



Asian Indians: Educational and Financial Priorities

MassMutual's College Planning & Saving Study – Asian Indian Families

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**“The future depends on
what you do today.”**

Asian Indian parents consider a college education as the key to a child’s success, maturity, respect and the gateway to full-time employment — and woven into the fabric of Asian Indian culture is a parental obligation to fund college in its entirety. This responsibility stems from cultural roots in India when children were expected to care for their parents in old age. As a result, parents held an interest to promote a child’s higher education to assure a high-paying and rewarding position. These educational values and aspirations of Asian Indian parents for their children continue on for generations.

Asian Indians professionals, skilled workers and students began migrating to the U.S. from India in 1965 after the Immigration and Nationality Act lifted restrictions. Already fluent in English, Asian Indians became the most successful immigrant group in U.S. history.¹ Highly educated, 76% of Asian Indians over the age of 25 living in America have attained a bachelor’s degree or higher. According to the U.S. Census Bureau, they are also the wealthiest immigrant population with 69% of Asian Indians working in high-paying careers involving management, business or science that require college education.²

Despite rising tuition rates and college expenses, the investment of a child’s college degree remains a priority for Asian Indian parents to ensure a successful and bright future.

¹ Migration Policy Institute, Indian Immigrants in the United States, May 2015.

² U.S. Census Bureau, American Community Survey, 2013.

Revealing Details

Sharing their hopes, customs and beliefs, Asian Indian parents and guardians answered questions about funding higher education for their children in MassMutual’s College Planning & Saving Study. With more than 165 years of helping families protect their futures, MassMutual has a wealth of knowledge to help parents and guardians plan how to save, invest and prepare for college expenses. To provide American families with information and guidance needed to make sound financial decisions, MassMutual commissioned New American Dimensions research firm to conduct MassMutual’s College Planning & Saving Study.

The multicultural research firm talked with parents and guardians of children ages 5 to 15 from across the U.S., with a special focus on certain ethnic backgrounds, to help MassMutual gain a deeper understanding of how ethnicity and income affect family decisions around college planning and saving. Influenced by culture and traditions, parents’ feedback reveals their financial priorities, economic goals and the various ways to finance the American education dream.

Surveying the participants:

Parents/guardians ages 30–64
Annual income at least \$50,000+
With children ages 5–15

Two-phase study:

- 1. Mini-focus groups in-language
- 2. National online survey

See Methodology section for details.

Culture and Tradition

“We have a very rich heritage and culture in India. We want to maintain and pass that on to our kids,” explained an Asian Indian father from California. Parents in the study said it is important to pass on tradition to their U.S.-born children. They want their children to be proud of their background, understand “our mother tongue” and be able to speak with grandparents. One cultural norm is that Asian Indian families often live in multigenerational homes where collective family values are more important than those of an individual family member. The duty to care for family is taught by example as elderly grandparents become part of the household. “I think we have very long umbilical cords,” said a parent from Los Angeles.

The value of education is passed on by modeling a parent’s lifelong drive for success and is engrained in Asian Indian children. “It’s part of our culture. My father came here on a scholarship to be an engineer,” said an Asian Indian father from Los Angeles.





Culture and Tradition (continued)

Eighty-eight percent (88%) of Asian Indian parents in the survey immigrated as adults and 96% of parents graduated from college.

Ranking higher than any other ethnic group in the study, 90% of Asian Indian parents rate a college education as important. “Our parents made sure we received a good education so we would be well set up in life. Why wouldn’t we pass that on?” explained an Asian Indian parent from Los Angeles.

Many respondents plan to send their children to top universities. “I want him to go to the best school he can. I don’t want to say, ‘I’m sorry, you can’t go to Stanford because I can’t afford it,’” said a father from San Francisco. However only half of Asian Indian parents in the study are confident they will be able to afford their child’s college of choice when the time comes.

Duty to Save

“We’ve been saving for his education for ten or eleven years. I don’t want him to be concerned about how he will pay for his college. That is our responsibility,” said an Asian Indian father from California. Many parents in the study echo this sentiment. Asian Indian parents will provide the means for children to go to college and plan to contribute extensively to cover the expenses.

