

To fund a college education, invest early

Fiscal experts urge parents to stay calm and act prudently

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For the Journal News

From the time you get the news—you're pregnant, to the announcement of "you're accepted," parents spend the better of their child's life wondering how they will put that kid through four years of college, and potentially another several years of graduate school. In the Hudson Valley, where many students are clamoring for spots in top universities, you can count on spending anywhere from \$30-\$50,000 a year for a private university, with many public schools not far behind.

Stop panicking, and breathe.

"You can do this," says Adam Mann, a financial professional and an agent with New York Life who arranges seminars in Westchester to help parents plan financially for college. "When you go on



vacation, you don't just show up at the airport. You plan it out, decide where you want to go, what you want to see," he explains. "The same goes for college. You have to plan. Develop an itinerary, map it out, and get everything in line."

Whether you're on top of things and opened a 529 before their first pediatrician's visit, or have procrastinated all the way to middle school hoping for an unforeseen windfall, there are lots of ways to save for college.

Here are a few:

Get a head start

Christopher Pratt, a vice president and financial advisor at M&T Bank, recommends you start investing the

moment your child is born, so you have a place to put potential college savings from the get-go.

"Even if only \$50 comes out of your account each month, start with something, and more than likely, you'll get used to it," Pratt says.

Be realistic, and stick to it. "Have a goal, a true goal, of what you think you can do," Pratt says. "Then find out how much it'll cost, and how much you'll have to put away each month to get there."

Look for loose change

Head over to your company's human resources department and check your deductions to make sure you're not paying any extra taxes that come back to you as a return. Instead of lending the government your money by overpaying in taxes without earning interest, get it in your paycheck and invest it yourself to make money from money. "It's human nature—people treat tax returns like found money," Pratt says. "They buy flat-screen tvs, and put less aside." Eliminate returns,

and you'll have an extra \$100 or \$200 dollars to invest per paycheck.

Follow the theory of thirds

"What you see today in costs won't be what you pay in five or ten years," Mann says. "College costs have risen more than the rate of inflation—eight percent each year on average since the early '80s—and if you don't factor inflation into your savings, you're going to come up short."

We know what you're thinking: how can I possibly plan to save an unknown amount that is constantly escalating? Financial aid and college planning author Mark Kantrowitz has an answer for that. "Over any 17 year period, the cost of college is going to triple," says Kantrowitz, who created finaid.org, a free public service website. So to organize an attainable savings goal, follow his rule of thirds: expect to pay for a third of college costs with savings, one third from future earnings (loans), and one third from fi-

ancial aid and current earnings while your child is enrolled.

Consider yourself to be in need

The College Board reports that, even in tough times, there is more than \$130 billion in financial aid available. When your child hits high school, you should begin plotting to get your hands on some.

"Everyone should apply for financial aid, even if you don't think you will get any," says Edgemont High School guidance counselor Paula Gillan. But, like Mann, she repeats a mantra: "Do your research, and submit your forms on time. The earlier, the better."

Every family should submit the Free Application for Federal Student Aid, aka the FAFSA (fafa.ed.gov)—and yes, it's free.

Early submission maximizes your chances of receiving aid, so compile the necessary information ahead of time and submit it as soon as possible after January 1 of your child's senior year.

Welcome to the Class of 2027 (gulp)

If you want your newborn to go to Harvard, how much will you need to have on hand to reserve a space in the class of 2027? Check out Mark Kantrowitz's "College Cost Projector" (finaid.org/calculators) to find out. Just plug in the college type, current costs, inflation rate, and years until your child will attend, and click "calculate" for an estimate of how much it will cost. But please, make sure you're sitting down.

Nurture your nest egg, despite an empty nest

While you may be tempted to pull money out of your 401K, remember "there is more help available for college than retirement," says Mann. So no matter how tempted you may feel to cash in your nest egg to feed your baby birds, you should nudge them out of the nest on a series of federal loans and scholarships instead. "Colleges won't look at your retirement funds when they calculate need for financial aid," Mann says. You should keep these savings out of the picture.