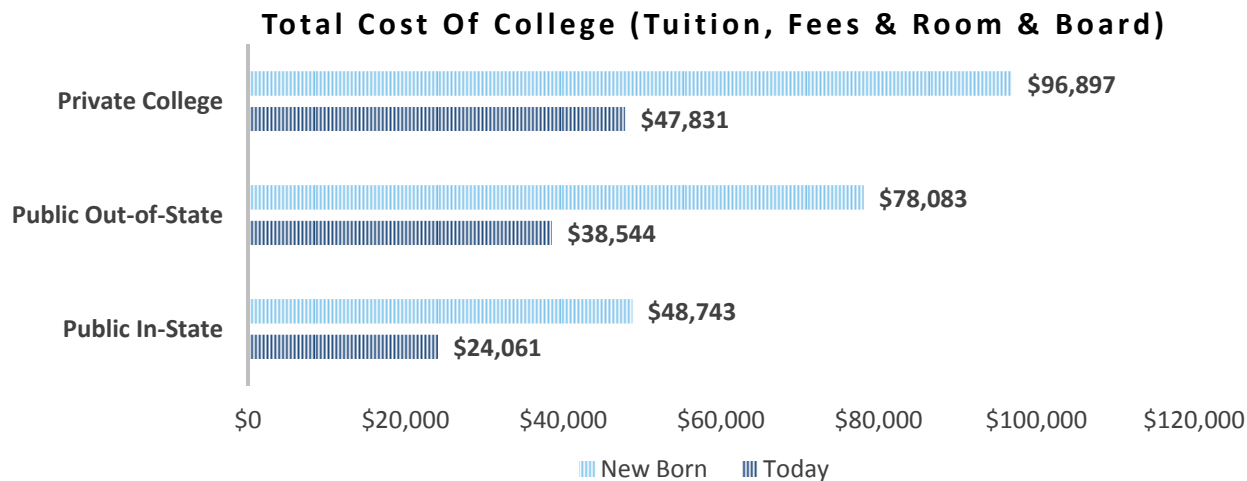


2017 GUIDE TO COLLEGE PLANNING

Rising Costs



College costs have increased at 2X the cost of healthcare over the past 30 years and continued to rise in 2016, as total costs of college increased 3.6%, 3.6% and 3.5% respectively for private, out-of-state public and in-state public.



Note: projected college expenses for a new born assumes a 4% increase in total cost every year until age 18



Sticker Price vs Actual Costs

Due to grants and scholarships received, families paid 28% below sticker price, on average, at public colleges and 40% below at private colleges in 2015.

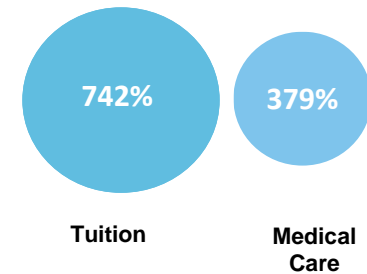
Sources:

BLS, Consumer Price Index, J.P. Morgan Asset Management. Data represents cumulative percentage price change from January 1983–August 2015.

College Board *Trends in Annual Pricing 2015*

JPMorgan *College Planning Essentials, 2016*

Cumulative % Price Change Since 1983

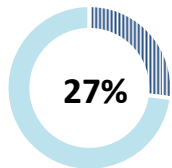


3 Reasons Why Costs Are Rising

- **Spending** to attract the best students
- **Hiring** to reduce student-to-faculty ratios
- Colleges are receiving **less financial support** from States

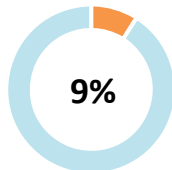
COLLEGE FUNDING OPTIONS

% of Parents who own an account



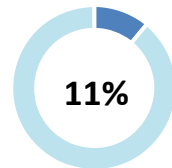
529 Plan

- Tax-free investing and distribution for college education expenses
- Can change beneficiaries
- No income limits for contributors
- \$70,000 maximum contribution in one-year (5 years of annual gift exclusion)
- Every State offers a 529 plan and there are 34 states that offer resident tax benefits



Custodial Account (UGMA/UTMA)

- Funds must be used for child's benefit, not necessarily for college
- Can be taxed to child or parent (Kiddie Tax)
- **High impact** to financial aid eligibility
- Child assumes full control at age of majority (in most cases, age 18 or 21)



Coverdell Education Savings Accounts

- Tax-free investing and withdrawals for any level of education
- Maximum \$2,000 annual contribution per beneficiary
- **Low Impact** on financial aid eligibility
- Contributors subject to income limitations

529 Rankings

2016 Lowest Cost Plans

State	Fees
Michigan Education Savings Program	0.15%
Wisconsin Edvest College Savings Plan	0.18%
Nevada's Vanguard 529	0.21%
Utah Ed. Savings Plan	0.21%
New York's College Savings Program	0.21%

2016 Morningstar Gold Plans

Gold Rated Funds	State
Virginia529 iNvest	VA
Vanguard 529 College Savings Plan	NV
Utah Educational Savings Plan	UT

Websites such as Savingforcollege.com can be a helpful resource for evaluating 529 plans

ESTIMATING FINANCIAL AID ELIGIBILITY



Filing a FAFSA Application

The Department of Education uses the Expected Family Contribution (EFC) formula to determine whether your child is eligible to receive any financial aid.



Q: When Can You Apply?

A: Each October of the year **before** college begins. Starting in 2017, you can take advantage of the “prior-prior” rule, which allows families to use Income and Tax Information from **two years before college**.

$$\text{Total Cost of College} \text{ — } \text{Expected Family Contribution} \text{ = } \text{Federal Financial Aid Eligibility}$$

What’s Considered in EFC:

Parents

- 22 to 47% of Adjusted Gross Income above exclusion (factoring household, number of students in college)
- Up to 5.64% of investment, savings and 529 plan accounts

Students

- 50% of income above \$6,400
- 20% of all assets owned by child

Grandparents or Other

- 0% of income and assets considered, though, 529 withdrawals may be considered student income and must be reported on FAFSA forms. Such income can reduce the amount of aid by 50%.