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Should parents save for their children's education... Learn the facts!

By Kelley Keehn

With education costs soaring faster than the rate of inflation, parents need to consider their role in funding their children's education and explore the options available to them.

Trevor Hamon, Branch Manager of Dundee Private Investors Inc. states that of the clients in his firm that have children, nearly ninety percent of them will never make mention of education planning. "If we're going to discuss saving for their children's education, as their advisor, I'm the one that tables the topic. If these parents are concerned about saving for their children's post secondary schooling, I still need to do a good job on selling them on the expense of doing so". Hamon notes that it's not that parents aren't concerned about ensuring that their children have the available funds for the future, but often they are just making ends meet.

As an advisor to a high-net-worth clientele, Marc Gibbons, Wealth Management Specialist with RBC Dominion Securities explains that his clients can certainly afford the expense of saving for their children's education. Gibbons explains that most of his clients could settle the entire bill without advanced reserves, but they question their role in funding their children's post secondary options. "They had to work and pay for their education and wonder if they're doing a disservice to their offspring if they pay for the entire bill. Their issue is not with the cost but as to their role in the investment and ensuring their children appreciate the opportunity".

Both Hamon and Gibbons agree that, should a parent have the resources and inclination to help their kids out, a Registered Education Savings Plan (RESP) is one of the simplest and most tax efficient investment vehicles on the market. With the twenty percent per year grant that the Canadian government will match on the first two thousand dollars of annual contributions, it is indeed a worthy incentive. With GIC rates in the single digits, parents would be hard pressed to find an investment option that guarantees a twenty percent return each year. Both advisors caution that there are times to consider alternative savings accounts especially if the parents know that the children are unlikely to attend schooling after their high school years. Although the deadline for annual contributions is December 31st, investing earlier means more time for compounding investment dollars. Investors are urged to speak to their financial planner about the suitability of investing and how education reserves can be structured within their overall financial plan.

Awareness, based on a prosperity mindset, is the key and first step to greater wealth for families and individuals. Kelley Keehn, lecturer, personal coach and author of *The Prosperity Factor*, uncovers the "inner games" we play surrounding wealth. As a financial professional for over a decade, she's witnessed first hand the problems families and individuals have with money and has developed a fun, practical guide to making changes to our money mindsets at a fundamental level.

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