CHILDREN – THEY'RE EXPENSIVE AREN'T THEY!

Niamh Hand, Broker Consultant, Zurich Life

Saving for the future is unlikely to be a top priority for consumers at the moment. Your clients are much more likely to be focused on today's bills and expenses, or putting their money into easily accessed accounts in case the need arises. However, this lack of preparation could result in a lot of financial stress for your clients in the future.

As we move through 2013, many of your clients will be thinking about the cost of educating their children. Last year the cost of education rose by a huge 9.4% (Central Statistics Office July 2012) with expenses including uniforms, books, school tours and outings all weighing heavily on parents who had not planned well in advance.

Educating your children – almost a second mortgage?

Now we all aspire to help our children acquire the best education possible, but unfortunately, the educational expenses do not end once the Leaving Cert. results come out! After the significant financial outlay that comes with putting children through primary and secondary school, parents face the added cost of third level education. There is already a mandatory third level student contribution charge in place of up to €2,250 per year and that's before the anticipated reintroduction of university fees. On top of that, the cost for a student living away from home is now at €7,803 per year which represents an increase of €100 in the last year alone* (*Source: DIT Cost of Living Guide, 2012/2013).

With these expenses mounting up over several years it comes as no surprise that the cost of educating children is right up there as one of the largest expenses many families will face along with buying a house. Many people spend years focusing on the area they want to live in, the house they want to buy and the deposit they need to secure it. Yet when it comes to their children's education, which is also a substantial expense and of great importance, there seems to be little or no preparation. A client's education savings preparation should resemble the planning and saving involved in buying a home.

Save small, save early

Clients should be putting away what they can afford now so as to secure the widest range of educational choices for their children. Parents who make small sacrifices to contribute to an educational savings plan will make their financial future easier and their children's future brighter.

So what does this mean for your clients? Well saving just over €100 every month now, (the current Child Benefit is €130 per month for one child) is projected to provide your client with a lump sum of €30,000 in 18 years time.[†] This will go a long way to putting their child through university without financially induced anxiety setting in every September.

With this in mind, independent financial advice is imperative as is the necessity for Financial Brokers or Advisors to cultivate an understanding of the importance of savings to their clients. By identifying their present and future needs and assessing their means you can also help them to prepare for the costs they may not have considered yet!

Of course children's education is just one of the many number of life goals your clients are likely to have. Other goals include saving for a deposit for a new home, upgrading the car or preparing for a rainy day. The key to helping clients achieve their savings goals is to understand their reasons for saving, and matching these requirements to a product that fulfils their needs.

New supports from Zurich Life

In response to this, Zurich Life has launched **LifeSave**, a savings and investment plan that will help your clients achieve their goals. A suite of marketing collateral is available including a new customer brochure and sales aids based on savings for education. These are practical sales aids that highlight the costs of first, second and third level education. The **LifeSave** sales packs are available from your Zurich Life Broker Consultant.

[†] Quote based on a projected investment return of 6%, 1% annual management charge, 101% allocation rate.

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