



'In today's knowledge-based economy, what you earn depends on what you learn.'

William J. Clinton

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 that your children get the best possible start in life.

Your children may want to return to the UK for their university education, in line with a great many British expatriates. This is not surprising. Apart from family and cultural links with home, UK universities enjoy a strong global reputation. In terms of popularity with international students, the UK is second only to the considerably larger US. An impressive 76 UK universities feature in the QS World University Rankings® 2018, with four currently ranked among the world's top 10 and 16 UK universities appearing in the top 100.*

The total cost of attending university can be over **GBP 100,000**, even in the UK.

You will want to consider all the implications and costs up front, as university education can be expensive in any of the leading countries such as the UK, the US and Australia. While there are the more obvious tuition and course fees, room and board, living and travel overheads to consider, there are other important factors to take into account, such as some courses requiring specific equipment. If your children want to live on campus, or if living in halls of residence is mandatory in the first year, accommodation costs can be high.

There is another important factor for you to consider if your children intend to study at university in the UK. Even if you and they have British passports, they are likely to be regarded as international students if you are still living abroad as an expatriate family. To be treated as a domestic rather than international student, they must have been ordinarily resident in the UK for the full three-year period before the first day of the first academic year of their course.

This has three significant financial implications.

- 1** As international students, they will pay up to three times more in annual fees than domestic students.
- 2** It is unlikely that they would qualify for access to government-sponsored financial student support such as tuition-fee loans.
- 3** As British passport holders, it is unlikely that they would be eligible for many of the scholarships and grants that are available to international students studying in the UK.

So, the costs of supporting your children will be significantly higher and your options for paying for these costs will be reduced. These issues will be magnified if you end up having two or more children at university at the same time.

If your children were able to qualify as domestic UK/EU students, then their tuition fees for an undergraduate degree would be up to **GBP 9,250** per year (2018) for universities in England and up to **GBP 9,000** per year for universities in Wales, and they may be able to apply for government financial support. Once you include the living and travelling costs associated with a student from an expatriate family, even putting your child through university in the UK as a domestic student is costly.

If your children were able to qualify as normally living in Scotland and they attend a Scottish university, they would ordinarily be eligible to have the tuition fees for their first degree paid in full by the Scottish Government. If they qualify as normally living in Northern Ireland and they attend a university in Northern Ireland, their tuition fees would be **GBP 3,925** per year (2018). These tuition fee arrangements also apply to students normally living in an EU country, but not in the rest of the UK.

Students from Wales are fortunate as they are entitled to support, in the form of a grant, from the Welsh government. For further information, please refer to: www.studentfinancewales.co.uk.

You may also want to consider that your children may choose to study at a university outside of Britain.

There is also a growing trend for children from expatriate families to choose a course at a university outside the UK, particularly in countries that could be considered to enjoy strong reputations for the quality of their education and lifestyle, such as the US, Australia or Canada. Tuition fees and living costs at top US universities are currently around **USD 60,000 (GBP 44,400)** per year*, with very few institutions offering financial aid or scholarships to international students. Tuition fees for international students studying at an Australian university are on a par with the fees charged in the US.

Wherever they choose to study, providing the quality education your children deserve could be more affordable than you think, as long as you plan your savings in advance.

* <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-us>

University of Cambridge costs at a glance¹

Tuition fees

For international students, tuition fees start at **GBP 16,608** for an academic year and rise to almost **GBP 25,275** for many science courses. For Medicine this can rise to over **GBP 50,000** (2017/18 fees).

College fees

In addition, international students pay college fees in the range of **GBP 6,580** to **GBP 12,264** per year.

Living resources

The minimum living resources needed per year (excluding tuition and College fees) are estimated to be approximately **GBP 10,080**, depending on the individual's lifestyle.

Planning for the cost of university

The overall expenses for an international student studying a medical course for one year are estimated at a minimum of **GBP 50,000** and you should allow for increases in subsequent years. This means that it will cost you a minimum of **GBP 200,000** to send your son or daughter to Cambridge for a four-year degree.

If you had taken out a plan which achieved its aim to grow at an average of 5% each year (after fund and product charges), you would only need to have invested a lump sum of **GBP 81,467**, or made a regular, monthly payment of **GBP 570.36** from their birth to age 18, to meet that cost.

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

¹ <https://www.undergraduate.study.cam.ac.uk/international-students/fees>

Start saving for university when your child is born

Many employers help with the cost of private education as part of an expatriate 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, but the sooner you start investing, the less it will cost and the easier it will be, especially if you have more than one child.

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

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.

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 the 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.

US research shows that the level of educational achievement is directly linked to expected lifetime earnings²

High school graduates
USD 1.3 million

Doctorate degree
USD 3.5 million

Bachelor's degree
USD 2.4 million

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.

² United States Census Bureau, 'Work-Life Earnings by Field of Degree and Occupation for People With a Bachelor's Degree': 2011, October 2012, <http://www.census.gov/prod/2012pubs/acsbr11-04.pdf>

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 meet your financial obligations. Taking out a life cover, critical illness cover and/or total and permanent disability benefit policy should enable your children to complete their education, even if you are not able to be there in person to share in their success.

For example, you could ensure that the **GBP 200,000** minimum cost to send your child to Cambridge for a four-year degree would be covered in the event of your unexpected death. Life insurance cover for an insured sum of GBP 200,000, starting from the birth of your child when your savings amount is relatively low, to last for 18 years as you build up your education funding savings, would typically result in monthly premiums of just **GBP 24.20**.³



³ Premiums based on level term life cover for a 35-year-old British male expatriate, non-smoker, living in UAE, 18-year term.

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.

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