

SEVEN LAYER CAKE APPROACH TO PAYING FOR COLLEGE



THE GOOD LIFE

By Merra Lee Moffitt, AWMA, CMFC, CFP®

It's that time of the year when kids are heading back to school and our parental thoughts turn to how will we ever pay for college.

As a Financial Advisor and a parent of two post-college sons, paying for college often needs many sources of money simultaneously working together. It takes many layers of money sources that we might as well picture a seven-layer cake to help pull it all together. Our goal is to get our kids through college with as little debt as possible while leaving our retirement plans intact. We as parents want our kids to become responsible for the choices they make along the way, such as what school, major, job possibilities, etc. Fortunately, as a business owner, you have a couple more choices of paying for college than the average job holder.

Let's cover seven of them that could be used together to help get our kids through college:

1. Pay your child to do some work in your business. If they have a job description and can do real work you need to get done (even stuffing envelopes or vacuuming), you could pay them a wage and deduct it from your business expenses. That money can be saved for college expenses.

2. Work Study – This is a job they have on campus. While in college, most students benefit from a part time job (15-20 Hours a week).

3. Stafford Loans - Even if you (as business owners) make too much money to get financial aid based on your income, anyone can get a Stafford loan by filing a FAFSA (Free Application for Student Aid). The loan is in the name of the child and the payments don't start until the student is out of school for nine months.

4. Your Education Savings - A 529 account is a great way to save ahead for money for college. Money you put in grows tax-free when used for education (tuition, books, room & board, etc.). Using a 529 in the child's name with #1 above, you may be able to get some growth on those savings, tax-free.

5. From your cash flow - If you had been saving into your 529 or other education account monthly, that monthly saving can be directed towards the new college bill. Many colleges will allow monthly billing for the 9-month school year.

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6. It also helps if other loans, such as car loans, or credit card debt can be paid off just in time for college, so those monthly payments can be applied directly or put into an account for when the bill arrives.
7. Scholarships/Grants - Not all scholarships are needs based. Some schools have department-based scholarships that resemble basic tuition reduction. My son went to Syracuse University the 2018 cost

is \$70,636. (source www.syracuse.edu). As an example, also from their website, "Last year, around 75 percent of Syracuse University undergraduate students received some form of financial support totaling \$390 million, with nearly \$270 million of that being awarded by Syracuse in the form of grants and scholarships."

Think of each tuition bill as a slice from your seven-layer cake. There are more financial tools available, as well. Want to build your own layered approach to helping your kids pay for college?

Merra Lee Moffitt, Certified Financial Planner, is a Senior Partner at Good Life Financial Group, Shillington. She has post-college kids, is self-employed and has used many business owner college funding tools herself and lived to tell the tale! She loves helping other people get their kids through college, so you can get on with your other financial goals! It's part of her financial planning process. Call, click, come-by, or contact at 610.628.2055, www.MerraLee.net 2395 Lancaster Pike, Reading, PA 19607, or merralee.moffitt@lpl.com.

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Three "Interesting" ways to pay for college:

- 1) Bartender jobs pay very well and don't interfere with college.
- 2) The above also cuts down on partying.
- 3) Avoid year five by getting passing grades.



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