

‘Sport... teaches life’s lessons.
But there’s no substitute, in my
book, for education, because
that gives you choice.’

Professor Fiona Wood



With entry to the top educational institutions becoming more and more competitive and the costs continually rising, it’s important that you plan ahead so your children get the best possible start in life.

You will want to consider all the costs and factors up front, as a university education can be expensive in any of the countries that enjoy a global reputation for excellence. The costs can vary according whether your child wishes to be a domestic or overseas student, the type of course and to what level they wish to study until. In addition to the fees there are also the cost of living expenses to consider whilst your child is at university.

Australian universities

In line with a great many Australian expatriates, your child may wish to return to Australia for their university education. Apart from family and cultural links with home Australia’s mix of high calibre universities and attractive quality of life contribute towards making it the world’s third most popular destination for international students after the US and UK, both of which have much larger populations.

An impressive 35 Australian universities feature in the QS World University Rankings® 2016/17 ¹, with all members of the Group of Eight (Go8) appearing in the top 1252. ANU (Australian National University) is the highest ranked at 22.

University in Australia for Australian Nationals

The good news is that if your children are Australian citizens then they will be regarded as domestic rather than international students regardless of their current expatriate status. So their tuition costs will be significantly less costly for you, as all domestic undergraduate students enrolled in a degree or other award programme are ‘commonwealth supported’ and can also benefit from:

- 1 Australian government** pays the majority of their yearly tuition fees and only remaining balance is the student contribution. Student contributions for some courses can be over **AUD10,000** per year but most courses are less than that.
- 2 HECS-HELP for Australian citizens** – your children can defer their contribution through a loan scheme provided by the Australian taxation system once their payment is above the minimum payment threshold.

The costs of being an international student

Tuition Fees

You may also want to consider that your children may choose to study at a university outside Australia. Growing numbers of expatriate students are attracted to countries that enjoy strong reputations for the quality of their education and lifestyle such as the US, Canada or the UK.

Three year undergraduate bachelor's degree		
University location	Annual Tuition Fees	Total Tuition Fees
Australia ¹	AUD 15,632 to AUD34,394 (GBP9,185 to GBP20,208)	AUD46,898 to AUD103,182 (GBP27,555 to GBP60,624)
US ²	AUD39,539 (GBP23,231)	AUD158,156* (GBP92,924*)
Canada ³	AUD14,623 (GBP8,592)	AUD43,870 (GBP25,776)
UK ⁴	AUD17,020 to AUD59,570 (GBP10,000 to GBP35,000)	AUD51,060 to AUD178,710 (GBP30,000 to GBP105,000)

Currency	Exchange rate
GBP1	AUD1.70

*Total tuition fees for 4 years, as the average duration of an undergraduate bachelor's degree in the US is 4 years.

Fees quoted above do not include high value courses such as veterinary and medicine.

Cost of living

While tuition fees are more obvious, there are other costs to take into consideration such as:

- accommodation
- food
- study materials
- personal expenses and transport

Therefore, as an example, the average total cost for a three year undergraduate degree at University of Cambridge is **AUS217,692** (GBP127,904).*

Providing high quality education is expensive. However it could be more affordable than you think, as long as you plan your savings in advance.

Planning for the cost of university

The benefits of saving early

Most employers help with the cost of private education as part of an expat remuneration package, but it's rare to be offered assistance with university fees.

If you didn't start saving for your children's education at their birth, it's not too late, the sooner you start investing, the less it will cost, especially if you have more than one child.

With some careful long-term planning, you can put effective arrangements in place that will help you to ensure your children fulfil their potential. Without these the impact could be the difference between receiving a university education or not.

Single premium investment

If you have a lump sum to invest now you could help support your children's education by investing in a single premium bond. Wise investment into a range of carefully-selected funds over the long term could result in a substantial contribution to their university fees.

You could also top up the bond as and when you have the money available, for example, after you receive a bonus or dividend.

Regular Savings Plan

If you don't have a lump sum to invest now, you may prefer to save on an ongoing basis, through a regular savings plan.

Allocating a set amount each month gives you control to manage your money in a disciplined way, paying an agreed cash sum into the plan on a regular basis.

Whether you prefer a single premium investment or a regular savings plan, either option will give you the control and flexibility to make financial decisions at a time that's right for you.

