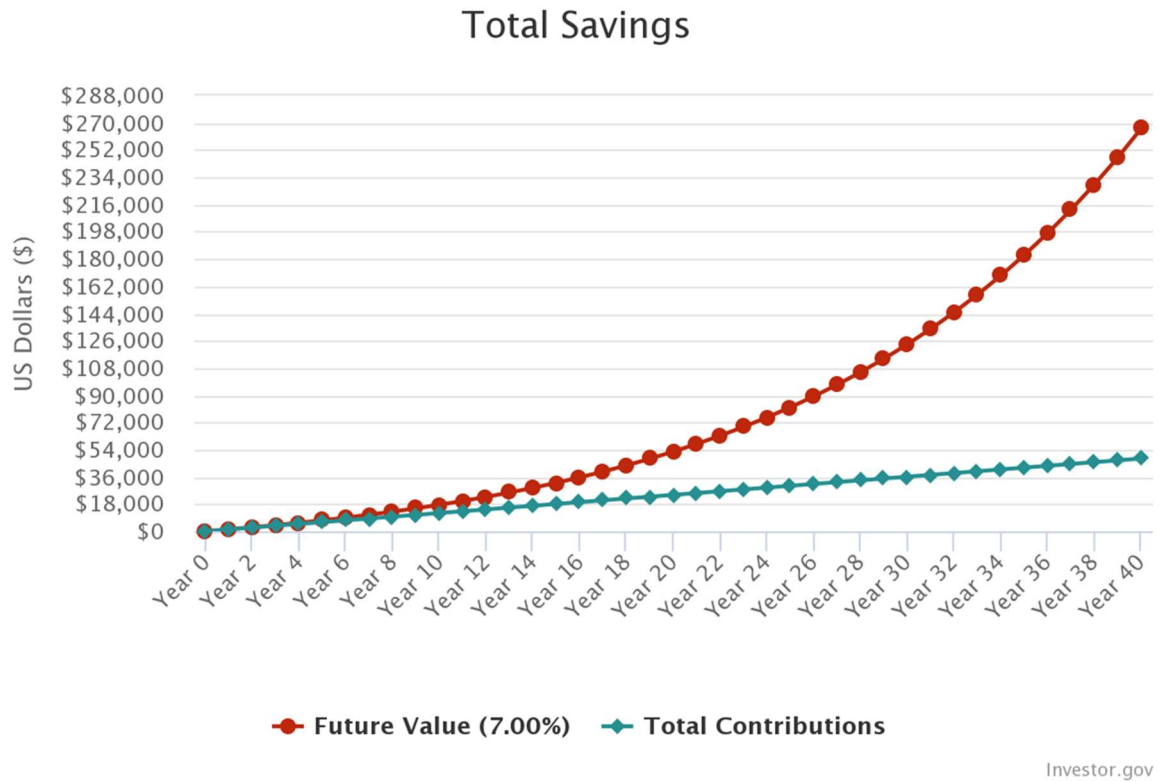
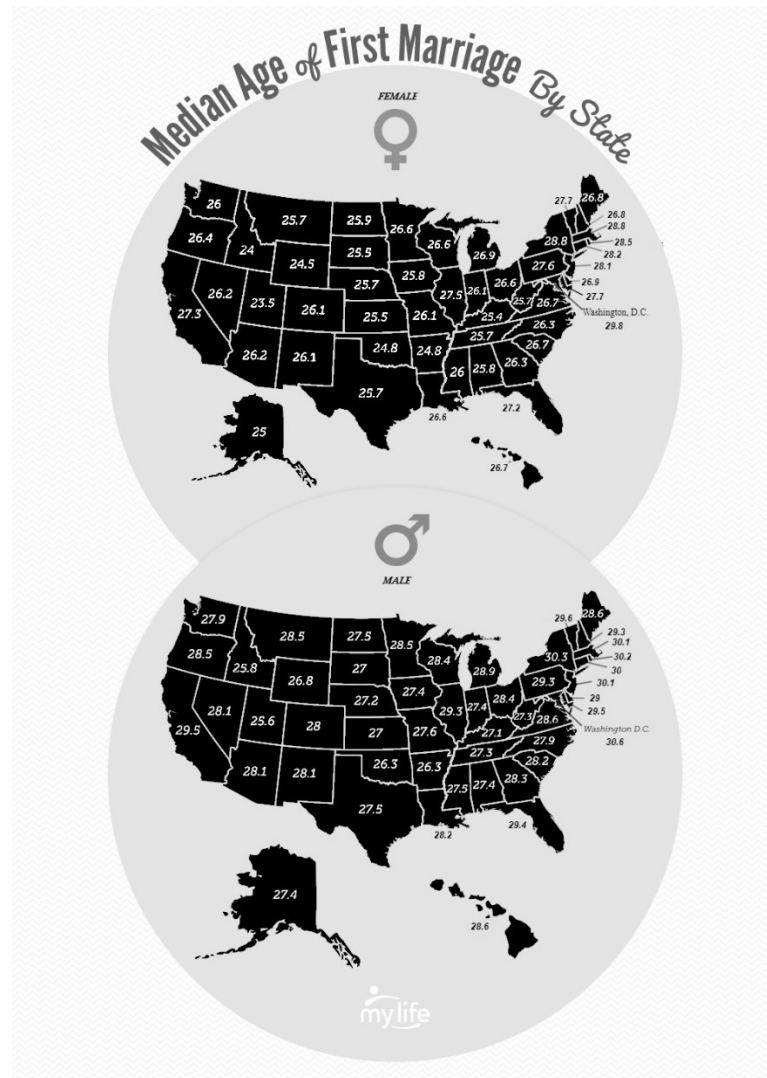






