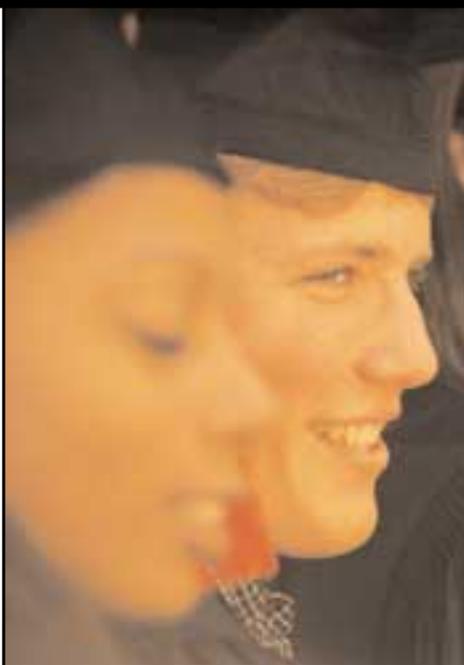


The Student Loan Finance Corporation Survey

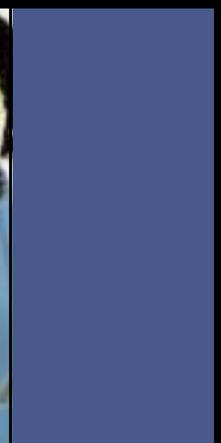


America's Youth the Future Look to



Key

Findings



January 2003



STUDENT LOAN FINANCE CORPORATION

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Few issues are more important than how prepared America's youth are to face the challenges of the future. This is a future that will be more complex, more challenging and more competitive on a global scale than at any other time in America's past.

The Student Loan Finance Corporation survey "America's Youth Look to the Future" is the most comprehensive examination of what America's youth thinks about their future and the future of America. The questions for leaders, for youth and for us all are:

- 1) Will America's youth be effectively prepared to face these future challenges?
- 2) What role do we have as leaders in business, education and government to help enable youth to better prepare today?

At Student Loan Finance Corporation (SLFC), we are committed to the future productivity and success of America's youth. We sponsored this survey because at SLFC we are intensely interested in how America's youth feel about the future and we are committed to better preparing America's youth by helping them finance their education.

This survey indicates that our youth want to succeed in the future. Overall, they are a resilient generation, but there are obstacles that prevent them from attaining what they want and frustrations that will thwart their achievement of success. These are wake-up calls for every leader to own and to work together to change for the betterment of society.

At SLFC, our intention in sponsoring this study is also to contribute to the debate about the future of America's youth with timely data and some fresh insights from those who are expected to be our future leaders. We think this future is bright, it is promising and it is hopeful, but not without a commitment to rigorous change that will better prepare our youth to face the complex challenges of the future.

Norg Sanderson
CEO

Bringing STUDENT borrowers and
LENDERS together to ADVANCE
academic SUCCESS and COMMUNITY support

SLFC

Introduction:

The Student Loan Finance Corporation Survey

America's Youth Look to the Future

America's youth are poised on the threshold of a new millennium. This new millennium will offer fresh challenges, risks and opportunities both for individuals and the nation. Today's youth will be tomorrow's leaders, scientists, artists and parents. America's youth will become America's future. In many ways, the future of America is being written today. Their capacity to meet the important challenges, navigate the risks and achieve success in the future will depend upon what they do today—and what we as a nation do to enable them.

The Student Loan Finance Corporation's Survey America's Youth Look to the Future is a comprehensive analysis of what youth think about their future. It is also an analysis of what it takes to be prepared to succeed in the future and who has or does not have the necessary preparation.

Introduction

America's Youth Look to the Future

Student Loan Finance Corporation, a leader in the education financing industry, sponsored this study. Roper ASW, a leading market research firm, and Dr. James Canton, noted futurist and CEO of the Institute for Global Futures, conducted this survey. We examined a number of key areas such as: career, finance, technology, family, values, leadership, science and education. We asked a series of questions to determine who was most prepared to face the future—who is future-ready and who is not as prepared. We defined future-readiness based on generally accepted measures of success. We identified five future-readiness factors that we associated with youth being able to achieve future success: a positive outlook on the future, values associated with having a family and community involvement, higher education, acquiring technology skills, and financial awareness.

