



Coffeebreak

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"We're ALL Going to DIE!": Skype Founder WARNS SINGAPORE about A.I.
Wealth Planning for Your Child's Tertiary Education – Setting a Financial Goal
Story of Ray Zheng: Finding the Courage to Live Life Your Own Way
Fashion for Cancer: Charity Fashion Show by Cancer Survivors



Providend

Dear Valued Client,

We are in the middle of the year already and I hope that whatever you have set out to do since the beginning of 2023, you are progressing well.

One of the things that I have been frequently asked over the past few years is whether technology will take over the role of wealth advisers. I am guessing that this question is triggered because of the advent of roboadvisers. My answer has always been "it depends". If all an adviser does is helping clients do transactions of financial products, and even if he does the wealth planning, he is just punching in numbers into a calculator (no matter how complex the calculator is), then it is likely that he will be replaced by technology. But if an adviser is able to truly understand his client's deepest needs, worries, and aspirations before translating them into financial solutions, then it would be difficult for technology to replace him. To do that, an adviser must be skilled in listening and specifically, contextual listening, which is the ability to listen to not just the words but also the body language, emotions, and the context to those emotions of his clients. The adviser must also be able to empathise with his client's situation and be vulnerable so that

he can connect with his clients to encourage deep conversations. I doubt technology can do this. But a recent video interview on the threats of Artificial Intelligence (A.I.) titled "We're ALL Going to DIE!" with Skype founder Jaan Tallin seems to offer a different view. We are including the link of this video in this issue of CoffeeBreak for your viewing. While we may not agree with everything and there is no need to be overly worried, I thought it is something worth listening to and thinking about. In this interview, there were also some discussions on using A.I. for educational purpose. Ensuring that our children receive the best education possible has always been a desire for all parents. As a wealth advisory firm, this is something that we constantly help our clients to plan financially for. As a firm that is committed to thought leadership, our Solutions Team did research on "Wealth Planning for your Child's Tertiary Education" and we included part 1 of the 2-part paper here for your reading pleasure as well.

Finally, for our "Family Happenings" section, our new Client Adviser, Ray Zheng, will be sharing his personal story transiting from a family business successor to finding a career that resonated with his values, passion and conviction.

We hope you will find this month's issue an interesting read!

Warmest regards,
Chief Executive Officer

Christopher Tan





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*We're ALL Going to DIE!:
Skype Founder WARNS
SINGAPORE about A.I.*





02 Wealth Planning for Your Child's Tertiary Education - Setting a Financial Goal

Tan Choong Hwee, Solutions Specialist

For many Singaporean parents, sending their children to university is an important life goal. A good tertiary education gives their children a head start on their future career. As education costs are expected to increase in the future, it is important to plan and set aside a children's education fund as part of their wealth planning for the family.

At Providend, we believe in supporting our clients to achieve their life goals by providing them with honest, independent, and competent advice. In the area of children's education planning, we have put in many hours of research to examine the total cost of a university degree at both local and overseas institutions.

The total cost includes 2 main components, namely tuition fees and living expenses. This information will give our clients a rough idea of the amount they need to set aside for their children's education fund. Once the amount is determined, they can add this financial goal to their wealth plan.

In this 2-part article, we will examine the cost of tertiary education in Part 1, and look at the financial planning aspect in Part 2.

Education Planning Philosophy

Providend's planning philosophy is to first make life decisions before making financial decisions. Planning for children's education is no exception. Therefore, we begin education planning by considering the following factors:

- Time Horizon: When will your children begin their tertiary education?
- Country Selection: Will you send your children to local or overseas universities? Which country if overseas?
- University Selection: Which university will you send your children to?
- Academic Field: Which course of study will your children go to?
- Degree Level: Which degree level will your children attain? Bachelor's, Masters, or PhD?

You may not have definite answers for the above factors initially, but they set you thinking about your children's education needs. These needs might be based on your wishes while your children are still young, and revised regularly according to your children's characters, talents, interests, and inspiration during their growing up years.

