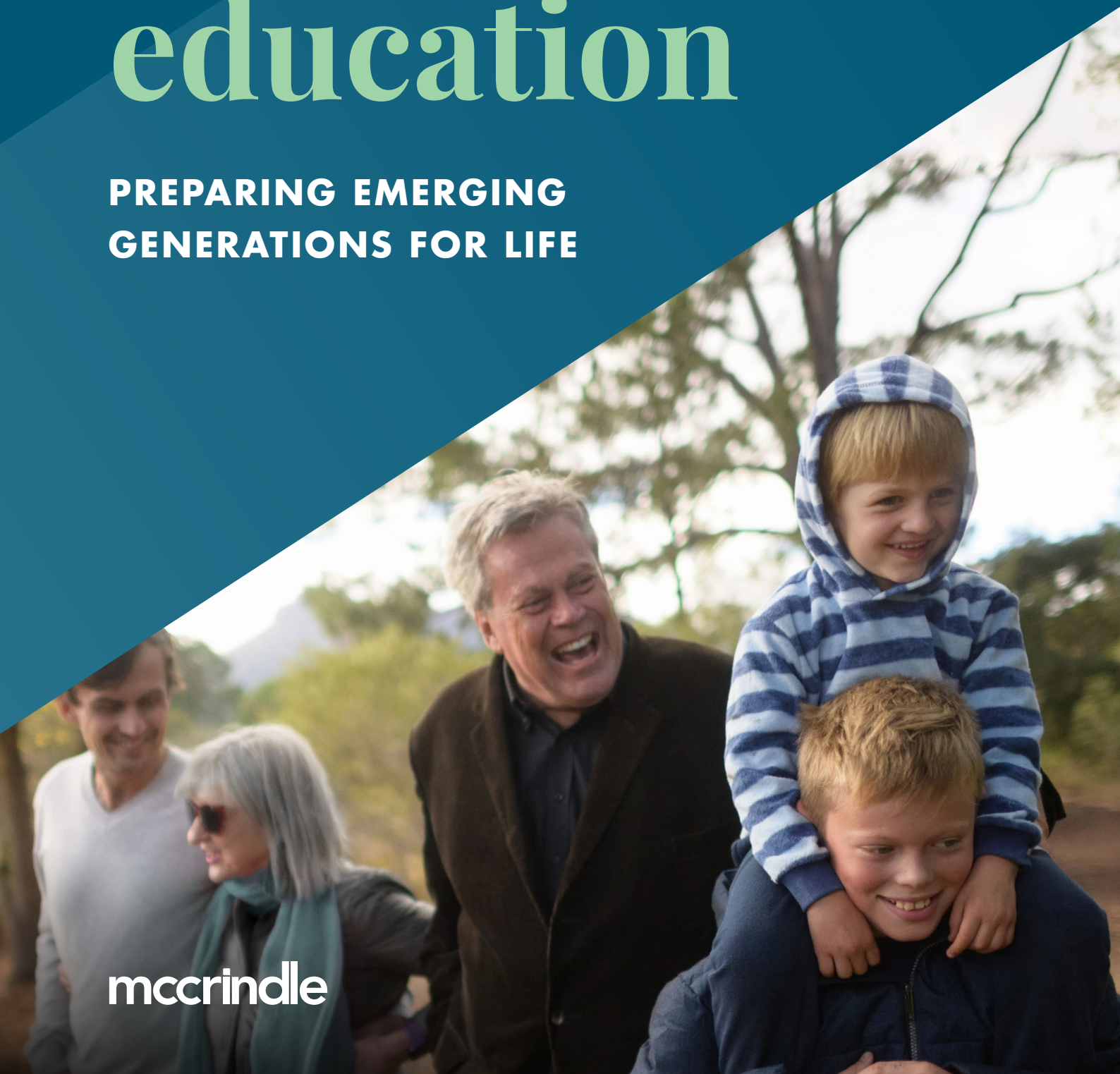
FUTURITY
INVESTMENT GROUP

Investing in education

PREPARING EMERGING GENERATIONS FOR LIFE



mccrindle

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Introduction

Emerging generations are facing a changing world, especially as they journey through their education and eventually their careers. To meet these opportunities and challenges, education providers will need to adapt in order to prepare students for life in this complex world. Intentional investment into education now is essential for student's success in the future ahead.

This report, commissioned by Futurity Investment Group, seeks to understand the key trends impacting the education sector in order to help families make important decisions as they prepare for the future.

Futurity Investment Group is an independent and mutually structured financial institution, and Australia's leading issuer of tax-effective life-event education bonds. Since the inception of Futurity Investment Group in 1974, 565,000 children have received education benefits[1]. Owned by 70,000 members and having paid a total of $3.4 billion to these members, Futurity is well positioned to continue to add value to its members' education aspirations.

McCrindle is a social research agency that aims to create a clearer picture of the trends that inform strategic thinking. McCrindle works to discover insights, tell a compelling story and guide the journey of organisations.