Ways to save for a three year undergraduate course				
Cost of course: AUD217,707 (GBP127,904)				
Savings duration	Saving type	Savings required	Total amount saved	Potential saving
10 years	Savings only (0% growth)	AUD22,076 (GBP12,970) per year	AUD217,707 (GBP127,904)	-
	Savings plan (5% growth)	AUD16,485 (GBP9,685) per year	AUD164,845 (GBP96,847)	AUD52,862 (GBP31,057)
	Lump sum (5% growth)	AUD133,653 (GBP78,522) lump sum	AUD133,653 (GBP78,522)	AUD84,054 (GBP49,382)
18 years	Savings only (0% growth)	AUD12,095 (GBP7,106) per year	AUD217,707 (GBP127,904)	-
	Savings plan (5% growth)	AUD7,370 (GBP4,330) per year	AUD132,663 (GBP77,940)	AUD850,44 (GBP49,964)
	Lump sum (5% growth)	AUD90,462 (GBP53,147) lump sum	AUD90,462 (GBP53,147)	AUD127,245 (GBP74,757)

It helps to start saving for your child's university education, as soon as your child is born.

Please remember that investment involves risk. Fund prices may go up and down and you could get back less than you paid in.

Protecting your savings

Safeguarding your children's education funding

You might also want to consider safeguarding your children's education should anything happen to you and you become unable to make the savings you need, to send your child to university. Taking out a life cover, critical illness cover and/or total and permanent disability policy should enable your children to complete their education, even if you are not able to be there in person and share in their success.

For instance, for a course that costs **AUD217,707** (GBP127,904), a 35 year old Australian male expatriate, non-smoker, living in Dubai would pay a monthly premium of **AUD17.65** (GBP10.37) per month for a decreasing term life cover of 10 years at a 7% interest rate. In the scenario where he opts of a term life cover for 18 years, at an interest rate of 7%, he would pay a premium of **AUD20.10** (GBP11.81) per month.

Insure your life, to ensure a university education and secure future for your child.

Research shows that the level of educational achievement is directly linked to expected lifetime earnings.⁶

High school graduates
USD1.3 million
(AUD1,647,750)

Bachelor's degree
USD2.4 million
(AUD3,042,000)

Doctorate degree
USD3.5 million
(AUD4,436,250)

With a university education offering the potential to earn so much more, saving now for your children's future could be the best investment you ever make.

Whatever career choices your children make, if you have committed to realistic financial plans for their education, you can rest assured that you have laid a strong foundation for their future.

Next steps

www.fpinternational.com

Visit our website to learn more about our range of flexible savings, investment and protection plans.

Speak to your financial adviser today to see how we could help you secure your children's education.

About Friends Provident International

We are a leading financial services provider, with a reputation of trust, commitment and integrity, offering financial solutions to customers throughout their lives.

Friends Provident International has over 35 years of international experience and our heritage dates back over 180 years.

Sources:

- 1 QS World University Rankings
- 2 <https://www.studyinaustralia.gov.au/english/australian-education/education-costs>
- 3 <http://www.mastersportal.eu/articles/2056/undergraduate-tuition-fees-for-bachelors-degree-students-in-the-us.html>
- 4 <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-canada>
- 5 <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-uk>
- 6 <http://www.census.gov/prod/2012pubs/acsbr11-04.pdf>

This document is for information only. It does not constitute investment advice or an offer to provide any product or service by Friends Provident International .

It is important to consider the impact that inflation will have on the value of your savings in the future.

Please seek professional advice, taking into account your personal circumstances, before making investment or other life insurance decisions. We cannot accept liability for a loss of any kind incurred as a result of reliance on the information or opinions provided in this document.

Friends Provident International Limited: Registered and Head Office: Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA. Telephone: +44 (0)1624 821212 | Fax: +44 (0)1624 824405 | Website: www.fpinternational.com. Isle of Man incorporated company number 11494C. Authorised and regulated by the Isle of Man Financial Services Authority. Provider of life assurance and investment products. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. **Singapore branch:** 4 Shenton Way, #11-04/06 SGX Centre 2, Singapore 068807. Telephone: +65 6320 1088 | Fax: +65 6327 4020 | Website: www.fpinternational.sg. Registered in Singapore No. T06FC6835J. Licensed by the Monetary Authority of Singapore to conduct life insurance business in Singapore. Member of the Life Insurance Association of Singapore. Member of the Singapore Financial Dispute Resolution Scheme. **Hong Kong branch:** 803, 8/F., One Kowloon, No.1 Wang Yuen Street, Kowloon Bay, Hong Kong. Telephone: +852 2524 2027 | Fax: +852 2868 4983 | Website: www.fpinternational.com.hk. Authorised by the Insurance Authority of Hong Kong to conduct long-term insurance business in Hong Kong. **Dubai branch:** PO Box 215113, Emaar Square, Building 6, Floor 5, Dubai, United Arab Emirates. Telephone: +9714 436 2800 | Fax: +9714 438 0144 | Website: www.fpinternational.ae. Registered in the United Arab Emirates with the UAE Insurance Authority as an insurance company. Registration date, 18 April 2007 (Registration No. 76). Registered with the Ministry of Economy as a foreign company to conduct life assurance and funds accumulation operations (Registration No. 2013). Friends Provident International is a registered trademark and trading name of Friends Provident International Limited.