

THE VALUE OF A
DEGREE

HOW A COLLEGE DEGREE CAN HELP YOU EARN A MILLION DOLLARS

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WHAT IS \$1 MILLION DOLLARS WORTH TO YOU?

Besides, well, a million dollars. What kind of lifestyle would you lead if you had a million more dollars? Would you be a little less stressed over money? Would you really care if you lost your job (would you still choose to be in that job)? Would it help with retirement plans?

You've probably always heard "go to college and get a good job" or "you can't get ahead without a college education" but can a college degree be worth a million dollars?

The simple answer – yes.

Before we get to the \$1 million dollars though, let's first look at the costs.

COLLEGE

The price for college has many variables. In-state vs out-of-state, public vs private, local vs Ivy League. Let's look at the averages for a typical public institution...

PUBLIC IN-STATE COLLEGE

Average annual tuition & fees

\$9,139

Over 4 years

\$36,556



PUBLIC OUT-OF-STATE COLLEGE

Average annual tuition & fees

\$22,958

Over 4 years

\$91,832



According to CollegeBoard.org

According to the US Department of Education, the average time to pay off federal student loans is about 10 years.

With that expense in mind, how do college graduates view their experience?

According to the Pew Research Center:



of college graduates state that, based on what they paid for, earning their Bachelor's degree was worth it.



of college graduates say they have already seen a return on their investment.



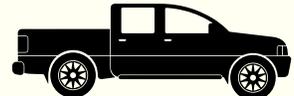
of college graduates say they have not yet, but do expect to see a return on their investment.

CARS

According to Kelly Blue Book, the mid-size sedan is currently the most popular car in the country, and accounts for almost 1 in 6 cars sold annually.

As of 2015, the average purchase price of a new mid-size sedan is between \$20,000 - \$30,000.

1 in 6
cars sold annually



\$20-30k
average price (2015)



AAA estimates that car ownership costs you about:



\$8,839

Per year (based on 15,000 miles) once you factor in things like - insurance, taxes, license & registration, and gas.

What about a car's value? According to Edmonds.com, a new car loses 11% of its value as soon as you drive off the lot.



15-25%

depreciation each year

60%

over 5 years

According to AutoMD.com, we tend to keep cars, on average:

10 years

So for 10 years, car ownership can roughly be estimated at:

\$80,000

In total, the estimated car cost including insurance, gas, etc. is:

\$105,000

HOUSES

We've looked at cars, which lose most of their value in a few years, so let's look at houses. A house can definitely be a great investment. Besides shelter and security, a home can also appreciate in value and pay you back when you sell. In early 2015, according to the US Census Bureau, the average cost of a new home was \$341,000, with the median cost being right around \$275,000.



\$341,000

average new home cost

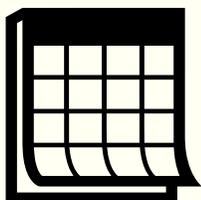
\$275,000

median cost

In some states, homes had an even larger purchase price. For instance in Colorado:



The average length of time that a homeowner stays in their home:



13 years

before starting the process over

\$634,321

average new home cost

\$285,000

median cost according to Trulia

LIFE TIME EARNINGS

We looked at the cost of a degree, now let's look at its value.

While cases can be made on an individual basis, overall research has shown that there is a noticeable difference amongst earners of different education levels.

Over a lifetime, a Bachelor degree recipient will earn at least \$1 million dollars more than someone with a high school diploma. (Julian, 2012).

