

How to bridge the financial gap for a good education

91% of 1845 recently polled South Africans considered education key to their future success. 77% believed a qualification made people more employable. 92% believed their children would need more than one qualification to ensure gainful employment. These findings emerged from a recent survey commissioned by [Sanlam](#) and executed by Ova to You.



© Oleksandr Mudretsov – [123RF.com](#)

The belief among survey participants that a qualification improves employment prospects is backed up by data. Recently, South Africa's number of broadly unemployed individuals exceeded 10 million for the first time. And [research based](#) on Statistics South Africa data shows that having a matric certificate doesn't do much to improve work prospects. Only a degree, diploma or certificate really move the needle.

André Wentzel from Sanlam says, "South Africans know this. Our findings reveal that in lower-income households especially, saving for education is in the top four monthly expenditure priorities. But, inevitably, there's a shortfall between what people can save and the real cost of education in South Africa."



The actual cost of one South African school day

Shea Karssing 12 Jun 2019



He adds that accessibility is a political and societal question. Sharanjeet Shan, executive director of Maths Centre – a Johannesburg-based non-profit striving to improve maths, science and technology education in South Africa – agrees. She adds, "A nation is never built by a government but its citizenry, through wide, deep and intense education at all levels and in all spheres. A government's role is to stand up to the challenge and focus on education fit for all purposes. South Africa is riddled with a myriad of oppressions, especially within schools and amongst the youth. If we do not educate our children and young people for the fourth industrial revolution (4IR), we'll face persistent issues with increasing numbers of displaced workers dependent on the state."

Mind the gap

A [2019 Statistics South Africa report](#) based on 2017 data found that just 33.8% of young people aged 18 to 24 were attending educational institutions – only 11.6% were in tertiary education institutes. Over half the youth said they couldn't afford tuition. While Fees Must Fall was a catalyst for the introduction of free education for first year students, this still leaves the challenge of finding funding to complete studies. And for families earning just over R350k a year, who are currently excluded, there's a big gap.

The costs vs the savings

According to StatsSA, tertiary education costs increased by 6.2%, while secondary education costs increased by 6.8% in 2019; both higher than general inflation. According to data collected by Sanlam, a university degree costs approximately R48 – R52k pa on average for tuition. Of course, these vary considerably across institutions and depending on what is studied.

This means, on average, parents with a child starting primary school need to contribute approximately R20k pa in order to save the nearly R600k required to cover the tuition cost of an average four-year degree in 12 years' time. Starting later means you need to save more on a monthly basis. The required savings increases to nearly R50k pa, if you wait until your child reaches high school.

Sanlam's research showed that 67% of all participants are saving under R20k for education a year. 86% of people with household incomes of under R10k save under R20k per annum for education. In the R10k to R30k income bracket, 63% of people save under R20k pa. In the +R30k group, this drops to 40%.



#RecruitmentFocus: How employers can structure salary deductions to benefit parents

28 Nov 2018



So, what can be done?

Wentzel says that it's also pivotal parents are empowered to make saving as simple as possible. "Even saving small amounts adds up. We know South Africans are extremely aware of the benefits of education and how the world of work is changing. But it can be overwhelming worrying about what the best action to take is, especially as this may require great commitment.

"So, it's important that they have the tools to set goals and be in control of their savings plans. Our Goal Manager solution enables this by calculating what you need to save for your educational goal and helping you stay on track with your contributions to achieve this."

Wentzel adds that it's absolutely normal to feel overwhelmed by the sum you need to save to educate your child. "It's

important to know you're not alone in this. I think the message needs to be that as a parent, you're doing an amazing job if you're managing to save for your child's future studies. Even if it's small sums at a time, these add up. The earlier you start saving and the longer you save for, the better. Have a plan in place, use a tool like Goal Manager to stay on track, and consider speaking to a financial adviser for support and advice."

For more, visit: <https://www.bizcommunity.com>