Source: mylife.com

recent history has shown us, such a decline is not inconceivable.

Owning versus renting: Is it an apple or an orange?

When people sit down to consider the pros and cons of owning versus renting, they don't always play fair. With today's variety of ownership strategies, there's now a full menu of renting/buying options available. It means that if you're going to make a comparison, it should be comparing an apple to an apple. Owning a three-bedroom home is going to look a lot more expensive than renting a one-bedroom apartment because you're getting more space, a yard, and maybe even a garage.

Mortgage payments are not equivalent to rent

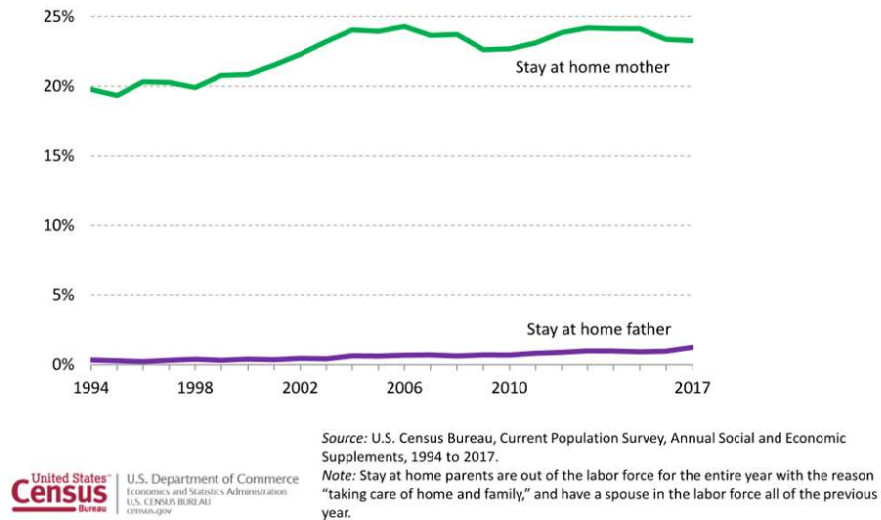
Another common error people make when comparing renting versus buying is pitting mortgage payments one-for-one against your monthly rent. To make buying versus renting a fair comparison, you should compare only the part of your mortgage that goes towards paying interest to your rent.

Components of a Mortgage Payment	
Principal repayment	
Interest	← Rent
Taxes	
Insurance (Property & PMI)	

To make the comparison more complicated, in the early years of your mortgage, a larger portion of your monthly payment will go towards interest. But as time goes on, this



Percent of married couple families that have a stay at home parent
(couples with children under 15)

