

# Confessions of Serial Tuition Payors

*[Editor's Note: This is a guest post from a physician reader. After hearing me say that a house was the biggest purchase of a physician's life, he cornered me to point out that the education of children can have a much higher cost than a house. This post grew out of that conversation. He wishes to remain anonymous. We have a very minor financial conflict of interest that I can't really reveal without ruining his anonymity, so you're going to have to trust me on this one. This post is a great contrast to [my personal plans for my childrens' educations](#). Enjoy!]*



As an internal medicine subspecialist in my late 50s who is planning to retire in a couple more years, I wanted to show WCI readers how my wife (a non-MD with a Master's degree) and I accomplished an early retirement despite spending more than \$1 million dollars for educational expenses (More on that later.)

I finished my subspecialty fellowship (in one of the lowest paying non-procedural fields) in 1989 and paid off my \$125,000 in college and medical school debts within two years. My medical school loans had doubled in cost during

training. These were the dreaded HEAL loans. I had to moonlight like a maniac during residency and fellowship just to keep our heads above water. From the beginning of my medical practice, we saved my wife's entire gross income of \$30,000-\$60,000 per year from her two jobs. My wife "retired" from one job recently and now only works 40 hours a week! Her primary employer has a 403B that we continue to max-out yearly. We pay an additional \$700-\$1000 per month for health and dental insurance as her primary employer's plan was better than my office plan. She gets a \$1000/month pension at age 65.

### **Educational Costs**

How will we end up spending a million dollars on college? Well, let's take a look.

#### **Child # 1**

24, male, 2014 Ivy League graduate, Legacy student as it was also my alma mater, BA in English.

Cost: \$240,000 (all inclusive)

Currently first year in-state MD/MPH student. Lives at home with free maid service, free laundry, and lunches made by mom

Cost: \$80,000 (all inclusive)



#### **Child #2**

22, female, Senior at famous Out-of State-University, earning

BFA 5/2016. Parents have distinct privilege of being required to pay an additional \$25,000/year for out of state student tuition (only two more payments to go!)

Cost: \$240,000 (all inclusive)

### **Child #3**

20, male, Freshman at major out-of-state public university. Majoring in Chinese and business. Partial academic scholarship. Fifth year, Capstone free. Yeah!

Cost: \$120,000 (all inclusive)

### **Child #4**

17, female, senior in high school, applying to multiple "Seven Sister" schools on East Coast. Already accepted to an in-state public university (\$120K total) and offered a merit scholarship to an out of state public university (still \$65K total.) Aspires to be a lawyer.

Cost: \$240,000 (all inclusive)

Cost (In-state law school): \$90,000, all inclusive

We sent all 4 children K-8 to religious day school; a luxury our parents could not afford. We decided in the early part of our current 27-year marriage to gift this to our kids. Our oldest son was awarded a \$70,000 academic scholarship to a private high school and graduated #1 in his class. The other three went or are going to magnet high schools. (Read: free) We estimate the K-8 costs at \$300,000 even with the sibling discounts!

Grand total: \$300K for K-12 and \$1.01M for post-secondary = \$1.31 Million

### **Our Story**

We were and are studious savers but made all the financial mistakes and more that the WCI writes about in his eponymous

book and website. We wish he had been born 25 years earlier! We also have a passion for travel and have visited over 30 countries with our kids including a five-week around-the-world trip courtesy of frequent flier programs and Hilton Honors points earned from the practice.

From 1989-1993, we accumulated over 20 mutual funds (including active and passive flavors) as I was truly clueless about asset allocation. Eventually, this was weaned down to a dozen funds with 95% index funds at Vanguard with an appropriate allocation that has become more conservative in the last few years with the help of our "fee only" financial advisor. I did go through a "day trader phase" in the mid 1990's. Luckily, I did not inflict too much damage on our finances.

We wasted thousands of dollars during my fellowship on an ill-advised universal life policy that we eventually let lapse. In 1997, I won a \$40,000 BMW Z3 at a 25 cent slot machine in Las Vegas which we sold in 2 weeks to payoff our car and minivan loans.

In 2003, we paid off our 30-year mortgage after only 10 years. We had put down 20% to avoid PMI. The 3800 square foot house has appreciated in value from \$300,000 to \$400,00. The property taxes are about \$9000 per year.

We have 6, yes six, used, paid-for, cars that average 125,000 miles apiece. We have no collision coverage. Our "newest" car is a 2002 Toyota Camry. We drive our cars until they die.

When we started saving in 1989, we maxed out our qualified plans and saved money for the kids for college in a limited partnership. Over the years, it waxed and waned, but we did the "heavy lifting by brute force" early on. By the time our oldest child started college, the LP was in the 7 figures and we just let it ride on its own with minor tweaking. We decided to pay the college bills out of cash flow for as long as we

could without touching the LP while still maxing out our qualified retirement plans. This got a lot tougher with our second child starting college, but we persevered. Ramen noodles are quite tasty (just kidding). I got used to debiting over \$12,000 per month from our personal checking account for 10 months a year in order to cover all college costs.

Now, with two in college and one in a state medical school, the costs are roughly equivalent to the first two kids in undergraduate schools. Our untouched "College LP" has now become a major part of our retirement kitty. This year, our second oldest child graduates, and then the \$60,000 per year for 4 years repeats for our youngest child. Our plan is to use income generated from our investment portfolio to cover our youngest child's college and law school costs once I retire.

Our goal has always been to allow our children to choose the field and school they want to attend and start their respective careers debt-free. If this requires me to work until 62, I will do that. We have a few years to go, but we are confident we will succeed. We have also earned enough frequent flier points to take an around-the-world trip, first class, sans children at some point in the next few years. We just need to carve out a few months to do that.

But wait, there's more! My beloved wife is currently studying for the LSAT in order to fulfill a dream to go to law school and practice law when she "retires" in a few years. At some point, there is a sabbatical year she will utilize. Depending on the school she attends, the cost will range from \$60,000 to \$150,000 over 3 years.

## **Summing It Up**

So, would we do it all again? You bet, in a heartbeat! We will retire comfortably but not extravagantly with a seven-figure portfolio and no debt. Perhaps, at some point, all the

kids will be “off the payroll.”

The “take home message” is this: drive a beater(s), live below your means, don't buy too much home, live off of one spouse's salary, stay married, and save until it hurts. Have we made several poor financial decisions along the way? You bet. You can fool me once....

For the last 4 or 5 years, we run any significant financial issues by our advisor before we commit. We believe it is important to spend your money on what is important to you and your family, whether it is education, great vacations, a wake boat (sorry WCI) or a little bit of everything. Most importantly, enjoy your family as that is what really counts in the end.

What do you think? Do you plan to save up \$250K+ per child for college? Why or why not? If so, how will you do it? Comment below!