

COLLEGE CASH FLOW RECOVERY PLAN

Year	# in College	Oldest Parent's Age	College Cost	Grants or Scholarships	Yearly Student Loans	Student Lump Contribution To College	Parent Monthly (Year) Contribution To College	Parent Lump Contribution To College	Total Out-of-Pocket Cost
1	1	45	\$15,000	\$1,000	\$3,500	\$250	\$2,400	\$6,000	\$1,850
2	1	46	\$15,750	\$1,000	\$4,500	\$250	\$2,400	\$6,000	\$1,600
3	1	47	\$16,538	\$1,000	\$5,500	\$250	\$2,400	\$6,000	\$1,388
4	2	48	\$34,729	\$2,000	\$9,000	\$500	\$2,400	\$6,000	\$14,829
5	1	49	\$18,233	\$1,000	\$4,500	\$250	\$2,400	\$0	\$10,083
6	1	50	\$19,144	\$1,000	\$5,500	\$250	\$2,400	\$0	\$9,994
7	1	51	\$20,101	\$1,000	\$5,500	\$250	\$2,400	\$0	\$10,951
8									\$0
9									\$0
10									\$0
11									\$0
12									\$0
13									\$0
14									\$0
15									\$0
Total			\$139,495	\$8,000	\$38,000	\$2,000	\$16,800	\$24,000	\$50,695

This is a typical middle-income family with \$150,000 in income, a home and a 401k with a projected **\$139,495** in total college costs that they will need to pay over a seven year period. After grants, the student loans and the student and parent contributions from income and assets, the parents will still need to borrow **\$50,695** in parent loans in order to fund their children's education.

Item	Type	Asset Value	Debt Owed	Monthly Payment	Lump Cash Flow Increase	Monthly Cash Flow Increase
ASSETS						
Home		\$350,000				
Personal Savings		\$15,000				
401k/403b		\$250,000		\$1,250		\$250
IRA						
Annuities						
College Savings						
Stocks						
CDs/Bonds						
Mutual Funds						
Other Investments						
LIABILITIES						
Mortgage	30 Yr Fixed @ 6.5%		\$250,000	\$1,580	\$100,000	-\$380
HELOC / 2nd Mortgage			\$12,000	\$140	\$12,000	-\$140
Credit Card 1	Chase 19.95%		\$0	\$0	-\$8,000	\$500
Installment Loan 1	Macy's Furniture 20%		\$0	\$0	-\$10,000	\$600
Auto Loan 1	GMAC Lease		\$0	\$0	-\$20,000	\$400
Auto Loan 2	Bank Loan				-\$10,000	\$200
New Parent College Del Consolidated (Total)			\$50,695	\$400	-\$24,000	-\$400
Mortgage Loan Costs	Closing				-\$5,000	
INSURANCE						
Health Insurance	\$500 Deductible			\$150		
Auto Insurance	\$1000 Deductible			\$200		\$50
Homeowners Ins	\$500 Deductible			\$140		
Life Insurance	\$500 Deductible			\$400		
Total		\$615,000	\$312,695	\$4,260	\$35,000	\$1,080

By using cash flow recovery strategies this family can now take on the responsibility of that additional \$50,695 in parent loans and STILL end up with **\$35,000 plus an extra \$1,080 per month** that they can now put into a tax-advantaged hedge fund for retirement to offset their highly taxed 401k, which is the **ONLY** retirement asset that they currently have.

Item	Type	Current Assets	Additional Lump Investment	Additional Monthly Investment	Projected Growth %	Projected Value 10 Years	Projected Value 20 Years	Projected Value 30 Years
INVESTMENTS								
Home		\$350,000			3.0%	\$470,000	\$632,000	\$850,000
Personal Savings		\$15,000		\$0	0.0%	\$15,000	\$15,000	\$15,000
401k/403b		\$250,000		\$1,250	7.6%	\$742,000	\$1,765,000	\$3,894,406
IRA		\$0		\$0				
Annuities		\$0		\$0				
College Savings		\$0		\$0				
Stocks		\$0		\$0				
CDs/Bonds		\$0		\$0				
Mutual Funds		\$0		\$0				
Other Investments		\$0		\$0				
Additional Cash Flow			\$35,000	\$1,080	7.2%	\$245,000	\$650,000	\$1,463,000
Total Projected Investment Value		\$615,000	\$35,000	\$2,330	\$0	\$1,472,000	\$3,062,000	\$6,222,406

If the family invests this extra **\$35,000 and \$1,080 per month** at 7.2%, they can recoup their college costs of \$139,495 almost twice – within 10 years. In 30 years when both parents turn 70 years old, in addition to their 401k, they will have around **\$1.4 million** in a tax-advantaged account that they can draw from if needed, or simply use as an estate rollover to the children.