

HOW TO PREPARE AND INVEST IN YOUR CHILD'S EDUCATION

A college education is a financial equation of two halves: the cost of the investment to attend and the potential income related to the degree earned.

As reported regularly in the news, student loan debt is climbing to astronomically high levels. In fact, roughly 70 percent of undergrads leave school with an average debt of over \$37,000 according to studentloanhero.com.

RIISING COSTS OF COLLEGE

The average annual increase in the past three years has exceeded three percent, which is well above inflation. Further, since the average cost of attending a private college is approaching \$47,000 per year (*Source: 2017 Trends in College Pricing, The College Board*), the projected total cost for today's newborn is staggering.

If you're already juggling other financial concerns, paying for your child's college education can easily overwhelm you.

However, the longer you delay, the more difficult it may be to reach your funding goal. Even if you can only afford to put away a small sum, saving on a regular basis will pay off in the long run.

PAYING FOR COLLEGE

In addition to personal savings, there are other sources of education funding available. But, you should understand how they work before considering them.

HERE ARE A FEW WORTH NOTING:



Financial Aid. This usually comes in the form of loans, and rarely covers the total cost of college. Even if your child qualifies for financial aid based on need, there is no guarantee that your chosen college will have funds available to meet their need.



Scholarships. While many scholarships are available, there is no way to predict whether your child will qualify for or receive one.



State-Sponsored Qualified Tuition Programs (529 Plans).

These state-sponsored, tax-advantaged savings plans are widely available and designed to encourage saving for future college costs.



Personal Loans. These are usually easily available, depending on your financial credit, history, and situation; although, they generally prove costly over the long run, due to interest charges.

FUTURE PERSONAL INCOME

If you haven't managed to set aside funds by the time your child is ready for college, how will you fund an entire college education out of your income while he or she is attending school? This may prove specially difficult when nearing retirement.

Paying for college is a very personal discussion that can impact your personal financial plan. Please reach out to me to discuss your options.