We reviewed a strong body of secondary research on America's youth that has been conducted in the past relating to why these readiness factors appear valid for the general population of today's youth. Factors such as completing college and having technology skills we know provides an increase in career choices and a higher earning potential for example. Together, the combination of all five future-readiness factors, represent a compelling formula for predicting future success.

Introduction

America's Youth Look to the Future

A revealing wake-up call from this survey indicates that all youth want to achieve some measure of success, but it is clear that not all will be able to fulfill their dreams. Some are more future-ready than others and therefore their capacity to achieve their dreams will vary with the degree of preparation they attain. There are serious obstacles that lie in the way; clear indications that will determine who may succeed and who may not.

Some of the key findings:

- Overall America's youth are optimistic about their future
- While four out of five youth are optimistic about their future careers, ambitions and family lives, fewer than half (47 percent) are optimistic about the country's economy
- One in four young people will likely lack the resources, financial savvy and skills to achieve their college and career dreams
- One in four will lack the skills needed to achieve success in the future economy

Introduction America's Youth Look to the Future

The implications for the future workforce, markets, global competitiveness and the economy may prove to be profound. Certainly this is an early indicator that we must do more to help enable America's youth to succeed in the future. A central purpose of this study is to raise awareness among all leaders with a call to action.

The good news is these obstacles, be they providing more access to financial resources for college, increasing financial awareness or supporting higher education for all, can be addressed today. We can change the future by what we do today and to remedy the issues that our youth are bringing to our attention in this study. We can change the future if we are committed to do so. We can work towards shaping an optimal future for Americans.

America's youth remain amazingly resilient after 9/11. They are a generation of hope and promising aspirations for their future and the future of the nation. But they are not of one voice. This survey has identified four distinct segments that make up America's youth. These segments identify the students with the greatest likelihood to be ready for the future. They also provide us with key information on students who will need a helping hand today in order to be prepared for the challenges of tomorrow.

Introduction America's Youth Look to the Future

From the Future-Trailblazers who are the most prepared, the most resilient and future-ready to the Future-Frustrated, those at risk of being left behind—this survey attempts to chart new ground in identifying youth's potential to succeed or fail. The Future-Traditionalists will achieve success, yet they are not as future-ready as the Future-Trailblazers segment. The Future-Activists segment is perhaps the most interesting. They can become either a force for productive social change or social unrest. These four segments when seen together provide a mosaic of future youth's potential. This is not the last word on America's youth and the future. But the survey does give us a valuable glimpse into what youth think about their future.

A central mission of today's leaders should be to enable America's youth to achieve success; for on the shoulders of their personal success shall ride the success of America. America's destiny may well revolve around the capacity of America's youth to achieve success and our generation's foresight in enabling their success.

Introduction America's Youth Look to the Future

Preparing youth today for the future may be the most strategically vital role for leaders and for us all. This generation is the steward charting the course for the generations to come. We are shapers of the future by the actions we take to enable the next generation. For today's youth are tomorrow's voters, consumers, teachers, leaders and architects of the next America—hopefully a productive, secure and strong nation. A future-ready nation is one prepared to succeed. We had best listen to our youth, helping them not just to dream but enabling them to embrace the success that this survey reveals they want. Only then will we be building a better nation for today's youth to inhabit in the future.



The Student Loan Finance Corporation Survey



America's Youth Look to the Future

January 2003

Research Sponsor



Student Loan Finance Corporation (SLFC), located in Aberdeen, South Dakota, is a leading financial service company in the student loan industry

SLFC supports thought leadership about enhancing opportunities for America's youth to achieve future success

Research Objectives

- I. To assess young American's attitudes toward the future
- II. To examine young American's academic and financial preparedness for the future
- III. To identify key segments of the 16-to 24-year-old market that are in need of additional support and services in order to adequately prepare them for future success

*Note: "Youth" or "Young Americans" throughout this presentation refers to teens and young adults ages 16 to 24.

