

HARDING ROBERTS AND Co.

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IS YOUR FAMILY PROTECTED FINANCIALLY?

THE COST OF BRINGING UP A CHILD UNTIL THEY REACH THE AGE OF 21 HAS HIT AN ALL-TIME HIGH



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Having children has never been more expensive, with the cost of bringing up a child until they are 21 at an all-time high of £222,458. This is more than £4,000 up on 2012 and £82,000 (58 per cent) more than ten years ago, when the first annual Cost of a Child Report [1] from protection provider LV= was published.

Biggest expenditure for parents

Education and childcare remain the biggest expenditure for parents. The cost of education* (including uniforms, after-school clubs and university costs) has increased from £32,593 to £72,832 per child in the last ten years – a 124 per cent increase. Childcare costs are also up from £39,613 in 2003 to £63,738 today – a 61 per cent increase.

From birth to age 21, parents spend an average of £19,270 on food and £16,195 on holidays – which now cost 4 per cent more than last year. In fact, in the last decade, costs have risen in all areas of expenditure apart from clothing, which has seen a 5 per cent drop.

Looking after the pennies

Mums and dads all over Britain are tightening their purse strings, with more than three-quarters of parents (76 per cent) forced to make cutbacks to make ends meet. While many are reining in spending on luxuries such as holidays (45 per cent), more than a quarter are also cutting back how much they spend on essentials such as food (27 per cent).

Of those parents who are cutting back, 68 per cent have switched to buying cheaper or value goods. Vouchers and discount codes are also popular, with 56 per cent of these parents using them to save on shopping bills. Many are also trying to boost their income, with 40 per cent selling personal items online or at car boot sales.

Pushing parents' finances to the limit

The cost of raising a child continues to soar and is now at a ten-year high. Everyone wants the best for their children, but the rising cost of living is pushing parents' finances to the limit. There seems to be no sign of this trend reversing. If the costs associated with bringing up children continue to rise at the same pace, parents could face a bill of over £350,000 in ten years' time [2].

Over the last ten years, London (£239,123), the South East (£237,233) and the East of England (£233,363) have remained the three most expensive places to raise children. Ten years ago this was closely followed by Wales, whereas now it is Northern Ireland (£232,883).

Families in the South West have seen the biggest hike in costs, now paying £100,077 more per child than they were ten years ago.

Keeping up with the latest technological advances

Forget dolls and train sets. Today's children want the same toys as their parents, and the popularity of smartphones, tablets and laptops is adding to the expense of raising a child.

Many parents feel under pressure to keep up with the latest technological advances – even for children as young as three years old. Almost a third (28 per cent) of parents have bought their child an electronic gadget in the last 12 months, with more than a fifth (18 per cent) paying out for a laptop or tablet. The average yearly amount parents spend on these gadgets for their child is £302.



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Protecting the family's financial future

Many families are responding to financial pressures by saving less and spending less. Two-fifths (40 per cent) of parents have reduced the amount they are putting towards savings and a further 26 per cent (up from 22 per cent last year) have cancelled or reviewed insurance policies to try to save money.

Almost half (47 per cent) of parents have no life cover, income protection or critical illness cover in place. While 36 per cent of parents do have life cover, only 11 per cent have critical illness cover and a meagre 6 per cent have income protection.

Catastrophic implications on the family's finances

The cost of raising a child won't always be the first thing parents think about when deciding to have a family, and regardless of the cost, people wouldn't change having children for the world. But parents considering cancelling insurance such as life cover or income protection as a way of saving money need to think long-term. It could have catastrophic implications on the family's finances if either parent became unable to work or was no longer around.

The cost of raising a child has increased rapidly over the last decade and looks set to continue rising. It is imperative that parents make sure they financially protect themselves and their family and seek professional financial advice to talk about what best suits their needs.

Time to review your family protection?

Protection insurance often costs less than people think, and whether to take out cover is one of the most important financial decisions people will ever make. To discuss or review your current requirements please contact us – don't leave it to chance.

Source

[1] The 'cost of a child' calculations, from birth to 21 years, have been compiled by the Centre for Economics and Business Research (CEBR) on behalf of LV= in December 2012 and are based on the cost for the 21-year period to December 2012.

The report also includes omnibus research conducted for LV= by Opinium Research from 11-13 December 2012.

The total sample size was 2,013 UK adults. Results have been weighted to nationally representative criteria.

[2] If the cost of raising a child continued at the same pace as the last ten years (58 per cent increase), in 2023 the cost would be £351,483.

* Does not include private school fees.

Parents who send their children to private school can add £106,428 for a child at day school, and £195,745 for a child who boards, to the overall cost of raising a child.

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