

3 things you should know about saving for your child's education

A good education is one of the most valuable gifts a parent can give their child. But 56% of urban South African parents* are not actively saving for their children's education. "This is concerning since education is often a pricy commodity," comments Priya Naicker, Advice Manager at Old Mutual Personal Finance. Naicker is a speaker at the forthcoming [The Baby Show](#) & #MeetUp sponsored by Pampers, taking place at Kyalami International Convention Centre in September.

"To afford a quality education and set your child up for success in life you need to start early, invest in a suitable savings vehicle, and stay committed," advises Nicole Muller, mom of two, and Show Director for The Baby Show.



Credit: skitterphoto.com

Naicker lists three things every parent needs to know.

1. Saving must outperform education inflation

"It's crucial to choose solutions that provide returns that match or outperform education inflation (which is expected to be as high as 9% in 2019) over the long term."

Even though the national government has announced that students from working-class homes qualify for free higher education, fees are only one aspect of overall education expenses. Over and above school fees there are other expenses that push up the cost of education - uniforms, textbooks, stationery, transport, extra lessons and extra-mural activities.

2. Education can cost upward of R1 million on average

If your child started grade R in 2018 you can expect to pay between R1 337 000 and R3 100 000, for public or private education respectively, over their school career. This rand amount includes primary school, high school and a three year university qualification.

EXPECTED COST OF ONE YEAR OF EDUCATION	2018	2023	2030	2035
PUBLIC PRIMARY OR HIGH SCHOOL	R34 613	R53 256	R97 355	R149 792
PRIVATE PRIMARY SCHOOL	R84 742	R130 386	R238 351	R366 733
PRIVATE HIGH SCHOOL	R136 065	R209 352	R382 704	R588 838
UNIVERSITY	R58 860	R90 563	R165 553	R254 725

Credit: Old Mutual Personal Finance

3. Considering HOW to save, is as important as how much

Firstly, as a parent empower yourself with information. Getting a view of the potential costs is a key first step. But once you know, you need to take action.

Consider how long you can save for, how much you can afford to save and how regularly. When it comes to solutions, there are various options available, depending on your time horizon, the level of flexibility you require and whether you want to invest regularly or through a once-off lump sum. You can increase your contributions over time to help your investment keep pace with inflation and achieve faster growth.

“To help you establish the right strategy for you and your child, speak to your financial adviser,” Naicker advises. “An accredited financial adviser can help you calculate how much you need to save, explore the various savings options available, and help unpack the benefits associated with each type of investment.”

For more information on The Baby Show and how to buy tickets to hear Priya Naicker talk, visit babyshow.co.za

* 2017 Old Mutual Savings & Investment Monitor