WealthForLife.net

The Secrets Behind

FUNDING COLLEGE

A MESSAGE FROM YOUR ADVISOR

Dear John,

I am one of the nations' leading experts on planning and paying for college. With more than 20 years of experience as an advisor and financial educator, I have devoted myself to helping families properly plan for higher education.

Before we begin, I want you to feel comfortable and confident that you are making the best decision about your financial future. Below you will find my team who serves as my back-office support. Together we have helped over 25,000 families in assisting them to achieve their college dreams.

My goal is to prevent families from making poor financial planning decisions that prevents them from going to college. Additionally, I want to show you how not to exhaust your savings or deplete your retirement reserves to pay for college.

I greatly appreciate the opportunity to sit down with you and discuss the college plan that best fits your situation.

Sincerely,

Denver Nowicz
Wealth for Life

Denver Nowicz
President

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MEET MY TEAM

College Plan Designers
Designs conservative college funding strategies built to achieve your goals.

Business Support
Researches and trains me on the best opportunities that are available to you.

Account Management
Oversees all activity within your college funding plan.

Operations
Assists with back-office needs and helps with overall business activities.

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WHAT DOES YOUR COLLEGE **SAVINGS LOOK LIKE?**

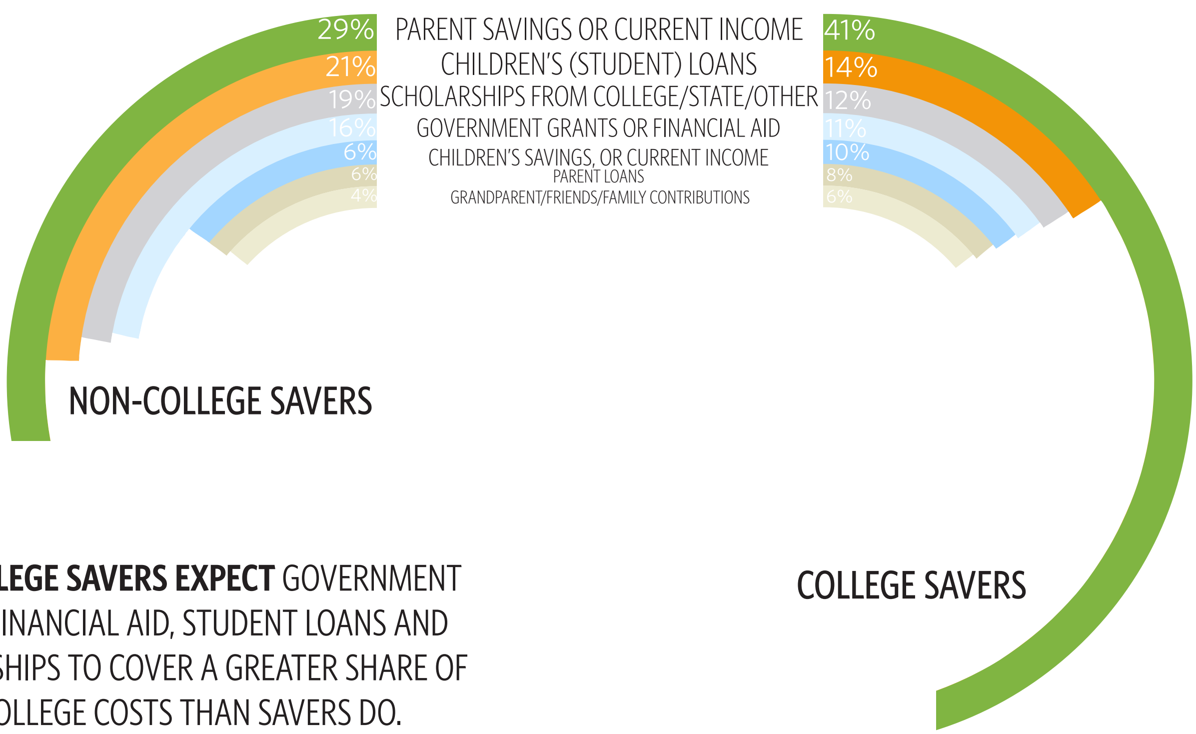
Given the perceived effect on your child's future, it is not surprising that nine in ten parents believe that a college education is a necessary investment. According to the latest study by Sallie Mae, "How America Saves Money", 93% of parents greatly anticipate their child will take advantage of the opportunity to attend an institution for higher education. Paying for a college education is one of the biggest investments for most American parents and students. However, despite the fact that student loan delinquency rate continues to rise and the ever increasing rate of tuition cost, the benefits of a degree still outweigh the cost. As a parent you want to give your child every opportunity to succeed in life. With a college degree they are likely to earn an average of $17,500 more annually than their peers with just a high school degree. Not only will a college graduate be in a position to earn more income, they will also benefit from the social and intellectual experience going to college offers.