Once the above factors are determined, we can estimate the amount you need to set aside.

Education Research Methodology

The most recent education research we conducted was completed in April 2023. The main objective was to estimate the total cost of university education in various countries, universities, and academic fields.

Source of Research Data

Information on tuition fees and living expenses were retrieved from each selected university's portal. CPI inflation data were taken from Singapore Department of Statistics (DOS) database[1] and World Bank database[2] for Singapore and overseas universities respectively.

Country Selection

The scope of our research covered universities in Singapore and other popular countries for Singapore parents. The top 3 overseas study destinations[3] we covered were Australia (AU), United Kingdom (UK), and United States of America (US).

University Selection

In each country, we chose the top universities in that country for conservative figures. Specifically, we selected all 6 autonomous universities[4] in Singapore, 3 universities from the Group of Eight[5] in Australia, 3 Universities from the Russel Group[6] in United Kingdom, and 3 Universities from the Private and Ivy League[7] in United States.

Academic Field

Since academic fields are very broad, we divided them into two general categories called medicine (including Dentistry) and non-medicine (Law, Business, Science, etc). The tuition fees for the courses under the non-medicine field do not generally deviate much to warrant further generalization into finer granularity.

Degree Level

We focused our research on undergraduate degrees. This is the first degree level for tertiary education, and it determines the duration for completing the whole programme. Anything beyond the first degree would mean additional years of study resulting in higher total education costs.

Tuition Fees

Tuition fees can vary widely across different universities and different academic fields. We used the 75th percentile to arrive at a good representative figure for tuition fees while avoiding being skewed by extremely high tuition outliers.

Tuition fees generally increase yearly due to inflation. We retrieved historical tuition fees from each university's portal as far back as possible and used them to calculate the average tuition fees inflation. This enabled us to estimate the projected tuition fees in future.

Different universities adopt different fee structures. Singapore universities offer a cohort-based fee system, where the annual tuition fees for students who matriculate in a specific year are fixed throughout the duration of study. For overseas universities, tuition fees are typically calculated per unit, per term, or per quarter, and the fees are reviewed and adjusted .

The total tuition fees for the entire course would be annual tuition fees multiplied by number of years of study for Singapore universities, and the sum of inflation-adjusted tuition fees over the number of years of study for overseas universities.

Living Expenses

Each university portal presented this information in different ways. We ended up normalising the living expenses into categories, such as accommodation (hostel and utilities), food (campus meals with occasional dining out), personal expenses (basic lifestyle), transport (public transport with occasional taxi or private hire rides), study cost (books and stationery) and miscellaneous expenses.

We calculated the average annual increase in living expenses by averaging the past 30 years of CPI inflation rates. The total living expenses would be the sum of inflation-adjusted living expenses over the number of years of study.

Foreign Currency Exchange Rate

For overseas universities, both the tuition fees and living expenses were quoted in their respective currencies. We converted the foreign currency to the Singapore Dollar (SGD) using the exchange rate on 31 March 2023. The exchange rates used were 1 Australia Dollar (AUD), 1 British Pound (GBP) and 1 United States Dollar (USD) to 0.8895, 1.6410 and 1.3306 SGD respectively.

Key Findings in University Education Research

Based on the above research methodology, we present a summary of the total university education costs in various countries in the following tables:

Medicine Study (2023) – Total Cost

Country	No. of Years	Total Tuition Fees (SGD)	Total Living Costs (SGD)	Total Costs (SGD)
Singapore - Citizen	5	169,000	61,700	230,700
Singapore - PR	5	240,000	61,700	301,700
Australia	5	429,900	179,900	609,800
United Kingdom	6	696,600	180,200	876,800
United States of America	7	668,000	277,900	945,900
<i>Inflation</i>		4%	3%	

