

Children's Education Planning

Education is the key to your children's future. Realising the aspirations of your little ones through the best education you can afford is an investment with no money can buy. Allow us to assist you with mapping out a flexible plan for your children's education and that addresses all of your needs.

Why Plan your Children's Education Now?

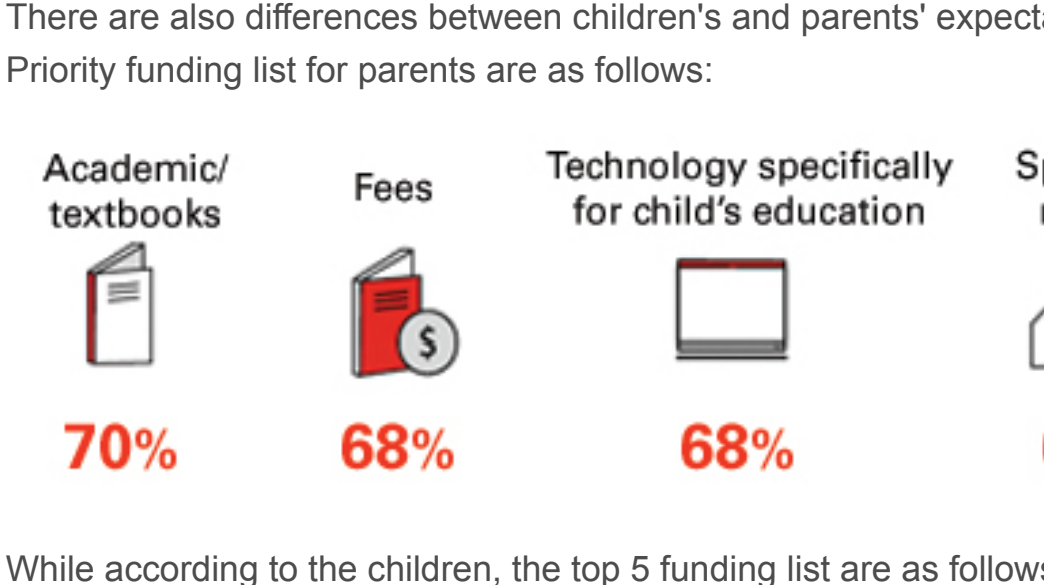
Education is the best investment that you can make on behalf of your children. The higher your child's education, the greater success your child will enjoy in the long-term - not only financial - but also for shaping character and worldview, increasing your child's career opportunities, and also for giving your child that chance that you may not have had. Nowadays, overseas education is becoming more common as many Indonesian families want to send their children abroad for their higher education. However, overseas education is also quite costly, which requires a lot of parents to make sacrifices in order to gather the necessary funds for their children's education cost.

Below are the findings from HSBC's research, 'The Value of Education'. The Value of Education is HSBC's global study into education trends, examining parents' hopes and fears for their children's education, and their attitudes and behaviours towards funding. This year's survey also explores students' own experiences while studying.

Reasons for Indonesian parents to send their children abroad



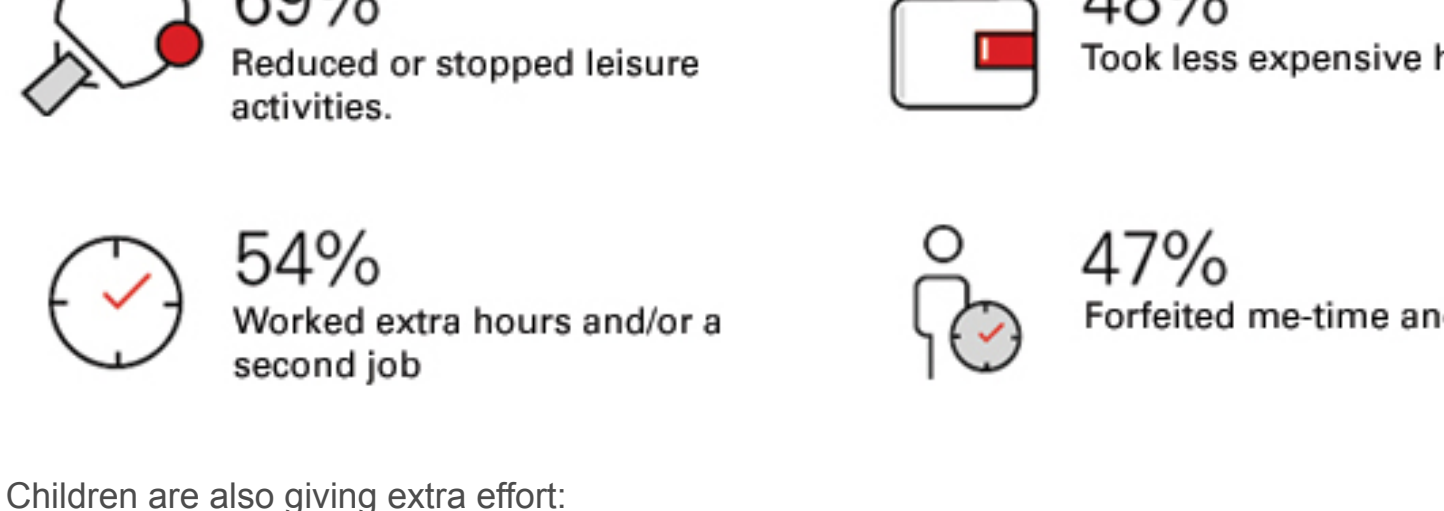
Top destinations that would be considered by Indonesian



