

FUNDING COLLEGE EDUCATION

The Benefits of Higher Education

According to the Federal Reserve, the income disparity between college grads and non-grads is growing every year. In 1979, college grads earned 38% more than those with only a high school diploma. But, today, college grads earn 75% more than those without degrees!

The Cost of Higher Education

Let's face it: college is expensive. And with tuition increasing greater than 4% annually, the cost will only rise.

For example, just one year of tuition, room and board at an average private college runs just over \$30,000. A public out-of-state college runs around \$19,000 per year. Finally, even a public in-state college is close to \$13,000 annually.

So, as a parent who wants your child to have the chance to attend college, what can you do? The answer: plan early!

Emily's parents were prepared. They sat down with their financial and mortgage planners when their daughter was born. They learned that to meet their goals they would need to deposit \$300 in a college savings account every month for the next 18 years (assuming a 7% return). Looking deeper, they realized that by using the leverage and tax advantage of their mortgage, along with the power of compound interest, they could instead make a \$35,000 one time payment to reach the same goal. By funding their savings plan this way they found that their after tax payment would only be \$140/mo - less than half of their original plan! They also realized that by incorporating this cost into their mortgage loan they would be sure to fund the account. In the past, despite their best of intentions to fund savings plans, they had slipped on making planned payments. Emily's parents were relieved to have such a seemingly impossible goal taken care of so quickly and painlessly.

If you, or your financial advisor, would like to discuss the options and strategies for using your home's untapped equity to provide for your child's college education please contact me. I'll make sure the entire process is convenient and, more importantly, that we design a plan that fits your specific goals.

[Click Here For The World's Simplest College Cost Calculator](#)