Non-Medicine Study (2023) – Total Cost

Country	No. of Years	Total Tuition Fees (SGD)	Total Living Costs (SGD)	Total Costs (SGD)
Singapore - Citizen	4	47,200	48,800	96,000
Singapore - PR	4	70,800	48,800	119,600
Australia	4	185,700	141,800	327,500
United Kingdom	4	310,300	117,100	427,400
United States of America	4	348,100	151,900	500,000
<i>Inflation</i>		4%	3%	

Some key findings from the research data:

- The total cost of university education ranges from slightly under \$100,000 to almost \$1 million in 2023.
- The total cost of overseas university education is higher than that of local study, with United States being the costliest location, followed by United Kingdom, Australia, and Singapore.
- The total cost of a medicine course is higher than that of a non-medicine course, due to 2 factors, i.e., higher tuition fees and longer duration of study.
- Each university in each country have different inflation rates for their tuition fees and living expenses. The average inflation rates are 4% and 3% for tuition fees and living expenses respectively.
- On average, the total cost for Singapore university education has increased by 8% since our previous research done in May 2021.
- Over the same period, the total cost of overseas university education also increased in terms of their respective currencies, but the increases were softened in SGD terms as we saw a strengthening SGD against those foreign currencies.
- Specifically, we saw total costs for an Australia education reduced by an average of 4.5% amidst the backdrop of AUD weakened by about 15% against SGD.
- On the other hand, total cost for United Kingdom and United States education increased by an average of 5% and 6% respectively, while GBP and USD weakened by about 13% and less than 1% against SGD respectively.

With an estimated cost in 2023, we can project the amount needed based on the average inflation rates when it is time to send our children for university studies. This serves as the baseline financial goal of our wealth planning. **In the next part, we will explore how to achieve this goal.**

– Footnotes –

[1] DOS: <https://www.singstat.gov.sg/find-data/search-by-theme/economy/prices-and-price-indices/latest-data>

[2] World Bank: <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>

[3] AECC Global: <https://www.aeccglobal.sg/blog/top-5-study-overseas-destinations-for-the-singapore-students/>

[4] MOE: <https://www.moe.gov.sg/post-secondary/overview/autonomous-universities/>

[5] Group of Eight: <https://go8.edu.au/>

[6] Russell Group: <https://russellgroup.ac.uk/about/our-universities/>

[7] Private and Ivy League: <https://www.uopeople.edu/blog/what-are-the-12-ivy-league-schools/>



03

Story of Ray Zheng: Finding the Courage to Live Life Your Own Way

Ray Zheng, Client Adviser



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PEOPLE OF PROVIDEND

Story of Ray Zheng:
Finding the Courage to
Live Life Your Own Way



04 Fashion for Cancer: Charity Fashion Show by Cancer Survivors



This initiative was established by Ong Bee Yan (Yan @grey_evolution). Yan personally witnessed the devastating impact of cancer within her own family. She tragically lost her uncle, mother, aunts, and two cousins to the disease. However, she also has a reason to be hopeful, as her sister-in-law successfully overcame cancer and is currently in remission. Unfortunately, Yan's son is currently battling pancreatic cancer and undergoing chemotherapy. Having experienced firsthand the toll that cancer and its treatments can have on a person's physical, emotional, and mental well-being, Yan was motivated to find a way to bring positivity and hope to those who are fighting against cancer. She also wanted to highlight the courage and strength of cancer survivors, if only for a single day. This vision led her to create **Fashion For Cancer (FFC 2023)**.

For many individuals, walking the runway is merely a distant dream, and some may not even dare to imagine it. However, through organizing this event, Yan and her team aspire to inspire, encourage, and empower those who are battling cancer and their loved ones. Additionally, all net proceeds from the ticket sales will be donated to NCCS Cancer Fund, which is part of SingHealth Fund, (UEN No. 201624016E), an Institution of a Public Character.

You can learn more about Bee Yan via this interview she did with Chris titled **The Providend Conversation with Singapore's Iconic Sexagenarian Model**.

Click the link below to register for the event:

Register Here

Public donations on <https://www.giving.sg/campaigns/ffc> are tax exempted. Do your part to make a difference in someone's life and do share this link.





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See You Latte!



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