



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

Equity Now	Equity in 5 Years	Equity in 10 Years	Equity in 15 Years
* \$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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