

# Cut out-of-pocket college costs in half

**Maryland**  
**529**  
formerly College Savings Plans  
of Maryland

## Borrowing \$25,000 instead of saving can double the out-of-pocket cost of college.\*

There are many ways that a family can pay for the cost of college. But, some of those options can be more costly than others. Two of the ways that a family could choose to pay is by either saving in a 529 plan, or borrowing with loans. The below example illustrates how one family could choose to pay for \$25,000 in college costs.

### Saving

A family choosing to invest about \$106 a month for 15 years would have made a total out-of-pocket investment of about \$19,000. With potential earnings, this could amount to \$25,000 to use toward college expenses. A 6% annual return is included but does not represent any particular investment. Actual returns will vary.



### Borrowing

A family choosing to borrow would pay about \$320 per month over 10 years for a total out-of-pocket cost of \$38,000 for \$25,000 in loans. The payments start after accruing interest during four years of college and assume 8% annual interest, which reflects a blend of various rates representing various loan types.

**Invest \$106**  
per month for 15 years



**Pay \$320**  
per month for 10 years

**Receive \$6,000**  
potential earnings with your 529 plan



**Pay \$13,000**  
total interest expense

**Pay \$19,000**  
out-of-pocket costs



**Pay \$38,000**  
out-of-pocket costs

**By saving, you could pay \$19,000 less out-of-pocket**

**Start saving now, and help  
reduce costly debt later.**

**Maryland529.com**

*Please carefully read the Enrollment Kit, available online, which describes the investment objectives, risks, expenses, and other important information that you should consider before you invest in the Maryland 529 Plans. Also, if you or your beneficiary live outside of Maryland, you should consider before investing whether your state or your beneficiary's state offers state tax or other benefits for investing in its 529 plan.*

\* All figures and information above are for illustrative purposes. This example does not consider any investment or loan origination fees. Amounts are adjusted to today's dollars and assume an inflation/discount rate of 3% annualized.