



وعي مالي شخصي
Personal Financial Literacy

Lesson 6

Saving for College

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The UAE's younger citizens have ready access to higher education at United Arab Emirates University (UAEU) in Al Ain, at Zayed University in Abu Dhabi and Dubai, at the 11 campuses of the Higher Colleges of Technology (HCTs) throughout the country, and at the many internationally accredited private institutions that are being established in the UAE. UAEU, Zayed University, the Higher Colleges, and other federally funded institutions are tuition free. Generous grants are also available for those wishing to study abroad, most of whom are males pursuing degrees in applied and technical fields.

However many families may choose to have their children study abroad, and grants may not be available to totally fund this strategy. Therefore savings for undergraduate and certainly for graduate education costs may be necessary.

Saving for college costs is similar to saving for retirement. Since there are options that can help fund college expenses it is suggested that retirement investments be made first, before establishing college savings plans.

Several important points should be considered in planning for college expenses.

1. Decide the education goals for your children. This will help to determine how much you will need to save. Will they be attending private schools in Europe, The United States, or somewhere else and will they be pursuing advanced degrees? The answers to these questions will help to determine the investment plans that you should follow.
2. Since college tuition and expenses have traditionally increased more rapidly than inflation, stocks are the best alternative, at least until the student is 2 or 3 years from beginning their college studies. As your child moves closer to attending college you should begin to move your investments to more conservative, income producing alternatives.
3. Determining how much will be needed is a simple time value of money exercise.

An advanced education is an investment, perhaps one of the best investments in your children's future that you can make.