan (RESP).

"Students are perhaps not as prepared as they could be," for the cost of postsecondary education, says David Nicholson, vice-president of CIBC Imperial Service.

That unpreparedness includes not having planned how to provide for the price of graduate school or additional training courses, as well as the possibility that some students may decide to switch programs midway through their degree – which means extra years of education to fund.

"It's important that students explore what's available to them," to pay for their education, Mr. Nicholson says. He points to loans and scholarships as well as a RESP, which not only includes a government grant but the tax-free accumulation of savings.

Credit Counselling Society president Scott Hannah is surprised by how few Canadians take advantage of RESPs.

"It's pitifully low," Mr. Hannah says.

"That's a great program that gets you an automatic 20 per cent on top of the money you put in. Why wouldn't you take advantage of it?"

Not only should parents set up an RESP for each child early on, but Mr. Hannah encourages relatives to contribute to it instead of giving other gifts that may have little or no use. Even kids can contribute to their own RESP through part-time jobs as they're growing up.

Mr. Bishop's parents didn't have the money to contribute to an RESP, but he is getting some much-needed help by living at home while going to university. He is also saving money from part-time and summer jobs that will go toward helping pay off his student debt down the road.

The CIBC survey shows that, on average, parents are helping with 25 per cent of the costs of their kid's postsecondary education, while students are covering rest in a variety of ways: through a job (31 per cent); government loans (20 per cent); scholarships, grants or bursaries (14 per cent); or loans (6 per cent).

It's the loans that worry Mr. Hannah.

"It concerns me that the amount of debt students are carrying is continuing to rise," he says. "I don't see any clear signal that things are going to improve in the immediate future either."

Graduating from college or university with a lot of debt can also make it more challenging for students to pursue further studies, Mr. Hannah says.

"Nothing is worse than owing $30,000 and then having to go and get an MBA and then owing $80,000," Mr. Hannah says.

Matthew Reiter is hoping to avoid that scenario. The 19-year-old will graduate with a bachelor of applied science from the University of Toronto in 2020 with no debt, thanks to $18,000 in scholarships, money he saved working part-time since high school and the RESP his parents set up. He also plans to do a co-op program next year, which will mean extra cash and work experience.

However, he may need to go into debt if he pursues graduate studies.

"There's almost an expectation today to have a higher education," says Mr. Reiter, who is considering a career in financial services. "I don't think I would have enough to cover that, especially if I go straight from university."