

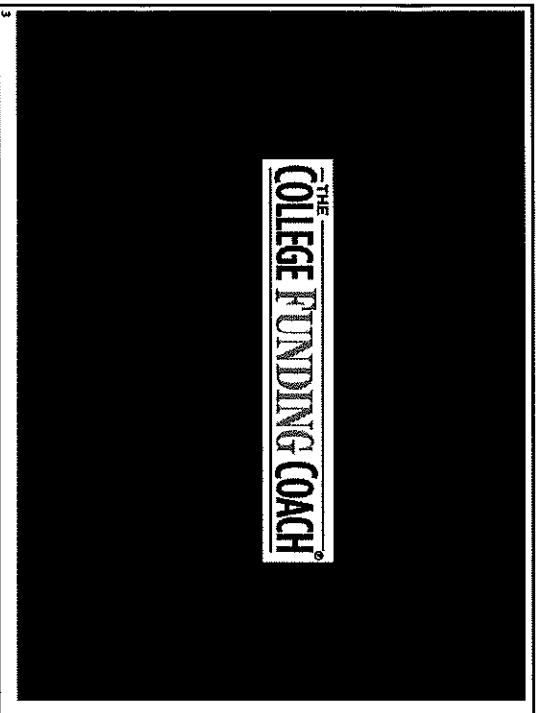
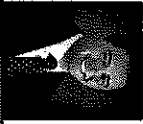
Welcome To:

THE COLLEGE FUNDING COACH®

Little-Known Secrets of
Paying for College

Money *Vesting* *Tuition*
Retirement

Instructor:
Brandon Gulley
Phone: 443-924-7997
E-Mail: bgulley@TheCollegeFundingCoach.org



To schedule a consultation, or for more information, please contact:
Brandon Gulley at (443) 924-7997 or bgulley@thecollegefundingcoach.org

Why Are We Here?

A Background on This Class:

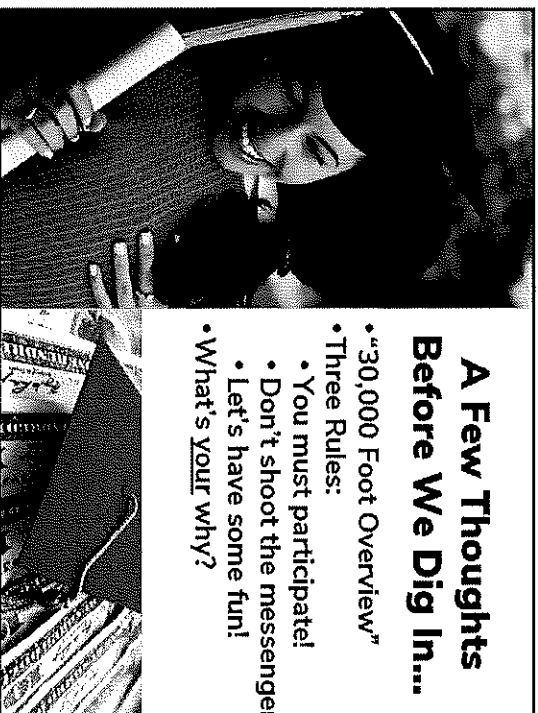
- Most People Have Their Money in Two Places...
- Their Home
- Their Retirement Plans
 - Great for Retirement, Not So Great for College
- For most families, it comes down to cash flow & liquidity.
- College is the last big hurdle before retirement...
- We Offer a Game Plan
 - Do-It-Yourself
 - Hire a Guide



For most families,
it's something like this...

A Few Thoughts Before We Dig In...

- "30,000 Foot Overview"
- Three Rules:
 - You must participate!
 - Don't shoot the messenger!
 - Let's have some fun!
- What's your why?