Being specialists in human behaviour, McCrindle has an opportunity to work with many different organisations and clients. Central to the work they do is the the vision of 'empowering human flourishing'. Working extensively in the education sector, McCrindle see's this as playing a vital role in contributing to a flourishing society.

FUTURITY VISION AND PURPOSE

Our vision is that everyone has access to the education and lifelong learning opportunities needed to fulfil their aspirations.



Today's students

To prepare the emerging generations for life it is crucial to first understand these generations. Born between 1995 and 2009 the population of Gen Z is 4.6 million in Australia. By 2025, Gen Alpha (Born between 2010 -2024) will be the largest generation in the history of the world with an expected 2 billion globally. Together, these two generations will comprise a significant proportion of the national and international population.

Gen Z and Gen Alpha will live longer, be more culturally diverse and more globally connected than any generation before. They are a social, global, and mobile generation and will likely work, study and travel between countries and careers.

DEFINING CHARACTERISTICS



Social



Mobile



Global



Visual



Digital



1 in 2 will obtain a university degree



Expected to have 18 jobs over 6 careers in their lifetime



90% of Gen Alpha are predicted to complete high school compared to 80% today

GEN Z STUDENTS' MOST IMPORTANT CONSIDERATIONS FOR FUTURE CAREERS

72% Having purpose and meaning in their work

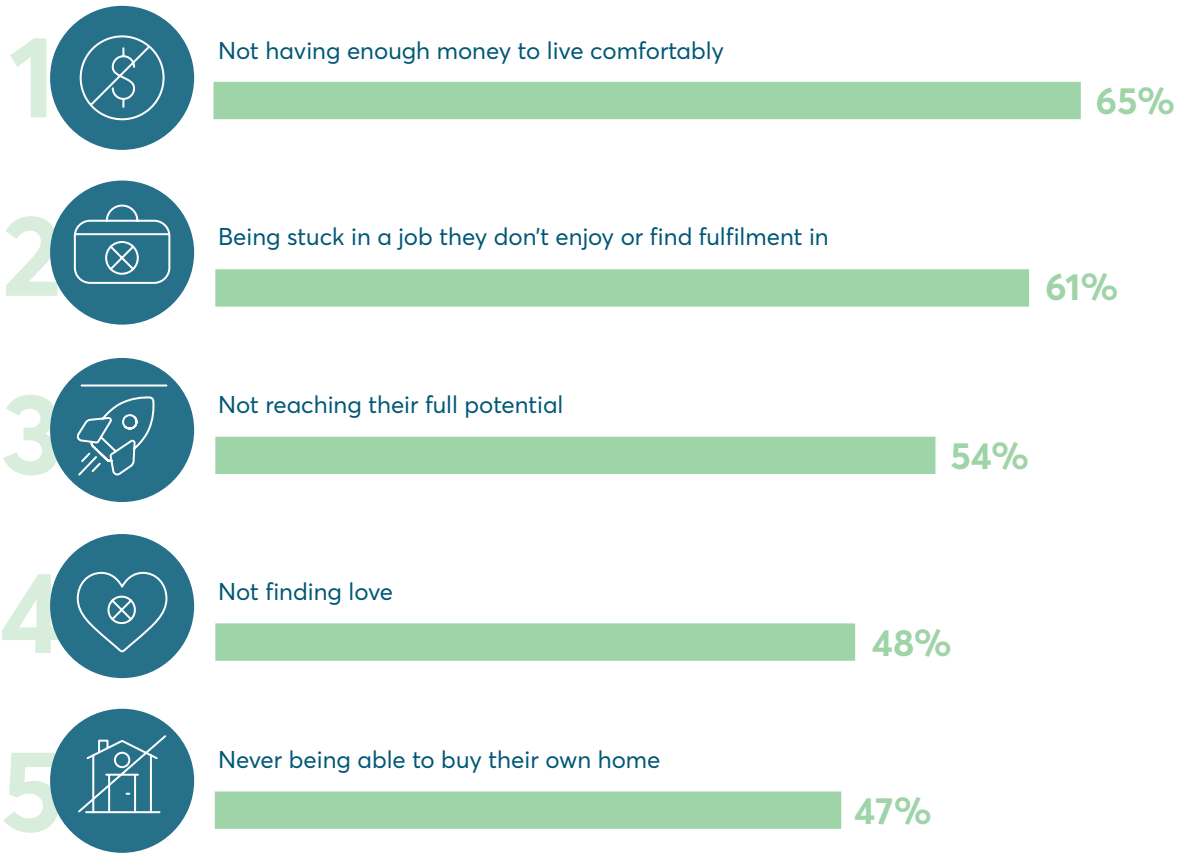
68% Work aligns with their core values

65% A workplace that is a community of strong social connections

64% Work they do has a positive impact on the world around them

64% Workplace flexibility

TOP 5 PERSONAL FEARS FOR GEN Z



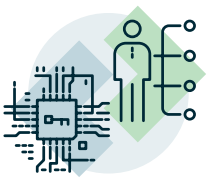
The new world of work

Transitions framing the new world of work [2]

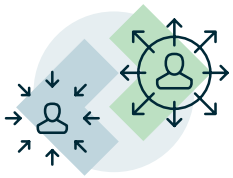
Key transitions impacting the workforce landscape, are already taking place, which undoubtedly will continue as the students of today become the employees and employers of tomorrow.



