Understanding the cost

Lost Opportunity Costs & Retirement Impact

# Mount Everest

The deadliest phase of climbing Mt. Everest is the descent. For those climbers who die on Mt. Everest, 73% of them die on the way down. Planning for college is very similar. The descent phase of college involves financial aid, government applications, cost of attendance, loans, schools choices, making decisions based upon the listed cost of attendance, some kids going to community college instead, parents feeling rather helpless and scammed, thoughts of whether or not college is worth it…all of this happens in a very short amount of time and there is always ONE result: they end up paying more for college than was necessary.

# You Have All the Money Saved

Let’s assume you had all the money saved for your kiddo to go to college and you sent him/her to a public university with a CoA of $19,500. You paid $19,500 for four years, so your total was $78,000. Is that all is cost you? No! To fully understand the impact of that expense you’d have to also factor in the opportunity costs of those dollars you spent. Not only do you lose the $78,000 but you also lose what it could have earned for you had you been able to keep it. If you retire in 20 years after sending your kiddo to college, and you lose the $78,000 PLUS what it could have earned for you, you might be looking at a total impact on your retirement assets of $192,000.

# What If?

There a few question we then have to ask:

1. What if your child attends an out-of-state or private institution?
2. What if you have more than one kid?
3. What if your child is 18 years away from going to college?

All of these factors only applies more pressure to your future retirement assets. Minimizing this expense as much as possible has a HUGE impact for mom and dad later on.

# More Bad News

The Department of Education predicts that the Cost of Attendance averages in 18 years will be the following:

1. In-state: $35,000
2. Out-of-state: $63,000
3. Private: $81,000

Strategies to pay less will continue to be a critical requirement for families if they want to make education a priority.

# Notes