



# Plan the start of someone great

With finding employment being one of the biggest challenges young people face today, planning their education is definitely the wise way to secure their future. It's estimated that the majority of matriculants who look for work straight after completing school will not find employment. And it's a fact that those who are better educated have better opportunities. Yet about half of South African parents don't yet save towards their child's education, according to the Old Mutual Savings and Investment Monitor. To help parents find out how much they should save and how they can save, Old Mutual has developed a newly available array of online calculators.

"The earlier you start saving for education the better, and the more likely you are to have a life free of regrets and financial shocks," explains Neelan Porthen, Regional General Manager, Old Mutual. "As parents we can empower ourselves and our children by planning ahead properly, using the online planning tools now on the Old Mutual website."

Without realistic planning, he says, the cost of quality education can come as a nasty surprise, especially in tandem with the rising cost of living. "It's a real tragedy when a parent cannot help a bright child to realise their potential. With foresight and some thorough preparation you can open so many more doors of opportunities for your child."

Porthen warns against using your current income and the current cost of, say, a degree such as a Bachelor of Arts (BA) to estimate how much you might need to pay when your child matriculates.

Merely factoring in "inflation-adjusted" earnings won't be accurate because of the hefty escalating cost of tertiary education. Three years at university will cost around R176 500, but if your child started school this year, that three-year degree could cost R496 500 by the time they're old enough to go into tertiary study in 2024.

The cost of higher education must also be seen in the context of other living costs: a recent Finweek survey compared today's prices for a variety of goods and services with those of a decade ago and found that high school fees had risen from around R4 800 in 2002 to R14 000 in 2012. Porthen, notes that few South Africans' earning capacity would have risen to keep pace with that.

Bear in mind too that becoming a medical doctor, an actuary, an engineer or an accountant costs more than a BA degree. The faculties that produce graduates who are in great demand in the market place tend to be more expensive.

With only 900 or so actuaries and a grossly insufficient chartered accountant population of 33 000, it's clear why these graduates can earn more. South Africa's



shortage of engineers has been described as one of the worst capacity and scarce skills crises in years, with as few as 473 engineers per million citizens compared with Japan's 3 306, Chile's 1 460 and Malaysia's 1 843.

But rather than being panicked into inaction, the key is to empower yourself with information and to plan: do your calculations and act early, Porthen says. "We South Africans have much for which we should be grateful. And one of the foremost is that the vast majority of us are passionate about educating our children. For the sake of both our children and our country, we now need to make sure that we convert that passion into action."

See [www.oldmutual.co.za/smartmax](http://www.oldmutual.co.za/smartmax) for online tools or to speak to an accredited Old Mutual Personal Financial Adviser contact Junique Geraud on 011 217 1900 or send an email to [jgeraud@oldmutual.com](mailto:jgeraud@oldmutual.com)

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Notes to editors:

About Old Mutual's smart online planning tools:

All Old Mutual's online planning tools have been created with time-strapped parents in mind and are quick and easy to use.

The budgeting tool helps parents budget intelligently by providing them with an easy 4-step process that will give them a graphic view of their monthly income and expenses.

The cost of education calculator allows parents to quickly determine how much they'll need to pay for a child's education over a given period of time and helps them keep track of what they need to save.

Also included is a milestone development guide, through which parents can keep track of every stage of their baby's development from pregnancy through to age 3. What's more, these pages can be printed to create a baby scrap book that will record when that first tooth arrived, what their first words were and other special memories. Through the useful school finder tool parents can access a comprehensive list of available schools in their preferred area – helping them to make the right choice for their youngster.

On the fun side, there's a baby shower planner, which helps to take the hassle out of organising a baby shower and includes useful tips and downloadable decorations. Also complete with creative decorations and a built-in RSVP system is the birthday party planner. Available on both these tools is a pledge form, through which parents and guests can pledge a donation towards the birthday child's education savings.

The new SmartTRACKER tool is essential for all existing customers who like to keep up to speed with their education savings. It informs the parent whether the current savings and monthly premium are enough to cover their education goals. Parents can then take a future look at the impact of making a few changes to their premiums or investment choices. This tool along with many others is available in a secure environment on MyPortfolio.