Research Design

Who:

- Over 1,000 16-to 24-year-olds



How:

- Information was gathered through telephone interviews
 - 1,017 telephone interviews among a nationally representative sample of young Americans ages 16-24
 - A sample of households with youth in the target ages was drawn from RoperASW's Fast Answers respondent database
 - The data was weighted according to U.S. Census population figures to ensure accurate representation of study populations

Research Results

A comprehensive study of what young Americans think about the future was conducted by Roper ASW and the Institute for Global Futures

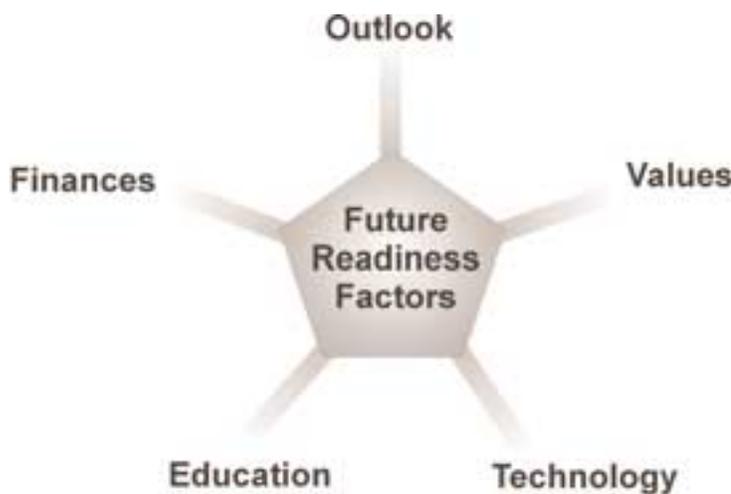
- The results demonstrate SLFC's commitment to informing the public, government agencies, and educational institutions about key issues facing today's youth and the future
- The study analyzes young American's future readiness; how prepared they are to meet the challenges of the future and their potential for future success

~~Future-Ready or Future Frustrated—Will Young Americans Live Up to Their Own Expectations?~~

Future-Readiness is defined as the capability to meet one's future goals. Future-Ready youth are prepared to meet the challenges of the future and are poised for future success based on...

Five Future-Readiness Factors

A set of factors has been identified that market trends and previous research suggest influence young people's preparedness for future success



Future-Readiness Is Greater Than the **Sum** of Its Parts

- The Five Future-Readiness Factors alone are powerful indicators of who is prepared to meet the challenges of the 21st Century
- But, used together to segment 16- to 24-year-olds into future-readiness groups, these factors offer an even more powerful tool for identifying
 - Youth prepared to lead the nation into the 21st Century,
 - Those prepared to meet their future education and employment goals, and
 - Those who may be left behind