Whether it's your alma mater, a private four year college or an in state four year college you, like most parents, already have some idea of what type of college your child will attend. For the 2014/2015 academic year, the average cost of attendance at a four-year public college for in-state students is $23,410, the average cost of attendance at a four-year public college for out-of-state students is $36,136, and the average cost of attendance at a four-year private college is $46,272. (Source: The College Board's 2014 Trends in College Pricing Report.) The trend of annual college costs outpacing inflation is expected to continue.

EXPECTED **FUNDS FOR COLLEGE**

When it comes to planning for college a lot of parents depend upon Merit-based aid. More commonly known as scholarships. Merit includes a variety of categories: academic, artistic, athletic, class rank, and co-curricular activities.

Nearly two-thirds of non-college-saving parents aren't saving for college because they believe their children will earn enough financial aid/scholarships to cover the cost of paying for college (23% cite this as a major reason and 41% cite this as a minor reason). However, scholarships and grants don't typically cover the full cost of college. In, "How American Pays for College 2014", undergraduate students reported receiving, on average, $3,644 from scholarships and $2,883 from grants, which covered about one-third (31%) of the total average cost of one year of a college education ($20,882).



NON-COLLEGE SAVERS EXPECT GOVERNMENT GRANTS, FINANCIAL AID, STUDENT LOANS AND SCHOLARSHIPS TO COVER A GREATER SHARE OF FUTURE COLLEGE COSTS THAN SAVERS DO.

EXPECTED **FAMILY CONTRIBUTION**

When you apply for financial aid, the college of your choice will use a calculation to determine your Expected Family Contribution (EFC). It is derived from the financial aid forms that you complete. This will determine your need-based aid which is your family income, your assets and the number of people in college.

Income x 20% + **Assets** x 5.6% = **EFC**

Need-based aid will vary depending on the college's financial capacity to give money. The financial aid office at your college will decide how much financial aid you are qualified to receive.

- The financial aid staff starts by determining your Cost of Attendance (COA) at that school.
- They then take into account your Expected Family Contribution (EFC).
- They subtract your EFC from your COA to determine the amount of your financial need and consequently how much need-based aid you can obtain.
- To determine how much non-need-based aid you can get, the school takes your cost of attendance and subtracts any financial aid you've already been awarded.

YOUR ELIGIBILITY DEPENDS ON:

Your Expected Family Contribution

Year you attend

Enrollment status

The cost of attendance at the school you will be attending.

Your EFC is not the amount of money your family will have to pay for college, nor is it the amount of federal student aid you will receive. Your EFC is the number used by your school to calculate the amount of federal student aid you are eligible to receive.

WHAT EXPENSES ARE INCLUDED IN THE COST OF COLLEGE?

Tuition and Fees
These expenses can vary depending on the courses selected.

Books and Supplies
These expenses can vary depending on the courses selected.

Room and Board
These expenses can vary depending on where the student lives (e.g., dorm, off-campus apartment, at home) and the meal plan chosen.

Transportation
This expense can vary depending on how far the student lives from the college. It can involve daily commuting expenses, three round-trip flights home a year, or anything in between.

Personal Expenses
This category varies greatly among students. It can include telephone bills, health insurance, late-night pizzas, personal spending money, or even day-care bills.

WHAT IS THE

COST OF ATTENDANCE?

