

Financially Speaking

With Trisha Arndt

Help with Paying for College

Almost immediately following the joy and excitement of having your first child the anxiety sets in. Is he warm enough? Eating enough? Sleeping on the right side? Every day is a mix of emotions as you watch that little person grow and develop his or her own personality and independence.

To me there is no greater joy than being a parent, and there is no greater worry than about their well-being. I think the author Elizabeth Stone summed it up best when she said that becoming a parent, “Is to decide forever to have your heart go walking around outside your body”.

While many of the worries that parents face are immediate, there are also long term concerns that we fret about during our sleepless nights, not the least of which is thinking about how their college education is going to be paid for.

Let me start by saying that not all kids go to college, and I don't always think that is a bad thing. College is, quite frankly, expensive and if the child's career interests are in something that provides its own educational path, like the military for example, then the need for a bachelor's degree may not be a foregone conclusion. Additionally, there are a number of excellent professions that can be prepared for with an associate's degree or a skilled apprenticeship program, both of which can be much more cost effective than a traditional college bachelor's degree.

All of that being said, the reality is that at least 90% of the people that come to see me fully expect their child to get at least a bachelor's degree. I may write a future article about making cost effective education choices and alternatives to college but for today let's talk about how to pay for a traditional four year bachelor's degree.

There ways to pay for college can be broadly categorized as scholarships, financial aid, employer assistance, tax incentives, savings, loans and pay as you go. While I could write extensively about each of these, I'll endeavor to touch on the highlights of the less discussed options for now.

Scholarships are something that too often gets ignored by families as they assume, often incorrectly, that their child won't be a good candidate for them. While I've written in the past about how difficult it is to obtain an athletic scholarship, those are just the tip of the iceberg. Many civic organizations and foundations offer scholarships on a local level that can often be applied for with assistance from the high school. Additionally, many national organizations, both charitable and for profit, offer scholarships. I won scholarships from both the Wisconsin Grocers Association after seeing a flyer at the

grocery store where I worked and Tylenol after filling out an application my grandma picked up from a rebate counter. True story.

Some scholarships are awarded purely on academic achievement or merit but others prioritize the field of study the student is going into, where the child resides or some other demographic like ancestral heritage or organizations family members have been involved with.

The bottom line is don't assume scholarships aren't an option. Do your research, starting with your local school guidance department but not limiting yourself there, and then make the effort to apply.

While scholarships are considered a type of financial aid, there are a number of other types available. Like scholarships, grants don't have to be repaid, but grants are generally awarded by either the government or the college directly and are typically based upon financial need. The best starting place for looking into grants is often the financial aid office at the university that the child will be attending and will likely involve completing a Free Application for Federal Student Aid (FAFSA).

In addition to providing grants, the federal government has a number of tax incentives available to help offset the cost of college. The American Opportunity Tax Credit and the Lifetime Learning Credit both offer a direct reduction of income taxes and can be refundable. While there are income limits, those eligible can literally receive up to a few thousand dollars of tax credits for every year in school, money that can be used to repay prior costs or to help pay for the upcoming year.

Some employers assist with cost of college, typically for existing employees obtaining additional work related education, but sometimes as a benefit that can apply to the children of employees. Like other less common employer benefits, many people don't realize that education assistance is available to them so make sure that you read the benefit information that your employer provides.

Completing qualifying military service under one of the G.I. bill programs can also provide for education funding. See www.military.com for more information.

Chances are that even after factoring in education tax credits, grants and any scholarships or employer assistance that your child receives that there will still be a significant balance due. This can either be paid for by saving money in advance, out of current cash flow or using loans that allow the cost to be paid for in the future. In my next column I'll discuss savings options, loan programs and some of the newer loan forgiveness programs that have been developed.

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