1. Manual to machine learning



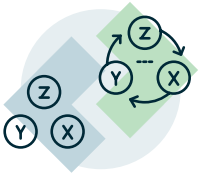
2. Technology to human skills



3. Fixed to flex



4. Profit to people



5. Generational divide to intergenerational connection



6. Security to purpose

Perhaps even more significantly, only 14% of students are looking for traditional forms of employment. In fact, a clear majority, 76%, see their ideal employment situation as being a mixture of entrepreneurship and traditional employment.

Generational changes

The world of work is changing, in known and unknown ways. The students of today will be the workforce of tomorrow and need to be equipped to navigate this changing world. These emerging generations, Gen Z and Gen Alpha, will comprise close to 40% of the workplace by 2031 and will work much later into their life than any previous generation.



Gen Z and Gen Alpha will comprise 39% of the workplace by 2031[6]

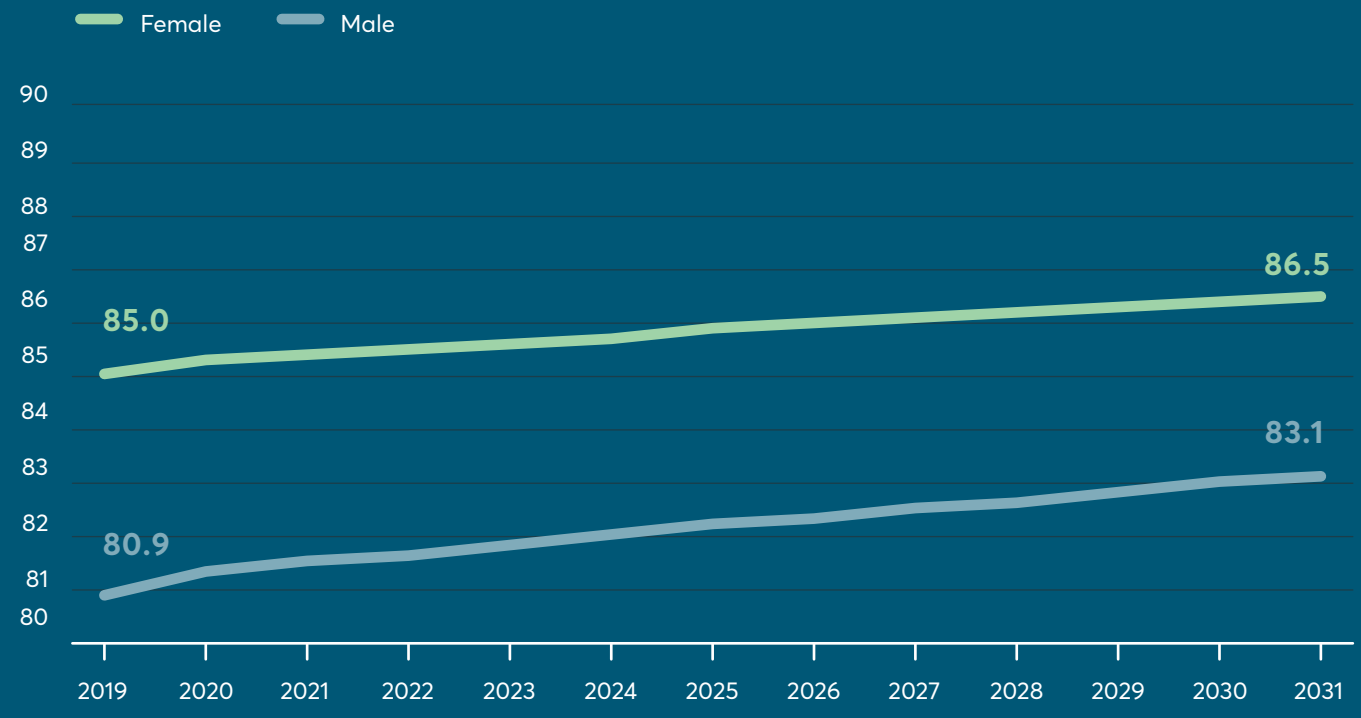
With most people expected to have longer careers, workers will likely need to refresh existing skills or learn new skills to remain employable. This is a pressing concern for the students of today, with 62% finding preparing for unknown careers extremely or very challenging.[3]



"65% of children entering primary school today will ultimately end up working in completely new jobs that don't exist yet"

– THE FUTURE OF JOBS, WORLD ECONOMIC FORUM, 2016

INCREASED LIFE EXPECTANCY [2]



Technological changes

The rise of automation and technological disruption is changing the working landscape. In fact, in the next 20 years, 44% of Australian jobs are at risk of digital disruption.[4] Not only are job descriptions changing, but the way employees work is also being transformed by the digital world. The COVID-19 pandemic has accelerated the mass adoption of remote working and workers are reluctant to give up their newfound agency, with 62% of today's workers describing their ideal working environment as a hybrid of working from home and the office.[3] Comparatively, and unsurprisingly, today's students (82%) see their ideal working situation as hybrid.[2]

Positively, Gen Z and Gen Alpha are digital integrators and their early years have been significantly shaped by technology. This positions this generation well to enter a workplace that has a greater focus on mobility and flexibility.



