



account
abilities

Calculating Your Success

Funding Your Future: The Financial Side of College Decisions

Selecting a college is an important milestone, and navigating the financial implications can be challenging. We designed this guide to help you evaluate financial aid packages and their long-term impact before settling on a college.

Reviewing the Financial Aid Package:

Take a look at the financial aid packages for each college. It is important to not get overwhelmed. All of this information will make sense in the long run and, if it doesn't, reach out to a professional to break down the key information. **DO NOT** make a decision if you do not fully understand the impact!

Here are some general questions to consider while looking at each financial aid package:

- **What types of aid have been offered and are these renewable?**
 - grants
 - loans
 - scholarships
 - work-study
- **Is there a work-study program? How does it operate?**
- **What will your family's out-of-pocket costs be each year?**
- **Factor in expenses not covered by the package like travel and spending money.**

**If applicable, explore opportunities to become a Resident Advisor (RA). If this role is an option, what does it entail?*

Now that you've reviewed the financial aid packages, let's talk about them.

Many families can't cover the full cost of their child's education—and that's okay! Instead of carrying the entire burden alone, consider involving your child in the process. Evaluating the pros and cons of each school and payment strategies is a great way to develop the skills needed to make informed choices in the long run.



Evaluating Loan Options:

- **What loans can my child qualify for independently? Visit [Studentaid.gov](https://studentaid.gov) to view Direct Loan amounts and details.**
- **What loan options are available once Direct Loans are maximized?**
 - **Parent PLUS Loans:** This loan is solely in the parent's name, and they are responsible for repayment. It will appear on your credit report as an obligation, so consider this if planning major credit purchases.
 - **Private Loans:** Be cautious of interest rates and repayment terms.
 - **Home Equity Lines of Credit:** We recommend avoiding this option, as it puts your home at risk and offers limited flexibility in case of an emergency.

529 Plan Considerations:

If your child is fortunate enough to have a 529 college savings plan, you may have questions about how to take distributions. Here are key points to consider:

- **Distributions are *tax-free* if used for qualified expenses like:**
 - Tuition and Fees
 - Books & Supplies
 - Computer Equipment
 - Room & Board

** Using a 529 plan for qualified expenses won't affect your eligibility for education tax credits on your federal income tax return.*

- **Financial Aid Impact:**
 - Consider whether it's better to empty the 529 sooner to minimize its impact on financial aid.
 - The 529 owner determines its effect on financial aid:
 - Child-owned 529: Has a significant impact, as it's considered the child's asset.
 - Parent-owned 529: Less impact on financial aid.
 - Grandparent-owned 529: No impact on financial aid.
 - You may be able to change the ownership of a 529, consult with your financial advisor if this is an option you'd like to explore.
- **Loan Strategy:**
 - Your child is eligible for Direct Loans as an undergraduate. It might be beneficial to take out the Direct Loan and use 529 funds to cover the rest, potentially avoiding Parent PLUS loans.



Considering the Long-Term Impact:

You've come to a decision but it's important to consider the long-term impact. What if your child decides not to finish their degree, changes majors, or transfers schools? While we want to support them, it's essential to find a balance that doesn't come at the cost of your relationship with them. Remember, things don't always go according to plan, and the financial package only covers the first year so be sure to factor in tuition increases over the next four years. Here are some critical questions to consider:

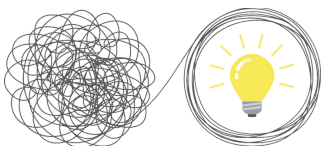
- How will this affect our overall financial situation?
- Will my spouse and I be able to retire as planned, or will we need to work longer?
- Will my child's chosen profession justify the cost of their education? For example, does attending Yale make sense if they want to be a teacher?

These are tough questions that need thoughtful answers before making a final decision. Don't forget to involve your child in the conversation. While they may not fully understand the consequences now, it's important to start the discussion early.

Final Thoughts:

This is an exciting time for both you *and* your child! You have worked hard to get to this point, so take a moment to take a deep breath and celebrate!

We understand there is a lot of information to process and more questions may arise. If you need a little more guidance, feel free to contact us! Please call us at 717.919.7602 or email michelle@acctable.com.



Taking you from *confusion* to **clarity**,
strengthening your financial health and well-being.