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Student:

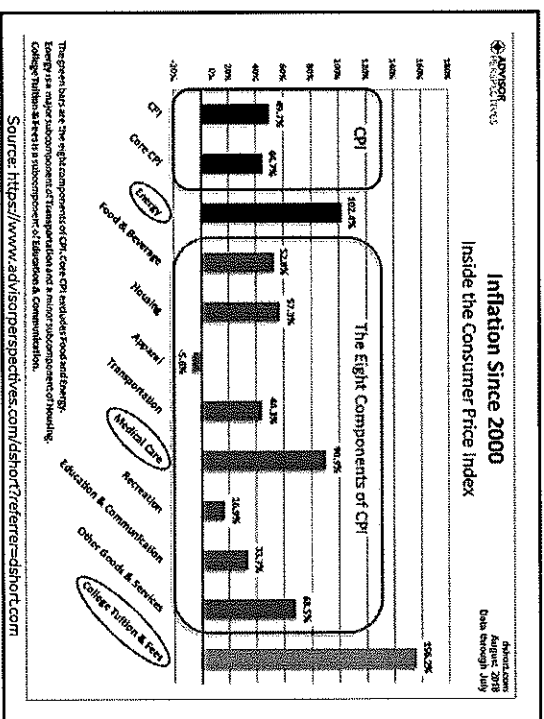

- Select the right college for the child
- Graduate in 4 years with a career

Parents:

- Pay with cost-efficient dollars
- Minimize Taxes
- Minimize college expenses/increase Financial Aid
- Maximize Efficiency of your money
- Minimize Lost Opportunity Costs



It's coming sooner than you think!

Average Cost of Attendance (2017-2018)


- Public University: \$25,290 (in-state)
- Private University: \$50,900
- Elite/Ivy University: ~\$70,000+

Source: The College Board, "Trends in College Pricing" 2017 (<https://trends.collegeboard.org/college-pricing/figures-tables/average-estimated-undergraduate-budgets-2017-18>)

How Will You Pay for College?

1. Income
 - Current paycheck
 - Retirement contributions
2. Assets
 - Savings/Investments
3. Borrow
 - College Loans
 - Home
 - Retirement
4. Scholarships & Grants
 - Other People's Money

YOUR MONEY



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Income?



College is Paid for With After-Tax Dollars

In-State Public, 24% Federal Income Tax Rate = \$133,105 Before Taxes

Ivy League, 35% Federal Income Tax Rate = \$430,769 Before Taxes

Assets?

This is the principle of Lost Opportunity Costs:

Public School, 10 Years Until Retirement @ 8% = - \$218,397

Ivy League, 20 Years Until Retirement @ 8% = - \$1,305,068

*Assumes 1 child, 4 years of school, no state taxes included, no COA increases, and...graduating in four years! This is a hypothetical example. It is not meant to represent an investment in a specific product or strategy. Rate of return is not guaranteed.

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What are the Options: Savings by Saving

Invested money goes further than borrowed money

Hypothetical saving scenario

The goal: \$25,000

Your monthly investment: \$152

Total invested: \$18,240



The bottom line: Total Savings! \$15,120

Hypothetical borrowing scenario

The goal: \$25,000

Your monthly payments: \$278

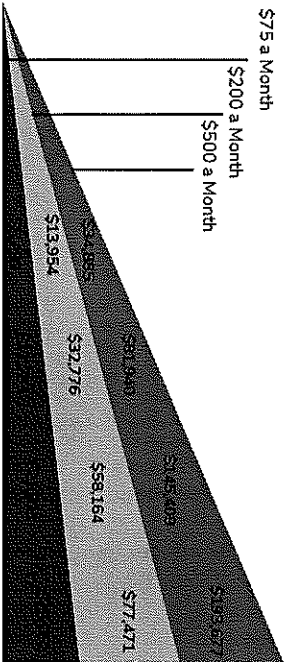
Total repaid: \$33,360

Borrowing scenario assumes a 6% annual rate of repayment at distribution + interest over a 10-year period with principal borrowing scenario at 6% interest over a 10-year repayment period.

This is a hypothetical example. It is not meant to represent an investment in a specific product or strategy. Rate of return is not guaranteed.

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Don't Have 10 Years? Can't Save \$152 Per Month? A Little, Over Time, Can Go A Long Way!