Regional shifts

The decoupling of work from the workplace, driven by technological shifts, has allowed for more mobility in the workforce. This has contributed to the rise of the regions in recent years, with more people believing the key benefits to living in a regional area are lifestyle (65%) and affordability (62%).[2] This trend is likely to continue in the future, with younger generations being more likely to be attracted to the idea of moving away from the city whilst retaining a city job.



Younger generations are attracted to the idea of moving away from the city but retaining a city job[3]



Gen Z

59%



Gen Y

56%



Gen X

46%



Baby Boomers

19%



Builders

13%

Changes in Education

Many of the changes that are shaping society today are also impacting the education sector. In order to respond to these changes and prepare students for their future, the education sector needs to continually adapt.

While almost all students (94%) greatly value having access to an Australian education[2], their expectations and desires are continuously shifting in response to changes in the broader context. Similar to the workplace, students are looking for a hybrid learning situation with 70% describing a mix of online learning and in-class learning as their ideal situation.[2]

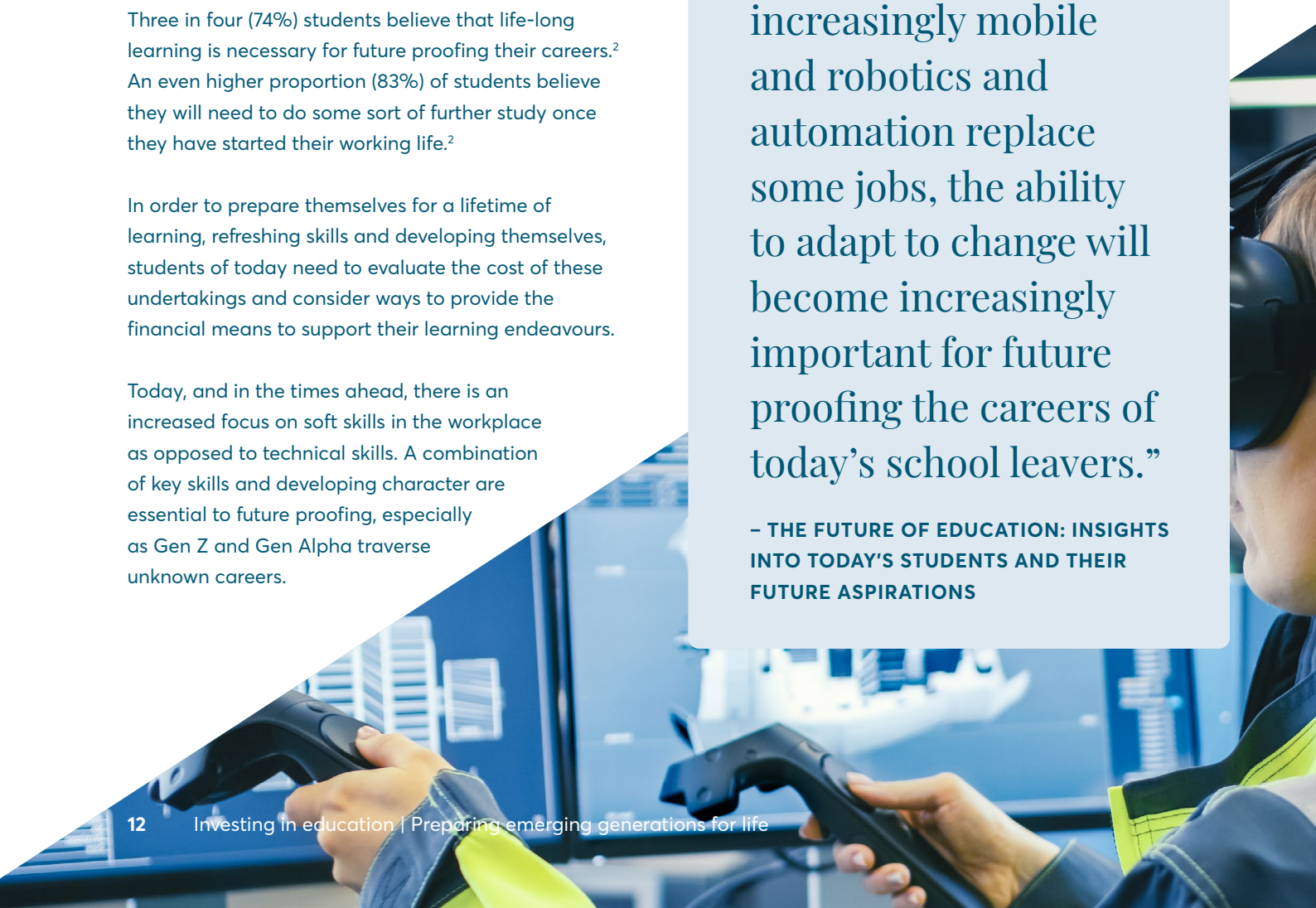
Future-proofing careers

Three in four (74%) students believe that life-long learning is necessary for future proofing their careers.[2] An even higher proportion (83%) of students believe they will need to do some sort of further study once they have started their working life.[2]

In order to prepare themselves for a lifetime of learning, refreshing skills and developing themselves, students of today need to evaluate the cost of these undertakings and consider ways to provide the financial means to support their learning endeavours.

Today, and in the times ahead, there is an increased focus on soft skills in the workplace as opposed to technical skills. A combination of key skills and developing character are essential to future proofing, especially as Gen Z and Gen Alpha traverse unknown careers.