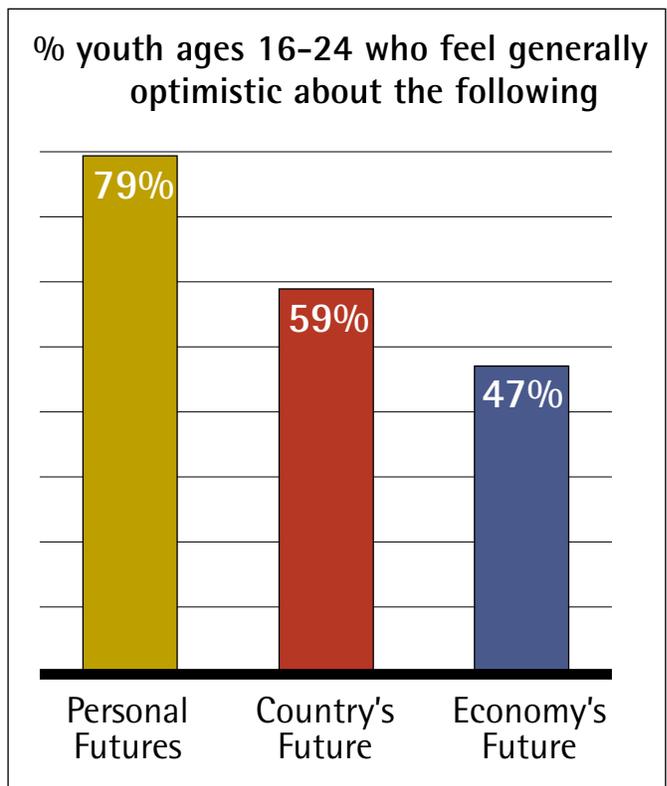


Most Young Americans Are Generally Optimistic About Their Own Future

Many Are Also Uncertain

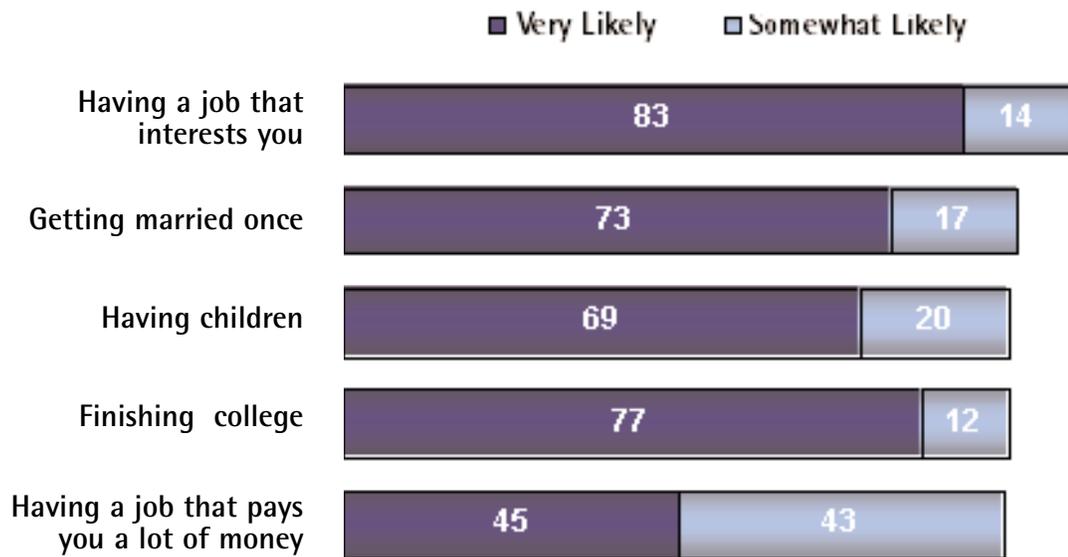
Those who are not optimistic are more likely to be uncertain than pessimistic about the future

- Future of the economy
-36% uncertain vs.
16% pessimistic
- Future of the country
-30% uncertain vs.
11% pessimistic
- Personal future
-18% uncertain vs.
3% pessimistic
- Young people ages
16-17 are more
uncertain than
those 18-24 about
the future of the country and the economy



Young People Have High Expectations for the Future

Percentage of 16-24 year olds who think it is likely they will have the following in the future



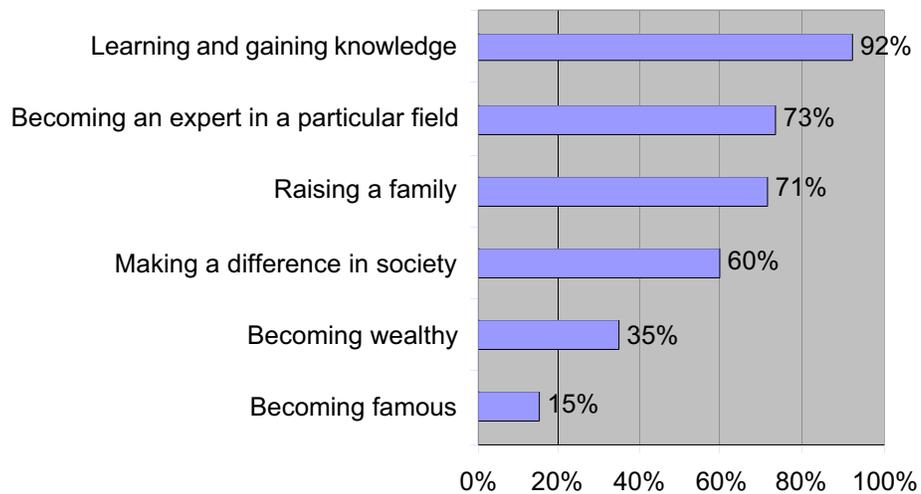
Young People See Room for Improvement In Government

Only 23% of young people ages 16-24 strongly agree that our government leaders do a good job dealing with important national issues.



