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Sources:

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 2011 and are based on the cost for the 21 year period to December 2011. The report also includes omnibus research conducted for LV= by Opinium Research from 3-5 January 2012. The total sample size was 2,119 UK adults. Results have been weighted to nationally representative criteria.



If you love it, LV= it

**LV= Cost of a Child:
From cradle to college
2012 Report**



LV=, the insurance, investment and retirement specialist, has calculated the cost of raising a child from cradle to college, from birth to 21 years old since 2003. And certainly from my own experience many of the costs involved with raising a child can be mind boggling.

Since we first published our report, the cost of raising a child has increased by 55%, from £140,000 in 2003, to £218,000 today. With the Coalition Government cutting back on benefits and local services, and with university tuition fees set to rocket, the costs associated with raising a family look set to remain a pressure point for families across the UK.

In our 'Cost of a Child' report 2012 we look at the different costs associated with raising a child; how this has changed over the last year; and what parents are doing to help balance the budget. We also look at

the cost of raising a child in different areas of the UK, and at what age children are at their most expensive.

Childcare and education remain the two most costly aspects of raising a child, with education having seen the biggest increase in spending over the last year at 5%.

Seeing the cost of raising a child in one big figure is a good way to help people think about how to secure their family's financial future should anything unexpected happen, be that through savings or insurance. At LV= we're committed to helping people look after what they love in life, and I can't imagine any parent not having their child at the top of the list!



Mark Jones,
LV= Head
of Protection



Cost of raising a child soars to £218,024



The cost of raising a child has risen 55% since LV='s first report in 2003 when the cost of raising a child was £140,398

Sending a child to private school would add on average £105,336 to the overall cost of raising a child, or £193,743 for boarding school fees

Breakdown of the costs of raising a child, and the difference to last year and the first report in 2003

Expenditure from birth to age 21	Total cost	Difference from last year	Difference from 2003 (1st year of the report)
Education*	£71,780	5.1%	120%
Childcare and babysitting	£62,099	2.7%	57%
Food	£18,667	4.0%	25%
Clothing	£10,781	3.7%	-5%
Holidays	£15,532	1.6%	36%
Hobbies & Toys	£9,248	-4.6%	4%
Leisure and Recreation	£7,303	-0.6%	15%
Pocket Money	£4,337	4.8%	28%
Furniture	£3,373	2.5%	62%
Personal care	£1,143	2.6%	24%
Other (includes driving lessons, first car, birthday and Christmas presents)	£13,761	4.8%	56%
TOTAL	£218,024	3.3%	55%

*Does not include private school fees

How much does it cost to raise a child where you live?

North East	£202,383
North West	£211,022
Yorkshire & Humberside	£208,839
East Midlands	£213,538
West Midlands	£223,624
East of England	£228,685
London	£234,263
Outer London	£239,535
Inner London	£228,989
South East	£232,450
South West	£223,687
England	£218,558
Wales	£202,931
Scotland	£220,857
Northern Ireland	£228,363
Average United Kingdom	£218,024

London remains the most expensive place to raise a child in the UK, and on average Northern Ireland is more expensive than England, Wales and Scotland. The North East of England is the most cost effective place to raise a child in the UK.



The cost of raising a child – which are the most expensive years?

Age	Cost	Increase from last year
1st year	£10,261	2.8%
Years 1 to 4	£56,562 (£14,140 a year)	2.5%
Years 5 to 10	£46,073 (£7,679 a year)	3.1%
Years 11 to 17	£52,753 (£7,536 a year)	2.7%
Years 18 to 21	£52,376 (£17,459 a year)	5%
Total	£218,024	3.3%

The most expensive years of raising a child are between the ages of 18 to 21 when a child leaves home and enters higher education. This is when many parents find themselves having to make a significant financial contribution to their child's tuition and living costs. This group is followed by those aged one to five, when children are constantly growing and have the greatest need for childcare.

Family finances are feeling the pinch

Thrifty parents hunt out bargains

With the cost of living at the forefront of the nation's minds, many parents are looking at ways to be economical with the family budget. Some areas of expenditure have decreased since last year as three-quarters of parents (76%) look at ways to cut back, with spending on hobbies and toys down 5%.

To help reduce outgoings, 67% of those mums and dads planning to cut back, are hunting down lower cost items or 'value' goods in their weekly shop. Over a third (35%) of those cutting back are buying items from second-hand shops and 34% are making extra cash by selling goods on eBay and at car boot sales.

Nearly a third (30%) of parents making reductions to their outgoings have devised a specific budget for the family to stick to.

Pocket money

The amount given to children as pocket money totals £4,337 from birth to age 21. Of the parents who give pocket money to their children, 18% have made the decision to give their children less pocket money in the last year to help combat the financial strains they are under and help stretch the family budget further. However, overall the average amount of pocket money given to children has increased by 4.8% in the last year.

Not protecting the family's future

With mounting financial pressures, many families are reducing the amount of savings and protection they have in place. Two in five (43%) parents trying to decrease their spending have cut back on savings and reduced the regular amount they put away for the future.

A further 22% have cancelled or reviewed their insurance policies to try and save money.

When safe-guarding the family finances, 50% of parents don't have any life cover or income protection in place. Just a third (32%) of parents do have life cover, and only 11% have both life cover and income protection.



Education costs will soar for parents in 2012

Education is currently the most expensive aspect of raising a child. With university tuition fees rising from September 2012 to a possible £9,000 a year, the cost of educating children is putting the biggest financial pressure on parents.

42% of parents who thought their child would go to university still hoped their child will go despite the increase in fees

15% of parents with children planning to go to university will share the cost with their children paying for some of it themselves

10% of parents with children planning to go to university will be cutting back in other areas to be able to afford the costs

21% of parents who thought their children would go to university have now said they will not because of the increase in tuition fees



When considering ways to ease the family budget it is important that we keep in mind the long-term picture. Cancelling life cover or income protection, for instance, as a short-term measure to save money can have serious implications if either parent were unable to work or weren't around in the future.

“Despite an uncertain UK economy forcing more pressure on the family budget, it's clear that parents don't begrudge the money they spend on their children, and would rather do without themselves than

radically cut back on what they can provide for their children. From studying parent's spending habits we've seen the cost of raising a child steadily increase since our first report in 2003, and this trend shows no sign of stopping.”



Mark Jones,
LV- Head of Protection