> "When it comes to preparing students for unknown careers, a combination of both skills and character qualities are essential. As the workplace and workforce becomes increasingly mobile and robotics and automation replace some jobs, the ability to adapt to change will become increasingly important for future proofing the careers of today's school leavers."
>
> **– THE FUTURE OF EDUCATION: INSIGHTS INTO TODAY'S STUDENTS AND THEIR FUTURE ASPIRATIONS**



Parent and student desires for education are changing

With such complexity presently and ahead for emerging generations, there is a significant focus on wellbeing and life skills among parents and students.

Almost all parents (97%) believe schools should have a holistic focus and play some role in the management of wellbeing. Mental health has become an important topic for schools to consider, with 63% of students finding it extremely/very challenging to navigate their own mental wellbeing.

In line with the emerging generations' desire for mobility, flexibility, and personalisation, students are seeking more individualised and inquiry-based learning in collaborative and open spaces.



72%
students wanting to see more individualised learning in the future



73%
students wanting to see more open plan learning environments in the future



71%
students wanting to see more collaborative classrooms



71%
students wanting to see inquiry-based learning in the future



64%
students wanting to see more teacher directed learning in the future

The impact of university debt

The cost of education is one of the most significant challenges facing students, parents, grandparents and educators alike. Anticipating the cost of lifelong education, specifically, being life-long learners, is necessary to provide positive education opportunities. This is even more necessary to those who desire to undertake university courses.

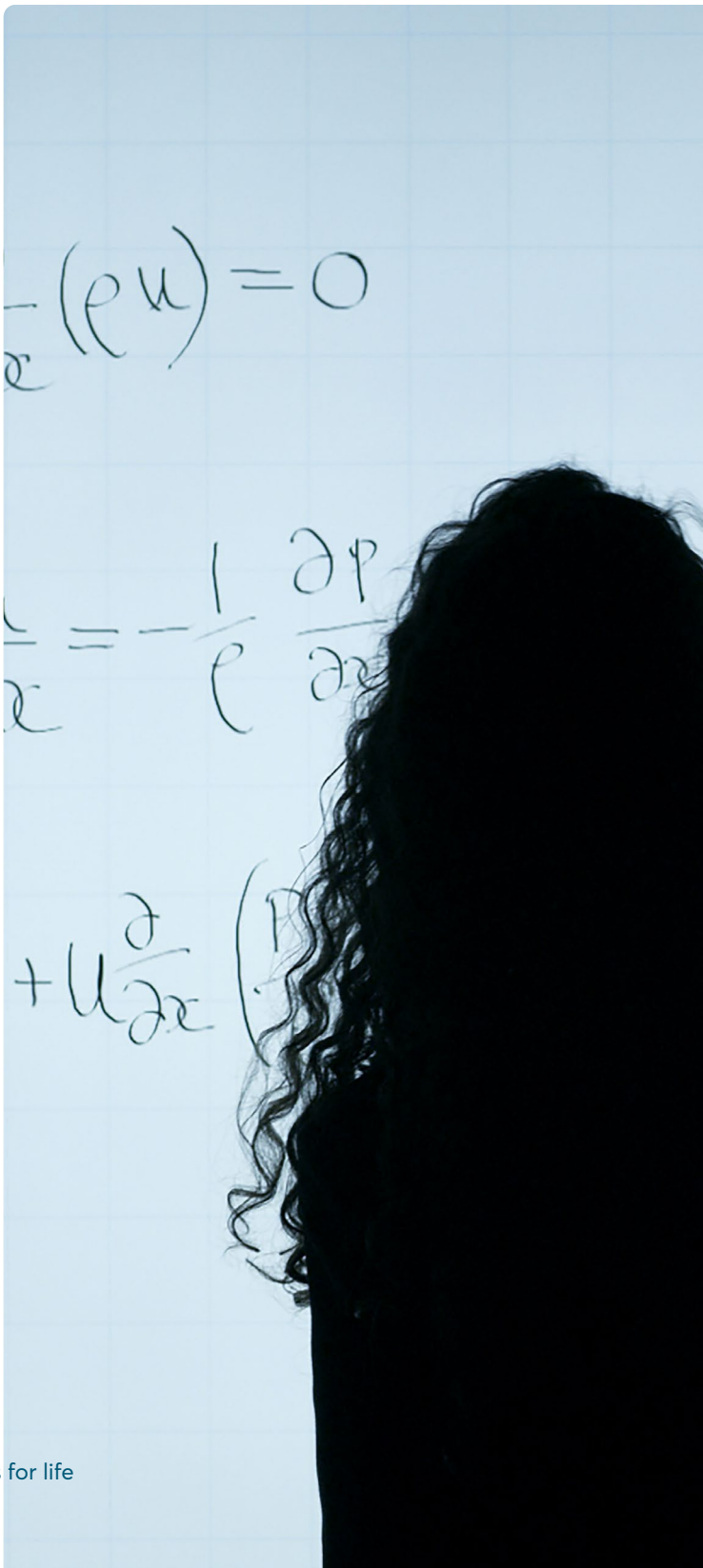
University debt is one of the most significant costs incurred in equipping students for the future.



