Setting a Savings Goal

Monthly Investment	5 years	10 years	15 years
$100	$6,977	$16,388	$29,082
$300	$20,931	$49,164	$87,246
$500	$34,885	$81,940	$145,409

Figures are based on a 6% average annual after-tax return. This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary. This illustration assumes a fixed annual rate of return, but rates of return will vary over time, particularly for long-term investments.

This table shows how your college fund can grow over a period of years if you invest a certain amount of money each month and earn a certain rate of return. The figures here assume an average after-tax return of 6%. Under these assumptions, if you were to save $100 a month for 15 years, you would have almost $30,000 in your child's college fund. The sooner you start saving, the more time your money will have to potentially grow.

Now you may be thinking back to the first slide where we looked at all the demands on your hard-earned dollars, and you may be thinking, "I can't possibly save $200 or $300 a month..." A good plan is to start with whatever amount you can afford and add to it over the years with things like raises, bonuses, tax refunds, and unexpected windfalls. And as your child gets older, he or she can also contribute to the fund by earmarking a portion of birthday or graduation money, as well as earnings from a part-time job. The important thing is to start saving, even if it's not as much as you'd like.

The next topic we're going to address is where to put your money.