



Media Release Tip Sheet

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Education Savings Mistakes And How Not To Make Them

Post-secondary studies and schooling loom a long way in the distance when a baby arrives but it is at this time that parents and grandparents need to be thinking about education according to the Australian Scholarships Group (ASG). ASG reveals the most common education savings mistakes and makes recommendations for solving them.

Mistake 1 – Starting Too Late

Amidst the alternating joys and havoc a baby creates within a family there's a tendency to put things off that are in the distant future. ASG's General Manager Development, Ms Michelle Hunder and mum to a toddler, says she can understand the inclination having experienced it herself recently.

"New parents really have their hands full trying to adapt to the host of changes involved in meeting the needs of their new baby and revelling in the delights of their wondrous newborn.

"You're really focused on the present and sometimes just trying to cope. Their future needs seem a bit overwhelming really so there's an inclination to think, 'I'll worry about that later'," Michelle explains.

But this is the biggest mistake parents make in relation to the education of their child according to ASG.

"ASG encourages parents and grandparents to establish an education savings program as soon as possible so they can gain the powerful benefits of time through compounding, which effectively multiplies savings effortlessly." Michelle says.

ASG's Recommended Remedy: Start saving for education sooner rather than later.

Mistake 2 – Not Planning

Although parents and grandparents embrace planning for many aspects of their life, from holidays to retirement, many still haven't grasped the importance of planning for their children's or grandchildren's education.

"Failing to plan for education can definitely limit your choices or place your family under immense pressure to fund your education choices from your salary or earnings.

"We're seeing a lot of evidence of the ramifications of this mistake in the current financial climate and it can be really devastating to a family's wellbeing," Michelle added.

ASG's Recommended Remedy: Plan for your education choices and set up a discipline to put aside a portion of your income regularly.

Mistake 3 – Paying More Equals A Better School

According to the Australian Bureau of Statistics, the costs of education continue to rise at almost twice the rate of inflation pushing the costs of independent education ever higher, especially in years 11 and 12.

"In some Australian cities it's not uncommon for independent schooling in years 11 and 12 to cost up to \$25,000 per year in fees alone and that's before you add all the other costs of schooling, such as uniforms, textbooks and stationery, excursions, camps, music or sport lessons, and computer and internet costs," Michelle says.

“Many parents feel the responsibility of choosing a school for their child weighs heavily on their shoulders.

“ASG believes that many parents may be under the misconception that the most expensive school offers children the best education.

“This is simply not the case. The real question parents need to ask themselves is: which school will meet the needs of my child and help him or her thrive and create a good fit with my family circumstances?” Michelle clarifies.

ASG’s Recommended Remedy: ASG encourages parents to seek value in education by selecting a school for their child that matches their child’s needs, their own education preferences, and offers value.

Mistake 4 – Aiming Too High Too Soon

Most parents have experienced the widespread financial change that accompanies the arrival of a newborn child.

“There always seems to be some new or unexpected expense,” says Michelle, “even when you’ve followed a budget and planned for a reduction of family income, unforeseen expenses pop up. So it’s often a time that requires a fair amount of financial juggling.”

“So while ASG recommends that you begin planning for education sooner rather than later, you need to give your family a bit of *financial wiggle room*.

“Start saving but don’t try to meet the full costs of your child’s education at this point in time because you’re probably going to place too much pressure on your family.

“When your family budget is a little more settled, you can always supplement your initial education savings,” Michelle advises.

ASG’s Recommended Remedy: Start a disciplined education savings program but don’t over-commit your family.

Mistake 5 – Getting Discouraged

Financial impatience seems rampant today as evidenced by Australians’ increasing personal credit card debt and escalating household debt. Anyone who isn’t overspending knows plenty of people who are.

“Education is a major expense in life so it takes a disciplined savings approach to reach your education goals,” Michelle warns.

“We’re becoming so used to the immediacy of accessing our money and getting what we want on credit, that as a nation we’re losing the skill of saving. But it’s an important skill worth developing and it sets a great example for your children long-term.

“Don’t get discouraged,” Michelle suggests, “just set up a program and stay with it. Start early and save consistently. Encourage relatives to chip in too. It all helps.”

“Remember that any amount of savings is better than nothing when it comes to education. Even if your savings only covers uniforms and requisites each year, it’s going to make a real difference when it comes to managing school costs,” she says.

At its foundation, ASG’s Education Program™ provides for basic secondary and post-secondary costs to the total value of more than \$22,000 with contributions starting from around \$11 per week.

“This simple, disciplined approach allows you to have funds available for your child’s education when you need it most,” Michelle says and adds, “you’ll feel a great peace of mind”.

ASG’s Recommended Remedy: Start a savings plan and stick with it.

Mistake 6 – Paying Tax On Your Education Savings

Education benefits programs offer the real bonus to parents of taxation advantages if their savings are used for education. If you choose a program offering tax concessions for education under the Tax Act, you will further maximise the benefits of the contributions you make into your program.

ASG is a not-for-profit friendly society specialising in children's education plans for more than 30 years. Its mission is to help parents provide education opportunities for their children. ASG's Members and their children share the benefits generated by the endeavour.

Michelle Hunder says, "ASG really has the runs on the board. Currently ASG is helping more than 176,000 Australian Member parents plan for the costs of their children's education. Last year almost 45,000 students had their secondary or post-secondary education costs supported by ASG benefits."

ASG's Recommended Remedy: Get the benefits of tax enhanced education savings working for you.

For more information about ASG and its Education Program, phone 1800 648 945 or visit www.asg.com.au

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