$20,000–$30,000
is the most common amount of HECS-HELP debt

While more than one in two students (56%) strongly agree/agree that the benefits of pursuing higher education outweigh the costs of HECS-HELP debt, it is evident that incurring this debt does have a lasting impact.

Carrying this debt has impacted the ability of many students to purchase their own home (50%), to purchase a car (41%) and to access medical and dental treatment (30%).





One in four (25%) students are worried about their financial situation due to their HECS-HELP debt.

The investment into tertiary education, whilst valued, incurs costs long after the completion of university studies.[5]

90%

of respondents who attended university have a HECS-HELP debt in their twenties

72%

of respondents who attended university have a HECS-HELP debt in their thirties

48%

of respondents who attended university have a HECS-HELP debt in their forties

The cost of education for families

The financial weight of leading the emerging generation and providing them the best possible opportunity to thrive in life, most often falls on parents.

Unsurprisingly, 43% of parents with an annual household income of $180,000 and over, report no financial pressure from school fees, compared to 26% of those in the $87,000-$180,000 income bracket. Households with a less substantial income would likely benefit from intentional investment and planning for their child's education future.

Tuition cost is influential, but not the most important factor

Interestingly, cost is not the most influential factor when it comes to school choice, being ranked fifth after school performance, reputation, sector, and location. This highlights that the main concern for parents when selecting a school is primarily the performance of the school rather than the cost.

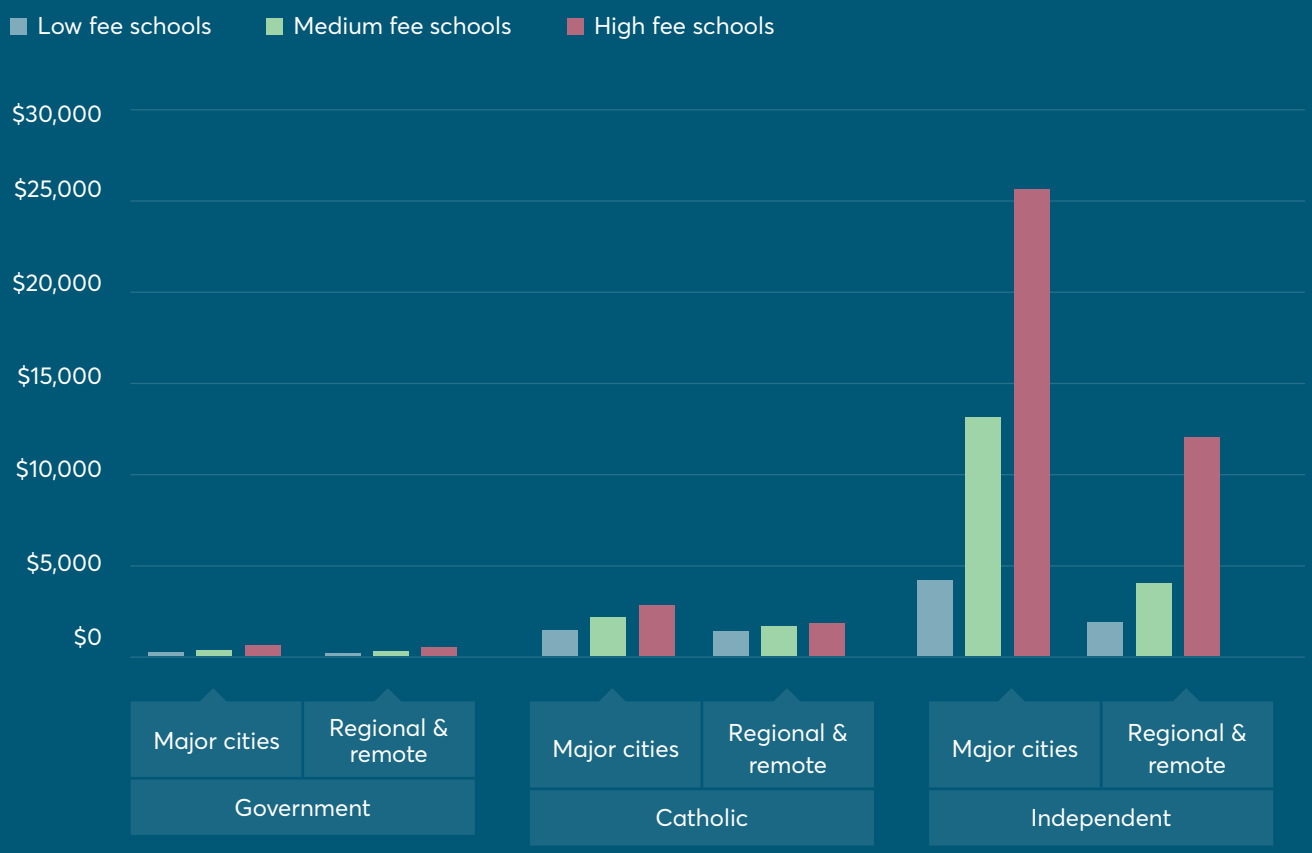
Despite this, when considering barriers to school choice, cost was ranked highest, especially for parents of students in government schools. Parents of students attending Catholic and independent schools, however, did not experience the same difficulty[7]

