



May 21, 2004



*"Let our advance worrying become
advance thinking and planning."*

- Sir Winston Churchill

Education Funding Goals

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Introduction

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The Value of a College Education

According to The College Board's annual report, Trends in College Pricing 2003-2004, median annual income for bachelor's degree recipients is 60 percent higher than median income for those with only a high school diploma. Over a lifetime that difference exceeds \$1,000,000.

While a college education can be expensive, it is clearly an investment that will pay off in the long run.



Average Annual College Costs

Public 4 Year University . . . \$10,636

Private 4 Year University . . . \$26,854

Annual costs are for 2003 in-state students and include tuition, fees, books, supplies, room & board, and other miscellaneous costs.

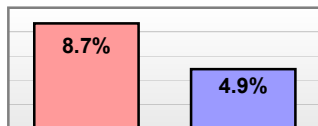
Source: 2003 College Cost and Financial Aid Handbook

College is Expensive

The U.S. Department of Education estimates that slightly more than one-quarter of fulltime undergraduate students live on campus. According to The College Board, the average in-state tuition costs for 2003-2004 were \$4,694 and \$19,710 per year for four-year public and private universities, respectively.

Room and board charges averaged \$5,942 for public and \$7,144 for private universities. These are real costs that should be looked at carefully when preparing to set aside funds for college.

10 Year Inflation Rates



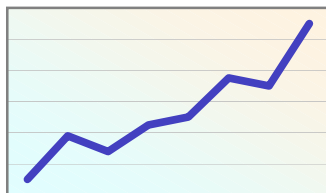
"College" Inflation Rate Average Inflation Rate

And The Costs Are Increasing

College tuition and fees in the United States experienced an average annual inflation rate of 8.7% over the past 20 years, according to Department of Labor statistics.

That's 3.8 percent more than the average annual inflation rate of 4.9% during that same period.

As a rule of thumb, college costs double about every eight years!



The sooner you save, the better

Often times, because it seems far off in the future, little thought is given as to how to save and plan financially for a college education. However, it is much easier to save while the child is growing up and pay for college from our savings than to attempt to pay for college as the expenses are incurred, out of income.

In addition, advance planning can often provide significant income tax benefits which may not be available if you postpone saving.

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Your Current Situation

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Your Current Situation:


Accumulation planning makes your goals specific and tries to fund them using the most cost effective method of saving and taxation of income available to you. If you have a plan, your long-term goals are much more likely to be met.

By looking at the numbers, future plans become more real and significant cost savings methods may be found to save you money. Significant tax savings may also be available through proper planning.

You have indicated the following goals, objectives and assumptions:

Dependent Funding Information

Dependent's Name	Current Age	Age Starting College	Years Attending	Annual Cost (current)	\$ Already Saved	% You Pay
martha	10	18	4	\$10,000	\$500	100%
spencer	9	18	4	\$10,000	\$500	100%
mary	7	18	4	\$10,000	\$500	100%



Marginal Tax Rate (combined fed and state)":

College Cost Inflation Rate:

Annual Increase in Contributions:

Before-Tax Investment Return:

25.0%
5.0%
0.0%
8.0%

Impact of Inflation:

As you can see, there is a dramatic difference between what college would cost today, and what it will cost in the future.

	College Costs Without Inflation		College Costs At 5.0% Inflation	
	First Year Cost	Cumulative Cost	First Year Cost	Cumulative Cost
martha	\$10,000	\$40,000	\$14,775	\$65,272
spencer	\$10,000	\$40,000	\$15,513	\$68,536
mary	\$10,000	\$40,000	\$17,103	\$75,561

College Costs Without Inflation . . .	\$120,000
College Costs At 5.0% Inflation . . .	\$209,369

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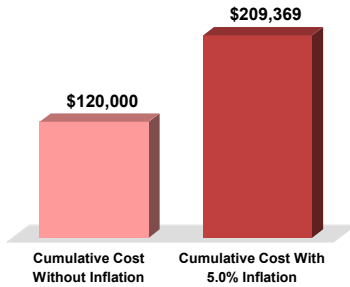
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Detailed Costs

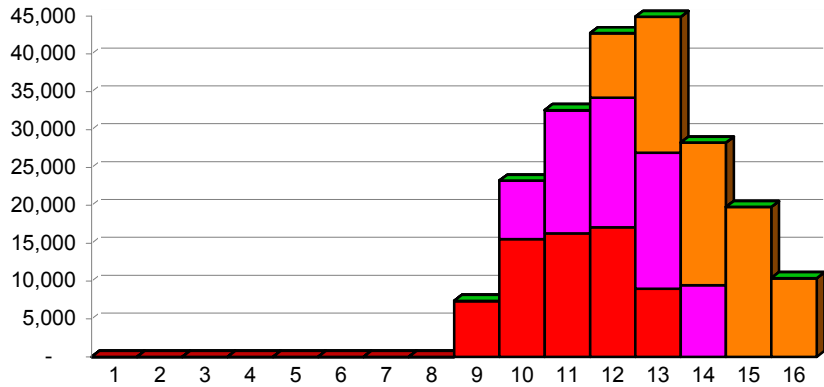
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Summary of Costs

The following chart and table illustrate the estimated actual cost of your education funding goals.



ANNUAL INFLATED COST OF EDUCATION FUNDING BY DEPENDENT



Year	martha	spencer	mary	Total
1				-
2				-
3				-
4				-
5				-
6				-
7				-
8				-
9	7,387			7,387
10	15,513	7,757		23,270
11	16,289	16,289		32,578
12	17,103	17,103	8,552	42,758
13	8,979	17,959	17,959	44,896
14		9,428	18,856	28,285
15			19,799	19,799
16			10,395	10,395
17				-
18				-
19				-
20				-
21				-
22				-
23				-
24				-
25				-
26				-
27				-
28				-
29				-
30				-

