Monthly College Planning

In order to have enough for college you must aim at something. Your assignment is to determine how much per month you should be saving at 12% interest in order to have enough for college.

If we are saving at 12% and inflation is at 4% then we are moving ahead of inflation at a net of 8% per year.

Step One:

In today's dollars how much per year does the college of your choice take: $_____

X 4 years = $_____

(hint: $15,000 to $25,000 annually)

Step Two:

To achieve that college nest egg you will save at 12%, netting 8% after inflation; so we will target that college egg using 8%.

_____X_____ = _____

| Nest Egg Needed | Factor | Monthly Savings Needed |

8% Factors (select the one that matches your age)

CHILD'S AGE	YEARS TO SAVE	FACTOR
0	18	.002083
2	16	.002583
4	14	.003247
6	12	.004158
8	10	.005466
10	8	.007470
12	6	.010867
14	4	.017746

Note: Be sure to try one or two examples if you wait 5 or 10 years to start.