

Quarterly Newsletter

In this Issue

The Real Cost of Education

Planning for Education

Hot Links & Articles

Saving for your children's education

Educating your children is a major expense — the sooner you start saving for it the better ...

<http://money.ninemsn.com.au/article.aspx?id=100491>

Rising costs make climb to higher education steeper

At a time when even entry-level jobs often require a bachelor's degree, hardly anyone disputes the importance of a college education. Even so, many parents and students struggle to understand why college costs so much.

http://www.usatoday.com/money/perfi/college/2007-01-12-college-tuition-usat_x.htm

Life Expectancy Tied to Education

Life expectancy in the United States is on the increase, but only among people with more than 12 years of education, a new study finds.

<http://www.washingtonpost.com/wp-dyn/content/article/2008/03/11/AR2008031100925.html>

Save now for future education

Babies don't come cheap, least of all if baby's future holds a tertiary education. Parents and prospective students hoping to avoid a big bill might want to do their homework.

<http://www.stuff.co.nz/life-style/3316273/Save-now-for-future-education>

How to save for your children's future

Parents know all too well how much a youngster can cost. Alongside the nappies, pocket money and school trips there are longer term costs like funding a university course, buying a first car or helping to pay for a wedding that can all seem quite intimidating.

<http://www.bbc.co.uk/news/10205646>

Top Performer Funds

5 YEARS | +20.31%

P52 - TEMPLETON LATIN AMERICA

This aggressive fund aims to provide long-term, capital appreciation by investing in companies incorporated or having their principal business activities in the Latin American region, balancing the risk of high volatility with the potential for high capital growth. This fund is mostly allocated in materials (26.36%) and in food, beverages and tobacco (15.39%). Over 60% of the companies allocated have their business in emerging Brazilian market.

12 MONTHS | +51.69%

R50 - JUPITER NEW EUROPE

This fund, basically allocated in financials and oil and gas sectors, intends to achieve long-term capital growth through investments primarily in Central and Eastern Europe, Russia, Turkey, non-European former member states of the USSR and in Western European companies.

3 MONTHS | +10.66%

J36 - INVESTEC GS CONTINENTAL EUROPEAN EQUITY

Aiming to provide long-term capital growth, J36 invests in Continental European equity instruments, including those of France (18,10%), Germany (21,40%), Spain (7,30%), Netherlands (7,80%), Italy (3,10%) and Switzerland (16,80%), mostly allocated in services, consumer products and industrials.

*Silvia Almeida
Consultant*



Earlier this year Global Index International hosted an awareness event in aid of our adopted charity

Fight for Peace. The evening was a huge success with many Forbes 500 companies in attendance and some high profile celebrities from television, music and art.

Please take the time to look at the following video links and websites. If you require further information please contact us.

See pictures of the event at <http://www.globalindexinternational.com/english/ffp.php>

<http://vimeo.com/channels/fightforpeacefilms>

<http://www.fightforpeace.net/>

Contact Us

We look forward to your contribution! Send us your feedback, comments, questions and views: informer@globalindexinternational.com

Questions about your account? Send e-mails to: clientservice@globalindexinternational.com

Liked our Newsletter but is not yet a subscriber? subscribe@globalindexinternational.com

Can't be bothered by all of these e-mails? remove@globalindexinternational.com

Or go to our site: <http://www.globalindexinternational.com>

Word from GII • The Real Cost of Education

The real cost of sending your children to University, **is not just the tuition fees** but accommodation, travel, computers and all the other living costs that are needed to support a young adult nowadays.

Many parents also **underestimate**, just how many years they will be funding their children for and how old they will be, when their offspring finally become financially independent.

If we take an example:

Jean-Pierre(38) is French and is married to Claudia (33) who is Venezuelan; they have two children Victoria aged 6 and Marcelo 2 years.

The average University entrance age is 19 years old and the average time period at further education is 5 years (longer in certain professions, medical etc) this will take both Victoria and Marcelo to 24 years of age, when they complete University in 18 and 22 years time respectively, when their father Jean Pierre, is 60 years old.

Now if we assume that in today's terms it will **cost \$30,000 per annum per child** with the ten years of University Education and additional costs to pay, then the total cost in today's terms would be **\$300,000 usd**. If we take inflation into account at 5% per annum (Education costs are typically rising higher than inflation rates) for the next 18 years then this figure has **ballooned to \$567,000 usd !!**

It is imperative that Jean-Pierre and Claudia start planning now and during the 40's as with their first child leaving for University when Jean-Pierre is 52 years old and their last when he is 60 years old, **their 50's are going to be very expensive years!**...and the costs are not over yet!

This scenario is typical for many a family and planning early, is essential in order not to risk an impoverished retirement.