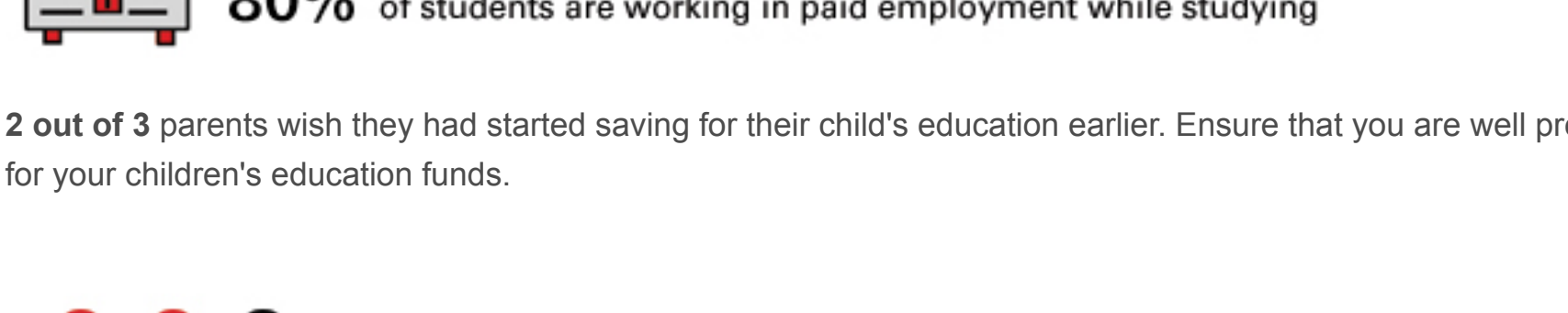
Average total cost needed for children:

Australia* AUD 90,311 (equivalent to IDR 545 Mio)
USA* USD 99,417 (equivalent to IDR 1.4 Bio)
UK* UK 41,246 (equivalent to IDR 809 Mio)

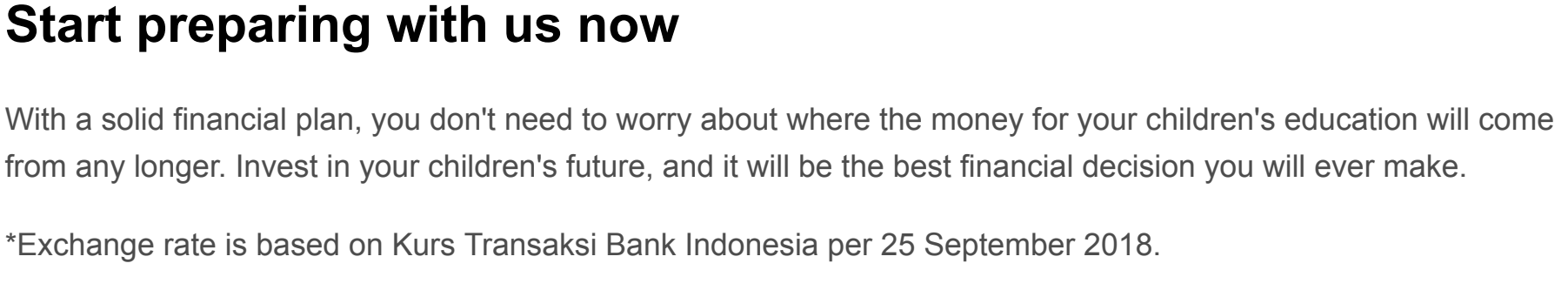
There are also differences between children's and parents' expectation on funding list. Priority funding list for parents are as follows:



