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| * **How much does it cost to raise a child today?**   Tom Barlow, Forbes.com     Updated: Sun. Nov. 20 2011 7:10 AM ET  According to the U.S. Department of Agriculture, the cost of raising a child to the age of 18 is now a breathtaking $226,920.  For sake of perspective, a Ferrari 458 Italia Coupe will set you back $225,325. Like the former, it too may end up living in your garage long after its 18th birthday.  This number is enough to scare some people onto the pill, but I wondered, just how much scarier is the prospect of parenthood than it was back in 1960, when the country was popping out babies like a bag of Orville Redenbacher's best?  According to the U.S. Census, the median income of families in 1960 was $5,600; in 2010, it was $49,445. Adjusted for inflation, though, the 1960 income would be $41,253.84 in 2010 dollars; not a huge amount different from current day income.  In 1960, the projected cost to raise a child to the age of 18, in 2010 dollars, was $185,856. This means that in 1960 a child would have cost 450 per cent of a year's income, vs. today's 459 per cent of annual income.  This isn't a huge difference. This should come as some solace to would-be parents. If you are in doubt, check out the USDA Cost of Raising a Child Calculator. (I was amused to note the disclaimer at the bottom of the calculator screen: "This tool is not a recommendation to buy or invest in any particular product or security.")  Just how the child-rearing money is apportioned out has changed, though. The food allocation has dropped from 24% to 16 per cent; we tend to forget, as a nation, just how much of a bargain our food is.  Health care, not surprisingly, has doubled from 4 per cent to 8 per cent of the total cost of raising a child. Child care has grown enormously, from 2 per cent to 17 per cent, no doubt due to households in which both parents work.  So the cost of raising a child to the age of 18 hasn't increased greatly in the past 50 years. Unfortunately, once a child reaches college age, costs rise dramatically if the child is to go to college. In 1964, the average cost for tuition, room and board was only $950 ($6,682.36 in 2011 dollars) a year at American four-year institutions. In 2010, that average had risen to $12,804.  It's not surprising, seeing the out-of-proportion growth in the cost of an education, that student debt is anticipated to exceed $1 trillion this year.  What do I take from all this? Planning a family in today's climate shouldn't be much scarier than it was in 1960, if you have a decent job. Plan, however, on your child shouldering more of the burden of his or her college education, unless you're part of the 1 per cent. |