Values

Today's youth are driven by traditional values: money and fame are not their top priorities. When asked to identify major goals, becoming wealthy and famous fell behind learning, raising a family, and making a difference in society.



Today's youth also have a strong work ethic: 93% consider working hard to be very important to their future success in the workplace.

Commitment to Higher Education

America's youth place knowledge and learning as their top priorities, and believe a good education is vital to their future success—but they feel let down by our educational system.

84% of America's youth believe getting a good education after high school is very important to their future success in the workplace.



But only one in five strongly agrees the education system is doing a good job preparing them for the future workplace.

- Only 8% of youth feel the public k-12 system is excellent.
- 19% rated the quality of their own k-12 education as excellent
- 23% rated the college education system as excellent
- 29% rated their own college education as excellent

Commitment to Higher Education

America's youth have high educational aspirations. But for most, these aspirations will go unfulfilled. Half feel money is a major issue in pursuing their educational dreams.

Almost four out of five of America's youth believe they will get a college degree. But it is predicted that less than a third actually will:

- 62% of the 2001 high school graduating class enrolled in college the following October
- Only 51% of college students graduate within five years
- Only 29% of adults ages 25-34 have a college degree

Half of America's youth say that money is a major obstacle to furthering their education:

- 52% say being able to pay back student loans is a major concern
- 54% do not have a plan for paying back student loans

The economic gap between college graduates and non-graduates is escalating: a college graduate earned 50% more than a high-school graduate in 1980. Today, a college graduate earns almost twice as much as a high school graduate.

Sources: US Census, ACT, US Department of Labor

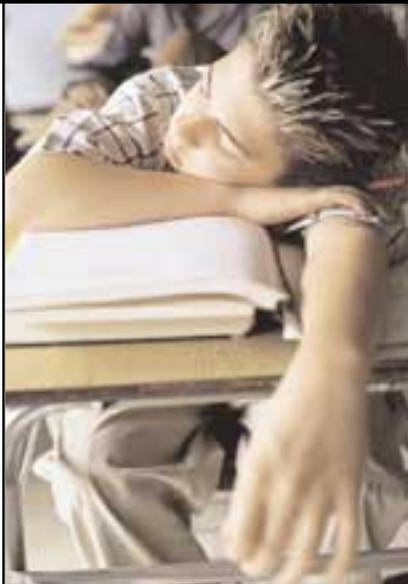
Financial Know-How

Today's youth assume financial responsibility early, yet many lack the financial know-how to develop a responsible financial plan.

- Only 31% of today's youth say they know a lot about how to develop a financial plan
- 47% say they don't know anything about investing in the stock market
- Less than half (45%) know a lot about how to manage their debt
- 29% say they know nothing at all about saving for retirement, yet most aren't counting on the government to provide for them
- 55% who think they will live to be over 100 don't think Social Security will be there for them when they are ready to retire

Who's **Ready** for the **Future** and Who's Not

An Analysis of Key Future-Readiness Segments



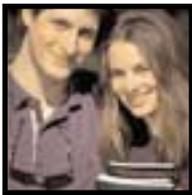
Future- Readiness Segments

Four Unique Segments Emerged from this Comprehensive Study of America's Youth



Future-Trailblazers – 32%

Young people who based on their outlook, skills, and values are likely to be best prepared to achieve most of their future goals and lead the nation into the 21st Century



Future-Traditionalists – 25%

Young people who have the core academic and financial values and skills to achieve some, but not all of their future goals



Future-Frustrated – 28%

Young people with big dreams, but little preparation. Although they are optimistic, they lack many of the academic skills and financial resources critical for future success



Future-Activists – 16%

Young people who have the potential to bring about sweeping social change. They are particularly critical of government leaders and educational institutions and are highly involved in socio-political activities



