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CARIBBEAN LUXURY LIFESTYLE, PROPERTY AND DESIGN MAGAZINE

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PLANNING FOR A HIGHER EDUCATION

By Shari Whittaker, Marketing Manager at Cayman National Bank



At the primary and secondary school levels adolescents are often blessed with having a personal financier, parents or guardians, who generally foot the bill when it comes to educational needs from tuition and uniforms to books and field trips. However, what happens when it comes to costly tertiary education? With the cost of a college education growing each year – in the US the approximate total cost per annum at a state university is around \$25,000, while private colleges range from \$40,000 to as high as \$70,000 – it is crucial to have a proper savings and financing plan in place before delving into the pursuit of a higher education.

Fortunately, there are a number of options available to ensure you are on the right track to save for and fund a college education.

- Start an education investment plan the moment your bundle of joy arrives. Take an aggressive approach in the beginning and become more conservative as the child gets nearer to their college years. An aggressive investment strategy is one of higher risk, which generally equates to a better return on investment and a higher chance for loss as well. Assuming more risk at the onset enables you to achieve a better chance of healthy returns at a younger age; as your life circumstances change and evolve so should your strategy.

- A regular savings or certificate of deposit (COD) account is another great starting point, however, with interest rates at a historic low this may be more of a secondary option. While savings and CODs are a great method of saving, the current low interest rates are a result of the economic downturn therefore returns are achieved over longer terms due to low rates. Still the safety and conservative nature of the investment makes the product worthwhile.

- If you need some minor additional funding, consider tapping into your retirement savings sparingly. Tapping into existing available funds may be a more viable option than accruing more debt when

obtaining a student loan, however this is dependent on how much of a financial burden you wish for your child to assume.

- Actively track academic scholarships or grants available from local companies and organisations as well as the institution the child will attend. Some schools offer better tuition rates to attract overseas students or provide unique scholarship opportunities, as they are required to have a certain percentage 0-of international students.

Other things to consider when choosing a college whereas it relates to cost.

- Location, location, location: a university's location provides a direct indication of the amount of money that will have to be spent; this is primarily based on the cost of living. For example, Georgia State University located in downtown Atlanta will net a higher price tag than the University of Georgia located in Athens. Although they are both public schools located in Georgia, universities located in bigger or better-known cities will be more costly.

- Overall net cost: tuition as well as college fees such as housing and meal plans, scholastic supplies and personal and transportation expenses.

- Ivy League and other private institutions: when looking at a costly private or Ivy League institution consider whether the degree being pursued will lead to a career that can 'payback' or recoup the cost of the tuition and other associated costs.

According to *Fortune Insider*, "For most parents, sending a child off to college is an enormous investment, typically the second largest one they will make after their home." Armed with this information, it is clear that the sooner one starts saving for their child's educational future the better off all will be. 