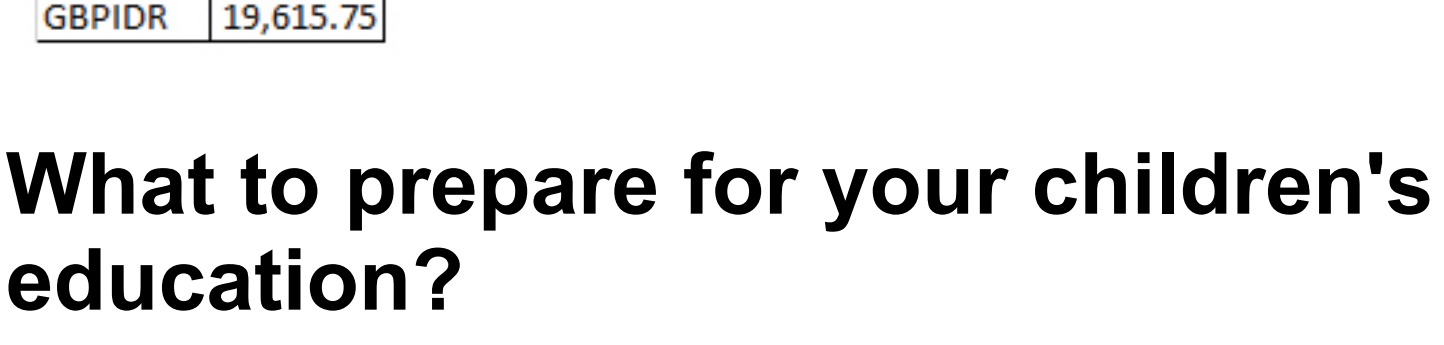
While according to the children, the top 5 funding list are as follows:



Personal sacrifices are common among parents who are funding their child's university education.



Children are also giving extra effort:



2 out of 3 parents wish they had started saving for their child's education earlier. Ensure that you are well prepared for your children's education funds.

2 out of 3 (67%) wish they had saving for their child's education earlier

Start preparing with us now

With a solid financial plan, you don't need to worry about where the money for your children's education will come from any longer. Invest in your children's future, and it will be the best financial decision you will ever make.

*Exchange rate is based on Kurs Transakti Bank Indonesia per 26 September 2018.

AUDIDR	10,836.11
USDIDR	14,967.00
GBPIDR	19,615.75

What to prepare for your children's education?

Early planning results in giving the best possible opportunity for your children to realise their dreams. Are you confused on how to begin? Our checklist below will help you understand the process.

1. Finding the right school

- **Understand your expectations.** Whether it is education in Indonesia or abroad, make it clear of what you can expect from your child's education.
- **Do your research.** Search for information on the internet, consult with your child's career advisor, or an education consultant. There are many resources out there to discover the various education programs available locally or abroad.
- **Consider the complete package.** Also consider external factors to education which may influence your children's condition such as climate, culture, political atmosphere, and the travel costs to the desired study location, and even for holidays back home.
- **Understand the other involved costs.** If you intend to send your child to study overseas, learn the living cost of each country and decide which one is the best. Also keep in mind that different countries have different expectations on how tuition fees are paid; cash or instalments.

2. Begin preparing your child's education fees

After figuring out where your child will be studying and what kind of general cost you have to prepare, the next step is preparing the funds immediately which is explained below:

- **Know your time limits**
How long do you have to prepare for your children's education fund?
- **Calculate the total cost of your children's education**
After conducting research and deciding which school to choose, ask the school for the complete guide of the tuition fees. Estimate the total cost for the year your children will be enrolled in, or consult a financial adviser on how much inflation will affect the figure.
- **Learn every expense detail**
Aside from the tuition fee, calculate the living cost that consists of overseas health insurance, campus activities, and vacations.
- **Calculate the budget**
Count every incoming and outgoing in your bank account and make sure you can spare enough for funds.
- **Estimate the sustainability of your current financial situation**
Once you subtract the expenses, work out if the remainder is enough to live comfortably now and in the future. Investing can be one of the ways to maximise your ability to set aside funds each month for your children's education. This is how we can assist you in selecting the most appropriate investment program with you.
- **Prepare a safety net for your family in the event of unexpected events and emergencies**
Your children's education should be secure regardless of whatever life decides to throw at you.
- **Start a savings plan as early as you can**
This will give you the optimum flexibility in fulfilling your children's needs. The more you postpone, the more you need to make in shorter time. In the most unfortunate case it may result in not having enough funds to provide the dream education you want for your children.
- **Find out the best financing option for your child's education**
Take a look at the tables below to find out how our wealth management products can help build the finances you need to secure your children's future.

