



Wealth Resources Network

The Wealth Achievement Center of CNY

FUNDING A COLLEGE EDUCATION

Nothing in your financial future may seem quite as overwhelming as the cost of sending your children to college. Today, it costs an average of \$17,490 a year to attend a state university; at a private college, the average cost is more than \$35,860 a year. These are "cost of attendance" figures that include at least \$9,000 for non-tuition expenses and remember that these are "sticker" prices. Your true student "net" prices may be as much as 20% lower. By most estimates, a child born today will have to spend over a hundred thousand to earn a degree from a public or state school, and more than twice as much for a degree from a private school.

Without some advance preparation, the average person will find this an unattainable goal.

CURRENT COSTS OF A FOUR-YEAR COLLEGE EDUCATION

- » \$ 76,512 - Public education (calculated with expected inflation of 6%)
- » \$156,873 - Private education (calculated with expected inflation of 6%)

PROJECTED COSTS FOR A CHILD BORN TODAY WITH 6% INFLATION

- » \$206,000 - Public education
- » \$422,000 - Private education

PLANNING FOR YOUR CHILDREN'S EXPENSES

Where can you go for help? A good place to start is a reputable financial planning firm. In fact, a financial advisor's primary job is to help people like you meet your financial goals - no matter how difficult they may seem.

The process begins with a review of your financial situation, investment portfolio, insurance contracts, debts, amount and sources of income and monthly household expenditures. Your advisor will discuss your concerns regarding risk and liquidity, maintaining a standard of living in case of a disability or death in the family, plans to retire and wishes for your estate.

You will receive an estimate of your future college funding needs based on the inflation rate and the time between now and when your child enters college. Together, you and the advisor will develop a working plan that calls for regular savings and investments as your budget allows, perhaps gradually increasing contributions to your education fund as your income increases.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Securities & Financial Planning offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

406 Old Liverpool Road | Liverpool, NY 13088 | (315) 471-7833 | WealthResourcesNetwork.com



Wealth Resources Network

The Wealth Achievement Center of CNY

HOW MUCH WILL I NEED TO SAVE EACH YEAR?

The following table gives you an idea of how much you need to be saving to completely fund your child's 4-year college education based on present age and whether you are saving for a public or private education. These figures are based on the "sticker" prices above and assumptions that college costs will escalate at the rate of 6% per year and that your savings can be invested at an after-tax rate of 5%. The savings figures also assume the child will start school at age 18 and remain for 4 years.

Age	Public Institution Savings/Year	Private Institution Savings/Year
0	5,448	11,160
5	6,084	12,480
10	7,404	15,180

These figures, while not exact, may give you an idea of the size of the problem.

OTHER FUNDING ALTERNATIVES

Your advisor also may help you explore additional sources, such as home equity loans. If your child is an exceptional student, most colleges and universities award scholarships based on merit. There are also federal and state sponsored loan programs and grants that should be explored.

However, the maximum amount available per year in the form of government grants and loans is often considerably less than what is needed to meet the student's actual expenses. You may have to demonstrate financial need, depending on the program. Another source of funding is available if the student qualifies for the student work study programs offered by many colleges and universities.

College and university financial aid programs are not usually available to the financially self-sufficient, but they are worth checking. In each case, the place to start is with the financial statements produced for you early in the financial planning process. Parents will be asked to file financial aid forms, and students are responsible for reporting assets held in their name.

YOUR INVESTMENT PROGRAM

In many cases, you will have to bear all or a substantial part of paying for a college education. There are almost as many ways to invest for this financial obligation, as there are people who do it. Your investment program should take into consideration the tax consequences of the various investment options especially for parents with children under age 18.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Securities & Financial Planning offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

406 Old Liverpool Road | Liverpool, NY 13088 | (315) 471-7833 | WealthResourcesNetwork.com



Wealth Resources Network

The Wealth Achievement Center of CNY

Most advisors will recommend that you diversify your investments among many different categories - stocks, bonds, mutual funds, real estate, and tangible assets, depending on the types of investment risk you are willing to assume and the length of time before the funds will be needed. The mix of taxable and non-taxable investments (such as zero coupon municipal bonds) will depend on your tax bracket and the age of your child in addition to the yields available.

Your annual savings can compound more effectively by deferring and/or eliminating taxes. Under current tax laws, for example, parents may invest in Series EE government bonds. Interest accumulates on a tax-deferred basis, and all income from the bonds that is used for education expenses is free from federal income tax if the income of the parents falls within the income limitations at the time the bonds are redeemed.

Some parents use a cash value life insurance contract with liberal borrowing provisions as part of their education funding. Under current tax law, your cash value compounds on a tax-deferred basis and in most cases can be borrowed without tax consequences. In the event, the insured parent dies before the child completes his or her education, the death benefit is available to complete the education fund.

IMPLEMENTING THE PLAN

If you wish, an advisor will help you select from the thousands of available investments. For stocks, bonds, mutual funds, or direct investments in real estate or other assets, your advisor can evaluate long term performance and the short and long term prospects for individual instruments within each category. He or she can help you choose those that are most appropriate to your objectives and preferences and help you make investment purchases.

WATCHING YOUR PROGRESS

Most importantly, you will receive periodic updates, not only on your investment accounts, but also on changes in college funding costs. Once or twice every year you can check your progress against the most recent estimates, to make sure you are still on target even if college expenses continue to rise faster than the rate of inflation.

As new strategies and opportunities become available, or as your financial situation changes, you can adjust the current plan, increasing or decreasing your monthly investment amount.

ACHIEVING THE IMPOSSIBLE

By helping you break down the savings process into yearly or even monthly increments, a financial advisor can make future college costs seem less overwhelming. Your mission impossible can become one of many achievable financial goals, not because of hot investment tips or risky ventures, but through discipline and steady progress in a clearly defined direction.

No two financial situations are alike, so it is hard to say what shape your college funding plan will take. To find out, contact our office and schedule an appointment.

Sources: Don't Miss Out: The Ambitious Student's Guide to Financial Aid, 2007-2008
Financial Planning Consultants, Inc. for calculations

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Securities & Financial Planning offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

406 Old Liverpool Road | Liverpool, NY 13088 | (315) 471-7833 | WealthResourcesNetwork.com