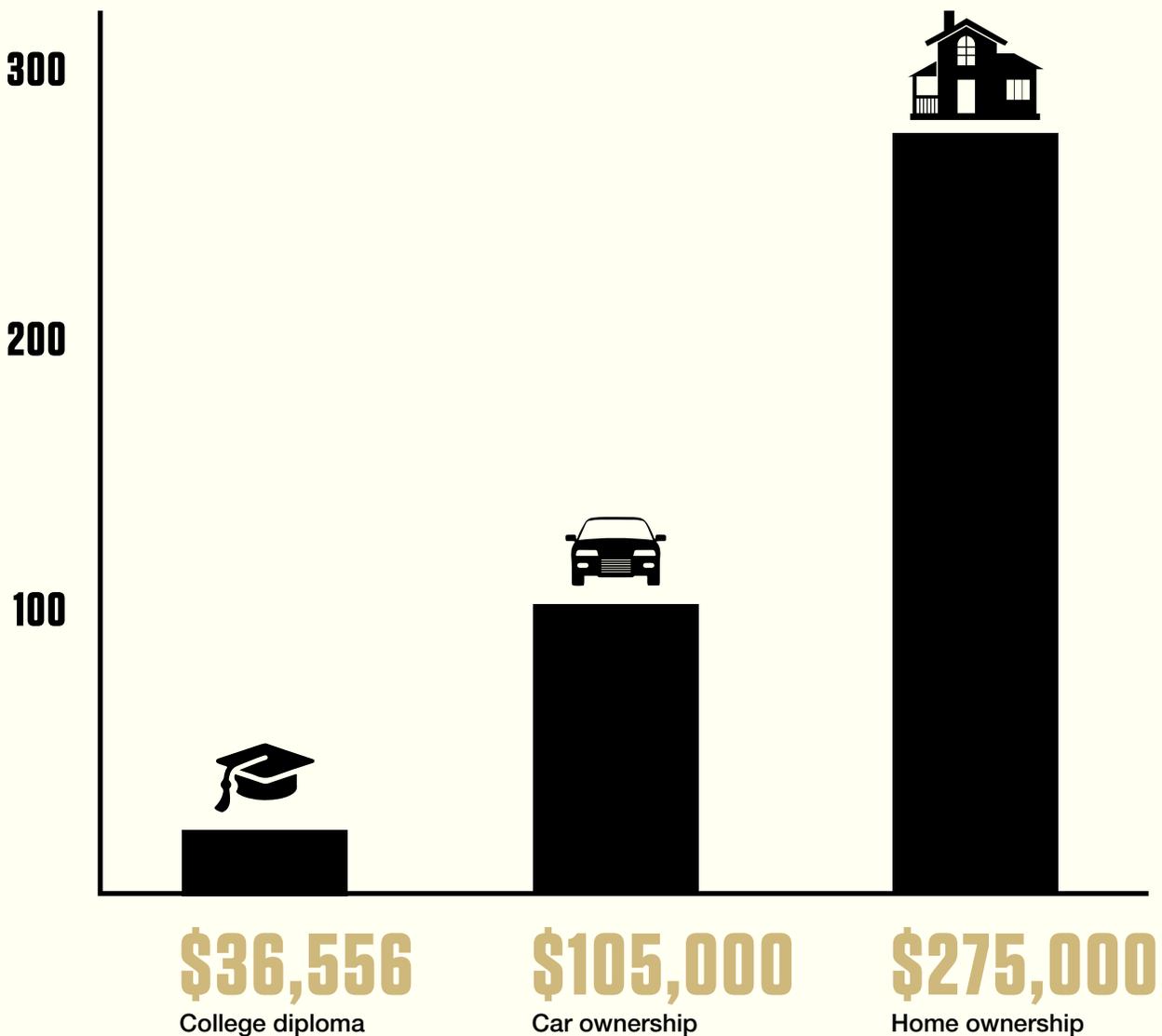
And as you continue to pursue higher levels of education, your earning potential also continues to increase. With a Doctorate degree, you could expect to earn, on average, **\$1.1 million more** than the Bachelor's degree.

So if the average bachelor's degree is about \$36,000 and it has the potential to return a million dollars, which is a **2,567% return on your investment** (or about \$960,000).

It's been estimated that the average home appreciation rate is about 3%. But when you factor in inflation, it's been estimated that home values increase around .02%.

