

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 you save at 12% and inflation is at 4%, then you are moving ahead of inflation at a net of 8% per year.

Step 1: In today's dollars, the annual cost of the college of your choice is:

Amount per year \$ _____

X 4 years = \$ _____

(Hint: \$15,000 to \$25,000 annually)

Step 2: To achieve that savings you will save at 12%, netting 8% after inflation.
So, we will target that by using 8%.

College Savings Needed \$ _____

Multiply by 8% Factor X _____

Monthly Savings Needed = _____

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

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

Child's Age	Years to Save	Factor
0	18	.002083
2	16	.002583
4	14	.003287
6	12	.004158
8	10	.005466
10	8	.007470
12	6	.010867
14	4	.017746