> "... Parents make decisions about which school to send their child/children to for a number of reasons ... Looming large behind all decisions is the cost and this concern preoccupies families when making such decisions."
>
> **- PROFESSOR JANE SOUTHCOTT AND COLLEAGUES, MONASH UNIVERSITY FACULTY OF EDUCATION[7]**

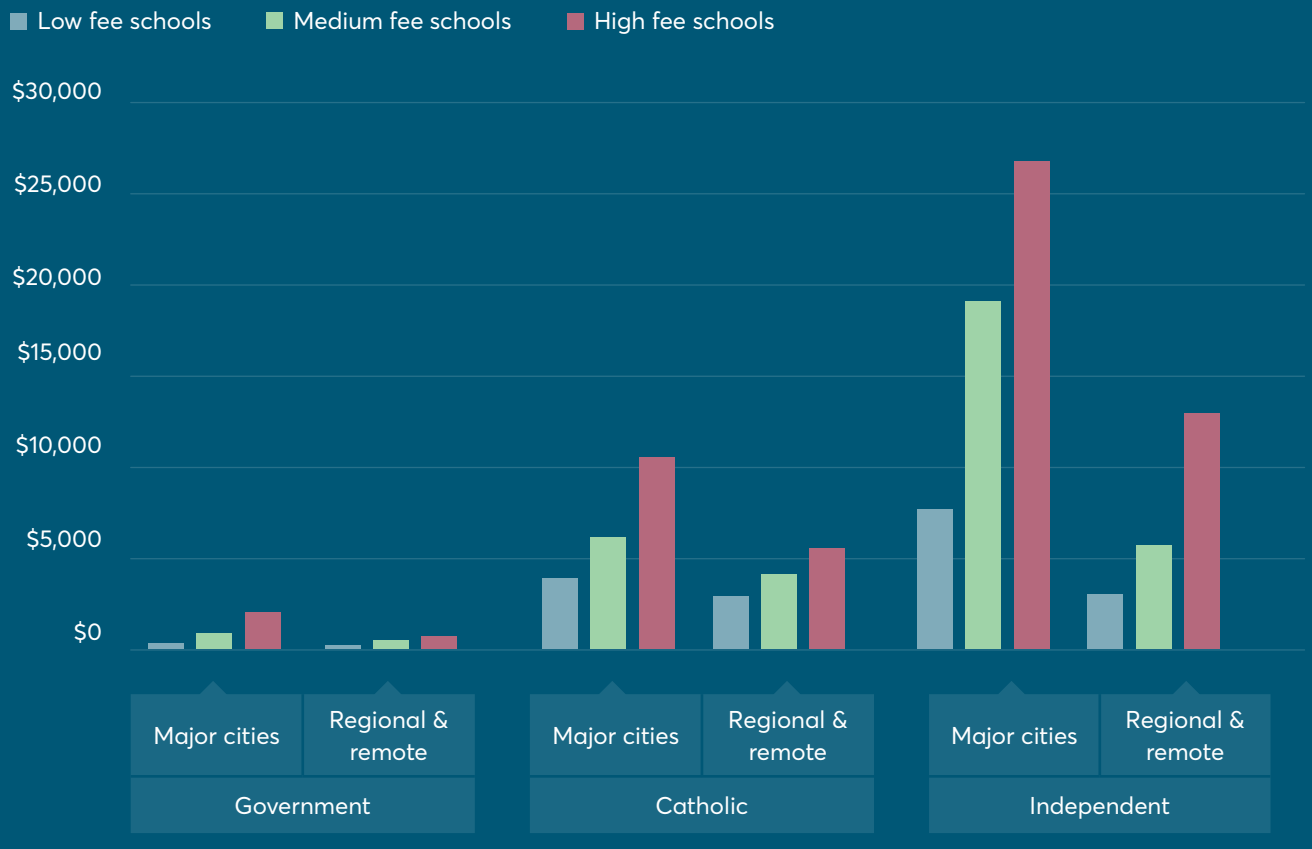
MOST INFLUENTIAL FACTORS ON SCHOOL CHOICE