Some of the best ways for preparing funds for your children's education needs is through insurance and investment. We have provided the following table for you to look at and compare insurance and investment options in order to satisfy your education funds needs.

a. Insurance

Your Needs in Education Savings	Benefits of Using Insurance Plans as Education Savings Tools
Secured education fund – You need your savings to have guaranteed returns and provide steady payouts when education expenses are incurred.	Cash bonus – Lower-risk target savings plans provide choices of cash bonuses distributed within the policy years – The payout option can help address your educational expenses even before your children enter university.
Provide protection – You need sufficient protection so that your children's education plan won't be affected if anything unexpected happens to you.	Payer's benefit – The future premium payments will be waived in the case of an unfortunate event (e.g. premature death, disability) until your child reaches a specified age to ensure the education fund won't be affected.
Enhance potential returns – You need your savings to have growth potential to get the most value from every dollar of your investment.	Enjoy growth potential – Investment-linked plans offer potential upside and capital appreciation.
Flexibility – You need your plan to provide flexibility on payment terms and benefit payouts.	Flexible choices – Some plans offer flexible terms of payment and accumulation periods to suit your needs.

b. Investment

Your Needs in Education Savings	Benefits of Using Insurance Plans as Education Savings Tools
Future planning – You can build up a portfolio within a pre-determined time frame for meeting your children's educational expenditures on payment dates.	Tailored portfolio – Our wide range of wealth products enables a broad range of choices in Asset Classes, Geography and currency exposure to capture wealthy growth opportunities at different stages of the market cycles. Predictability – Certain wealth products offer payment principal at maturity and exhibit low correlation to other asset classes, bringing relative stability to a portfolio. Some structured products can provide you with the opportunity to earn higher potential yield.

3. Getting Ready For Departure

Before you realise, your children will be on their way to fulfil their educational dreams. Prepare accordingly and double check everything before they leave, so it will result in a smooth transition into their new study environment.

a. Pre-Departure Checklist

School Information

- Read your institution's information for newcomers.
- Take your accommodation contract (if you have university accommodation).

Travel/Immigration and visas

- Check passport validity and ensure you have the required visa.
- Check if your children have the required visas.
- Check your tickets and confirm flights.
- Take all appropriate documents (eg, vaccination certificates; a short medical history will be helpful if you need to see a doctor)
- Take photocopies of your passport, documents (personal details and visa page) but keep these separate from the originals

Banking and insurance

- Receive an account pack containing your child's credit card, debit card and cheque book, prior to your child's departure
- Connect with your Relationship Manager in your destination country, so you know who to call if you have a problem.
- Arrange appropriate insurance (eg, travel, personal, health).

b. Packing Checklist

Luggage

- Check your airline's baggage allowances and make sure you don't exceed it.
- Make a list of contents of your luggage for insurance purposes and ensure the contents adhere to security regulations.
- Take a doctor's letter explaining any prescription drugs you are carrying.
- Pack clothing appropriate for the climate at your destination.
- Take adapters if you are carrying electronic products or a laptop. Power sockets and voltages vary.
- Take a USB flash drive as it is a convenient way to store documents.

c. Departure Day

- Take two forms of photo ID to the airport.
- Arrive at the airport at least two hours before departure.
- Ensure luggage tags carry the destination address.
- Make sure parents/guardians have copies of documents and an emergency contact number.

Would you like to find out more?

We offer support for your financial planning and investments. We can also help arrange your investment portfolio to maximise the opportunities you will be able to provide for your children and their future education.

Tips on How to Prepare

Providing the best education possible for your children is never an easy task. Thus, we try to help by providing the following tips to help you keep the preparation process as smooth as possible.

• Start Saving Early

It is best to start saving for your child's education as soon as possible because the earlier you start, the longer you'll have to build a pot of funds to cover all the costs.

• It's More Than Tuition

In addition to tuition, books, and other costs, don't forget to add travel expenses for your children to return home for vacation if they study overseas. According to an education advisor cited by TIME magazine, tuition is only a third of the total annual cost for your child to study abroad; it is the living expenses like travel, sport supplies, and lifestyle choices that raise the number.

• Do Your Research on University Entrance Eligibility Early

Some qualifications aren't recognised by top universities. Different countries have different systems and curricula and to increase the chance of your child being admitted into the top universities, you may need to send your child to a prep school in another country, which will increase the overall education cost significantly. For example, if your child has a dream of studying at University of Oxford, UK, aside from the tuition fees which range anywhere from £15,755 : £23,190, you'll also have to look at on-campus boarding accommodation which will incur a cost around £6,000 : £9,000 for each academic year.