It is widely agreed that **specific planning** and **regular saving** after discussions with financial advisor is the **best way forward**.

It is important to remember that the day they leave University they almost certainly will not be financially independent for some time to come.

The above names are of course fictional.

*John W. Fleming
Director*

Current Events • Planning for Education

Studying at university is an expensive investment.

It is **wise to regularly save for your children** and plan rather than leave it and pay out of salary at the time. You may not have a good income when the time comes, and tuition fees are generally rising faster than wages. There has been a general trend towards marked increases in tuition in recent years, even in countries where tuition fees have generally been much lower than average. For example, Canada has seen its tuition fees more than double in the last ten years.

Tuition fees can vary between courses, institutions, and whether the students are resident or international.

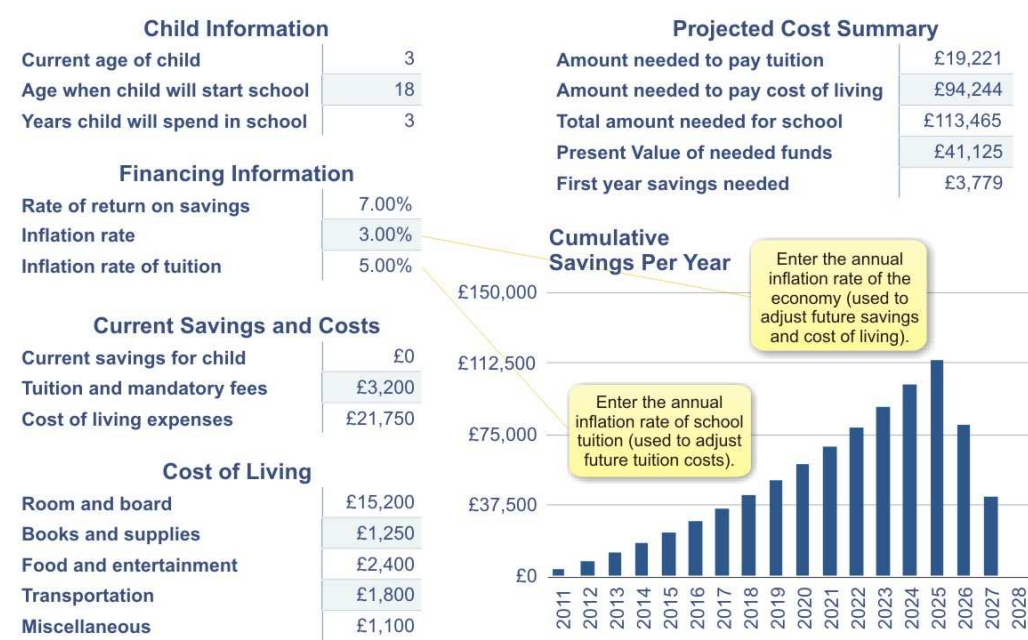
So How much do I need to save?

This depends on several factors including **how many children** do you have and **their ages**. Assumptions are needed for the average rate of return on your savings funds and the inflation rate for the costs of living and tuition fees. If you would like to fund for a placing at a Medical School or a course in Law, then obviously the costs can be considerably higher, particularly if your son or daughter do not qualify for any state subsidies.

As an example, I have used a Planning Tool to work out the amount needed for a British expat who has a 3 year old attending a 3 year residential course at a British University, starting the course at age 18. I have used a conservative return on savings of 7% pa and cost inflation of 5% pa. It shows that you need to save £3,779 in the first year rising steadily each year. The results of the calculation are below.

Note, I have concentrated on Higher Education. If you are planning to provide private education from nursery school onwards, then of course the costs are considerably greater.

British Expat State Subsidised UK University



Golden Rules

1. Obtain **independent financial advice**. The advice will vary according to your individual circumstances.
2. **Start saving** when your child is in it's first year. The longer you can save for the better.
3. Act on the Plan. **Do not delay**. There is a cost of delay. For instance if you delay by 1 year it could cost you an extra £12,000 over the savings period.
4. **Save more if the budget allows**, especially if you are offshore with higher than normal disposable income. This provides an insurance against reduced income in the future or even redundancy.
5. **Avoid long term savings on Bank deposits**. The returns are so much lower than inflation that you will either need to save considerably more, or you will fail to secure the funding needed.
6. Make sure the plan is **flexible** enough to allow for changes in income and circumstances. Some educational plans, particularly the ones with charitable status or State tax reliefs can have constraints on access and purpose.
7. **Regularly review** with your adviser how the savings are performing and if you are on track. I would recommend every 3 months.

*Brent Nicholson
Senior Consultant*

This Issue Cartoons