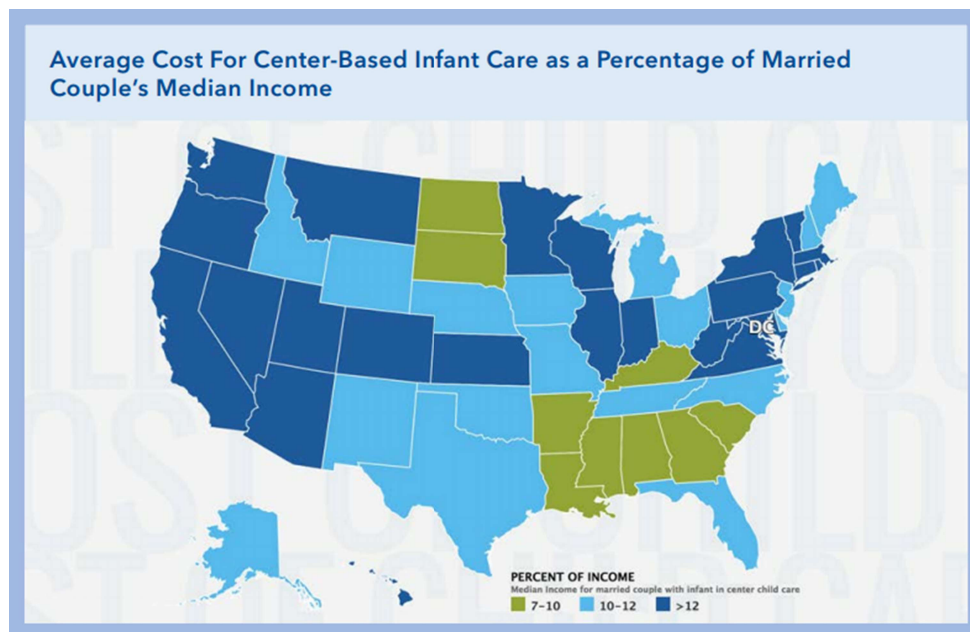


Anthony Paul

home, hire an after-school sitter, nanny, or au pair for full-time help, find a sympathetic relative, or have a stay-at-home parent. Each option has its benefits and drawbacks, which BabyCenter discusses in their article, “Childcare options: Pros, cons, and costs.”

More importantly, each option has its costs. Let’s take a look at the numbers, courtesy of Care.com:

Type of child care	Average monthly cost for child care
Center-based daycare	\$860
Family child care	\$804
After-school sitter	\$972
Nanny	\$2,260
Au Pair	\$1,604 (more if (s)he eats a lot)
Relative care	Free, unless you choose to pay them (in which case the cost is typically around your state’s minimum wage)
Stay-at-home parent	Lost salary and retirement benefits



Source: ChildCare Aware® of America's The US and the High Cost of Child Care 2018 Report

Top 10 least affordable states for center-based infant care in 2017

RANK	STATE	ANNUAL COST OF INFANT CARE IN A CENTER*	SINGLE-PARENT FAMILY		MARRIED-COUPLE FAMILY	
			MEDIAN INCOME**	PERCENTAGE OF THE MEDIAN INCOME	MEDIAN INCOME**	PERCENTAGE OF THE MEDIAN INCOME
1	California	\$16,542	\$27,367	60.4%	\$88,730	18.6%
2	Massachusetts	\$20,415	\$29,020	70.3%	\$121,607	16.8%
3	Oregon	\$13,292	\$23,796	55.9%	\$81,255	16.4%
4	Colorado	\$14,960	\$30,409	49.2%	\$92,889	16.1%
5	Minnesota	\$15,704	\$29,022	54.1%	\$100,992	15.5%
6	Washington	\$14,208	\$27,523	51.6%	\$92,310	15.4%
7	New York	\$15,028	\$26,983	55.7%	\$98,408	15.3%
8	Indiana	\$12,312	\$22,682	54.3%	\$81,001	15.2%
9	Nevada	\$11,137	\$27,689	40.2%	\$74,305	15.0%
10	Nebraska	\$12,272	\$25,932	47.3%	\$85,405	14.4%

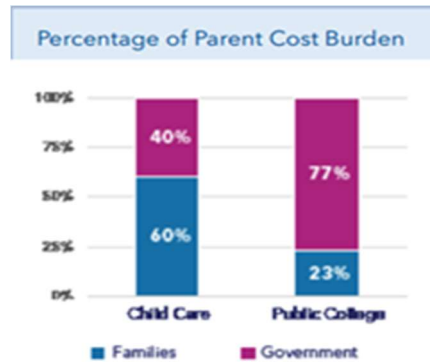
* Source: Child Care Aware® of America's January 2018 survey of Child Care Resource and Referral state networks. Some states used the latest state market rate survey.

**Source: U.S. Census Bureau, American Community Survey, 2016 five-year estimates. Table B19126.

NR: Data was not reported or not available for some categories of care

Note: 1=least affordable and 51=most affordable. Rank is based on cost of child care as percentage of state median income for married-couple families. Income is based on single-parent and married-couple families with own children under the age of 18.

Childcare is an even heavier burden on parents than public colleges. This is partly because, unlike public higher education, there are few if any government subsidies to help parents finance childcare. According to the ChildCare Aware of America's 2016 report, parents are responsible for approximately 60% of childcare costs, whereas government support for higher education means that parents pay closer to only 23% of the cost of public college.