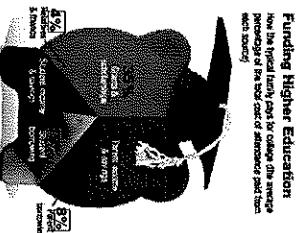


This chart is a hypothetical example, and does not represent any particular investment. It does not show the impact of taxation. The assumed rate of return is 8% per year. This assumption is that the contribution of \$152, \$200, or \$500 per month are made at the beginning of each month.

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Historical College Savings Vehicles

- UGMA/UTMA
- Education Savings Bonds (Series I or EE)
- Educational IRAs (Coverdell)
- Loans, Grants, Scholarships
- Borrowing Against Retirement Plans
- Leveraging Real Estate Equity
- Cash-Value Life Insurance
- Post 9/11 GI Bill/R.O.T.C.
- Section 529 College Savings Plans
- Pre-Paid Variety
- Savings Variety



Funding Higher Education: How the typical family pays for college (the average percentage of the total cost of attendance paid from each source)





















Source: Student Aid Data Survey, Pay for College 2017

What is the BEST Way to Pay for a College Education?

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A Sample of the Top College Endowments

	≈ \$36B		EMORY ≈ \$6.4B		≈ \$2.9B		GRINNELL ≈ \$1.7B
	≈ \$26B		UNIVERSITY OF VIRGINIA ≈ \$5.9B		≈ \$2.5B		≈ \$1.6B
	≈ \$24B		≈ \$4.7B		≈ \$2.4B		≈ \$1.8B
	≈ \$22B		≈ \$4.1B		Portland ≈ \$2.1B		≈ \$1.5B
	≈ \$8.6B		≈ \$3.6B		≈ \$2B		≈ \$1.1B

Source: https://en.wikipedia.org/wiki/List_of_colleges_and_universities_in_the_United_States_by_endowment

Assessable

Assets	Income
• Bank Accounts	• Wages
• Investments	• Rental Income
• 529 Plans	• Business Income
• UGMA & UTMA	• Interest
• Business	• Dividends
• Investment Property	• Child Support
	• Social Security
	• Welfare
	• Current Retirement Contribution


Non-Assessable*

Assets	Income
• Retirement Plan Assets	• Financial Aid Assets
• Home	• Food Stamps
• Farm	• Pension Rollovers
• Life Insurance	• Loans
• Annuities	
• Household Items	
• Personal Debt	

* These resources may be assessed by some colleges, particularly those that utilize the CSS Profile or who have their own institutional forms.


Applying for Financial Aid

- The FAFSA
- The CSS Profile (≈ 229 Schools)
- More Detailed:
 - Non-Custodial Parents
 - Home Equity
- The School's Institutional Forms
- COA = Stands for Cost of Attendance
- EFC = Stands for Expected Family Contribution
- COA - EFC = Your Family's Financial Need



FINANCIAL NEED =
Amount of Aid for Which Your Family is Eligible


Quick EFC Calculation

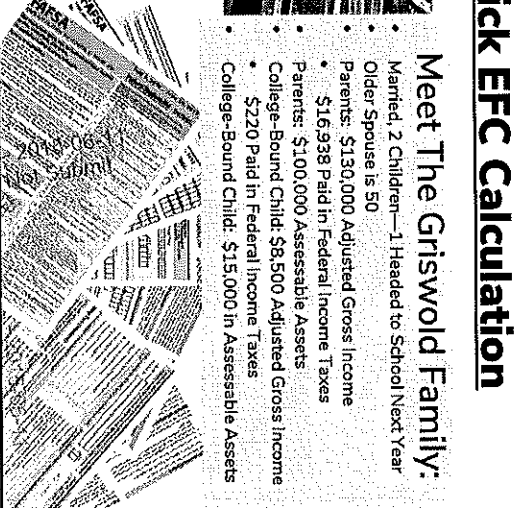


Clark, Ellen, Rusty & Audrey Griswold

Meet The Griswold Family:

