



EDUCATION FEES PLANNING

A BIBLICAL PERSPECTIVE

*“Train a child in the way he should go, and when he is old he will not turn from it.”
Proverbs 22:6*

TO CONSIDER

Are we striving to teach moral responsibility and biblical responsiveness to our children, or are we solely providing the means through which they can gain knowledge and develop talent? Many parents predetermine that they will fully provide for their children’s education without considering the impact of their decision. If we choose to provide for them financially, we bear the mantle of establishing the proper foundation from which they will grow.

TRAINING YOUR CHILDREN

In contrast to knowledge and talent, character and values cannot be gifted or purchased. As the author Tim Kimmel says, “You can’t leave character in a trust account. You cannot write your values into the will. You cannot bank traits like courage, honesty, and compassion in a safe-deposit box. What we need is a plan - a long-term strategy to convey our convictions to the next generation.”

Definition

Education Fees Planning is the preparation of your finances – savings plans, accumulated investments and cash flow management – so that you can make provision for the costs of educating your children.

Introduction and Comments

- Pre-school education usually requires some form of payment.
- The State provides free education for the intervening years but if you choose to educate your children privately then the cost could vary from anything between £6,000 to £25,000+ per annum per child depending on which school they go to.
- It is becoming increasingly expensive to put a student through college or university and the costs in this area could be upwards of £20,000 per child.
- We would plan for the costs to be met out of savings and investments (regular and/or lump sum), in full or a % of – with any balance potentially being met out of income or being paid by other means.
- The farther ahead you plan, the less it will cost you, due to cumulative growth.
- There are few tax benefits now available in education costs planning. Those that are can be very restrictive.
- The cover provided by Life and Illness insurances should incorporate the costs of planned education commitments should something happen to you.
- Your children's guardians should be fully informed as to your wishes and intentions and also as to the means by which they will be met.

When planning how best to fund education expenses, it is prudent to consider all the expenses likely to be associated with the planned education, not just the fees.

For example, there may be significant costs related to school uniforms, trips and 'extras' at university. Expenses may arise which have little to do with fees, books and basic living expenses.

Your Goal

To ensure that your children have access to the standard of education that you would wish for them – through careful management of your resources.

The Process to Achieve this (in conjunction with Trinity)

1. Prayer & Listening. Take time to pray and listen to God for guidance on how each of your children should be educated, bearing in mind that this may be different for each child because He knows what's best for each one of them. Ask for direction on how best to use your God given resources to achieve this goal.
2. Estimate the cost of educating your children as you have planned.
3. Calculate current provision and design an affordable plan to provide for / towards the anticipated cost.

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4. Ensure that the planned education will remain financially possible in the event of your death or disablement before it has been completed.

Key questions to ask in the planning stage:

1. What are the current costs of the education that we plan for our children?
2. What level of “inflation” should we factor in?
3. How many children do we expect to pay for to educate them?
4. How much provision are the children going to make for themselves at college/university?
5. Are we going to make use of student loans and government financing?
6. How much of the cost do we intend to meet out of ongoing income?

Key questions to ask as you go along:

7. What advice and provisions have we made in our estate plan for the guardians of the children?
8. Are there sources of additional finance?
9. Should we make use of a trust?

EDUCATION FEES PROVISION

There are a number of savings and investment vehicles available to the UK investor to plan towards this goal, including Cash & Equity ISAs, National Savings, Collectives (OEICS and Unit Trusts) and even Pensions. These are covered in more detail in the glossary.

As part of your Education Fees Plan, Trinity will analyse your current circumstances and make recommendations on the most appropriate vehicle(s) and investments for you to use to achieve your goal in a cost effective and tax efficient manner.

Please note the Financial Services Authority does not regulate education fees planning.

Something additional to consider:

CONTRASTING MINDSETS

The world will teach your children a completely different approach to money and possessions than the one that emerges from scripture.

A Christian’s perspective should be eternal and secure. A non-Christian’s perspective can be short term and insecure. Consequently, our view will often not fit comfortably with the worlds view.

Can we teach our children to have integrity between our belief and our practice? Putting your trust in anything visible and tangible is to invest in insecurity. Our trust is in someone who is neither visible nor tangible but is an entirely secure investment.

	Secular	Biblical
Power	Money is power.	God is power.
Uncertainty	Need for money.	Long term security.
Ownership	What’s mine is mine.	The earth is the Lord’s. Psalm 24:1
Fear & Greed	1 million in therapy (anxious and materialistic).	We give it away to learn security.
Giving	Guilt. Awareness of poor.	We are Trustees. What does He want us to do with His money.
Accumulate	Get rich quick. High risk. Focus on yield.	Get rich slow. Prov 13:11 Wisdom with resources. Work hard.
Timescale	Short term, instant. Gratification. Now – for me. Temporal, time is the enemy. Victim of cycles. Time is money.	Deferred gratification. Generational, Eternal. Ecc1 5:13-15 Calculate the cost Lk 14:28 Time is a tool. Victor over cycles.
Spending	Don’t put it off, put it on. Keep up with the Jones’. Defeated. Accumulate for your kids.	Save and invest first. Achieve your goals. Freedom. Legacy of wisdom and wealth.
Anticipation	It will always get better. The upward trend.	Cycles are inevitable. 2 Pet 3:4

WHAT THE BIBLE SAYS

“So that you, your children and their children after them may fear the Lord your God as long as you live by keeping all his decrees and commands that I give you, and so that you may enjoy long life.”

Deuteronomy 6:2

“These commandments that I give you today are to be upon your hearts. Impress them on your children. Talk about them when you sit at home and when you walk along the road, when you lie down and when you get up.” ***Deuteronomy 6:6-7***

“The way of a fool seems right to him, but a wise man listens to advice.” ***Proverbs 12:15***

“Dishonest money dwindles away, but he who gathers money little by little makes it grow.” ***Proverbs 13:11***

“I hated all the things I had toiled for under the sun, because I must leave them to the one who comes after me.” ***Ecclesiastes 2:18***