Source: ChildCare Aware® Parents and the High Cost of Child Care 2016 Report

	Sector				
	Public Two-Year In-District	Public Four-Year In-State	Public Four-Year Out-of-State	Private Nonprofit Four-Year	For-Profit
Tuition and Fees (TF)					
2020-21	\$3,770	\$10,560	\$27,020	\$37,650	—
2019-20	\$3,700	\$10,440	\$26,770	\$36,880	\$15,400
\$ Change	\$70	\$120	\$250	\$770	—
% Change	1.9%	1.1%	0.9%	2.1%	—
Room and Board (RB)					
2020-21 (estimated)	\$9,080	\$11,620	\$11,620	\$13,120	—
2019-20	\$8,990	\$11,510	\$11,510	\$12,990	—
Tuition and Fees and Room and Board					
2020-21 (with estimated RB)	\$12,850	\$22,180	\$38,640	\$50,770	—
2019-20	\$12,690	\$21,950	\$38,280	\$49,870	—
Percentage of Undergraduate Students Enrolled Full Time					
Fall 2018	35%	81%		83%	67%

Source: The College Board: Average Published Undergraduate Charges by Sector

As a parent facing such a hefty expense, you've got a few options: First, you can tell your kid that (s)he's on his/her own. Student loans have haunted you for half your life; it's only fair that they haunt your kids, too. Call it a family legacy.

Or you could cross your fingers and pray that your kid finagles a generous scholarship. The good news here is that most students receive some form of financial aid to offset the full price of tuition, and between 2009 and 2019, the average financial aid and tax benefits increased by nearly 50%.. The bad news is that, as we've said before, it's not getting easier in these streets; it's getting harder. Competition is as fierce in the schoolyard as it is in the workplace. Are you willing to gamble your kid's future on the chances of him or her receiving a scholarship?

4-Year In-State College Savings Progress				
		50%	75%	100%
Child's Age	1	\$2,554.44	\$3,831.18	\$5,107.92
	2	\$5,063.96	\$7,595.48	\$10,127.00
	3	\$7,728.11	\$11,591.72	\$15,455.32
	4	\$10,556.98	\$15,835.05	\$21,113.11
	5	\$13,560.77	\$20,340.75	\$27,120.72
	6	\$16,752.75	\$25,128.75	\$33,504.72
	7	\$20,139.63	\$30,209.09	\$40,278.52
	8	\$23,735.92	\$35,603.55	\$47,471.16
	9	\$27,554.58	\$41,331.57	\$55,108.52
	10	\$31,614.25	\$47,421.11	\$63,227.93
	11	\$35,920.04	\$53,879.82	\$71,839.56
	12	\$40,492.06	\$60,737.88	\$80,983.65
	13	\$45,346.77	\$68,019.98	\$90,693.14
	14	\$50,509.66	\$75,764.37	\$101,019.00
	15	\$55,983.78	\$83,975.58	\$111,967.30
	16	\$61,796.36	\$92,694.50	\$123,592.55
	17	\$67,968.34	\$101,952.52	\$135,936.60
	18	\$73,965.50	\$110,948.25	\$147,931.00

I would advise using this as a guide to create your own chart as opposed to trying to match it dollar for dollar. Again, the true cost of college will come down to where Timmy goes and how much tuition rises before he gets there.