• Look at Other Saving Options

Many schools offer scholarships for academic, sports, arts, and general excellence and achievement. Scholarships range in value but rarely cover all the tuition fees. Some schools also have bursaries to help you pay their fees - these are often awarded to families with lower incomes. Be sure to consult with your child's additional career's adviser, an education agent, or the universities' website and admissions office to find out the current options available.

• Compare different plans

Comparing different plans or scenarios will help you to determine the best and most suitable plan for your child. This will also help you in understanding the current market standing of that particular plan, especially for overseas education. One recommended programme available is the international double degree. The international double degree is a 4 year program which allows your children to study for 2-3 years at a local institution before going abroad to finish the remainder of their degree. Generally, these programs are offered for students who cannot commit to such long time abroad yet pursuing the diploma from prestigious world top ranked university. In Indonesia, there are a few universities offering the program, such as Universitas Indonesia (<http://www.ui.ac.id/akademik/kelas-internasional.html>), Universitas Gadjah Mada (<http://ugm.ac.id/akademik/3619-program-internasional>), and Bina Nusantara (<http://international.binus.ac.id/>). Aside from paying a lot less in fees, your child will enjoy a double-degree from both a domestic and international university.

• Living On-Campus vs. Off-Campus

On-campus housing will enable your children to have easy access to the school which eliminates transport costs. If your children choose off-campus housing, consider buying a condominium or small house instead of paying rent. Your children will have freedom to full access of the place and if you rent out the rest of the space, the rent will contribute to your investment costs considerably. Resale value is usually good if the location is conveniently located close to the school. Each university has a section on student accommodation on their websites; you can also contact student services of each university's International Student section.

Withdrawing Cash from ATMs

Here are some tips for withdrawing cash while studying abroad:

- Always withdraw cash at trusted banking institutions to avoid the potential for identity theft as well as excessive fees.
- It's often cheaper to withdraw money at an overseas ATM overseas than to exchange money at the airport because there isn't any commission fees, and you may even receive a slightly higher margin.
- Make sure you have sufficient balance as ATMs in some foreign countries only allow cash withdrawals.
- ATM withdrawal limits will apply just as they do in Indonesia, but the amount will vary based on the local currency and exchange rates.
- When you use your debit/ATM card to withdraw cash overseas in local currency, your transaction may be subject to following charges:
 - Local ATM Withdrawal fee.
 - A foreign currency exchange rate
 - A percentage charge on the exchange rate

How we at HSBC help you with your overseas education needs

- HSBC has presence in 80 countries around the world and HSBC debit cards are accepted at over one million ATMs worldwide.
- Premier customers are not charged withdrawal fees at HSBC ATMs in any location. We like to be upfront about any charges for all of our customers and since your children will be away for a while, they will need a reliable banking solution to make things easier.
- HSBC are committed to making life as easy as possible for your children's overseas education. One of our ways is by enabling your children to open an HSBC bank account in the country they're travelling to before they have even set off.

Exchange Rate

Don't forget the exchange rate. Since exchange rates fluctuate frequently, it is nearly impossible to anticipate the rates during your children's academic years. A way to get around this is to be familiar with how much the local currency generally is worth in relation to Indonesian rupiah. Take time to learn the value of standard denominations (Rp10,000, Rp20,000, Rp50,000, and Rp100,000) and the local currency (and vice versa) before they depart. This way, the true value of a purchase can be worked out much more easily.

How we can assist you with Exchange Rates:

To look at the most recent Exchange Rates, quickly log on to HSBC [Internet Banking](#) to see a comparison.

Protecting your Money & Identity

Here are some tips to keep your children safe during their time abroad:

- Inform the bank about your children's education plan, including the destination country and departure dates to avoid having your children's card flagged for security reasons.
- Select a bank such as HSBC that has a strong presence and financial emergency services in many countries worldwide. You may be able to request an additional card for them to use as a back-up so they can still access some money in case the main ones gets lost or stolen.
- Passports are critical : not just for travelling between countries, but also as identification for everyday purposes. Make two copies of their passport, keep one at home and another in a separate location, just in case their actual passport is lost or stolen.
- Do not carry excessive amounts of cash around on a daily basis. If they withdraw a lump sum out from the ATM (which is a smart way to avoid multiple ATM fees), then remind your children to keep most of it in secure place wherever they are staying and only carry as much as they need for any given time of day.

How we can help you

Please click [here](#) for more information on how the privileges of being a HSBC premier customer can assist your children while studying abroad.

• Set up an HSBC Internet Banking account

Your children should have instant access to their bank accounts at anytime, anywhere, day or night. Setting up an internet banking account is a simple, fast, and secure solution that your children can access to safely manage their finances.

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