Future-Trailblazers 32%

Median age: 19

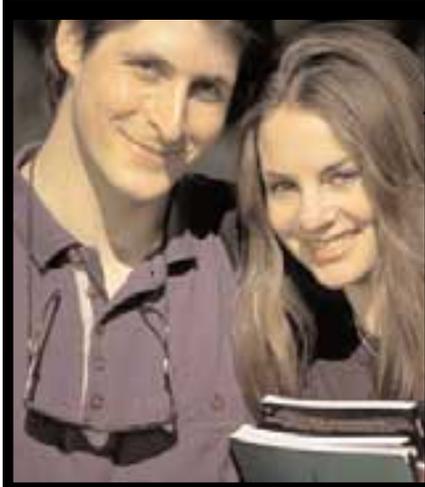
61% male; 39% female

33% completed at least some college

65% employed

Young people who based on their outlook, skills, and values are likely to be best prepared to achieve a conventional model of success

- Future-Trailblazer youth are particularly optimistic about their personal futures and the future of the nation
- They are more likely to believe in our government and education system
- They are more likely to think technology will play a major role in the nation's future
- They are committed to higher education
- More so than other segments, they have the financial savvy to fulfill their educational goals



Future-Traditionalists 25%

Median age: 21

33% male; 67% female

48% completed at least some college

75% employed

Future-Traditionalists are more family-focused than other segments. Although they have some of the key readiness factors, their ability to achieve future success may be hindered by their basic understanding of finances and their weaker appreciation for technology

- Future-Traditionalists are less likely than Future-Trailblazers to consider fame, fortune, expertise, and creative expression major goals
- These young people are slightly less likely than Future-Trailblazers to say they have many of the academic skills critical for future success
- Future-Traditionalists are less gung-ho about technology than Future-Trailblazers
- Money is more of an obstacle for this group since they are less likely than Future-Trailblazers to be knowledgeable about finances



Future-Frustrated 28%

Median age: 18

48% male; 52% female

22% completed at least some college

66% employed

Young people with big dreams, but who lack many of the critical academic skills and financial resources needed for future success

- Future-Frustrated youth share Future-Trailblazer's high aspirations for wealth, expertise, and fame
- They are most uncertain about the future and have less favorable views of the nation's leaders and education system than Future-Trailblazers
- Compared to the other segments, Future-Frustrated youth are least knowledgeable about financial matters
- Thus, they are particularly apt to perceive money as a major obstacle to furthering their education



Future-Activists

16%

Median age: 20

60% male; 40% female

49% completed at least some college

64% employed

Future-Activists have the potential to bring about sweeping social change. They are particularly critical of government leaders and educational institutions and are highly involved in socio-political activities

- Although they feel they lack many of the key academic and financial skills needed for future success, they have a strong desire to make a difference in society
- Future-Activists value higher learning, but similar to others they are likely to view money as a major obstacle to furthering their education

Wake Up Call

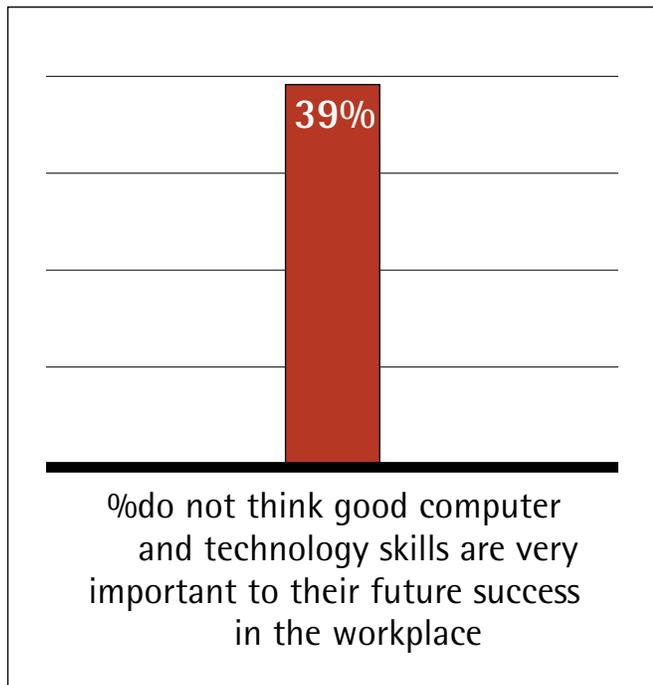
Money Is an Obstacle to Young People Furthering Their Education