COST OF PRIMARY TUITION PER ANNUM (2020)



COST OF SECONDARY TUITION PER ANNUM (2020)



A significant intergenerational wealth transfer is shaping our nation's future

While cost of education is a significant influential factor when it comes to forging a learning pathway, there are dynamic shifts taking place in regard to the transfer of wealth between generations.

> "Over the next 20 years, there will be $3.5 trillion (AUD) either passed on to the emerging generations or spent. This is the largest and most significant intergenerational wealth transfer Australia has ever seen..."
>
> **– WEALTH TRANSFER REPORT[8]**

In the 2017 Wealth Transfer Report (McCrindle), it is shown that within these coming 20 years, the youngest of this cohort of older generations will be in their 80s, by which time 70% of this $3.5 trillion could have been transferred to their children and/or grandchildren. Notably, even if only 5% of this wealth is passed on, each child could receive $23,000.[8]

With one in three Gen Ys (*cf. one in five Baby boomers, one in four Gen X)* obtaining a university degree, younger generations are more likely to begin their earning years in debt.[8] Further to that, the average university debt is around $28,333[8], meaning the potential wealth transfer of similar value as shown above, will go a long way in providing financial support for the emerging generations education aspirations.

Nearly two in five (39%) schools are likely to increase school fees in 2022[9], making clear that this wealth transfer poses a valuable opportunity for grandparents to invest in their grandchildren's education to degrees not seen in previous generations.



Preparing students to meet the challenges of an unknown future

Education is so much more than just providing academic learning; it is crucial to developing citizens of the future that are prepared for life. The role of educators and parents in this context is to position the individual to succeed in this changing future.

The emerging generation are growing up in a world of VUCA – volatility, uncertainty, complexity, and ambiguity. The role of the school, along with the parents and the wider community, is to help prepare these individuals for life in this environment.

> "Gone are the days when academic success was considered the ticket to a job and the only function of schools was to prepare students academically for further learning and work."[8]





PARENT SATISFACTION (SATISFIED/VERY SATISFIED) WITH THE SCHOOL THEIR CHILDREN ATTEND[8]



Academic performance

79%



Preparation for life

74%



Preparation for further study

68%



Preparation for the future of work

59%

Academic performance remains a central purpose of education, and, positively, parents in Australia report high satisfaction in this area. Conversely parents believe improvements need to take place to further strengthen the preparedness of the emerging generation to undertake further study and work.

Futurity prepares emerging generations for a future of learning

Given the changes that are shaping society, students need to be equipped through education to thrive in further study and work. Providing the financial means to be life-long learners is incredibly important to help the workforce of tomorrow make the most of all that their future may hold.

> "Education and learning are lifelong pursuits and in this ever-changing world there are new challenges and [there is always] more to do and achieve. Access to learning and a good education is undoubtedly the gamechanger– not only for our children and grandchildren, but also for ourselves and others dear to us. [10]

How can Futurity help

Futurity's new generation Education Bonds are flexible enough to cover a range of goals such as funding lifelong education for children or grandchildren and transferring wealth with certainty, all within a tax-effective trust-like structure.

Futurity has a long and proud history in helping Australians realise their education aspirations. Futurity continues to lead in education advocacy and raising much needed awareness and thought leadership across the nation.



Methodology and references

Methodology

The *Investing in education* report is the collation of insights from numerous Futurity Investment Group and McCrindle reports and scoping research. A complete overview of the reports is included below.

References

1 Futurityinvest.com

2 McCrindle, *Equipping students to thrive in the new world of work*, 2022

3 McCrindle, *The future of education: Insights into today's students and their future expectations*, 2021

4 McCrindle, *Future proofing careers: How to stay relevant for tomorrow's workforce*, 2016

5 Futurity Investment Group, *Impact of University Debt Report 2020*, 2020

6 McCrindle, *Australia towards 2031*, 2021

7 *Cost of Education: A Report for the Futurity Investment Group*, 2020

8 McCrindle, *Wealth Transfer Report*, 2017

9 Futurity Investment Group, *Total estimated cost of education for a child starting school in 2022*, 2022

10 Futurity investment Group, *Futurity Education Bonds: Unlock a lifetime of education benefits*, 2021

Questions?

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