- Married, 2 Children—1 Headed to School Next Year
- Older Spouse is 50
- Parents: \$130,000 Adjusted Gross Income
- \$16,938 Paid in Federal Income Taxes
- Parents: \$100,000 Assessable Assets
- College-Bound Child: \$8,500 Adjusted Gross Income
- \$220 Paid in Federal Income Taxes
- College-Bound Child: \$15,000 in Assessable Assets





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Quick EFC Calculation

Parent's Adjusted Gross Income \$130,000	U.S. Income Taxes Paid, State Tax Allowance, Social Security Allowance & Income Protection Allowance (\$18,580 to \$39,430+)* (\$28,580)	Total Allowances: \$65,704	=	\$64,296	
Parent's Assets \$100,000	Asset Allowance** (\$0 to \$18,900) (\$12,500) = \$87,500	X	12%	=	\$10,500
Adjusted Available Income:				\$74,796	
Total Parent's Contribution:		\$9,097 + 47% of AAI over \$33,600		=	\$28,459

*This figure varies based upon the amount of taxes paid, the size of the family, and the number of students in college simultaneously!
** This figure varies based upon the age of the older spouse!
All figures are hypothetical and should not be relied on for your personal situation.

**Your Homework—
Calculate Your Own EFC:
www.thecollegefundingcoach.org**

Quick EFC Calculation

Student's Income \$8,500	U.S. Income Taxes Paid, State Tax Allowance, Social Security Allowance & Income Protection Allowance (\$6,660) (\$7,695) = \$805	X	50%	=	\$403	
Student's Assets \$15,000	No Allowance	X	20%	=	\$3,000	
Total Student's Contribution:				\$3,403		
TOTAL EFC:		Total Parent's Contribution: \$28,459	+	Total Student's Contribution: \$3,403	=	\$31,862
					For Next School Year	

All figures are hypothetical and should not be relied on for your personal situation.

Before We Move Forward: Questions After Part One?

- Do you feel like you understand the EFC Formula?
- Two Paths:
 - You Can Qualify for Need-Based Aid
 - You Cannot Qualify for Need-Based Aid



Tonight, We'll Walk Down BOTH Paths!

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One Strategy—Have Twins!!!

Having multiple children in college at the same time is actually beneficial.

1 CHILD	2 CHILDREN
COA = \$32,500	COA = \$65,000 (2 Schools)
EFC = \$44,000	EFC = \$44,000 (Split for 2 Kids)
Need = \$0	Need = \$21,000

Strategies:

- > Gap Year or Deferred Admission
- > Community College & Transfer
- > Tuition Reciprocity Programs
- > Academic Common Market
- > Midwest Student Exchange
- > New England Regional Student Program
- > Western Undergraduate Exchange

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“But What If I Make Too Much Money to Qualify for Need-Based Aid?”

Now let's look at using our own money...

Are In-State Public Schools the ONLY OPTION?

	Public U	Private College
Total Cost	\$ 24,239	\$ 67,902
EFC	-15,000	-15,000
NEED	\$ 9,239	\$ 52,902
% Need Met	65%	100%
Financial Aid Eligibility	\$ 6,005	\$ 52,902
Gift Aid (55%)	\$ 3,302	\$ 46,554
Self Help (45%)	\$ 2,703	\$ 6,348
"Out-of-Pocket Cost" (Total Cost - Financial Aid Eligibility)	\$ 18,234	\$ 15,000
"Net Price" (Total Cost - Gift Aid)	\$ 20,937	\$ 21,348

22 Hypothetical example based upon information reported on www.collegeboard.org.¹

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Maximize the Efficiency of Your Money

- Are you carrying a lot of non-deductible debt?
- Can you increase your cash-flow?
- What role do taxes play on your investments?
- Business Owners—Hiring kids in your family biz!
- What if you could delay paying for college for another 4 years? A “Found” Opportunity Cost!
- Where do most people have most of their money?

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Does This Sound Like a Good Investment to You?

- All deposits in the account are not safe from loss of principal.
- The customer may pay more than the minimum monthly contributions, but not less. If the customer attempts to pay less, the financial institution keeps all previous contributions.
- Each contribution made to the account is not liquid and results in less safety and increased tax liability.
- The money in the account earns a 0% rate of return.
- When the plan is fully funded, there is no income paid out.