- Roughly half (52%) of young people who plan to continue their education after high school say that money is a major obstacle to furthering their education
- 52% say being able to pay back student loans is a major concern, but 54% do not have a plan for paying back student loans
 - Money is more of an obstacle for:
 - Those who consider tuition costs (66%) and financial aid packages (64%) deciding factors in their choice of college
 - Those who say paying back student loans is a major concern – 65%
 - Those who are pessimistic about their personal future – 61%

Wake Up Call

Many Young People Do Not Fully Grasp The Importance of Mastering Technology

- Roughly four in ten young people ages 16-24 do not think good computer and technology skills are important for future success



- More than one in five (27%) young people this age do not feel their education has given or will give them the computer and technology skills they will need for future success

Wake Up Call

Lack of Financial And Technology Skills Are Potential Obstacles To Future Success

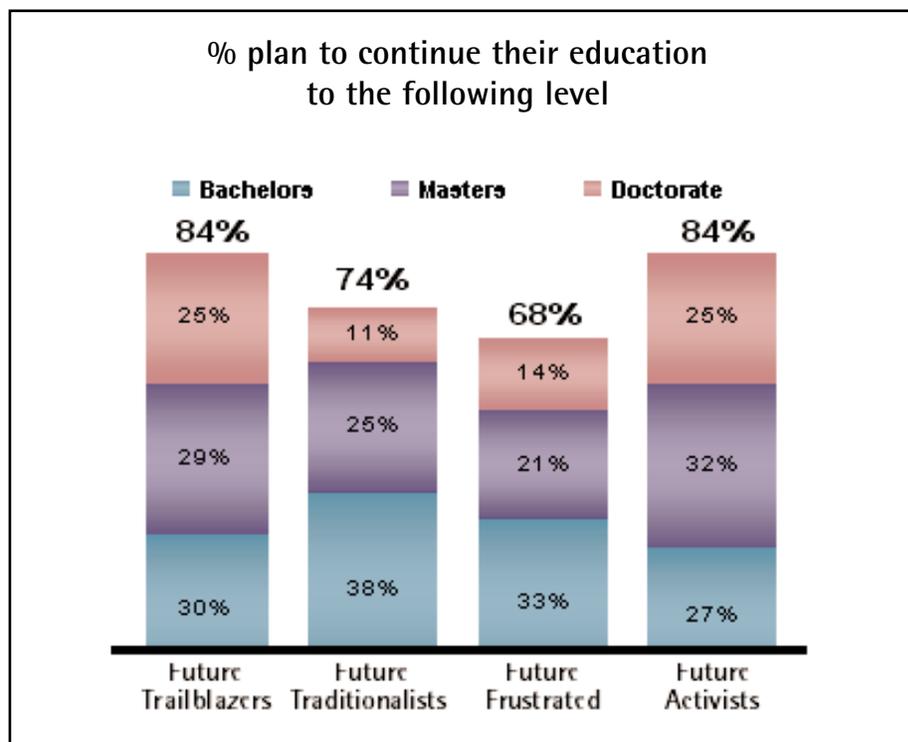
- Lack of financial preparedness is likely to hinder many young people's ability to further their education
 - Young people in their teens and early twenties are in particular need of more education about money and finances
- Many young people do not fully grasp the importance of mastering technology
 - 39% of young people do not feel good technology skills are very important to future success in the workplace



No Matter How Well Prepared, Most Youth Worry About How They Will Pay to Further Their Education

Money Is A Major Obstacle

- Roughly half or more of youth across all segments consider money an obstacle to furthering their education
 - 59% Future Frustrated
 - 51% Future Activists
 - 50% Future Trailblazers
 - 48% Future Traditionalists
- Nearly half or more youth across all segments consider paying back student loans a major concern
 - 62% of Future-Frustrated
 - 50% of Future-Trailblazers
 - 47% of Future-Activists
 - 46% of Future-Traditionalists



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