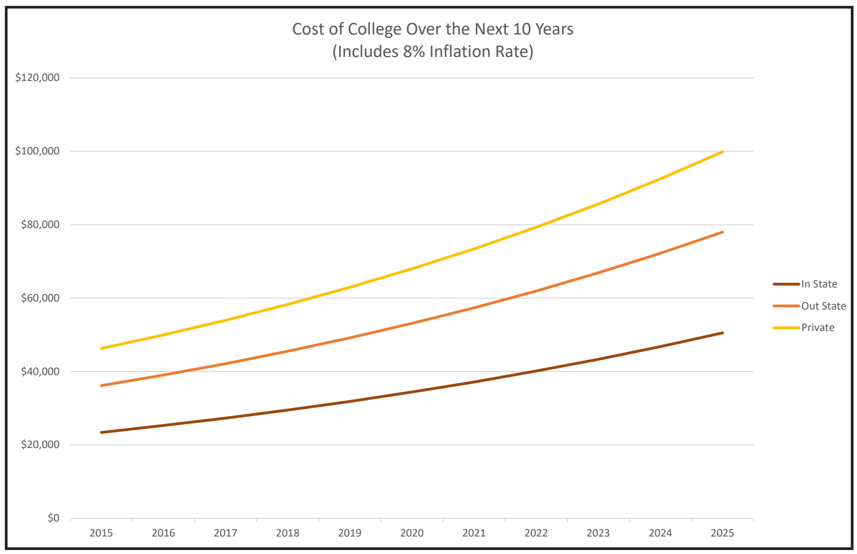
In the academic world, the cost of college is generally referred to as the cost of attendance (COA). Each college has its own COA. Twice per year, the federal government recalculates the COA for each college and then adjusts the figures for inflation. The government then uses the COA figures to determine your child's particular financial need come financial aid time. The COA consists of five items:

TUITION AND FEES

"Average cost for public in-state is $8,005; private is $29,115"

BOOKS AND SUPPLIES

"Average cost for public in-state is $1,243; private is $1,393"



PERSONAL EXPENSES

It can include telephone bills, health insurance, late-night pizzas, etc.

TRANSPORTATION

This can involve daily commutes, trips home, etc.

ROOM AND BOARD

"Average cost for public in-state is $9,183; private is $10,181"
(on campus)

"Average cost for public in-state is $4,401; private is $3,778"
(off campus with family)

"Average cost for public in-state is$9,297; private $8,267"
(off campus not living with family)

WHY YOU **SHOULD START SAVING EARLY**

Next to buying a home, a college education is the largest expenditure most parents will ever make (and perhaps the biggest expenditure when more than one child is in the family picture). Faced with such a daunting task, you might be inclined to ignore the problem and wait until you are more financially settled before you start saving. But that would be a mistake.

The key to sanity in the area of education planning is advanced planning. The earlier in the process you become informed about the potential costs and your savings options, the greater chance you will start saving. And the more money you save now, the less money you or your child will need to borrow later.

It is important to begin saving as early as possible so you can earn interest, dividends, and/or capital gains on as much money as possible. With a long-term savings strategy, you can hopefully keep ahead of college inflation.
Regular investments add up over time. By investing even a small amount of money on a regular basis, you have the potential to accumulate a significant amount in your child's college fund. The following table illustrates how your monthly investment can grow over time (assuming an approximate 6 percent after-tax return rate):

Monthly Investment	5 years	10 years	15 years
$100	$6,977	$16,388	$29,082
$300	$20,931	$49,164	$87,246
$500	$34,885	$81,940	$145,409

Note: The above example is for illustrative purposes only and does not represent the return of any investment. There is no guarantee that your investment will realize a return and there is a risk that you will lose your investment entirely.

HOW MUCH DO YOU **NEED TO SAVE?**

How much you need to save obviously depends on the estimated cost of college at the time your child is ready to attend. Often, these numbers are staggering. For many parents, the question of how much they should save becomes how much they can afford to save.

To determine how much you can afford to save for your child's college each month, you will need to prepare a budget and examine your monthly income and expenses. Don't be discouraged if you can save only a minimal amount at first.

THE KEY IS TO START SAVING EARLY AND CONSISTENTLY, AND TO ADD TO IT WHENEVER YOU CAN FROM RAISES, BONUSES, OR UNEXPECTED GIFTS.

After you determine how much you can save each month, you will need to choose one or more college saving options. There are many possibilities for college savings to help make your nest egg grow, you will want to maximize the after-tax return on your savings while minimizing risk.

Finally, keep in mind that most parents are not able to save 100 percent of their child's college education (after all, do you know anybody who purchased a home entirely with his or her own savings?). Instead, parents generally supplement their savings at college time with a combination of personal loans, financial aid (student loans, grants, scholarships, and work-study), and tax credits to cover college costs.

COMMON VEHICLES **USED TO SAVE FOR COLLEGE**

48% TRADITIONAL SAVINGS ACCOUNTS

27% 529 PLAN ACCOUNTS

23% CHECKING ACCOUNTS

THE KEY to sanity in the area of education planning is advance planning.

WAYS TO **FUND COLLEGE**

According to Sallie Mae, the highest average total college savings are reported by families using 529 plans.

