

# Money 101 EDUCATION

## 12.02- COLLEGE SAVINGS - Recommended Asset Allocation

Asset allocation traditionally refers to the ratio of stocks and bonds; cash is normally not counted. However, when investing for a specific purpose, such as to pay college tuition, a few years before college starts, (Target Year) the investor will begin to shift some funds to cash. These charts assume that 100% cash is needed by the target year.

funds needed in cash for a specific purpose

Beneficiary's Current Age	0-4	5-6	7-8	9-10	11-12	13-14	15-16	17	18	19	20
Years To Withdrawal	16-20	14-15	12-13	10-11	8-9	6-7	4-5	3	2	1	0

Conservative - less willing to take on risk - would accept a more modest return											
US Stock	56.0%	52.5%	52.5%	45.5%	42.0%	35.0%	28.0%	21.0%	14.0%	7.0%	0.0%
Non-US Stock	24.0%	22.5%	22.5%	19.5%	18.0%	15.0%	12.0%	9.0%	6.0%	3.0%	0.0%
<b>TOTAL STOCKS</b>	<b>80.0%</b>	<b>75.0%</b>	<b>75.0%</b>	<b>65.0%</b>	<b>60.0%</b>	<b>50.0%</b>	<b>40.0%</b>	<b>30.0%</b>	<b>20.0%</b>	<b>10.0%</b>	<b>0.0%</b>
<b>TOTAL BONDS</b>	<b>20.0%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>35.0%</b>	<b>40.0%</b>	<b>50.0%</b>	<b>55.0%</b>	<b>55.0%</b>	<b>60.0%</b>	<b>65.0%</b>	<b>0.0%</b>
<b>TOTAL CASH</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>15.0%</b>	<b>20.0%</b>	<b>25.0%</b>	<b>100.0%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

More aggressive - more willing to take on risk - for a higher return											
US Stock	70%	66%	60%	53%	46%	39%	32%	25%	18%	11%	0%
Non-US Stock	30.0%	29.0%	25.5%	22.5%	19.5%	16.5%	13.5%	10.5%	7.5%	4.5%	0.0%
<b>TOTAL STOCKS</b>	<b>100.0%</b>	<b>95.0%</b>	<b>85.0%</b>	<b>75.0%</b>	<b>65.0%</b>	<b>55.0%</b>	<b>45.0%</b>	<b>35.0%</b>	<b>25.0%</b>	<b>15.0%</b>	<b>0.0%</b>
<b>TOTAL BONDS</b>	<b>0%</b>	<b>5%</b>	<b>15%</b>	<b>25%</b>	<b>35%</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>	<b>65%</b>	<b>65%</b>	<b>50%</b>
<b>TOTAL CASH</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>105%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>