

What to Know When Wanting a Family

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Starting to Save & What to Keep in Mind

Starting a family is one of the most meaningful decisions you can make. In South Africa, the financial aspect can feel overwhelming, but with proper planning, you can reduce stress and create a stable environment for your growing family.

This guide provides practical steps on:

- *Understanding the true costs of raising a child*
- *Starting a savings plan*
- *Budgeting for new responsibilities*
- *Preparing for future education expenses*

1. Understanding the Costs of Raising a Family

Raising a child in South Africa includes several cost categories:

Medical Expenses

- Doctor and clinic visits
- Maternity-related costs
- Medical aid or gap cover (highly recommended)
- Emergency care

Baby Essentials

- Nappies
- Formula (if needed)
- Clothing
- Pram, cot, car seat
- Bathing accessories
- Ongoing replacement of essential items

Housing

- Creating a safe, comfortable nursery
- Possible upgrades or increased rent
- Baby-proofing costs

Childcare

- Daycare/crèche
- Nanny salaries
- Aftercare when the child starts school
- Babysitting for emergencies or work commitments

Transport

- Reliable transport for clinic visits and school
- Car seat requirements
- Increased fuel use

Unexpected Costs

- Illness or emergencies
- Repairs
- Additional clothing and supplies

2. Creating a Family Budget

A strong budget is the foundation of family financial health.

Steps to Build a Family Budget

- Track income vs. expenses monthly - (use our handy Budget template available on our Resource centre page.)
- Identify unnecessary or impulsive spending
- Redirect funds into savings and future planning
- Plan for once-off big expenses such as:
 - Baby furniture
 - Maternity hospital costs
 - Childcare enrolment fees
- Build an emergency fund (3–6 months' expenses recommended)

4. Starting to Save Early

The earlier you begin, the easier the journey becomes.

Practical Saving Steps

- Open a dedicated "Family Savings Account"
- Automate monthly transfers
- Consider interest-bearing or low-risk investments
- Review and adjust your savings plan every 3–6 months
- Avoid high debt before starting a family

5. Education Savings

Education is one of the biggest long-term expenses. Education is one of the **largest and longest financial commitments** parents will make. Planning early can reduce financial pressure later and ensure that your child has access to quality schooling and future opportunities.

Below is a detailed breakdown of what to expect, what influences costs, and how to prepare effectively.

5.1. Schooling Options & Cost Differences

South Africa has a **wide range of educational pathways**, and costs vary dramatically between them.

Public / Government Schools

- **Quintile 1–3 schools** (no-fee schools): minimal fees, but may require contribution to uniforms, stationery, transport, and extra activities.
- **Quintile 4–5 schools** (fee-paying public schools):
 - Annual fees range from **R8 000 – R30 000+** per year.
 - Additional annual costs: stationery, uniforms, outings, sport participation, fundraising events.
- Pros: affordable, regulated, widely available.
- Cons: overcrowding in some areas, resource limitations, lower teacher-to-student ratio in many cases.

Private Schools

- **Low to mid-tier private schools**: approx. **R30 000 – R80 000+** per year.
- **Premium or international private schools**:
 - Can exceed **R120 000 – R200 000+** annually.
- Pros: smaller classes, richer resources, more structured extracurriculars.
- Cons: very high cost; usually annual increases of 6–12%.

Boarding Schools

If boarding is needed:

- Additional costs of **R40 000 – R100 000+** per year.
- Includes accommodation, meals, supervision, and some activities.

5.2. Once-Off & Annual Costs to Expect

Even with paid school fees, parents must plan for several recurring and once-off expenses:

Annual / Recurring Costs

- **Uniforms**: R1 500 – R8 000 depending on the school
- **Stationery & textbooks**: R800 – R5 000
- **Transport (private transport, lift clubs, or school buses)**:
 - R600 – R2 500 per month depending on distance
- **School lunches & snacks**: R300 – R1 500 per month
- **Extracurriculars**:
 - Sport: R500 – R3 000 per term
 - Cultural activities, music lessons, art, coding clubs: varies widely

- **Devices** (in some schools):
 - Tablets/laptops: R2 500 – R12 000
 - Software, apps, internet data

Once-Off Costs

- **Application & placement fees:** R200 – R1 500
- **Enrolment or “development levy”** at private schools:
 - Anywhere from R3 000 – R30 000 once-off
- **School tours/trips:** R300 – R15 000 depending on grade & destination
- **Matric costs:**
 - Additional exam fees, study guides, workshops, tutoring

5.3. Tertiary Education Costs

Tertiary education is the **largest education expense** for most South African families.

Public Universities

Examples include: UCT, Wits, UP, Stellenbosch, UKZN, UJ, etc.