529 plans remain the most popular way to help offset the cost of college. There are many advantages to contributing to a 529 plan:

- People of all income levels are eligible to contribute to a 529 plan
- 529 plans have high contribution limits (most plans have contribution limits of $300,000 and up)
- College savings plans are open to residents of any state
- At the federal level, plan contributions grow income tax deferred and withdrawals that are used to pay the beneficiary's qualified education expenses are completely income tax free at the federal level
- States may offer their own income tax incentives for residents of their state, such as a tax deduction for contributions or a tax exemption for withdrawals used to pay the beneficiary's qualified education expenses. Before investing in a 529 plan outside your state of residency, find out what state tax benefits, if any, you might lose if you do so.
- Plan contributions qualify for the $14,000 ($28,000 for joint gifts) annual gift tax exclusion, and a special election lets you contribute up to $70,000 ($140,000 for joint gifts) in a single year and avoid gift tax by treating the amount as a gift in equal installments over five years (no additional gifts can be made to the beneficiary during the five-year period without incurring a gift tax)
- Plan contributions generally aren't considered part of your estate for federal tax purposes, yet you still retain control of the account during your lifetime as the account owner
- You can change the beneficiary without penalty if certain conditions are met
- Once every 12 months you can roll over the beneficiary's 529 account to a different 529 plan for the same beneficiary without tax or penalty implications
- 529 college savings plans may let you change your investment portfolio once each calendar year and/or anytime you change the beneficiary

59% **of all parents express some degree of trepidation about saving for college**

However, if your student decided to not attend college your investment could be at risk of penalties and taxes should you withdraw that money for other expenses.

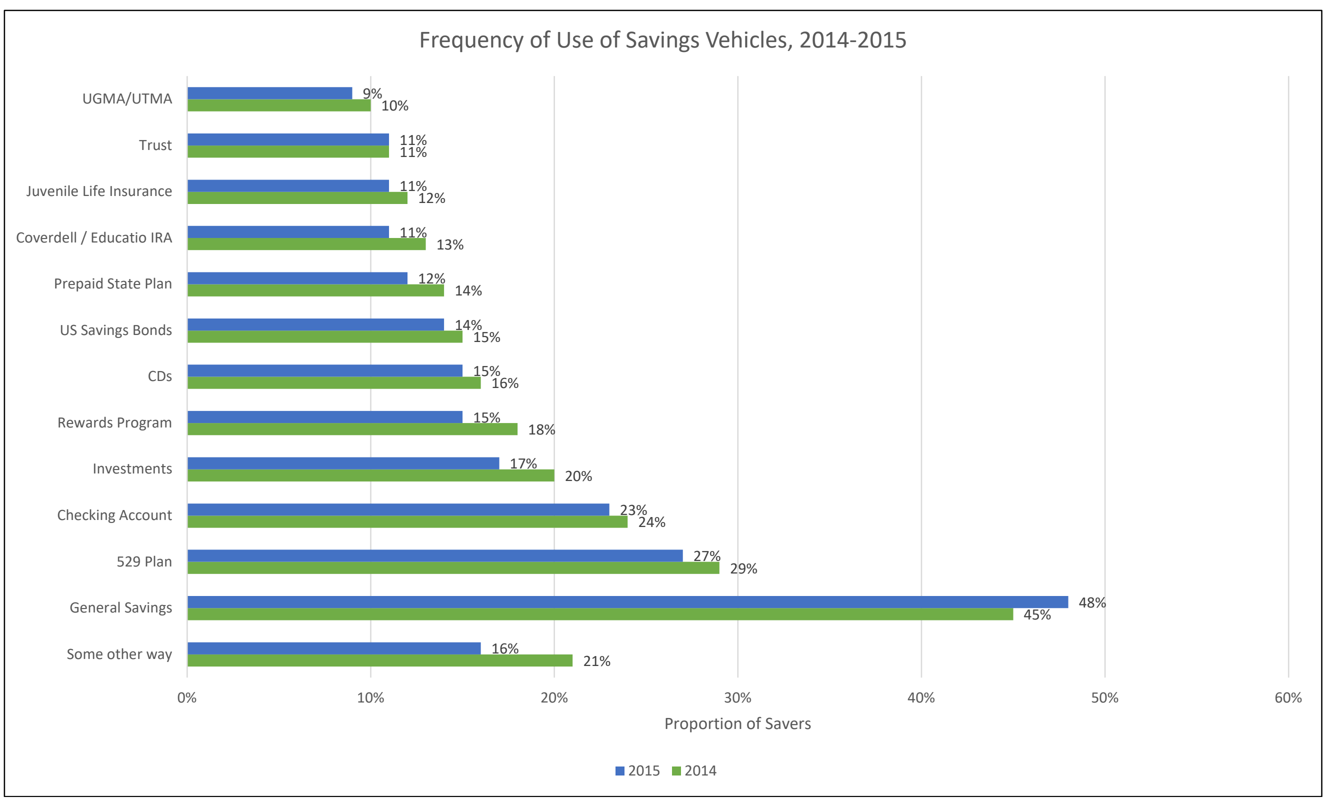
Another strategy you might not have considered to offset the cost of college is Life Insurance. Cash value life insurance policies don't offer state tax incentives like a 529 plan, but they have fewer restrictions on distributions and offer a place to keep your college savings from counting against you when you apply for financial aid.

