

HOW MUCH WILL YOUR CHILD'S EDUCATION COST?

Your child's education is an important investment in their future. But getting it right takes careful planning, which means you need a true understanding of the costs involved.



As every parent knows, a quality education is one of the most important foundations you can provide for your child. But the costs of schooling can really add up over the years – and it's not just fees; there are plenty of other extras you'll need to cover as well. And of course, if you have more than one child, then all the expenses will be multiplied.

So how much can you expect to shell out for each child's education – and are there ways to plan ahead so you can reduce the strain on your household finances?

What to expect

The cost of a child's schooling in Australia varies widely between metropolitan and regional areas, and depends on whether you opt for a private or public education. But even if you send your child to a government school, there are still plenty of expenses that you'll need to be ready for – like uniforms, books, supplies and after-school activities.

In a major capital like Melbourne or Sydney, the cost to educate a child born in 2016 from preschool to Year 12 could cost anywhere from around \$73,000 to well over \$500,000.¹

That means a family with two children attending private school could end up spending above \$1 million for their kids' primary and secondary education.

And while cities like Adelaide and Perth are substantially cheaper, the projected costs still range from around \$55,000 up to almost \$400,000.¹

How to prepare

As with any investment, you should plan carefully for your child's education. Everyone's circumstances and choices are different, so take the time to research and calculate how much you're likely to pay over the course of your child's school years.

That way you can start budgeting as soon as possible. If you're lucky, you might have parents who are willing to chip in for their grandchildren's education – but if not, don't worry.

Here are three things you can do now to help cover your family's education costs without sacrificing your lifestyle.

1 Create a savings plan

By putting aside a little bit of money on a regular basis, you can grow your savings so you'll have money to put towards your child's schooling. A simple way to do this is to set up an automatic transfer from your paycheque into an everyday cash savings account. Once you get started, you will notice the interest compounding over time. As you get into the habit of saving, you'll find it becomes easier to manage your short term expenses like school fees and uniforms.

2 Invest your savings

While a savings plan is great, with education costs often rising faster than inflation, your cash savings may not grow over time by enough to meet your future education costs. Given education costs can be long term in nature (if you start saving early enough) this may allow you to consider non cash investments.

By taking some risk with your capital via your regular savings plan and investing into a term deposit, investment bond or a managed fund, you can help fund longer term education costs, based on the anticipated growth and earnings from these investments. So it's worth speaking to us about the best investment vehicle for your situation.

3 Pay down your mortgage

It can be tough keeping up with school fees and other costs when you still have a major financial burden hanging over you.

That's why it's a good idea to start paying off as much of your home loan as possible before your child starts school, so you're in a better financial position to manage their ongoing education costs when the time comes.

Even if your child is already in school, it's never too late for us to help you get your finances on track and plan for the remainder of their education.

1 Australian Scholarships Group, ASG Planning for Education Index, 2016.