



# WILL YOU GIVE YOUR KIDS A CHANCE?



## 5 Facts You Need To Know

### **Fact # 1: The "Have's and the Have Not's"**

The gap between the rich and poor is growing rapidly across the United States. In 1994, for the first time since such records were kept, the richest 20% of US households received a greater share of national income than the middle three-fifths combined. The bottom 40% was worse off in inflation-adjusted terms in 1993 than similarly situated people two decades earlier. (Source: US Department of Labor)

### **Fact # 2: A College Education is the Difference**

Earnings of full-time workers who have a college degree continue to accelerate faster than those with just a high school diploma. In 1979, the average college graduate earned 49% more a year on an average than a worker with only a high school diploma. BY 1994, the earnings gap had widened to 89%. Each year of formal schooling after high school adds 5% to 15% to annual earnings later in life. (Source: US Department of Labor)

### **Fact # 3: College Costs Are High And Rising**

Today, the minimum per year cost for a student attending a 4-year, In-State University is about \$10,000 per year. This cost includes In-State tuition, books, room and board. It now takes an average of 5 years to graduate. Only about 40% graduate in 4 years. Here are the minimum costs of a college education based on 5 years to graduate and college costs rising at 5% per year.

TODAY	5 YEARS	10 YEARS	15 YEARS
\$50,000	\$63,814	\$81,445	\$103,946



*"It is our own mind that determines the experience positive or negative."*

## **Fact # 4: You Have Four Choices**

1. Pay college costs out of ordinary income. (Add 25% to 30% to cost for taxes)
2. Kids work to pay part of costs. (Kids take longer to graduate, higher drop-out rate)
3. Student Loans. (College graduate starts out in life deeply in dept)
4. Pay college costs out of assets. (Buy a rental property that will be free and clear)

## **Fact # 5: The Easiest Way To Pay For a College Education Is By Buying a Rental Property With a 15 Year Loan.**

Here's the equity created in a \$125,000 rental property with a 20% down payment

<b>Equity Now</b>	<b>Equity in 5 Years</b>	<b>Equity in 10 Years</b>	<b>Equity in 15 Years</b>
* \$25,000	\$45,557	\$77,003	\$125,000
**\$25,000	\$80,112	\$155,614	\$259,866

\* Assumes no increase in property value. \*\* Assumes 5% per year appreciation



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