

Give your child an Ivy League Education for ₹ 8,600 P.M.

An Ivy League education for your child is a gold standard in parenting these days. Besides international schooling, support to your child to become a quality professional, is a priority for many. An undergraduation degree in top colleges like Harvard or Princeton can cost lakhs of rupees (even crores). Increasingly, parents or students are opting for loans. According to the Government data, over ₹14,000 crore worth of education loans were disbursed by public sector banks alone in 2018-19.

In this piece, we shall explore how you can successfully send your child to a top college for higher education purely through investments. But first, you need to know about the cost involved.

	Harvard		Princeton	
	UG	PG	UG	PG
Course Name	Bachelor of Science	MBA	Bachelor of Science in Engineering	Master of Science in Engineering
Cost of tuition*	₹33 lakh	₹52 lakh	₹36 lakh	₹38 lakh
Living expenses	₹15 lakh	₹20 lakh	₹15 lakh	₹18 lakh
Total cost	₹48 lakh	₹72 lakh	₹51 lakh	₹56 lakh
No. of years	3 years	2 years	4 years	2 years
Total education cost	₹1.44 crore	₹1.44 crore	₹2.04 crore	₹1.12 crore

*As per the latest course fees mentioned on the official college websites

This might seem like an enormous sum of money. Luckily, most Ivy League colleges offer financial aid and scholarships in some form or the other. For instance, families of scholarship paid only \$12,000 or ₹8.5 lakh per year towards the cost of a Harvard education. And 55% (around one in two students) receive need-based scholarship aid. In the case of Princeton, 60% of the students qualified for financial aid during the 2018-19 academic year.

As mentioned, the undergraduate degree course in Harvard (after financial aid) comes to around ₹8.5 lakh per year. The total cost for a three-year degree is ₹25.5 lakh. And if that's expensive now, guess what, it is only going to get more expensive in the future. Taking an average inflation rate of 5%, the same degree can cost you ₹41.5 lakh in 10 years and ₹53 lakh in 15 years.

WHAT NEXT: How much do your kids know about money? The earlier you start teaching your kids about money, the better. In the next story, let's take a look at how you can discuss "all things money" with your kids.

So, when should you start investing?

The sooner the better. Ideally, you should start investing right from your child's birth. This way, your earnings have the opportunity to compound over time. And you also have the luxury to invest smaller amounts every month. If you wait until your child begins high school, you would have to invest a much larger amount each month to achieve the same corpus.

Let's take this one example and calculate how you can fund your child's Ivy League dreams through systematic investments in Equity Mutual Funds.

	10 years	15 years	18 years
Cost of education	₹25.5 lakh	₹25.5 lakh	₹25.5 lakh
Inflation rate	5%	5%	5%
Future cost of education	₹41.5 lakh	₹53 lakh	₹61 lakh
Rate of return (Equity Funds)	12%	12%	12%
Amount to invest each month	₹18,600	₹11,200	₹8,600
Total Amount Invested	₹22.32 lakh	₹20.16 lakh	₹18.57 lakh
Final corpus	₹41.67 lakh	₹53.30 lakh	₹61.21 lakh

*The above table is for illustration purpose only. In this calculation, the annual return of 12% has been assumed based on return potential of Diversified Equity Mutual Funds in the long-term

This table shows how you can invest for your child's undergraduation course at Harvard. Similarly, you can use an online investment calculator to find out how much you would need to invest each month to achieve the desired corpus.

As for a post-graduation degree, most colleges accept students only after they have gained certain work experience. This gives you a good opportunity to save and invest as much as you can to lessen the financial burden on your parents. Combine your own investments along with your parents' investments to reach your financial goal at a faster rate.

