

How to fund your education in a tough economy

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With this year's National Budget Speech, education, once again, received the majority share of our government's annual spending.



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During this year's budget, National Treasury allocated R433bn of its R2trn budget towards education. More than half of this funding (R282bn) went towards basic education. Of this, R46bn was allocated towards the National Student Financial Aid Scheme (NSFAS).

Programmes such as NSFAS are crucial in helping to provide financial support to disadvantaged students who wish to further their studies at public universities or TVET colleges.

However, in a country where the official unemployment rate is hovering around 35%, this programme is continuously under pressure amid huge demand. In recent years, NSFAS has experienced funding constraints.

Also, NSFAS only caters for students in public education institutions, and it doesn't assist the growing number of private colleges and universities in our country.

Therefore, for many young South Africans who are looking to fund their studies, it's clear that they may need to look to alternative sources of funding.

Below are just a few of the possible funding options to consider before embarking on this journey.

Corporate bursaries

Many companies in South Africa, as part of their Corporate Social Responsibility (CSR) programmes and other initiatives, provide bursaries to students in need of funding. Often, this requires going through an application process and it could entail other terms and conditions, such as ensuring that you pass all modules and even working for the company for a stipulated period after completing your studies.

Support from family and friends

Another way to fund your education may be to borrow from family members or friends. This has several advantages, if it is handled responsibly. The first is that there is the possibility that family members or friends could provide you with a lower 'interest rate' or even no interest. Secondly, many educational institutions offer discounts if learners pay in full and upfront. If, for example, you're able to receive a 10% discount for paying upfront, this means that you would need to raise 90% of the required funding. Raising this 90% of funding from several family members or friends could result in much lower long-term costs.

Payment terms from education institutions

If getting hold of the “90% of your fees” is not possible, then another option is to secure a payment agreement with the educational institution that you're studying with. Typically, this could require that you pay a small upfront deposit, and then pay the rest of your fees in monthly instalments over a certain amount of time. These monthly fees might include extra costs compared to paying upfront for your studies, but these monthly amounts could be manageable.

Student financing options

A fourth route to consider is going with a reputable student finance provider, of which there are a growing number of options in South Africa. A student finance provider can offer both a service as an intermediary between financing partners, or offer financing itself. It's important to only work with providers that are reputable, who have a good track record and who are registered with the National Credit Regulator (NCR). What differentiates a student financing provider from a bank is that they typically give the student the option of paying a stipulated amount over a period of, for example, three months, and thereafter paying lower monthly instalments for 12 months or 15 months. This spreads the cost and can make funding your education more affordable on a monthly basis. However, it could incur extra fees over the long term from the student financing provider itself, and it's important to be fully aware of these. Also, each provider differs, with some, for instance, allowing you to pay the interest after you've finished studying. It's best to read the terms and conditions carefully before proceeding.

Banks

Finally, banks are an option for funding your studies. Some banks offer student financing at more affordable, prime interest rates with set monthly payment periods. It is important to approach this with care and pay back the amounts diligently. Failing to do so could impact one's credit score negatively.

In summary, there are many options available to fund your education, apart from government subsidy programmes such as NSFAS.

All these options require a lot of research, and if you need any further advice, you should speak to a certified advisor or professional to help you.

Regardless of which funding option you choose, it's important to also give yourself enough time and apply as early as you can, as some application processes do that a while. Funding your education can be a long-term investment too, especially if you are able to increase your earning power in years to come.

Experts at Optimi College – a leading provider of distance learning in South Africa – can assist you with any advice on this matter as well. To find out more, visit www.collegesa.edu.za.

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