

EDUCATION EXPENSE ANALYSIS
For
John and Mary Demo

	Jim	John Jr.	Jennifer	Jill
Grade This Fall	7	5	-2	-5
Years To Attend	6	4	4	4
Invested Amt. \$	6,000	3,000	0	0
Rate of Return %	5.00	5.00	0.00	0.00
1 Yr Undergrad \$	10,000	10,000	11,000	10,000
1 Yr Graduate \$	8,000	0	0	0
Cost Increase %	7.00	6.00	6.00	6.00

Year	Jim	John Jr.	Jennifer	Jill	Total
2001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2002	0	0	0	0	0
2003	0	0	0	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	7,504	0	0	0	7,504
2008	16,058	0	0	0	16,058
2009	17,182	7,969	0	0	25,151
2010	18,385	16,895	0	0	35,279
2011	17,704	17,908	0	0	35,613
2012	16,839	18,983	0	0	35,822
2013	9,009	10,061	0	0	19,070
2014	0	0	0	0	0
2015	0	0	0	0	0
2016	0	0	13,181	0	13,181
2017	0	0	27,944	0	27,944
2018	0	0	29,621	0	29,621
2019	0	0	31,398	14,272	45,669
2020	0	0	16,641	30,256	46,897
2021	0	0	0	32,071	32,071
2022	0	0	0	33,996	33,996
2023	0	0	0	18,018	18,018
Total	<u>102,680</u>	<u>71,816</u>	<u>118,784</u>	<u>128,612</u>	<u>421,893</u>

Based On The Above Projected Expenses, The Following Contributions Will Be Needed To Meet Education Goals:

Assumed Investment Return	Contribution		
	Lump Sum	Equal Annual	
5.00%	201,252	14,210	(1,184 Monthly)
7.00%	155,151	12,864	(1,072 Monthly)
9.00%	121,120	11,599	(967 Monthly)

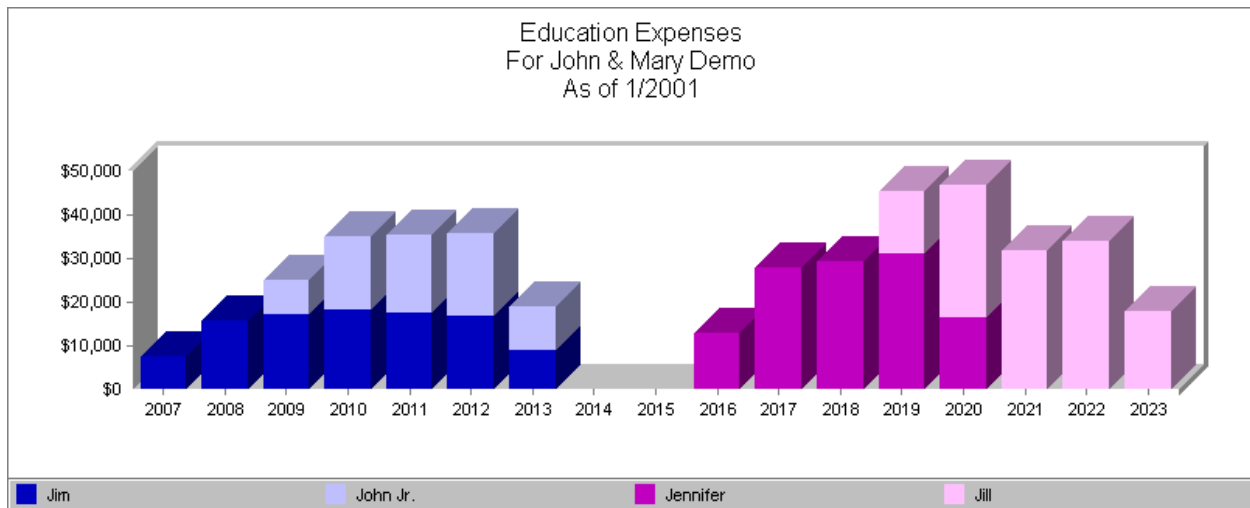
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There are a number of options open to parents when it comes to providing funds for their children’s education. Money can be taken out of current income as the needs occur or it can be accumulated over time, prior to college.

Although interest free loans have lost much of their appeal for meeting educational expenses, other income-splitting techniques can still work well in special cases. Business owners, for example, can hire family members and divert taxable income to those in lower income tax brackets. In other cases, single premium insurance products may work well.

In your case we have assumed that the funding of your 4 children’s educations has been attempted taking the best advantage of the then current situation.

The first of your children starts college in 2007. Due to inflation, the total cost of sending 4 children to college will be \$421,893 between 2007 and 2023. These educational expenses are already calculated into your financial plan. They appear on line 23 starting in 2007 in the Financial Projection Report.



We have selected 3 alternatives to illustrate the effect different rates of return have on accumulating funds for college. Although it is possible to achieve a consistently high return on your investments, we feel it is better to use lower assumptions when planning longrange. For this reason we recommend using the 5.00% figure in your planning. This means you can either invest \$201,252 in a lump sum today, \$14,210 in equal annual installments or \$1,184 each month for the next 23 years. Either of these methods should be sufficient to accumulate enough money to meet your family’s college costs.