



# Conewago Valley School District Counselors' Corner

January 2018

## Financial Planning for College

### College Costs

- Are college costs getting more expensive?
  - ◆ College costs including colleges/universities or technical/trade schools have increased at staggering rates over the last 30-40 years. In fact, it is estimated the cost of attending college has increased about 5-6 times over this time. It may have cost \$10,000 for a year of college in 1986...It would now cost about \$60,000 for a year for the same college. Room and Board alone (the cost of dorms and a meal plan) cost on average well over \$10,000 per year today.
- Should I spend the money?
  - ◆ Despite these intimidating costs, college remains one of the best and safest investments one could make for lifelong earnings. Students with college degrees will earn millions more than their peers without college degrees over their lifetime and are far less likely to be unemployed.

### What can I do now?

- What should I do?
  - ◆ The cost of college is overwhelming, but families should and can begin planning and acting at any time. **The most important action step you can make is to begin saving immediately.** Does your child need those extra toys, video games, or jeans? Or would it be better to put that money into their college fund and let it begin earning interest and/or stock market earnings? If grandparents and other family members also put money into the college fund it could grow to a significant amount that could be extremely useful when your child is ready for college.
- Where should I save the money?
  - ◆ There are various options for parents to save for college. 529 plans are a popular option in which money can be invested at a level of your comfort (safe with lower potential yields or risky with higher potential yields) and the earnings are tax free if used towards college. These are very easy to start and you can go through any investment company such as Vanguard, T Rowe Price, etc. or your financial advisor. A smart and effective method for maximum savings is to have part of your paycheck automatically saved into your child's 529 plan.
  - ◆ There are other options such as prepaid tuition plans, Coverdell Education Savings Accounts, and a few more options for college savings. What method you choose to save with is entirely up to you and your personal situation.

There is a great deal of information regarding college savings on the internet. A simple Google search can provide countless resources on this topic. It is highly recommended that you discuss college savings with your child and encourage them to begin saving a chunk of their money for college as well. The CVSD counseling department also has years of experience in navigating this process so don't ever hesitate to reach out to us.

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