

# ‘Education is the most powerful weapon which you can use to change the world’

**Nelson Mandela**



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.

In line with a great many South African expatriates, your child is likely to become an international student in the UK or the US. Our recent research highlights that the UK is the most popular destination for South African expatriates' children, followed by the US and Australia.<sup>1</sup>

This is not surprising as these are the three countries that have the highest number of institutions in the top 100 of the QS World University Rankings® 2017/18 and they attract the greatest number of International students. The UK, US and Australia combined have an impressive 16 universities ranked in the world's top 20 and 56 universities appearing in the top 100.

Alternatively, your children may wish to return to South Africa for their university education given family and cultural links with home. Nine South African universities feature in the QS World University Rankings® 2017/18, with University of Cape Town being the highest ranked, at number 191.

You will want to consider all the implications and costs up front, as a university education can be expensive in any of the countries that enjoy a global reputation for excellence. While there are the more obvious tuition and course fees, living expenses, 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.

If your children choose to attend university in South Africa the good news is that tuition fees and living expenses are much less expensive than in the UK, US or Australia. Also, if your children are South African citizens or permanent residents they will be regarded as domestic rather than international students, regardless of their current expatriate status. So their tuition fees will be significantly less costly for you, as universities generally charge international students at least double the tuition fees of South African students.

Tuition fees at the top South African universities vary by course, with most set between **ZAR30,000** and **ZAR70,000** (GBP1,771 and GBP4,132) per year.

The costs of university provided self-catering accommodation varies by location and generally ranges between **ZAR19,000** and **ZAR50,000** (GBP1,122 and GBP2,952) per year.

Student loans to cover tuition fees and other expenses are generally available from the main commercial banks, specialist providers such as Eduloan and the government's National Student Financial Aid Scheme.

# The costs of being an international student

Three year undergraduate bachelor's degree		
University location	Annual Tuition Fees	Total Tuition Fees
Australia <sup>1</sup>	ZAR155,602 to ZAR342,320 (GBP9,185 to GBP20,208)	ZAR466,806 to ZAR1,026,960 (GBP27,555 to GBP60,624)
US <sup>2</sup>	ZAR393,531 (GBP23,231)	ZAR1,574,124* (GBP92,924*)
Canada <sup>3</sup>	ZAR145,541 (GBP8,592)	ZAR436,623 (GBP25,776)
UK <sup>4</sup>	ZAR169,400 to ZAR592,900 (GBP10,000 to GBP35,000)	ZAR508,200 to ZAR1,778,700 (GBP30,000 to GBP105,000)

\*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.

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

## University of Cambridge costs at a glance

For an international student attending University of Cambridge, undergraduate degree course tuition fees range between **ZAR281,340** and **ZAR494,936** (GBP16,608 and GBP29,217) per year and rise to **ZAR849,202** (GBP50,130) per year for Medicine and Veterinary Medicine courses.<sup>5</sup>

## College fees

International students must pay a College fee covering the cost of providing a range of educational, domestic and pastoral services and support. This fee varies between colleges and is currently between **ZAR111,465** (GBP6,580) and **ZAR207,752** (GBP12,264) per year.<sup>6</sup>

## Living resources

The University estimates that the minimum living expense resources needed in Cambridge per year are approximately **ZAR174,482** (GBP10,300), depending on lifestyle.<sup>7</sup>

All figures quoted in this document are based on the following exchange rates:

Currency	Exchange rate
GBP1	ZAR16.94

Therefore, the average total cost for a three year undergraduate degree at University of Cambridge is **ZAR2,166,685** (GBP127,904).\*

## 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: ZAR2,166,685 (GBP127,904)				
Savings duration	Saving type	Savings required	Total amount saved	Potential saving
10 years	Savings only (0% growth)	ZAR219,711 (GBP12,970) per year	ZAR2,166,685 (GBP127,904)	-
	Savings plan (5% growth)	ZAR164,064 (GBP9,685) per year	ZAR1,640,588 (GBP96,847)	ZAR526,106 (GBP31,057)
	Lump sum (5% growth)	ZAR1,330,163 (GBP78,522) lump sum	ZAR1,330,163 (GBP78,522)	ZAR836,531 (GBP49,382)
18 years	Savings only (0% growth)	ZAR120,376 (GBP7,106) per year	ZAR2,166,685 (GBP127,904)	-
	Savings plan (5% growth)	ZAR73,350 (GBP4,330) per year	ZAR1,320,304 (GBP77,940)	ZAR846,390 (GBP49,964)
	Lump sum (5% growth)	ZAR900,310 (GBP53,147) lump sum	ZAR900,310 (GBP53,147)	ZAR1,266,384 (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 **ZAR2,166,685** (GBP127,904), a 35 year old South African male expatriate, non-smoker, living in Dubai would pay a monthly premium of **ZAR176** (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 **ZAR200** (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.<sup>8</sup>**

High school graduates  
**USD1.3 million**  
(ZAR17,210,635)

Bachelor's degree  
**USD2.4 million**  
(ZAR31,773,480)

Doctorate degree  
**USD3.5 million**  
(ZAR46,336,325)

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.**

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## Next steps

[www.fpinternational.com](http://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.

All currency conversions correct at time of print, August 2017.

#### Sources:

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

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