



THE MONEY COACHES



An investment in knowledge pays the best interest.
Benjamin Franklin

HOW TO NAVIGATE THE MAZE OF A COLLEGE EDUCATION



According to a New York Federal Consumer Credit Panel, outstanding student loan debt stands at \$1.48 trillion. With the cost of a college education continuing to rise, it is important to navigate the maze of paying for higher education without going further into debt. About 40% of students who start college never finish in a timely manner. Peter Cappelli, in his book *Will College Pay Off?* states “it’s hard to get a return from going to college if you don’t finish college, and a lot of people don’t.”

The average cost of a college education has skyrocketed with wages lagging behind. Most young people are unable to comprehend how much time, effort and hard work it takes to pay for a four-year college education. Assuming a standard payoff schedule and an average interest rate of 4.50%, the payment needed to retire the average student loan debt

of just over \$28,000 would be just under \$300/month for 10 years. But, in reality, research shows it takes about 21 years to completely pay off student loan debt.

“Rather than simply swallowing the conventional wisdom and following the conventional path, more students need to make realistic assessments of their abilities and finances and then decide the best path for themselves.” Former U.S. Secretary of Education William J. Bennett stated in his book, *Is College Worth It?*

Benefits of Non-traditional College Education

Ideally, it is important for parents and older teens to work together to assess the right course of study, and the best way to finance their education. Determine if a traditional or non-traditional course of study is the most effective and cost-efficient way to go. The path to a college degree through non-traditional means is often less costly. Adult education programs of study, offered through most major universities is a possible alternative with courses often offered in the evening. Another low-cost and popular option is to obtain a degree through online

universities. High school college-prep courses are also a good way to earn college credit while still in high school. Employer sponsored tuition reimbursement programs as well as community colleges or trade schools are good alternatives to the traditional college education without taking on a mountain of debt.

Funding Your Student’s College Education

One of the traditional ways to help pay for a college education is with federal financial aid for those who meet the eligibility requirements. One of the first places to start is to fill out the Free Application for Federal Student Aid (FAFSA®) in a timely manner to determine your financial need. This is a federal program that issues an Estimated Family Contribution (EFC) score based upon your household income. It then determines eligibility of federal financial aid, including grants, work-study and student loans.

<https://studentaid.ed.gov/sa/fafsa>

FAFSA

- Student Loans
- Grants
- Work-Study



Another way to supplement your student's educational expenses is through scholarship money. Search online or talk with your student's school guidance counselor for information on locally sponsored scholarships. They come in all forms from academic to need-based, sports to companies that offer scholarships for going into a specific field of study.

Scholarships

- Need-Based
- Academic
- Sports
- Field of Study

Another avenue of paying for higher education is to work and pay for it as you go or take a year off to work and save up enough to attend. Other options include

employer sponsored tuition reimbursement programs.

Work

- Take a year off, work, and save
- Work while attending college
- Employer sponsored tuition reimbursement

If you have young children, the time to start saving for higher education is now. Some states offer tax incentives for opening a 529 account for your child or grandchild. A 529 is one of the most popular ways to save for college. It offers tax-deferred growth, tax-free withdrawals for qualified expenses, tax benefits, and flexibility to use at colleges and universities of your choice. Another option to supplement your student's education is a Roth IRA. According to the IRS, such withdrawals from a Roth IRA must meet three requirements. They must go toward paying for qualified higher education expenses, expenses must be incurred at a qualified educational institution, and those expenses must be for an eligible member of your family.

Savings

- 529's
- Roth IRA
- Traditional Savings

Tips for paying off student loan debt

Maybe you or your student have already graduated and you are looking for ways to pay off your increasing student loan debt. Below are some helpful tips to pay your student loans off as quickly as possible.

- Set up a budget or spending plan.
- Make more than the minimum payment each month.
- To prevent paying interest upon interest on student loans, make the interest payment each year while in school.
- Make financial sacrifices to pay loans off early.
- Take on side jobs and apply any extra income to the principal.
- Stay Motivated.

Whether you choose a traditional or non-traditional education, or fund it with private and/or government money, there are many ways to achieve and fund a higher education without going further into debt. For questions concerning these options and many more, contact the Money Coaches for assistance.

For more, check us out at
www.themoneycoaches.com!



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