

Paying for College

While your high school student is taking standardized tests, parsing college choices, and raring for graduation, you'll probably find yourself spending some time with net income calculators on college websites. Whether your family's income level qualifies you for significant aid or limits you to merit scholarships, you'll quickly discover that tuition is not the only expense you need to consider.

College Board's 'Trends in College Pricing Report 2014' reported tuition and fees were 39 percent of expenses for in-state students living on campus at public four-year universities during the 2014-2015 school year and 21 percent of costs for students at two-year colleges who paid for off-campus housing (tuition was \$9,139 and \$3,347, on average, respectively). For students attending *private* four-year universities and living on campus, tuition and fees (\$31,231 on average) were about 68 percent of the total expenses.^{1, Pg 12}

The remaining college expenses – the majority of expenses for many students – are room and board, books and supplies, transportation, and other expenditures. Unfortunately, parents have little control over many college costs, so it's important to encourage your children to make choices that keep costs manageable. Here are a few things to discuss with your student during college planning conversations:

- **The time factor:** *College Board* reported 39 percent of students at four-year universities obtained a bachelor's degree at their original university after four years. Fifty-nine percent required six years to get a degree. Additional years spent in college increase the cost of schooling significantly.^{1, Pg 7}
- **Tuition breaks:** Some schools offer ways to reduce tuition. These include financial, tuition guarantee programs (that offer flat tuition rates for four years), tuition reductions for students who visit, and regional tuition breaks.²
- **Housing options:** Many colleges and universities require students to stay on campus, in dormitories, for one or two years. After that, students can seek out alternatives off campus. Often, off-campus options may be less expensive, especially if your student shares an apartment or house.³

Another option is for parents to buy a house or condominium near campus as an investment property. The rent received from a student's roommates can help defray costs, and it's possible the property may be sold at a profit sometime in the future. The least expensive option, by far, is for student to live at home.³

- **Books and supplies:** *U.S. News* estimated the cost of textbooks at \$1,200 a year, on average. Fortunately, there are some ways to significantly lower that cost:⁴

- **Make sure you need it.** You will receive a list of required books for each course prior to the start of the semester, but *Kiplinger's* suggests waiting until students receive the course syllabus to purchase books:⁵

“Before you buy anything, scour your syllabus. Some professors’ class profiles may list “required” textbooks simply to fulfill a university mandate -- even if they have no intention of ever using the books in class. Other course materials, such as novels...can be borrowed free from libraries, either on campus or in your college town.”

- **Shop around on price.** The campus bookstore is not always the least expensive option when you want to buy a print book. However, you’ll discover renting a textbook for the semester is a less expensive option (as long as you don’t think you’ll need the book as a reference). Students also may buy or license digital versions of textbooks. Although, licensing an e-book is sometimes more expensive than renting a printed book.⁵
- **Meal plans:** It may surprise you to learn more than 120 colleges have started food banks because students suffer from food insecurity. *The Washington Post* reported, “Although there are no comprehensive nationwide surveys of student hunger, experts said, there is evidence that it is rising and may be much higher than the national average for all age groups.” Food plans can be expensive, but they may be worth the cost, if it helps a student stay focused on studying.⁶

There are a myriad of ways to reduce the expenses associated with college. It’s also important to save for college. If you haven’t already, you may want to open a 529 college savings plan account. Contributions are not deductible on your federal tax return, however, any earnings grow tax-deferred and distributions used to pay qualified college expenses are federally tax-free.⁷ If your student is older, ask family and friends to make a contribution to the student’s college account as a graduation gift.

Sources:

¹ <https://secure-media.collegeboard.org/digitalServices/misc/trends/2014-trends-college-pricing-report-final.pdf>

² <http://www.usnews.com/education/best-colleges/articles/2011/08/24/colleges-offer-hidden-savings-to-students?int=97d908>

³ <http://www.lendkey.com/studentloans/2014/05/20/dorm-home-or-off-campus-how-college-housing-affects-cost-of-attendance/>

⁴ <http://www.usnews.com/news/articles/2014/01/28/report-high-textbook-prices-have-college-students-struggling>

⁵ <http://www.kiplinger.com/article/college/T050-C000-S001-how-to-cut-your-textbook-costs-in-half-or-more.html>

⁶ http://www.washingtonpost.com/local/more-college-students-battle-hunger-as-education-and-living-costs-rise/2014/04/09/60208db6-bb63-11e3-9a05-c739f29ccb08_story.html

⁷ http://www.savingforcollege.com/intro_to_529s/name-the-top-7-benefits-of-529-plans.php

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