



Can you afford your children?

By Warwick Edwards

First let me start by saying, that your children are one of your greatest achievements & a source of pride that is surpassed by little in life. They provide you with a sense of belonging & in a way are a small reflection of yourself.

Our family is a modern day “Brady bunch” of 5 children, which live in 2 different states & 3 different residences, now. Maintaining a close relationship & keeping in contact is a challenge. This is despite the technology we have to hand, but a challenge that ultimately pays rewards to us emotionally.

But a recent article I read about raising children, made me shiver. Now I’ll admit to being one for statistics, so here goes:

- The average cost of raising an average number of children (2.7 in today's terms) is \$1,028,000 – until they are financially independent at age 24 (don't get me started on this!). There's a new acronym now called “SLOPS – singles living off parents”. Sorry SKINS – Spend Kids Inheritance Now – they are onto you
- The cost of raising children has risen 50% in the last 5 years, compared to wages growth of approximately 25% in the same period. If you are feeling like you have to stretch your pay packet further, it's with good reason
- The cost of education has skyrocketed. Take out the blistering cost of a private education alone & consider the average cost of a public education over the school life of 1 child is \$63,000 in the city & \$52,000 in regional areas. No longer do you get away with buying cheap exercise books for school each year. Now a Mac-Book Pro is the new norm
- My favourite: The average household has over 100 toys per child & 96% of parents admit to spending more than \$100 per annum on toys per child. Add this to the multiple electronic devices (which aren't counted as a toy), & Generation Z is the most materially supplied generation ever.

Source: [mcrindle.com.au/cost of parenting](http://mcrindle.com.au/cost-of-parenting)

So obviously you could sit there & say “well let's not fall into this herd mentality & we'll stop being a consumer”. Good luck with that. Australians today are the second most indebted people at a personal level, in the world today. And we are about to enter into the silly season again with

Christmas, just around the corner. This didn't happen by accident, we chose this path of debt bingeing.

3 quick strategies that may help you with this dilemma:

- Create a budget – We can help you work through this & you'll be surprised where the money is going & what you can achieve with a close focus on this.
- Underspend – if you are looking to buy a home, borrow less than you can & make additional repayments to the loan often. Always pay off non-deductible debt first. Repay more often & use an offset account to ave you interest.
- Learn to say No – Credit cards are too handy to use & rack up. Reduce your credit limit & pay them off in full each month.

Your children although they may not fully understand your circumstances, will watch & replicate your behaviours in the future. Let's not breed a new generation of over-spenders. And remember, if they go down that path & develop an overspend mentality, they will not become financially independent at 24 at all. Try 54!!!