

## Estimating College Costs

For most people, a child's college education is the second costliest purchase (after that of a home) they will ever make. Estimating the cost of a college education, and the required savings to pay for it, is difficult, but the following tables can help you make an educated guess.

According to The College Board's Trends in College Pricing 2005, the average annual cost of tuition, fees, room and board at a four-year public institution was \$12,127 for the academic year 2005-2006; for a private institution the cost was \$29,026. Public colleges and universities experienced, on average, a 6.6% tuition increase from the prior year, 2004-2005, while private colleges and universities experienced a 5.7% tuition increase.

If the price tag for a college education continues to increase 6% annually, and your child enters a private college in the 2010-2011 academic year, the estimated tuition will be \$39,152. Based on the projections below, a four-year education would cost approximately \$156,600. For young families, skyrocketing cost projections can lead to sticker shock, but there are strategies that can help you keep pace with tuition hikes. The College Board reports that almost 60% of undergraduate students receive financial aid, and the amount of grant aid from all sources averages about \$4,500 per year for a full-time equivalent student. In addition, the federal government pitches in with tax breaks for 529 plans and Coverdell Education Savings Accounts (ESAs) and by offering tax credits and deductions.

Use the table below to estimate the approximate annual cost of tuition, as well as room and board, for a four-year undergraduate education, based on: the year a child will enter college, the inflation forecast, and the choice of a public or private institution.

### Private Colleges & Universities

School Year	3%	6%	8%	3%	6%	8%
	Inflation	Inflation	Inflation	Inflation	Inflation	Inflation
06-07	12,496	12,875	13,397	29,909	30,816	32,065
07-08	12,876	13,669	14,800	30,819	32,717	35,423
08-09	13,268	14,512	16,349	31,756	34,735	39,132
09-10	13,671	15,407	18,061	32,722	36,877	43,230
10-11	14,087	16,358	19,953	33,717	39,152	47,757
11-12	14,515	17,366	22,042	34,743	41,567	52,757
12-13	14,957	18,438	24,350	35,799	44,130	58,282
13-14	15,412	19,575	26,900	36,888	46,852	64,385
14-15	15,881	20,782	29,717	38,010	49,742	71,127
15-16	16,364	22,064	32,828	39,166	52,810	78,575
16-17	16,861	23,425	36,266	40,358	56,067	86,802
17-18	17,374	24,869	40,063	41,585	59,525	95,892
18-19	17,903	26,403	44,259	42,850	63,196	105,933
19-20	18,447	28,032	48,893	44,153	67,094	117,025
20-21	19,008	29,761	54,013	45,496	71,233	129,279
21-22	19,586	31,596	59,669	46,880	75,626	142,817
22-23	20,182	33,545	65,917	48,306	80,290	157,771
23-24	20,796	35,614	72,819	49,775	85,243	174,292

*Figures are estimated projections based on the average cost of tuition at public and private universities for the 2005-2006 academic year.*

### **How Much Do You Need to Save?**

By starting a disciplined savings plan now, you are better positioned to meet your child's education needs in the future. The following table shows the return of a variety of monthly savings contributions, earning 6% interest, for intervals of 5, 10, and 18 years—the average college age. This hypothetical example assumes a 25% federal tax rate and 3% inflation.

<b>Save Per Month</b>	<b>Savings Growth at 6%</b>		
	<b>5 Years</b>	<b>10 Years</b>	<b>18 Years</b>
<b>\$50</b>	\$3,109	\$6,454	\$12,339
<b>\$100</b>	\$6,219	\$12,909	\$24,678
<b>\$250</b>	\$15,549	\$32,273	\$61,696
<b>\$500</b>	\$31,099	\$64,546	\$123,392
<b>\$1000</b>	\$62,199	\$129,093	\$246,785

*For illustrative purposes only. Not indicative of any particular savings vehicle or insurance product.*

Many parents put off planning education funding because they sense the task is overwhelming, or they think saving the required amount of money will force them to severely compromise their current lifestyle. While these are legitimate concerns, they need not get in the way of establishing and maintaining an effective college funding plan. Whether considering a public or private college for your child, the key to effective planning is to begin saving as early, and as much, as possible.

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