

Do you want to have three children? First, sign a note for \$2,700,000. THE MONEY MARATHON AUGUST 2012

A recent article in the Wall Street Journal, "Kids Can Be Costly Long After They Turn 18" written by Carl Bialik, June 23-24, 2012, had some very interesting data regarding the cost to raise children.

A recent study done by the Department of Agriculture estimates that the out of pocket costs for a middle class family to raise a child through age 17 total \$234,900. For below middle class, the costs total \$169,080 and for above middle class the costs total \$389,670. With inflation, the costs for a middle class family to raise a child goes from \$234,000 to \$300,000. The breakdown by category of these expenses are 30% for housing, 16% food, 14.4% transportation, 17.5% child care and education, 5.7% clothing, and 8.2% miscellaneous.

However, this is not the whole story. The real cost of raising a child to age 22 for a middle class family - "including forgone income, college for those that attend, and the so-called opportunity cost of not investing the money - would be close to \$900,000...". So, if you want to have three children (like me), I have concluded you should sign a note (loan) from the bank for \$2,700,000 (\$900,000 times 3 children).

It is no wonder that single people many times tend to be wealthy. No spouse and no kids can potentially save a lot of money.

Does all of this mean that it is too expensive to have children? I suppose that is a decision a couple needs to make together for themselves. For me and my wife, the choice to have children was no choice at all, because we wanted children regardless of the price. I can only speak for myself and my wife but it was the greatest decision we ever made. We are very fortunate and blessed to have three healthy, great kids who have made our lives very enriched by the experience of being parents.

I believe life is about loving and making a difference in the lives of others and it is hard for me to imagine a more deeply satisfying love than the love you have for your children. And at some point children lead to grandchildren which many people say are even better than children. I don't know that I can go that far, but my own experience with one grandchild is that the love you share for a grandchild is equally special to the love you share for a child.

Realistically, it makes sense to evaluate potential costs of raising a child beforehand so that you can plan and provide for your family, whatever size of family you choose. The bottom line for me regarding children is somewhat like the MasterCard commercial which itemizes the costs of certain things and then says that the experience is "priceless". For me, children are certainly "priceless".

(Remember every investor's situation is unique and it is important to review your specific situation with a financial professional.)

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