

‘A good education is the greatest gift you can give yourself or anyone else.’

Mahtab Narsimhan



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.

An education at any university that enjoys a global reputation for excellence can be expensive, so it's best to consider all the implications and costs upfront. While there are tuition and course fees, room and board, living and travel overheads to consider, there are many other costs to take into account. For example, some countries require health cover and amenity fees to be paid. Some courses require specific equipment. And if you want the security of your children living on campus, the accommodation tends to be more expensive.

Providing the quality education your children deserve could be more affordable than you think, provided you plan your savings in advance.

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

## Indian Universities

In line with many Indian expatriates, your children may want to complete their university education in India. Apart from family and cultural links with home, India offers a mix of high calibre universities offering specialised courses in fields of engineering and Information technology.

If the current expatriate status of your child is that of Non Resident Indian (NRI), he or she will be regarded as an international student rather than a domestic student. So tuition fees will be significantly more costly.

You also have to keep in mind that securing admission for your child in one of the prestigious universities in India could be difficult due to tough admission procedures, limited places and challenging entrance exams.

## Overseas Universities for Indian Nationals

You should also consider that your child may choose to study at a university outside India. Growing numbers of Indian expatriate students are attracted to countries that enjoy strong reputations for the quality of their education and lifestyle such as the US, Singapore, Australia and the UK.<sup>1</sup>

Tuition fees at some of the top ranked universities<sup>2</sup> could be very high and difficult to pay up-front if you haven't planned for them early on.

## University costs at a glance

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

- Accommodation
- Food
- Costs/study materials
- Personal expenses and transport

For an undergraduate course at a university you will need to factor in the total costs per child as detailed in the table below.

University Location <sup>9</sup>	Total Tuition Fee <sup>3</sup>	Total Additional Cost	Total Education Cost
India (IIT)	USD 1,858 <sup>4</sup>	USD 13,425 <sup>4</sup>	USD 15,283
UK (Cambridge)	USD 230,093 <sup>5</sup>	USD 43,420 <sup>5</sup>	USD 273,512
US (MIT)	USD 160,350 <sup>6</sup>	USD 56,160 <sup>6</sup>	USD 216,510
Australia (ANU)	USD 136,800 <sup>7</sup>	USD 102,000 <sup>7</sup>	USD 238,800
Singapore (NUS)	USD 82,446 <sup>8</sup>	USD 90,906 <sup>8</sup>	USD 173,352

<sup>3</sup> Total fee is based on a three year computer science or Information technology course at MIT, NUS, Cambridge, ANU universities, a four year course at IIT

Providing a high quality education is expensive however it could be more affordable than you think, provided you plan your savings in advance.

<sup>1</sup> <http://www.mapsofindia.com/my-india/education/most-preferred-foreign-universities-by-indian-student>

<sup>2</sup> <https://www.topuniversities.com/university-rankings/world-university-rankings/2016indian-student>

<sup>3</sup> <http://www.mapsofindia.com/my-india/education/most-preferred-foreign-universities-by-indian-student>

<sup>4</sup> <https://www.iitm.ac.in/fees>

<sup>5</sup> <https://www.undergraduate.study.cam.ac.uk/international-students/international-fees-and-costs#tuition>

<sup>6</sup> <http://catalog.mit.edu/mit/graduate-education/costs/costs.pdf>

<sup>7</sup> <https://programsandcourses.anu.edu.au/2020/program/BIT#indicative-fees>

<sup>8</sup> <http://www.nus.edu.sg/registrar/info/gd/GDTuitionCurrent.pdf>

<sup>9</sup> Indian Institute of Technology (IIT), Massachusetts Institute of Technology (MIT), University of Cambridge (Cambridge), Australian National University (ANU), National University of Singapore (NUS), Singapore

Assumed exchange rates: 1 US Dollar (USD) equals 71.51 Indian Rupee (INR), 1 US Dollar (USD) equals 0.82 British pounds (GBP), 1 US Dollar (USD) equals 1.39 Singapore Dollar (SGD), 1 US Dollar (USD) equals 1.48 Australian Dollar (AUD)

## University costs at a glance (Continued)

If your child chooses to study at the University of Cambridge, with tuition for engineering and computer science courses starting at **USD 76,698** (INR 54.84 lakhs) per year and overall expenses for one year estimated at **USD 14,473** (INR 10.34 lakh), it could cost you a total of **USD 273,512** (INR 1.95 crore) to send your child to Cambridge for a three year degree.

If you take out a plan which grows at 6% each year (after fund and product charges) , you would only need to invest a lump sum of **USD 110,000** (INR 78.66 lakh), or make a regular annual payments of **USD 9,934** (INR 7.10 lakh), from birth to age 18 ,to meet that cost.

But if you delay saving for your child's education by five years, it could cost an additional of **USD 5,927** (INR 4.23 lakh) per annum to save enough to pay for the same undergraduate program. Of course, these figures do not take account of any increases in university fees over the next 18 years.

Start planning for your child's education at birth and you can spread the cost over a number of years, benefiting from any growth in the market during that period. You should consider the impact of inflation to assess the appropriate education fund required for your child's education.

## The benefits of saving early

Some 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.

With some careful long-term planning, you can put effective arrangements in place that will help you to ensure your children fulfil their potential. Not having these plans in place could mean your children miss out on a top class university education.

## Single premium investment

If you have a lump sum to invest now you could 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 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.

## Research<sup>10</sup> shows that the level of education achievement is directly linked to expected lifetime earnings.

High school graduates  
**USD 1.2 Million**

Bachelor's degree  
**USD 2.1 million**

Doctorate degree  
**USD 3.4 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.

<sup>10</sup> 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 fund

You also need to safeguard your children's education should anything happen to you and you become unable to meet your financial obligations. Having life insurance cover, critical illness cover and/or total and permanent disability benefit will allow your children to complete their education, even if you are not able to be there in person to share their success.

For example, you could ensure that USD 273,512 (INR 1.95 crore) cost to send your child to Cambridge for a three year degree would be covered in the event of your unexpected death.

Life insurance cover for an insured sum of USD 273,512 (INR 1.95 crore), 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 USD 41.67 (INR 2,980).<sup>11</sup>

Another aspect of education planning you should consider is that your desired education fund for your child should not be jeopardized in the event you suffer from a critical illness or a total permanent disability.

You could ensure that in the event you suffered a critical illness or total permanent disability, you have cover that would help you meet the expenses while you recuperate so that you don't have to dip into other savings at this important time. Critical illness cover (including total permanent disability) for an insured sum of USD 100,000 (INR 71.51 lakh), for an 18 year term, would typically result in monthly premiums of just USD 29.04 (INR 2,077).<sup>12</sup>

**Protect your children's education fund by adding life cover**

**Get life cover of USD 273,512 (INR 1.95 crore) for just USD 41.67 (INR 2,980) per month**

**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.**

<sup>11</sup> Premiums are based on level life cover including total permanent disability for a 30 year old Indian male expatriate, non smoker, living in Dubai, 18 year term.

<sup>12</sup> Premiums are based on Critical illness cover including total permanent disability for a 30 year old Indian male expatriate, non smoker, living in Dubai, 18 year term.

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Friends Provident International has over 40 years of international experience and our heritage dates back over 180 years.

All currency conversions correct as of October 2019.

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