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How much should we put in a 529 each year to pay for college for two kids?

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If we have two kids, three and one years old, and assume we are on track for retirement, how much should we potentially put in a 529 each year to pay the expected cost of [private] college for each child?

...While there is no shortage of college planning calculators that can project how much you need to save based on an assumed annualized rate of return, as a practical matter, you have no way of knowing in advance what your return will be. A better way to plan may be to use a [Monte Carlo simulation application](#) that can produce a range of values that may give you a reasonable estimate of where your savings range may fall. To do this, I used [Nest Egg Guru's](#) retirement savings calculator (it can be used for college funding too). I assumed a constant annual contribution rate of \$5,000 for 15 years for your oldest child, an initial investment in a mix of stock index funds, and total expenses of .25%. To make the analysis roughly analogous to an age-based 529 plan investment option, I assumed an initial 100% equity allocation that gradually shifts to 100% bonds at the end of the 15 years. Bonds are assumed to earn a constant 2% per year. Under this model, the results suggest that you may have somewhere between \$80,000 and \$100,000 accumulated at the end of 15 years. The mean result from the 5,000 simulations was approximately \$94,000.

The results here are provided to give you a reasonably realistic idea of what to expect from funding a 529 plan. Front-loading the 529 plan or taking a less conservative guide path would likely produce more favorable mean results. It should be noted that these results are likely much more pessimistic than most retirement planning calculators. However, it might also be argued that college planning calculators that assume constant annual returns of 6-8% or more may be overly optimistic.

As a practical matter, most families - even moderately affluent ones - cannot save enough to fully fund the cost of four years at an expensive private college. In the end, funding is often achieved through a combination of grants/scholarships from the schools, personal savings, cash flow, and student loans (preferably federal loans).