

What to consider financially when it comes to college

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One of the biggest financial moves in your lifetime will be your children's college education. Including room and board, the price can range from \$100,000 to \$350,000, depending on a private vs. public education. And that is after tax, so add another 20 to 50 percent (yes, between \$150,000 to over \$500,000 income needed). If the parent or student has to take out loans, even more expenses ensue.



There are some very good reasons to pay for a private school. Sometimes it is a legacy decision, with a parent having gone to the same school. There are also a number of "name" private schools that presumably open doors to a number of professions. There are some specialty schools (music, technology) that offer an experience like no other institution can offer. In addition, private schools usually offer a smaller student body and presumably more personal attention from faculty. There is also a "cultural" bias, in that many families in the Northeast lean toward private school, while the large universities of the South are very desirable to families living there.

But, I'd argue that the vast majority of private colleges do not clearly offer enough to justify their excess costs. The cost of educating one or more children can impair a family's retirement security. It can also definitely burden the student with decades of loan payments and stress. Before choosing, this very important financial cost must be carefully considered.

Let me ask you a question. Think about some of the people you know and respect in your community — the skilled physicians, attorneys, engineers, etc. Do you know where they went to college? I suspect not.

Of the people you know that did go to a variety of "good" and "just OK" colleges, can you discern a difference?

Some interesting studies have followed students who could have been admitted to top universities based on grades, test scores and other achievements. These students do just as well in life if they go to their public college. It's usually the student that counts, and not the school.

Conversely, there is evidence that good students that go to “great schools” and are not in the top half of their class suffer later in life. These may be the same kids that would excel in a less competitive environment.

Choosing a college is a very personal and emotional process. Amazingly, sometimes I see parents let their child make this extraordinarily expensive choice based on a several hour campus visit. You owe it to your financial health to make this decision carefully, weighing the factors above (and others).

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