

**Financial Literacy**

*Because money is more than adding up figures*

**FINANCIAL LITERACY -  
SAVING FOR EDUCATION**

This is not a surprise. Since her birth, you knew that your daughter would do studies. You even encouraged her to get good marks at school; a good education will surely help her get a better job and payroll. Going to college will broaden her possibilities to change jobs too in the future. But she has grown too fast! And college is in two years' time! You will never have enough money to pay her for several years of college: it keeps you awake at night.

Let's stay positive and focus on solutions! First, involve your child: what does (s)he want to do after high school? What kind of jobs or career does (s)he want to have? How motivated is (s)he? Is the field (s)he wants to study offer good job possibilities? If your child is not sure, try to encourage him/her to do some research work: starting from what (s)he likes doing and what (s)he is good at doing, what kind of jobs would fit his/her skills and wishes? Once (s)he has a better idea of the type of job, why not ask him to try to meet or interview people who do this job. That will help him/her better understand the requirements and avoid disappointment and above all college drop out- you don't want to spoil your money! That will help your child take initiatives, make a well thought choice, learn how to plan ahead and prepare a big life project. At the same time, it will avoid his/her blaming you for enrolling into a degree which was not the right one!

Once your child has a better idea on the "dreamed" job, then encourage him/her to continue his/her research work. What degree is required or strongly recommended for this job? Are there several possibilities? How long are the studies? What colleges offer this degree? Where are they? Once you get clearer facts and data on all the options, it is time to budget! I should have mentioned it before: don't let all this research work and the mentoring support you give your child... have a deadly impact on your phone bill! So, emails and letters!

Once again, this is a learning opportunity for your child: let him/her do the budget! Give him/her some guidelines, like the following spreadsheet. You can also have several spreadsheets according to the various options:

	Year 1	Year 2	Year 3	Year 4
College fee				
Books and supplies				
Required equipment?				
Other college related expenses				
Accommodation				
Food				
Transportation (local)				
Transportation (parents' home)				
Clothes				
Other daily life expenses				
<b>TOTAL EXPENSE</b>	<b>PhP</b>	<b>PhP</b>	<b>PhP</b>	<b>PhP</b>

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So now you both know the truth of the cost... time to work on the financing. Let your child research all the possibilities: financial aid, like scholarship grants, dormitory allowance or book allowance, students' loan, students' jobs. So saving is not the only way to finance college. What are the requirements to obtain a grant or an allowance? Can your child apply? What are the deadlines? What are the various loans offered; who offers them (private or public institution)? What are the terms: amount, interest, maturity, requirements? Students' loans usually enable the students to get money at the start of their studies and pay back after they have graduated and once they start working. What are the students' jobs possibilities? Are they compatible with college studies requirements? You can mix several types of financing in order to avoid a huge debt for instance:

	Year 1	Year 2	Year 3	Year 4
scholarship grants				
dormitory allowance				
book allowance				
other allowances				
students' loan				
students' jobs				
saving				
<b>TOTAL FINANCING</b>	<b>PhP</b>	<b>PhP</b>	<b>PhP</b>	<b>PhP</b>

With this plan, you see how much you have to save and your child has learned several valuable money lessons: planning, choosing between options, making the most of money!

And don't forget! Planning is key so the best way to prepare for your child's college years is still to anticipate and start since your child's early age. Even small amounts add up. You can either manage your saving on your own or decide to open a college saving plan which will take care of investing your saving and making them available and hopefully bigger when your children start their studies. Do your homework too: investigate which financial institution you decide to take a college saving plan if you decide to do so: are they well known? How long have they operated? What are the fees? What do they invest in? What are the conditions?

Your money is precious! Involve your child at all the steps: research, plan, decide and support your child during the college years!

If you have questions on college saving, send me an email: [Sophie@aandbmake3.com](mailto:Sophie@aandbmake3.com), call 2868.5399 or read [www.aandbmake3.com](http://www.aandbmake3.com). **Enrich**, our not-for-profit partner in Hong Kong, gives courses on money matters (T: 2817.8928)