



News - Current News

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How money be made in education?

Investors have been able to share in the future income streams of young academics since 2002. Education funds are a kind of "venture capital", which are not just for business but for income shares. Is this an ethical or socially sustainable investment? A recent article in the magazine "Stiftung & Sponsoring" (issue of 15 August 2010, www.stiftung-sponsoring.de) deals with this question while highlighting the formation of the Munich education fund pioneer Career Concept.

Approximately two thirds of all students in Germany are left to fund their studies on their own since they receive neither state grants nor scholarships. Funding problems are a common reason why young people refrain from studying - especially as the financing with a student loan always means the risk of a fixed debt at the beginning of a career.

This fixed debt burden after graduation does not exist with repayment geared to income, as allowed by some education funds. Graduates end up paying back only just as much as they can afford - a kind of insurance against unemployment and low incomes. If one earns only a small amount after studying, very little will be repaid. In cases of higher incomes, the corresponding repayments will be higher.

According to a German Institute for Economic Research study, the lifetime yield on higher education in Germany is especially high - because the risk of unemployment for academics is lower than for any other profession.

The investors indeed receive some of this material high yield - but only at the beginning of a professional career. After the end of the repayment period, a particular benefit remains for the person financed. The finance recipient reaps the rewards of intangible returns. "In this business, both sides experience a balanced risk / reward profile," said Rolf C. Zipf, Managing Director of Career Concept. "Given the high private returns in education, it seems fair and appropriate, to channel capital to where it makes studies possible."

CareerConcept (www.career-concept.de) is the "inventor" of privately financed education funds (www.bildungsfonds.de) - also known as study funds - in Germany. Companies, foundations and individual investors provide capital to fund their studies of the selected students. After the completion of studies and entering the work force, the funding recipients repay a portion of their income back into the education fund for the studies of the subsequent generation. Unlike a student loan, there is no repayment obligation in cases of unemployment. CareerConcept works with several universities and colleges, supports thousands of students and is backed by premier investors who are committed to financial and economic return as well as

academic education in Germany.

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