



THE PROS AND CONS OF GRADUATE SCHOOL

A graduate degree can be a major career benefit. But it's also a major investment of time and money. It's a good idea to evaluate the pros and cons—including potential return on your investment—before pursuing grad school.



Potential positives

- ✓ **Increase your earning power**—an advanced degree could increase your earning potential.
- ✓ **Expand your opportunities for career advancement**—a graduate degree can provide a competitive edge for higher-level positions. In some fields, it's virtually a requirement.
- ✓ **Change careers**—an advanced degree can enhance your ability to pursue another career path.
- ✓ **Advance your education**—grad school is an opportunity to deepen your knowledge in an area of interest or passion.

Potential negatives

- ✗ **Cost**—grad school is costly. Especially if you're already carrying student loan debt, the financial burden can outweigh the benefits.
- ✗ **Time commitment**—most advanced degrees require a minimum of two years more if you're going part time while working, and it can take longer than anticipated, adding unplanned cost.
- ✗ **No guarantees**—while a graduate degree looks good on your resume, there's no guarantee that it will result in a better position or higher pay, at least in the short term.
- ✗ **Stress**—juggling the requirements of a job and graduate school will require lots of work at night and weekends, which can add stress to your life and—not to be underestimated—your family life.

Evaluating potential return on investment

Part of your decision-making process should be a detailed cost-benefit analysis. Let's start with the cost. You'll want to develop an estimate of all the costs involved in your post-graduate education.

Take the annual tuition, multiplied by the duration of the program—be conservative, not optimistic, about duration.

Add in an estimate of secondary costs—books, lab fees, research costs, transportation to/from class including parking.

Don't forget lost wages—if you'll be taking time away from a second job or reducing your hours in your current role, calculate how graduate school will impact your annual earnings.

(TUITION + SECONDARY COSTS) × NUMBER OF YEARS = TOTAL INVESTMENT

*What's the return?
This is the difficult part.*

A key consideration: If you plan to fund grad school costs through a loan, loan interest will add significantly to the total investment figure. Some experts say to assume that every dollar of debt will cost two dollars by the time you pay it back.

Start by conservatively projecting your first-year salary post grad school. Go to online resources like Payscale.com, Salary.com or Glassdoor.com to get a sense of what someone with your experience makes in a position for which you'd expect to qualify after graduation. Don't take the top salary—use the mid-range.

Compare your potential lifetime earnings with or without a graduate degree. Project your current salary over the estimated length of your career,

figuring in your current annual raise percentage. Then, take your estimated first-year post-graduate-degree salary figure and project it over your career, with a conservative annual raise percentage.

How does the difference compare with the total investment, including the projected cost of loans? While it's difficult to predict the course of a career, and it doesn't factor in how loan repayment can affect retirement savings, this is a way to get a rough sense of benefit versus cost.

DON'T FORGET THE INTANGIBLES!

There are other benefits that can't be quantified. The knowledge you gain, the enhanced reputation, the new friends, the professional connections, your desirability for higher positions—all are positives that should figure in your decision.