

# Penny-Wise

*Paying for Your Child's  
Independent School Education*

By Troy Onink



# Introduction



**T**he goal of this publication is to help your family simplify the process of determining what funding options are applicable and appropriate for your family to finance successfully the cost of independent school education. Family, in this case, means you — the parents — your child, and, as is often the situation with independent school financing, your child’s grandparents.

To begin with, paying for independent school is in many ways far less complicated than paying for college, merely because there are fewer types of financial aid, fewer types of loans, no tax credits, and less overall information to deal with. Your options are streamlined and relatively easy to understand.

Not every option is available to every family, nor is every option appropriate for every family. Every family has its own set of unique financial characteristics that shape its best strategy to pay for independent school. Some families may not demonstrate a need for financial aid based on their income; others may have enough money invested to pay tuition and simply want to know the most tax-efficient way to do it; while others may be able to write a check for full tuition out of their income — even though this is likely not the most cost-effective strategy.

So the process of discovery begins by identifying what options are available to you, how you feel about those options, and what combination will allow you to cost-effectively pay for independent school.

*The information contained in this publication is not intended to serve as legal, tax, or investment advice. You should consult your financial advisors prior to implementing any independent school funding strategies. All references to tax rates and contribution phaseouts mentioned in this publication are for the 2008 tax year.*

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# Estimating Education Costs

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**P**aying for independent school costs is just like paying your monthly bills; you need to know how much the bills are and when they are due.

A helpful exercise is to create a table of the K-12 education costs for all children in the family who will be attending independent school. Starting with the current cost of the independent school that your child is enrolled in, or will be in the future, you can project for each year into the future what that cost will be.

In 2006–2007, the median NAIS member day school tuition for first grade was \$13,900; for sixth grade, it was \$15,470; and for 12th grade, it was \$17,993. The median boarding school cost for a ninth grader was \$35,450. These prices do not include additional costs for books and transportation.

Tuition at NAIS schools typically increases by 5 to 6 percent per year. Table 1 (next page) provides the projected future tuition costs for three levels of day school and one level of boarding school based on a 6 percent annual increase in tuition.

When estimating school costs, you should include costs for books, transportation, uniforms, and other school-specific fees in addition to tuition. These additional costs vary widely from school to school. In a 2006 NAIS survey of independent school parents, the non-tuition costs typically ranged between \$2,000 and \$4,000. Families are encouraged to seek out information pertaining to these costs by visiting school websites and by calling schools directly.

Table 1

## Projected K-12 Tuition at 6% Increase

Year	Day School 1st Grade	Day School 6th Grade	Day School 9th Grade	Boarding 9th Grade
2008	\$15,618	\$17,382	\$20,217	\$39,832
2009	\$16,555	\$18,425	\$21,430	\$42,222
2010	\$17,548	\$19,531	\$22,716	\$44,755
2011	\$18,601	\$20,702	\$24,079	\$47,440
2012	\$19,717	\$21,944	\$25,523	\$50,287
2013	\$20,900	\$23,261	\$27,055	\$53,304
2014	\$22,154	\$24,657	\$28,678	\$56,502
2015	\$23,484	\$26,136	\$30,399	\$59,892
2016	\$24,893	\$27,704	\$32,223	\$63,486
2017	\$26,386	\$29,366	\$34,156	\$67,295
2018	\$27,970	\$31,119	\$36,205	\$71,332
2019	\$29,648	\$32,996	\$38,378	\$75,612
2020	\$31,427	\$34,976	\$40,680	\$80,149
2021	\$33,312	\$37,071	\$43,121	\$84,958
2022	\$35,311	\$39,299	\$45,702	\$90,055
2023	\$37,430	\$41,657	\$48,431	\$95,459
2024	\$39,675	\$44,157	\$51,358	\$101,175
2025	\$42,056	\$46,806	\$54,440	\$107,256

Using Table 2, fill in the columns with the projected tuition prices from Table 1 for each year that you will have children in independent school, noting what years they will begin and complete their independent school studies. Then, by year, total the costs for all of your children in the column farthest to the right.