Education is so fundamental to parents that saving for their child’s college education starts early. By the time a child has reached the age of ten, 79% of Asian Indian parents, more than any other ethnic group in the study, are saving for college. One out of five parents surveyed have saved more than \$50,000. However, even though 67% of parents plan to pay at least half of their child’s higher education expenses, only 29% are on track to meet that goal.

COLLEGE EXPENSE PLANNING BY ETHNIC SEGMENT

	Saving by child’s 10th birthday	Intending to pay 50%-100%	On track to pay 50-100%
Asian Indian	79%	67%	29%
Chinese American	70%	66%	24%
Hispanic/Latino	70%	53%	32%
Korean American	69%	58%	21%
African American/Black	63%	53%	30%

Focus on Education

The Asian Indian parents in the study want their child to focus on learning first and to be unconcerned about the cost of education. This is a primary reason why Asian Indian parents do not discuss the cost of college with their children. “Study is the future for them,” said a parent from New York. Typically, parents say they do not want their children to accept a work-study program to pay for college as it would divert time and energy from their studies.

Seeking advice on how to cover college costs, more than half of the parents look to their friends and co-workers. Four in ten parents search for advice online. “I hope that my children will have a great life, go to college and study in a field they like, and be valued and respected,” said a parent from New York.

“Study is the future
for them.”

Paying the Bill

To live up to their sense of parental duty, one-third of Asian Indian parents say they are using a financial professional to help plan for college savings. Parents are also reserving an account specifically for college as well as investing in financial markets related to commodities such as gold and real estate. More than any other ethnic group, Asian Indian parents are familiar with an IRA and state-sponsored 529 plans to save for college. “I would not want my kids to be burdened with student loans. I want to make sure that I am in a position to fund his education,” said one parent from New York.

Sixty-nine percent (69%) of parents in this segment have determined how much they need to save. Additionally, parents are willing to sacrifice personal plans to make college possible for their children. “I’m postponing my education. I’ll have to wait until he finishes his (education). We can’t spend on ourselves,” admitted an Asian Indian mother from Los Angeles.





“We want them to get the best possible education in a country where everyone’s dream may come true.”

Realizing the Dream

“We want them to get the best possible education, in a country where everyone’s dream may come true,” said an Asian Indian parent from Michigan. To turn your dreams into reality requires taking action now. Begin with a clear picture of your family finances. Identify your priorities, prepare for the unexpected, and determine your goals. An independent financial professional can offer an analysis of your finances and suggest improvements. Have you determined how much a four-year degree might cost? How much of that do you want to contribute? An online college savings calculator³ can help you estimate costs and necessary

savings. Consider placing the monetary gifts your child receives in a specific college savings account; for example, when celebrating Diwali, remember it’s another chance to contribute to your child’s college savings.

It’s possible to achieve a financially secure future that includes a retirement that works and opens the doors to a happy, prosperous life for your college-educated child. The key is to plan today. Visit www.massmutual.com or contact a financial professional to learn more.

³ Visit the MassMutual College Savings Calculator at www.massmutual.com/planning/calculators/college-savings-calculator.

METHODOLOGY

MassMutual's College Planning & Saving Study, a two-phase research project, examines the attitudes and needs of families as related to education planning and funding. The study is intended to bring a deeper understanding of the importance of higher education and how factors like ethnicity and income affect family decisions and behaviors. MassMutual's College Planning & Saving Study will help MassMutual provide American families with the information and guidance they need to make responsible financial decisions.

MassMutual's College Planning & Saving Study was conducted for MassMutual by New American Dimensions, LLC, in December 2016. The first phase of research, conducted in English and in-language, included 22 mini-focus groups with five key ethnic groups (Hispanic/Latino, African American/Black, Chinese American, Korean American, and Asian-Indian American) in the metropolises of Los Angeles (November 30 to December 1, 2016), New York City (December 5-6, 2016), and San Francisco (December 20, 2016).

The second phase, a 20-minute online questionnaire, was conducted between December 13 and December 30, 2016. The survey, conducted in English, comprised 1,750 interviews. Within the total number of surveys, 150 completes were obtained for each of the five specific ethnic segments.

Both phases of the research were conducted with men and women who are 30-64 years old with children ages 5-15 for whom they are financially responsible. Qualifying respondents also meet a minimum household income requirement (\$50,000+) and participate in financial decision-making for their household. Results for the total were weighted to the 2010 U.S. Census distributions for ethnicity to be representative of American families in this age and income bracket.

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