The main reason to buy Life Insurance is to provide a death benefit for your loved ones. That death benefit is income tax free and can be used to help pay for college education. However, a unique aspect is that as you pay your policy premium, the cash value accumulated can be withdrawn as an income tax free loan that can also be used to cover the cost of tuition. This unique feature is why some people include life insurance as part of their overall financial strategy to provide both death benefit protection and the opportunity to access the available cash value for financial needs, such as supplementing college funding.

12% **are actively planning to use at least part of their retirement savings to help pay for college**

17% **are willing to draw on retirement funds as a last resort to pay for college**

71% **would not use their retirement money to pay for college**



STUDENT LOAN CRISIS

The cost of college and books has increased 80% over the last 10 years.

More and more students are taking out loans without truly realizing the debt they are accruing. The default rates for graduates 10 years after graduation is 20% for those that borrowed more than $15,000.

The problem with student loans is that they are uniquely different from any other type of loan because you don't know how much your payments will be or how much you will need to cover that year's tuition. It fluctuates every year, and every year more debt is accumulated. Furthermore, because of deferment until after graduation, many students don't start paying down their loans immediately.

45% SAID THEY SET A GOAL AMOUNT FOR COLLEGE

28% SAID THEY ARE NOT SURE

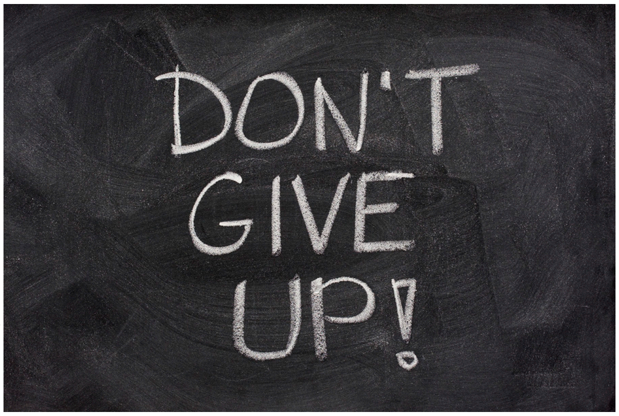
27% SAID THEY DO NOT HAVE A GOAL AMOUNT FOR COLLEGE

DISCUSSING A **COLLEGE FUNDING PLAN**

As college expenses continue to rise relative to the means of the average family to pay such costs in full, parents may find it helpful to sit down with their older children and discuss ways to pay for college.

PARENTS MAY WANT TO DISCUSS

- Whether they intend to fund 100 percent of college costs or whether they expect their child to contribute and, if so, what amount? For example, parents might convey their expectation that their child contribute a certain percentage of all earnings from a part-time job or a portion of all gifts.



- Whether the child will play a role in the savings strategy. For example, parents who want to gift appreciated stock to their child should convey their expectation that the child will apply all of the gains to college costs.
- Whether any money will need to be borrowed, and if so, how much and in whose name the loan(s) will be obtained. The amount that needs to be borrowed may affect the type of college the child applies to (e.g., public or private, top tier or middle tier).
- Whether there will need to be shared financial responsibility during the college years. For example, the child may need to participate in a work-study program or obtain outside work during the college years.

Communicating these expectations ahead of time can prevent unpleasant surprises and help parents and their children better plan for the expenses that lie ahead. Also, an open discussion can give children an increased awareness of the financial burden their parents may be undertaking on their behalf.

Paying for college is a big financial obligation, fortunately there are financial choices available to you! For more information about what options you have available to your unique financial situation to fund college, please contact me.

ON AVERAGE, PARENTS HAVE SAVED
$10,040 FOR COLLEGE

Properly Prepare for Your Children's Financial Future

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