Complete Financial PLANNING

Your family's future is our business

NEWSLETTER – JULY 2017

News from Complete Financial Planning

- We have recently found out that our website has been hacked. We have now had this fixed and reapproved by google.
- You may receive an email from Adviser Ratings to give feedback in relation to your relationship with your adviser.
- Jenny will be coming out to all client appointments for in field training, so you will be able to meet her over the next year
- Don't forget the office is shut on a Friday, as Kathy and Emma work from home these days – they can be contacted on their mobiles, 0413 348 472 and 0488 198 200 respectively
- And make sure you go on and 'LIKE' our Facebook page - **www.facebook.com/completefp**

Please don't forget…

Our success is a result of referrals from clients and friends like you. We could always use a few more. So, if you have children, family members, friends or colleagues that may need some advice, please pass our details to them.

Date Crumble Slice Recipe

Ingredients: 2 Cups dried pitted dates chopped, 1 cup water, 185g butter chopped, 1 cup brown sugar

1 1/3 cups plain flour, ½ tsp bi carb soda, 1 ½ cups rolled oats.

Method: Preheat oven to 180C or 160C fan-forced. Grease and line a 3cm deep, 20cm x 30cm (base) lamington pan.

Combine dates and water in a saucepan over medium heat. Cook, stirring, for 10 to 15 minutes, or until dates have absorbed liquid. Set aside to cool to room temperature.

Using an electric mixer, cream butter and brown sugar until light and fluffy. Sift flour and bicarbonate of soda over butter mixture. Stir until well combined. Add oats. Mix well. Press half the mixture into base of prepared pan. Spread date mixture over the top.

Crumble remaining oat mixture over date mixture so dates are covered pressing on with your fingertips. Bake for 35 to 40 mins until golden. Cut into slices, serve warm or cold.

Building your Family Future Fund

How much does it cost to raise a child? Obviously the answer is highly dependent on individual circumstances. However, as a guide, a 2013 national study[1] found that a typical middle income family would spend about $812,000 on raising two children from birth to age 24. At that time child-raising costs were increasing at around 9% per annum, so it's a reasonable estimate that these days the cost of getting two kids to the point where they're ready to leave home (that's not to say that they will) is closer to $1.1 million! And that's a middle of the road figure.

For low and middle income families transport is, perhaps surprisingly, the biggest single cost, but for high income families, education takes top spot. Along with childcare it eats up over a quarter of the household budget. That's largely due to the costs of private education.

The Australian Scholarship Group, (ASG), estimates that providing just one child with a private education from pre-school to the end of high school will cost close to $487,000[1]. Opt for the Catholic system and that drops to around $239,600, while a government education comes in at roughly $68,600. Supporting a child through university adds substantially to these costs.

Creating a 'Family Future Fund'

Being forewarned about the costs of children, particularly educating them, provides an opportunity to prepare for the hit to the family budget.

Take Ben and Laura, a young professional couple with a combined after-tax income of $150,000. They plan on starting a family in a few years and after allowing for other financial commitments decide to set aside 25% of their net income for their 'family future fund'. Opting for the safety of a high interest savings account their return after tax is 2% per annum. When baby Rose arrives five years later, they have a head start of just over $195,000 in meeting future child-raising costs. But babies and toddlers are relatively cheap to support compared with older children, so Ben and Laura don't need to dip into their fund just yet. This is just as well as they are forced to stop their regular contributions when unpaid parental leave puts a dent in their income. When Rose is ready to start school at age five the family fund has grown to $215,463.

Matt and Sara on the other hand only begin to think about their future family costs when their first child Thom is born. To match Ben and Laura's savings balance by the time Thom starts school, Matt and Sara would need to save $41,400 per year – for them, and most young couples, an impossible challenge.

Savings options

A child's 'future fund' is not something to speculate with. This means opting for 'safer' investments such as cash, term deposits or bonds, despite their generally lower returns.

Alternatively, tax benefits may be gained by investing in insurance bonds or a friendly society education plan.

Another possibility is to pay the savings into a mortgage offset account. This will provide a return closer to the home loan rate, which is likely to be higher than interest rates currently available elsewhere. Funds can then be redrawn as school fees or other costs require.

While every family is unique, the costs of raising children are quite staggering. The sooner you talk to your licensed financial adviser about how you can plan the financial side of family life, the more enjoyable parenthood can be.