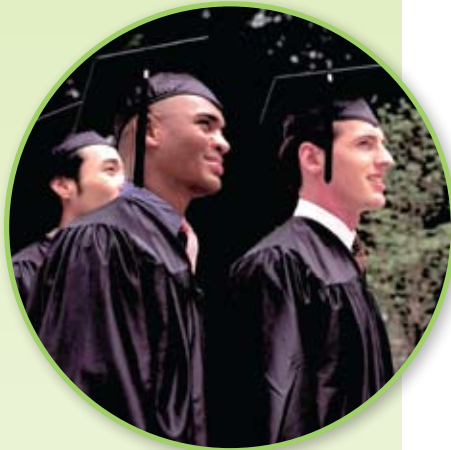




Costs of a college education



What are some of the costs of a college education?

The costs of a college education and the options for paying for it vary according to such factors as kind of school and its geographic location, a student's alternatives for housing and food, and whether a student is full-time or part-time. "Trends in College Pricing," published annually by The College Board, offers helpful insights. Here is an overview of some findings reported in the 2008 edition, covering the 2008-2009 academic year:

Type of School	2008-09 annual college expenses	College cost increase annually
Public 2-year Commuter College:	\$2,400	increase annually by 4.7%
Public 4-year In-State On-Campus:	\$14,300	increase annually by 5.7%
Public 4-year Out-of-State On-Campus:	\$25,200	increase annually by 5.2%
Private 4-year On-Campus:	\$34,100	increase annually by 5.6%

- *Estimates of college costs in the future:* Using data from the College Board and its website (www.collegeboard.com), and assuming that college expenses increase by 5% annually, the anticipated cost of attending an in-state public college or university for four years beginning in 2026 is \$148,000. For private institutions, the anticipated cost is around \$353,000.

Don't be overwhelmed by these numbers. Resources such as scholarships, loans, grants and other forms of financial aid help to reduce these amounts, but rarely cover the full cost of attending college. That's why you should start saving now with the Start Smart College Plan.

Increase in college education costs compared to inflation

For many years, the cost of attending college increased more rapidly than the Consumer Price Index (CPI). During the past decade, the average cost of tuition and fees increased 2.4% over the rate of inflation at private 4-year colleges and 4.2% at public 4-year colleges. Between July 2007 and July 2008, the CPI increased 5.6% – the first period in a long time where the average increase in total charges for attending a college or university came close to the CPI:

Key considerations

- College is expensive regardless of whether attending a public or private college.
- Costs can vary widely depending on whether the college or university is public or private, a research center or not, or a 2-year or 4-year school.

Saving for college

The sooner you start to save, the easier it is. Generally, the more time you have for reaching your savings goal, the smaller the amount of money you need to set aside each week, month or year. Waiting even one year can significantly increase the amount you need to save.

Saving for all or some of the costs

Some families have the resources to pay for their child's entire education, producing a great sense of accomplishment and pride. Not every family, however, is able to do so. Therefore, saving for even part of a child's education can help a great deal and mean a lot to your child. Financial aid rarely provides 100% of what is needed.



Mix-and-match ways to save and pay

Many people pay for college through a combination of savings, financial aid, and loans taken by the student or the parents. Depending on the kind of loan, interest may start accruing after graduation or immediately. Also, some students get help from grandparents who might gift money to them or set some money aside in a financial account.

Financial Aid

Most financial aid is based on family income and the assets available to pay for education. The amount of assistance for which a family may qualify is based on evaluation of a Federal financial aid form that must be completed and submitted.

Estimated average of 2008-2009 grant aid from all sources and from Federal tax benefits:

Type of School	2008-09 Grant Aid
Full-time students at private 4-year institutions:	\$10,200 est. average
Full-time students at public 4-year colleges/universities:	\$2,700 est. average
Full-time students at public 2-year colleges:	\$2,300 est. average

The above estimates assume that all aid was applied to tuition and fees, although some may have been for room and board.

Average grant aid per student and average net college costs conceal significant differences among students. For example, increases in Federal aid for lower-income students have a greater impact on college access and affordability than for higher-income students.

What are some of the benefits of a college education?

The cost of paying for a college education can seem overwhelming. Instead of focusing on the expense, it can be helpful to think of college as an investment in the future. Among the benefits of a college education:

- 1. Increased earnings throughout life,** demonstrated by the 2007 median family income by households having the following education characteristics, as reported by the Bureau of Labor Statistics:

Level of Education	2007 Median Income
Less than High School Diploma:	\$29,760
High School Diploma:	\$49,739
Some College:	\$60,955
Associate Degree:	\$69,600
Bachelors Degree or higher:	\$100,000

- 2. Better job opportunities.** Having a Bachelor degree or higher degree opens up many more job opportunities and can lay the foundation for entering a variety of careers and professions.

- 3. Less likely to be unemployed.** Also according to the Bureau of Labor Statistics, unemployment rates are significantly higher among less educated individuals than among those with more education. The following is a breakdown of March 2009 unemployment rates by level of education for people aged 25 and over (not seasonally adjusted):

Level of Education	2009 Employment Rates
Less than High School Diploma	15.5%
High School Diploma:	10.0%
Some College:	7.8%
Bachelor Degree or higher:	4.3%



Gerber Life Insurance Company

Home Office: White Plains, NY 10605