

Financial Planning

The cost of education

Finding the money to pay the soaring costs of education is a battle for many Australian families. With no relief in sight, it's time for some serious planning.

Rising cost of education

Raising a child in the new century looks like being big business. Recent reports indicate the basic cost of raising one child to the age of 18 now exceeds \$200,000. Add private education fees and the figure soars.

Make no mistake. Alongside the mortgage, education is becoming a substantial and sobering cost for families. And it's not just for the growing number of children attending private schools.

Public education is not free

Contrary to common belief, public education is not free. Increasingly, costs at government schools are being passed on to parents who can expect to pay around \$800 to \$1200 per child each year on school levies, uniforms, books and excursions.

And while the cost of non-government education varies enormously depending on which state and which school, on today's figures, parents can expect to pay between \$5000 and \$17,000 per child each year at secondary level.

Planning for future expense

Many grandparents, for example, contribute to their grandchildren's education costs believing that access to education is the best legacy. But education is one cost that can be planned for a long time before children even step foot in the playground.

Given the long lead times associated with bearing and raising children, the opportunity is there to do some serious forward planning. A regular investment plan is a good way to prepare for future education costs, it has the benefit of long-term investing and the simple but effective powers of compound interest.

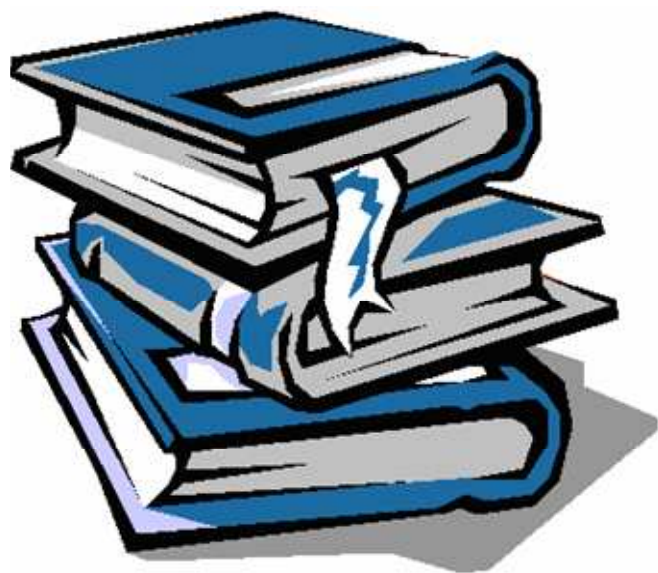
A family with a baby due later in the year, for example, might start a regular investment plan using any gifts of money intended for the baby, and then continue to contribute a monthly amount. Over this sort of timeframe, using a cash

management trust or managed fund can be better than putting the money into a traditional savings bank account - or the piggybank. If you've already got children, it's not too late either. The power of compound interest simply means get started as soon as possible.

Start small, now

There's a misconception that people have to start with a huge amount when they're investing money. People can start with a small amount and have it come out of their bank account or from their pay.

It's important to start now, and not put it off, to benefit from long-term investing. While some people pay everything else and save what they have left over, she says people should save first - however small the amount. The commitment to saving must be paramount.



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