GETTING BIGGER Tech darling Apple is now worth $710 billion or almost twice as much as the next biggest listed company on the S&P 500, the energy giant Exxon, at $382 billion.

VOX POPS

How to pay for a child's education

Wealth management experts share their ideas about planning for big expenses in the future.

Ross Higgins

AUSTOCK LIFE, MANAGING DIRECTOR

Funding a private education is a long-term commitment best served with a dedicated purpose and tax-effective investment. Those with young children are better positioned to build bigger accumulations by investing in areas that offer higher risk and higher returns. Modern insurance bonds such as ChildBuilder are long-term, tax-effective investments aimed at the education funding challenge. Parents and grandparents keep control of the tax-effective investment. This is important in case there is a change of mind or a change in the family's financial situation. The simplicity avoids personal tax-reporting obligations while accumulating. If a bond's assets are not fully used, it can be vested to the child as an adult.

Chris Hogan

HLB MANN JUDD, WEALTH MANAGEMENT ADVISER

A common problem that parents and grandparents alike encounter when investing money to help pay for a good education is doing this tax-effectively while still achieving a worthwhile result. One strategy is to buy shares in the name of a low income-earning parent or relative, and earmark the return for the children. Alternatively, investments in a high-interest bank account or term deposit can be easily transferred from the parent's name to the child's name without tax consequences, although the rate of return will likely be lower. Investment bonds are a good choice if both parents are high-income earners. The low tax impact makes this attractive and there are some bonds that can invest in growth assets.

Chris Morcom

HEWISON PRIVATE WEALTH, PRIVATE CLIENT ADVISER

My favoured approach is a portfolio of quality listed investment company (LIC) shares for wealth accumulation over the long term. The largest LICs include Argo Investments, Australian Foundation Investment Company and Milton Corporation. These companies conservatively invest in a broad portfolio of quality Australian shares and offer investors the opportunity to automatically reinvest dividends to take advantage of compounding. They are low-cost, with management expenses totalling less than 0.2 per cent of the assets invested. The portfolio is 100 per cent invested in the Australian sharemarket and is therefore subject to market fluctuations, which are relatively minor in the long run.

Matt Walsh

LIFEPLAN FUNDS MANAGEMENT, HEAD

The best thing parents can do to save for their children's education is just do it. The earlier you start, the longer you have to build savings through ongoing contributions and take advantage of the power of compounding returns. Look for funds that provide extra tax benefits. Lifeplan, for instance, can offer attractive tax-advantaged plans; other similarly structured organisations – including mutual societies and the like, set up for the purposes of providing insurance, pensions and savings – will offer plans that allow a special tax refund on education expenses claimed from earnings passed on to the investor. Over time, these tax savings can make a big difference to the amount you end up with. Every little bit will help.

Tim Wedd

CRYSTAL WEALTH PARTNERS, EXECUTIVE DIRECTOR

View education as just an expense, like a mortgage, where the funds are exhausted once the goal is achieved. This means it is important to know the deferral period before you need any funds and the total investment term to set your asset allocation strategy. Two investment structures to consider for funding include discretionary family trust distributions and a low-income earner's (or non-working spouse's) account. The ownership answer changes depending on your tax rate and available beneficiaries – generally, investing in the child's name is the least tax-effective method. One advantage of the trust is that you can set up a spread of blue-chip investments to fund draw-downs but retain control if your circumstances change.