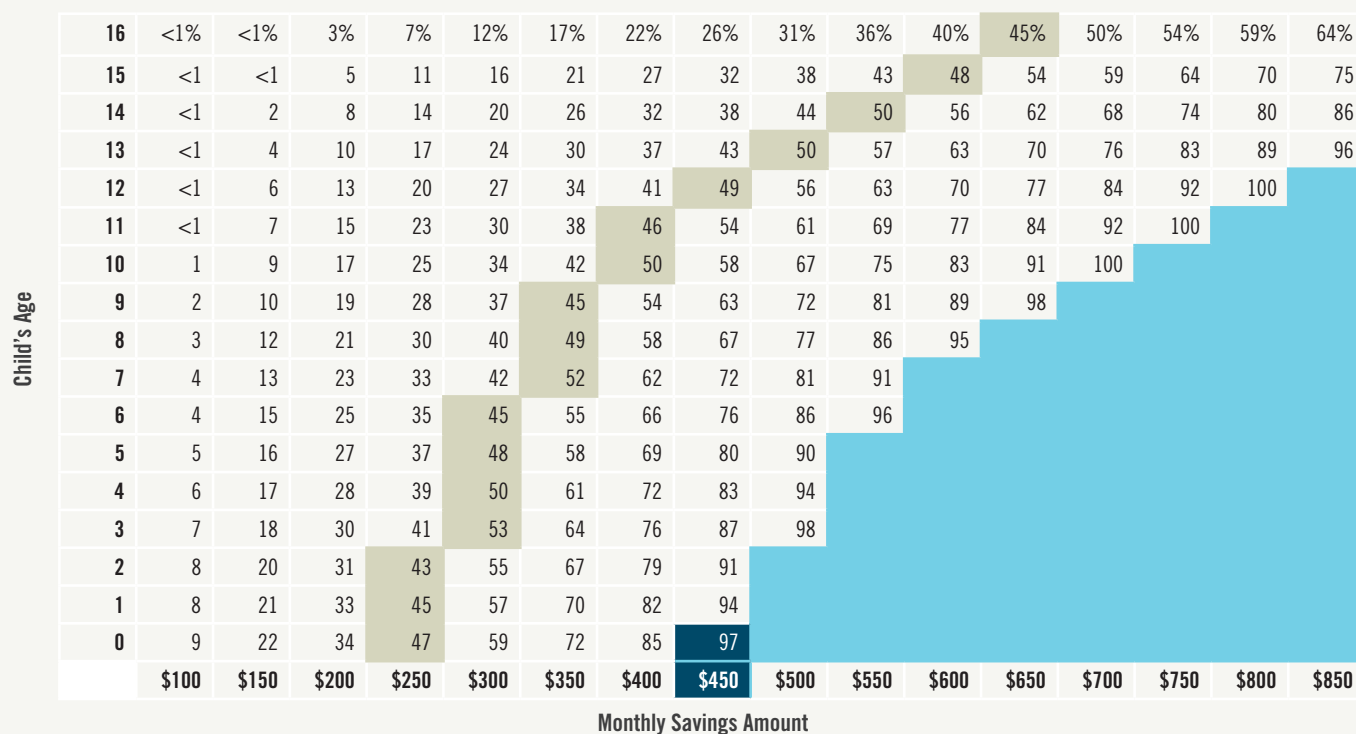


How Much Should I Save for College?

Many families don't know where to start when it comes to saving for college. Different schools come with different price tags, almost all of which continue to rise at a rate of about 5.5% annually. To help families create a plan and start saving an appropriate amount for college, T. Rowe Price ran an analysis to determine how much families would have to contribute each month in order to cover the total costs of a four-year in-state public university. While saving enough to cover the total costs may be difficult for many families, T. Rowe Price recommends that they try to save enough for a "down payment" on their child's education.

This chart shows what percentage of total college costs for a four-year education at an in-state public university a parent's monthly savings can cover from when they begin saving until when their child begins college.

PERCENTAGE OF COSTS COVERED FOR FOUR-YEAR IN-STATE PUBLIC UNIVERSITY



- Costs more than covered
- Monthly savings needed to cover total future college costs for a child born in 2014
- "Down payment" or about half of savings needed to cover the total cost for a child born in 2014

The future cost of college was calculated based on the 2012 total cost for the average four-year public university education (\$19,093) for a family in the third income quartile (annual household income of \$65,000 - \$106,000 in 2012) after the average amount of grants and scholarships for this group was subtracted, according to the U.S. Department of Education, National Center for Education Statistics, 2011-12 National Postsecondary Student Aid Study. The cost was then inflated at 5.5% for 18 years (per College Board data for the 10-year period ending in 2014). This assumes that college savings generate a hypothetical investment return of 6% annually.

This example is for illustrative purposes and does not represent the return earned by any specific investment option. Investment returns will vary and could be higher or lower than in this example.