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Solutions for Families™

Five Strategies For Paying For College When Money Is Tight

By Matthew Crider, JD
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Everyone knows how important it is to have a college degree. As a parent, you know that providing your children with a college education is one of the best things you can do to ensure their future. Yet, in a recent Gallup poll, 70% of the parents surveyed admitted they have no idea how they're going to pay to send their children to college.

And it's not just that money is tight. Tuition and fees are rising dramatically and that makes a tough situation even worse. While it may be frustrating, don't give up. You can still plan for college and help your children pay for it.

Here are five strategies to help you foot the bill:

Scholarships

Contrary to popular belief, scholarships are not based strictly on need. Regardless of your family's financial situation, don't walk away from free money. Your child may be eligible for a scholarship even if you are fairly well off.

Start looking at scholarship possibilities when your child is a sophomore to make sure that they have plenty of time to meet the community service, essay or other requirements to qualify.

Check out www.collegeboard.com and www.fastweb.com to conduct your own research on available scholarships and their requirements.

Tax Credits

Make sure you take advantage of income tax credits. For example, the Hope Scholarship Tax Credit may give you up to $2500 to help with books, tuition and fees. Many of these credits are limited according to your income so check with www.irs.gov to see what and how much you qualify for.

FAFSA

The Free Application for Federal Student Aid (FAFSA) program can help you find out which government programs you may qualify for including loans and grants. Don't just assume that you make too much money to qualify. Start doing your homework on the requirements now to be ready to fill out the paperwork for the next school year. It never hurts to plan ahead.

29 College Savings Plans

There are a lot of benefits to starting a 529 College Savings Plan. They're tax-advantaged if you use them for college expenses, they're not income limited so virtually anyone can start one and they can be transferred to another beneficiary if you need to transfer the fund to use it for a child other than the one it was originally started for.

Investment Tip for the Wise - Make sure that your savings strategy becomes more conservative as it gets closer to the time your child is leaving for college.

Loans – Federal vs. Private

As a last resort, you can look into borrowing money for college. Check out what the federal government is offering before you go the private loan route. Federal loans won't cost as much to pay back and they have better repayment terms. If you qualify for a needs based loan, you could get an interest rate of as low as 4.5% fixed.

If you opt for a private loan, make sure you comparison shop. And really take a look at the total cost over the life of the loan. If you can pay all or most of the interest while your child is in school and/or get a shorter term loan, you'll save a bundle.

Let us help you formulate a plan to take care of your children. Regardless of the age of your children, it's never too early to plan and plan well.

About Matthew Crider, J.D.

Matthew Crider formed **Crider Law PC** in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.