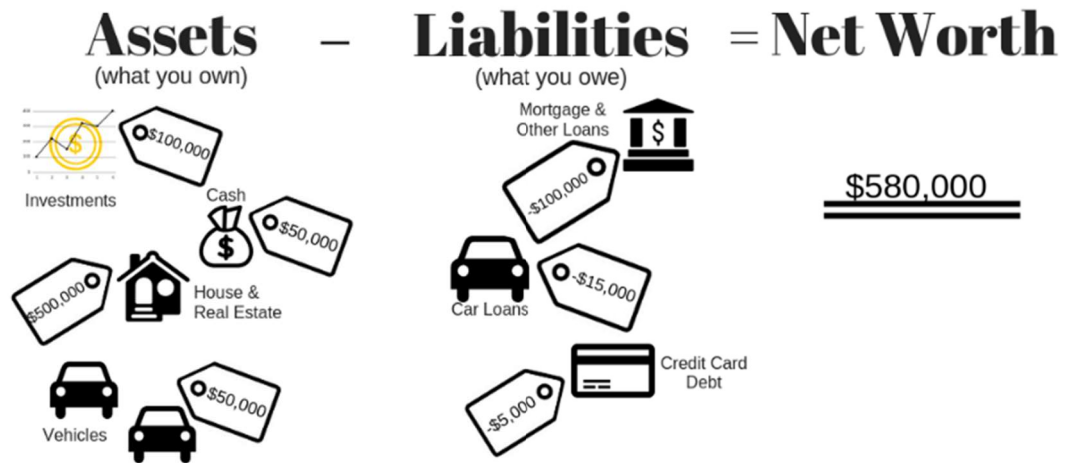
Blocks of Ten

Pre-tax Monthly Income:		
Expense	Budget amount	Income remaining
Pre-tax/401(k) contributions		
Take-home pay:		
Bills (including rent, utilities, repairs, insurance, etc.)		
Emergency fund	(Multiply your income remaining from above by .5 or .7 to determine this amount)	
College savings		
Debt reduction		
Savings that are not tax-deferred		
Discretionary expenses		

Blocks of Ten

Pre-tax Monthly Income: \$5,000		
Expense	Budget amount	Income remaining
Pre-tax/401(k) contributions	\$1,625	\$3,375
Take-home pay: \$2,632.50		
Bills (including rent, utilities, repairs, insurance, etc.)	\$1,316.25	\$1,316.25
Emergency Fund	\$658.13	\$658.12
College savings	\$105.30	\$552.82
Debt reduction	\$157.95	\$394.87
Savings that are not tax-deferred	\$105.30	\$289.57
Discretionary expenses	\$289.57	\$0

Does not include state taxes



If their liabilities are a \$100,000 mortgage, a \$15,000 car loan, and \$5,000 in unpaid credit card debt, then their net worth would be $\$500,000 + \$100,000 + \$50,000 + \$50,000 - (\$100,000 \text{ mortgage} + \$15,000 \text{ car loan} + \$5,000 \text{ credit card debt}) = \$580,000$.

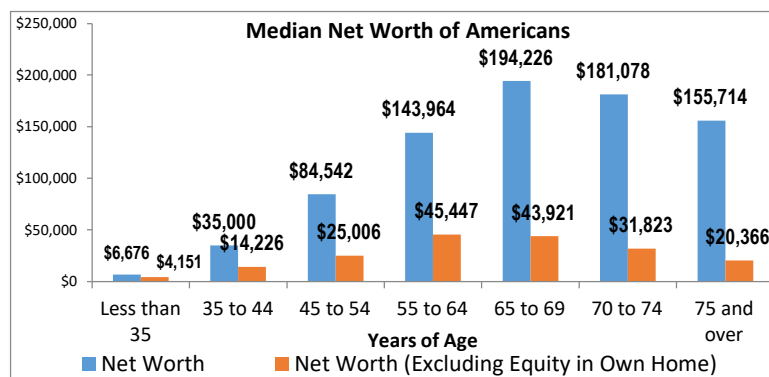
Go ahead and calculate your own number.

Got it? Alright, cool. Now let's see what that number actually means.

What your net worth says about you

The tricky part of net worth is determining if you're where you should be or not. CNN Money has an online net worth calculator that will tell you the median net worth for any given age and income. According to the calculator, if the couple from our example above is 40 years old and has a \$100,000 annual salary, they would be way ahead of the curve in terms of median net worth for their age (which is \$51,575) and income class (which is \$301,475).

The U.S. Census Department took a survey of Americans' net worth by age group. Their findings resulted in the following chart:



Source: U.S. Census Bureau

Net Worth Targets By Age, Years Worked, Or Income						
Age	Years Worked	Multiple Of Income = NW	NW Based On \$50K	NW Based On \$100K	NW Based On \$150K	NW Based On \$200K
22	0	0	0	0	0	0
25	3	0.5	\$25,000	\$50,000	\$75,000	\$100,000
28	6	1	\$50,000	\$100,000	\$150,000	\$200,000
30	8	2	\$100,000	\$200,000	\$300,000	\$400,000
35	13	5	\$250,000	\$500,000	\$750,000	\$1,000,000
40	18	10	\$500,000	\$1,000,000	\$1,500,000	\$2,000,000
45	23	13	\$650,000	\$1,300,000	\$1,950,000	\$2,600,000
50	28	15	\$750,000	\$1,500,000	\$2,250,000	\$3,000,000
55	33	17	\$850,000	\$1,700,000	\$2,550,000	\$3,400,000
60+	38	20	\$1,000,000	\$2,000,000	\$3,000,000	\$4,000,000

Source: FinancialSamurai.com