A study in the NY Times found that a house bought in 2015 for \$200,000 and sold for \$250,000 in 2025, didn't earn \$50,000, but rather the rise is simply the result of inflation.

INVESTMENT COSTS



Price of big purchases, based on Department of Education, Kelly Blue Book, US Census Bureau

AVERAGE LIFETIME EARNINGS



LIFE WITHOUT A DEGREE

To step back from lifetime earnings, let's look at annual salary to see how the lifetime numbers (and the return on your investment) become possible.

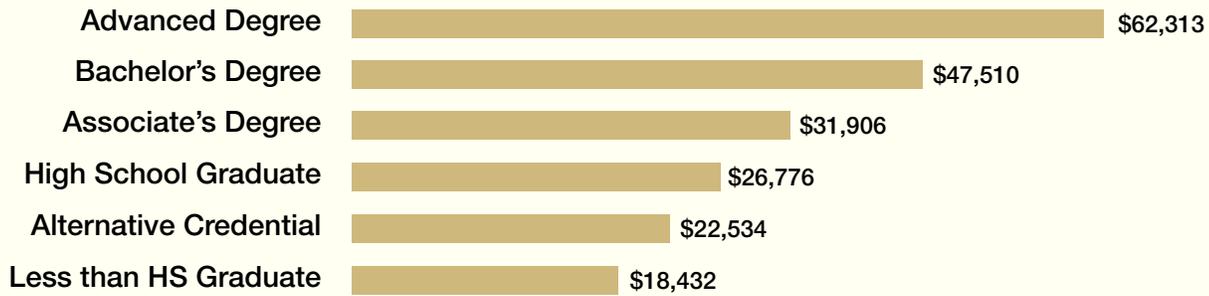
Annually, the average median salary is:

- Bachelor's degree is around \$47,000
- High School diploma is around \$27,000

That \$20,000 difference compounded over, say, 50 years (give or take) is how you get the million dollar disparity

$(\$20,000 \times 50 = \$1,000,000)$.

MEDIAN ANNUAL SALARIES



JOB SECURITY

However it's not only your potential to earn that is important. What are the chances that you will be unemployed or underemployed within your lifetime? Research conducted by Pew Research Center indicates that in 2012 those aged 25-32 years saw almost 4 times as many people with only a high school diploma unemployed than those with a Bachelor's degree. Those with a two-year degree or some college didn't fare much better.

LIVING IN POVERTY

Related to unemployment, the poverty numbers show the same results when filtered by education level.

Bachelor's degrees had the lowest population found to be underemployed and living in poverty. Compared to college graduates, those with just a high school diploma were almost 4 times as likely to live in poverty, and those with some college were 3 times as likely.

UNEMPLOYMENT

(2012) educational achievement ages 25-32



High School graduate



2 year degree or some college



College graduate

LIVING IN POVERTY

(2012) educational achievement ages 25-32



High School graduate



2 year degree or some college



College graduate

MOVING ON UP

Those who have at least a 4yr degree show a tendency to improve upon their financial status



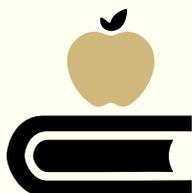
of adults who grew up in middle income families improved upon their family's wealth, with a good amount moving into upper middle or even upper income levels.



of those who grew up in the poorest families greatly improved upon their family's wealth, with 53% moving up two or more income brackets (Baum et al., 2013).

THE FUTURE

Looking to the future, the unemployment rate is projected to increase for each new generation who lacks a degree. The good news for upcoming graduates is that **the demand for college educated workers is not being met.**



1.6%

shortcomings of jobs demanding a college education, specifically in STEM (55% of the job openings), finance, healthcare, and K-12 education.

65%

of all the jobs available nationwide will require at least a postsecondary education by about 2020.

BUSINESS

is the most popular major currently (as far as number of students). Grads are the most likely to be employed full time and year round.

RETIREMENT

Besides job security, what's required for retirement will also change.

With inflation and longer lifespans (on average), how much do you think you'll need to save in order to retire comfortably?