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Qualified Plan Problem

- Does Anyone Here Have a Pension?
 - EVERYONE USED TO!
 - In 1974, That All Changed.
- Sound Familiar?
- ✓ 47 Years Old
 - ✓ Will Work Until Age 67
 - ✓ Will Live Until Age 90
 - ✓ \$100,000 in OLD MONEY
 - ✓ \$10,000 in Deferral Contributions
 - ✓ \$3,000 in Matching Funds
 - ✓ 8% Annual Yield

OLD MONEY: CONTRIBUTION:	\$466,096
MATCH:	\$194,229
TOTAL:	\$1,108,594

PAYMENT:	\$97,493
FEDERAL TAX @ 22%:	\$21,448
AVG. STATE TAX @ 6%:	\$5,850
NET INCOME:	\$70,195

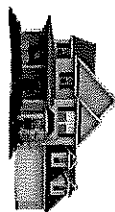


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Home / Mortgage

- Home
- ✓ Rate of appreciation on home = 1-5%
 - ✓ Rate of return on home equity = 0%
- Mortgage
- ✓ Mortgage interest may be tax-deductible
 - ✓ Is better than private source college loan
 - ✓ Maximum tax deduction is now \$750,000
 - ✓ Can be used to increase cash flow



Remember: Home Equity Lines of Credit are no longer tax-deductible for purposes other than home improvements!

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Utilize Tax-Advantaged Investments That Can Be Used for College OR Retirement

Make Uncle Sam Your Partner!

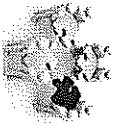
- Section 529 Plans
- Roth IRAs or Roth 401(k)s
- Tax-Free Growth & Withdrawals
- Roth Distributions avoid 10% early withdrawal penalty
- Municipal Bonds
- Tax-Free Growth & Withdrawals
- Cash-Value Life Insurance (Also Non-Assessable)
- Guaranteed Safety of Principal
- Tax-Free Growth & Withdrawals (while Living)
- Tax-Free Death Benefit (keep it in the family)



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The GOOD news is that...

- You can do it. And we can help identify local financial advisors who can help!
- Comprehensive Financial Planning
- Focus on College Funding Strategies
- Attend more prestigious, less crowded, private schools for the same net cost as state schools.
- Become an informed buyer & start early!
- Call Andrea Ashton @ 703-430-0789 to Schedule!



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What's Next?

- Introducing the College Funding Coach®
No Procrastination Promise!
- Who Here is GREAT at Procrastinating?
- Have You Ever Allowed the Important to be Superseded by the Urgent?



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Please Complete Your Evaluations!

THE COLLEGE FUNDING COACH®
Little-Known Secrets of Paying for College
Please let us know how we did!

Name: _____ Title: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____
E-mail: _____

How did you rate the following items?
(Please check one box for each item.)

Item	Very Good	Good	Fair	Poor	Very Poor
1. The information was presented in a clear and concise manner.					
2. The information was presented in a logical and organized manner.					
3. The information was presented in a professional and credible manner.					
4. The information was presented in a timely and relevant manner.					
5. The information was presented in a useful and practical manner.					
6. The information was presented in a comprehensive and thorough manner.					
7. The information was presented in a clear and concise manner.					
8. The information was presented in a logical and organized manner.					
9. The information was presented in a professional and credible manner.					
10. The information was presented in a timely and relevant manner.					
11. The information was presented in a useful and practical manner.					
12. The information was presented in a comprehensive and thorough manner.					

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What's Next?

- YES/NO/MAYBE
- If You Answered YES to a Consultation, We'll Reach Out to You Within Three Business Days to Schedule Your Meeting.
- We Know Everyone is Busy!
- You'll Have Thirty Days to Schedule Your Free Consultation.

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Meet **THE COLLEGE FUNDING COACH**® Team:



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www.facebook.com/TheCollegeFundingCoach

Channel: [tcfc2002](https://www.youtube.com/channel/tcfc2002)

@CollegeFundingCoach

Search: Brock Jolly

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