

Raising a Family Financials - Insights

Introduction

This was an eye opening exercise for me.

Age 0 to 17

I assumed I would be in the highest Income group (over \$102,000) by the time I started having children since I am assuming I will earn \$100,000 at Age 30. I decided to use the USDA Age 0 to Age 17 cost data as my starting point, which means I will spend \$414,000 per child by Age 17. Since we want to have two kids it will be over \$850,000. That is a lot of money.

Then I started to think about what type of things my parents did for my sister and me. I realized if I gave my kids those same advantages it would be a lot more than \$800,000. They sent my sister to a private all girl middle school because they felt middle school was a tough time for girls and that would allow her to develop herself. I think they were right. She became an avid soccer player, ending up on an elite soccer team. This involved trips to other cities for college showcase tournaments and a private coach. In high school she had a math and science tutor who came every week. I was also an avid soccer player and I also ended up on an elite soccer team. We did not travel as much as my sister but it was still expensive. I had some problems in our public high school and ended up going to small boarding school for my last three years of high school. I really blossomed at that boarding school and it changed my life. All of this probably adds \$150,000 to the total cost of Age 0 to 17, bringing it to \$1,000,000.

College

Staying with the theme of giving my kids the same advantages my parents gave my sister and me I decided to apply that to college. I assumed I would send my kids to a college that was as expensive as the one I attended (\$50,000/year), which will cost me \$238,000 per child. One of the problems of being in the higher income group is it harder to get financial aid. Maybe one or both of the kids can get an academic, athletic or artistic scholarship. If not I am looking at another \$500,000 for the kids.

Post College

From reading the NY Times article I decided to set some money aside to help the kids after college and to help the grandchildren.

Summary

It is clear having children is very expensive (\$1.5M is my estimate).