Let's assume:

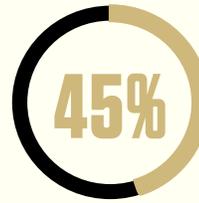
- You'll live to be 92 years old
- You start retirement at 67
- That's 25 years of retirement

With that in mind, Fidelity now recommends you save **8 times your ending annual salary** (Fidelity Viewpoints, 2014).

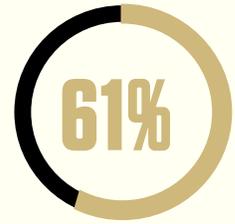
A Pew Research Center study in 2013 looked at the likelihood of a full time employee being offered a retirement plan:



High School graduates



Associate's degree



Bachelor's degree

HEALTH BENEFITS

Besides simply monetary gains, there is also a strong correlation between a college degree and overall health. So, a degree will not cause you to be healthier, but the correlation is worth noting. Overall, college graduates tend to maintain healthier lifestyles, which leads to lower instances of heart disease, chronic illness, hypertension, and even mortality.

A 2012 study showed that only 8% of college graduates smoke compared to 25% of those with a high school diploma or less. In addition to better health, college graduates also tend to have more access to employer related benefits and work under better conditions, and the higher incomes afford better health care opportunities.

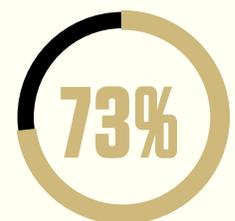
A 2011 study compared full time employees and noted who was offered health insurance:



High School graduates



Associate's degree



Bachelor's degree

THE OUTLIERS

Now, you might be wondering, what about all of those billionaire drop-outs we always hear about? Great question. In fact, it's been estimated that a third of the world's billionaires never earned a degree.

So, with 2,325 billionaires in the world, there are 775 who never graduated high school. One out of three billionaires sounds pretty impressive. However, when you look at the world as a whole, the non-college outliers are possible... they're just not statistically as likely.

Out of 7 billion people in the world:

0.000003%

of the total population are billionaires

With that in mind, your chances without a college degree are even slimmer:

0.000001%

SKILLS AND ABILITIES

It's been researched and shown that college graduates gain skills such as persistence at completing a difficult task, working towards long term

objectives, independence, confidence, writing/communication skills, and most of all, grit.

It's also been noted that employers prefer college graduates because they exhibit increased analytical and critical thinking skills.

CONCLUSION

A college education is definitely a major decision and not something to be taken lightly. The research is showing that it is still a wise investment that continues to pay off over the lifetime of a graduate. However, research and diligence are still required (and encouraged) for each prospective student before embarking on their education journey.

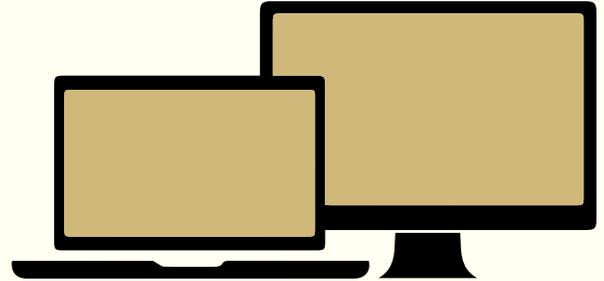


“The best time to plant a tree was 20 years ago. The second best time is now.”
—Chinese Proverb

TAKING THE FIRST STEPS

If you'd like to earn that extra \$1,000,000, in less time and without changing your schedule...

You might want to check out the online courses and degrees at CU Denver.



If you're concerned that a school commitment would be too disruptive to your work and personal life, you're not alone.

Online courses have become so popular because they let you “attend” whenever it's most convenient for you.

So, no driving time. No missing family dinner time.

Instead, you log on when it fits your schedule, and you're immediately connected to your class and professor.

If you're interested in learning more about online courses and getting an employer-respected diploma, go to cuonline.edu and request a free information packet.

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