



February 5, 2017

## Annual 529 Savings Progress Report

Attached is a progress report that I send out annually in the first quarter detailing progress on your 529 Savings. The report will calculate what % of college expenses that you can expect to cover from your 529 Plan if everything (Cost of college, savings, return rates) remain the same. The report will also show what options are available if you wanted to cover 100% of their projected costs.

There are variables in the analysis that will impact the amount of money available to use for college. They include things like the cost of college. Tuition may not rise as fast as it has or it may rise even faster. The report only looks at using 529 accounts for coverage. You may have other savings or assets outside the 529 plan that will be used, you may plan on using loans or financial aid to cover a portion of the tuition. I would be happy to discuss how everything can fit together.

### **Assumptions used in report**

- Savings Rate – I took the savings that went into the 529 accounts last year and used that as the annual rate each year until your child finished school. We can run scenarios on any custom savings plan (increasing each year, saving a lump sum, ...)
- Cost of Tuition – I used the average cost for tuition and room and board for all public and private schools in the U.S. In today's dollars it comes out to approximately \$35,000. I then added the cost of inflation for each year until your child finished school.
- Return Rate – The return rate is calculated using the historical return rate for the investments that are currently in the 529

### **Explanation of The Reports**

For each child there will be three pages created: Education Goal Coverage, Education Funding Details, and What Are My Education Goal Options

#### **Education Goal Coverage**

Estimated Core per Year (Today's \$) - This number represents the 4 year average tuition/room and board cost of all public and private schools in the United States. We can run a scenario modeling the report off of the cost of any school in the US.

Annual Cost Index Rate - I am using 3% to represent the cost that the college cost will rise each year. We do not know precisely how much the cost of college will rise each year

*Assets Available Today* - How much is currently saved in a 529 plan

*Return Rate of Assets* - the return rate is calculated using the historical return of the investments

*Year of First Shortfall* - when running the analysis the first year that there will not be enough money saved to fully hit your college saving goal

*Current Monthly Savings* - I used the amount you currently are saving, or an average of what you have saved

*Capital at Start of Goal* - This represents the projected amount of assets you would have saved at the Start Year of Education

### **Education Funding Details**

This report shows a year by year breakdown of your college education savings (Start of Year Assets) as it grows and a Withdrawals section that represents the money coming out in the future to pay for college. The Shortfall column represents any projected shortfalls during the years that money would be required to pay for college

### **What Are My Education Goal Options?**

To hit 100% of projected college cost the report will list 3 alternative strategies

1. Attend a cheaper school
2. Save an additional amount of money each month
3. Save an additional lump sum of money now

If you have any questions on the report or would like to discuss the analysis, please let me know.

Sincerely,

Marc Bautis