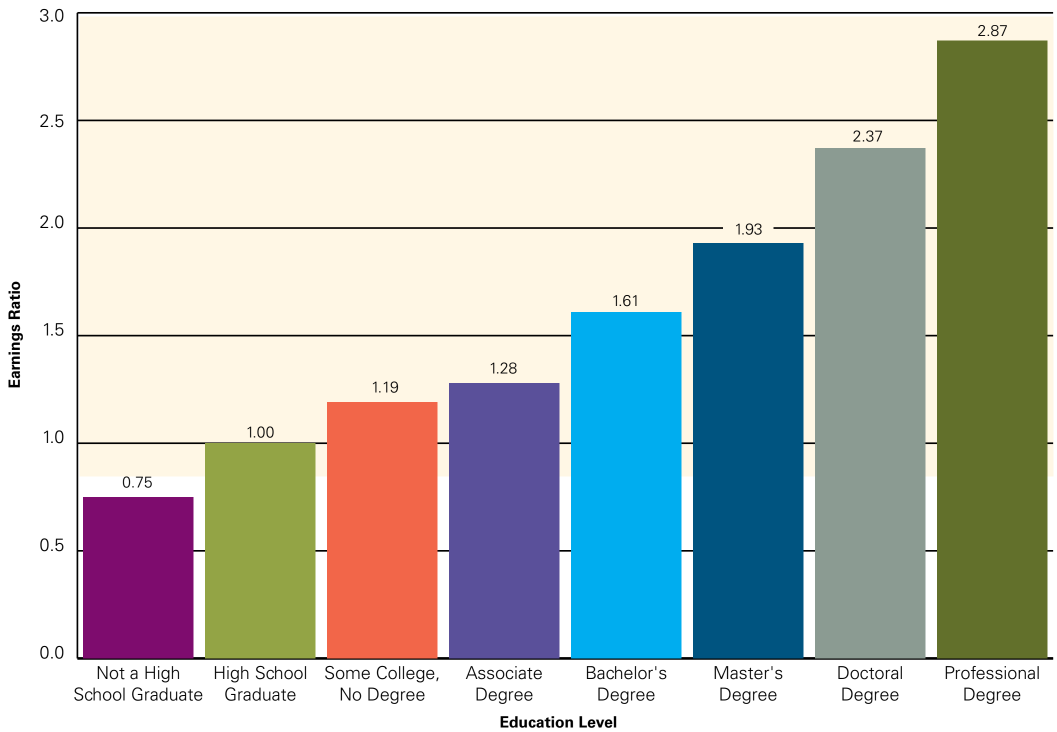
Financial Benefits to the Individual

Figure 1.2: Expected Lifetime Earnings Relative to High School Graduates, by Education Level



Notes: Based on the sum of median 2005 earnings from ages 25 to 64 for each education level. Future earnings are discounted using a 3 percent annual rate to account for the reality that, because of forgone interest, dollars received in the future are not worth as much as those received today.
Sources: U.S. Census Bureau, 2006, PINC-03; calculations by the authors.

- Higher levels of education lead to higher earnings. Over a working life, the typical full-time year-round worker with a four-year college degree earns more than 60 percent more than a worker with only a high school diploma.
- Those with master's degrees earn almost twice as much per year, and those with professional degrees earn almost three times as much as high school graduates earn over their working lives.
- Median lifetime earnings for the typical individual with some college but no degree are 19 percent higher than median lifetime earnings for high school graduates with no college experience.
- The typical college graduate who enrolls at age 18 and graduates in four years earns enough in 11 years to not only compensate for borrowing to pay the full tuition at a public college, but also to make up for wages forgone while in college.
- College-educated workers are more likely than others to be offered pension plans. Among those who are offered pension plans, college degree-holders are more likely to participate.