- Tuition: **R45 000 – R80 000 per year** depending on degree
- Residence: **R35 000 – R70 000 per year**
- Books, meals, transport, personal expenses: **R20 000 – R35 000 per year**

Private Colleges / Universities

Examples: Varsity College, Boston, Damelin, AFDA, IMM, Vega

- Fees: **R50 000 – R150 000+ per year** depending on institution & programme
- Additional costs for projects, equipment, software, and study materials

5.4. Education Inflation

Education inflation in South Africa is consistently **higher than general inflation**.

- General inflation averages **4–6%**
- Education inflation averages **6–12%**, meaning school fees rise faster than normal cost of living

This is why saving early is so important.

5. How Much Should Parents Aim to Save?

A simple guideline:

- 💡 **Start saving monthly from pregnancy or earlier.**

Rule-of-thumb savings targets (at the time of writing)

- **R300 – R800/month** for basic school expenses
- **R500 – R1 500/month** for public → university path
- **R1 500 – R4 000+/month** for private schooling and future tertiary education
- **R500 – R1 200 per child** in a Tax-Free Savings Account (TFSA)

- **R300 – R1 000 per child** in a unit trust or education policy

Even small amounts compound significantly over 12–18 years.

5.6. Recommended Savings Tools

1. Tax-Free Savings Accounts (TFSA)

- Ideal for long-term goals (no tax on growth or withdrawals).
- Use for university savings or private school planning.

2. Unit Trusts

- Flexible, transparent, inflation-beating returns over long periods.
- Can be tailored to your risk profile.

3. Education Policies

- Structured products designed specifically for saving toward schooling or tertiary education.

4. Inflation-Linked Investments

- Protect long-term savings from rising education costs.

5.7. Tips to Reduce Education Costs

- Buy second-hand uniforms and textbooks when possible
- Use school supplier promotions
- Look for sibling discounts
- Encourage saving small amounts from family gifts (birthday money → TFSA)
- Consider bursaries, scholarships, and academic awards for older children
- Plan transport routes early to find affordable options

When to Start?

Ideally, the moment you start planning for a child or during pregnancy.

Savings Options in South Africa

- **Tax-Free Savings Accounts (TFSAs)**
- **Unit trusts**
- **Education policies**
- **Inflation-linked investment products**

Product / Tool	Link / Provider / Resource	What you'll find there / Why it's useful
Tax-Free Savings Account (TFSA)	"How can I make a tax-free investment?" – Government of South Africa (SARS / Treasury) (South African Government)	Official overview of what qualifies for TFSA status (unit trusts, fixed deposits, certain policies, etc.), and rules (annual / lifetime limits). (South African Government)
TFSA Options — bank-based and investment-platform offerings	"Best Tax-Free Savings Accounts in South Africa 2025" (Rateweb) (Rateweb)	Reviews of various bank- and platform-based TFSAs (interest-bearing savings, fixed deposits, etc.), with approximate rates and fees. (Rateweb)
Unit Trust / Collective Investment Funds	Example: Provider Coronation Fund Managers — Basic Unit Trust page (coronation.com)	Explains how unit trusts work, and describes options for investing via their TFSA-compatible funds. (coronation.com)
Unit trusts via large asset managers	Sanlam Collective Investments — Unit Trusts / Tax-Free Unit Trusts page	Info on regular vs tax-free unit trusts, minimums, and how you can invest even after you've maxed out TFSA limits.
Education Savings / Education-linked investment options	Allan Gray South Africa — Education / Education Savings Plan page (Allan Gray Long-term investing.)	Shows how you can structure unit trusts to save for a child's education — lump sum or monthly contributions, with flexibility on when to access the funds. (Allan Gray Long-term investing.)
Inflation-linked Investments / Inflation-Linked Bonds (ILBs)	Futuregrowth Asset Management — Inflation-linked bonds overview (futuregrowth.co.za)	Explains how ILBs work: returns increase with inflation, helping protect investment value over time — useful for long-term savings like education or retirement. (futuregrowth.co.za)

Cost Considerations

- Public school vs. private school
- Annual school fee increases
- Stationery, uniforms, transport, and extra murals
- Tertiary education (university/college)

6. Insurance & Protection Planning

Protect your family against financial risk.

What to Consider

- Life cover
- Disability cover
- Income protection
- Updating beneficiaries on all policies
- Reviewing employer maternity/paternity benefits
- Checking UIF and medical aid coverage

7. Practical Tips for New Families

- Buy baby items gradually to avoid once-off large expenses
- Make use of loyalty programmes (Clicks, Dis-Chem, Checkers etc.)
- Compare prices before buying baby essentials
- Use quality second-hand items where safe and appropriate
- Prepare financially for maternity/paternity leave
- Keep communication open with your partner about financial decisions

Starting a family requires planning, patience, and consistent financial habits. By budgeting correctly, saving early, and preparing for future education costs, South African families can build a secure and loving foundation.