

Parents Need To Be 'Switched On' With Finances

The cost of raising a family is putting an increasing level of financial strain on parents, new figures show.

December 7, 2007 (FPRC) -- In research conducted by LV=, bringing up a child from birth until they are 21 years of age sets mums and dads back by an average of some £8,859 per year or £738 a month. At a total cost of £186,032, the expense of having a child has risen by some 33 per cent from five years ago. However, the firm has suggested that money management difficulties could surge even further. By 2012, it was claimed that the expenditure of raising a child could stand at £265,577. A total of about £12,500 each year, such a figure could well see parents struggle to manage with utility bills, personal loans and other sources of financial demand.

Findings from the company also showed that childcare and education are the biggest areas of expenditure for parents costing £50,538 and £47,310 each. In particular, consumers may well find that spending pressures increase as their children get older. When between the ages of 19 and 21, the average household spends a typical £12,249 per year on a young person, compared to the £6,285 splashed out when they are 12 to 18 years old. This increase in costs when children approach their late teens and early 20s was largely attributed to the expense of attending university, with the outlay typical for a three-year undergraduate course standing at £32,667. Costs behind sending a child to higher education were reported to include tuition fees, books, travel and living expenses, with a personal loan one way of helping to meet such demands on finances.

Meanwhile, the total amount spent on food over the course of a child's life accounts for £16,386. Research from LV= also showed that holiday and clothing costs come to a sum of £13,359 and £12,650 each, with babysitting costing a total of £9,523.

Overall, parents living in central London could be coming under the most financial pressure when bringing up a son or daughter as such an expense stands at £199,869. Meanwhile, residents of outer London and the south-east of England will find themselves set back by £199,578 and £195,396. In comparison the east Midlands and Wales are the cheapest regions in which to raise a child, as spending in these areas accounts for £180,298 and £179,317.

Nigel Snell, communications director for LV=, said: "The projection figures are quite staggering and it's unrealistic to expect people's income levels will increase in line with this rising level of expenditure. This means parents will need to be switched on about their family finances more than ever, even though they have always known that raising a child is costly. With UK debt figures rising we would recommend starting financial planning as early as possible to help meet the various costs associated with raising a child."

Parents worried about their capacity to meet the various demands on their finances that having a child will entail may wish to consider taking out a cheap loan. When applying for loans, borrowers may be able to fund family holidays and help provide a certain lifestyle for their children. Such a loan could also be useful in meeting the costs of their child's private education. A recent study conducted by JPMorgan Asset Management indicated that just under a fifth of parents have stopped putting money into pension schemes to help send their offspring to private school.

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