

Paying for college 101: Here's five ways to reduce the cost.

Key Message: How to save for a college education.

Audience: Parents of college bound children

SMRU Approval: 16774322

According to a recent Gallup survey, 73% of parents with children under the age of 18 worry about paying for college more than any other financial issue.¹ And with good reason: Over the last 30 years, inflation-adjusted wages have essentially remained flat, while the cost of attending a public, four-year university has more than tripled.²

So how can the average, middle-class family afford to send their children to college? It isn't easy; however, there are many ways to reduce the high cost of college and minimize the financial impact it has on your lifestyle and future:

1. **Stay in-state**—According to the CollegeBoard's *Trends in College Pricing 2014*, the average annual cost of tuition, fees, room, and board for a four-year, in-state, public university is \$18,943. For an out-of-state student, that figure jumps to \$32,762. You can cut your costs almost in half by selecting an in-state option.
2. **Max out financial aid**—Be sure to investigate all your options. Start with free sources of funding such as scholarships, endowments, and grants. Once those are exhausted, your next step may be to consider low-cost student loans.
3. **Attend a junior college**—If money is an issue, have your child attend a local junior college for a year or two, then transfer to a four-year university to finish up his or her degree. Most state universities accept junior college credit hours, and acceptance is sometimes easier than it is for students applying in high school.
4. **Share the load**—While you may believe it is your responsibility to pick up the entire tab, there is no shame in asking grandparents and other relatives to help with the cost. Also, many financial experts recommend making sure your children have some skin in the game and contribute a portion as well.
5. **Think outside the box**—If you work with a financial professional, you may discover lots of creative ways to help pay for college. For example: Did you know that you can borrow* against the cash value of a whole life insurance policy—and that this money does not count against you when filing for financial aid?

Given the fact that high-school graduates earn about 62% of what college graduates earn, there is little doubt that a college degree can make a big difference in your child's future.³ And, with the right preparation and guidance, you shouldn't have to jeopardize your future to do it.

¹ "U.S. Parents' College Funding Worries Are Top Money Concern," Gallup.com, April 20, 2015.

² "Are Middle-Income Families Using the 529 Education Savings Plans They Fought For?" Brookings.edu, November 11, 2015.

³ "Why College Is Still Worth It Even Though It Costs Too Much," Time.com, October 5, 2015.

*Loans against your policy accrue interest and decrease the death benefit and cash value by the amount of the outstanding loan and interest



This educational, third-party article is provided as a courtesy by Joshua Ruggles, Agent, New York Life Insurance Company. To learn more about the information or topics discussed, please contact Joshua Ruggles at Daus Financial Group, 269-321-7472 or josh@dausfinancial.com.