

College: Getting there from here





The cost of college

Rising education costs

Annual tuition, fees and room and board (if applicable)			
	Average current costs*	Costs in 10 years	Costs in 18 years
Community college	\$3,860	\$5,714	\$7,820
Public university (in-state)	\$27,940	\$41,358	\$56,601
Private university	\$57,570	\$85,484	\$116,991

*Costs for the 2021-2022 school year

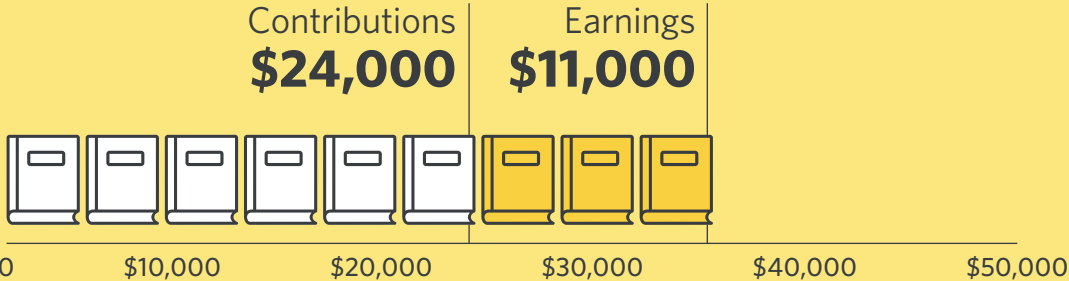
Source: The College Board, 2022 and Edward Jones estimates. Amounts represent one year of education expenses, including room and board, for public and private universities. Community college estimates do not include room and board. Figures assume 4% annual inflation rate and are rounded to the nearest \$100.

Two ways to pay for college: Save or borrow

What's your strategy?

Save \$35,000

Save \$200 every month for 10 years at a 7% rate of return.¹

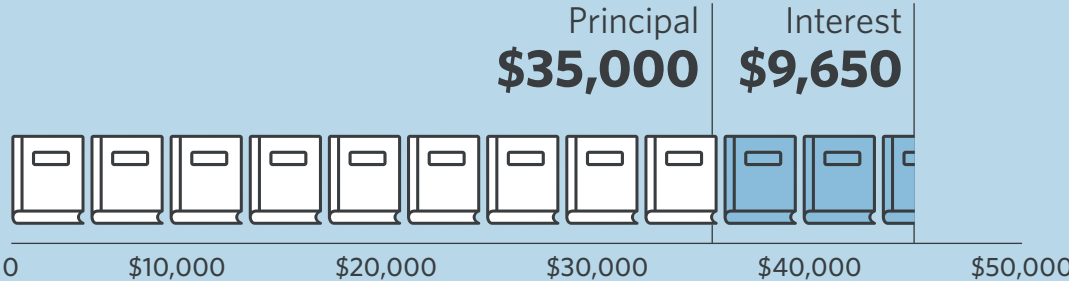


Total cost: **\$200/month**

or

Borrow \$35,000

Borrow \$35,000 at a 5%² interest rate and pay it off every month for 10 years.³



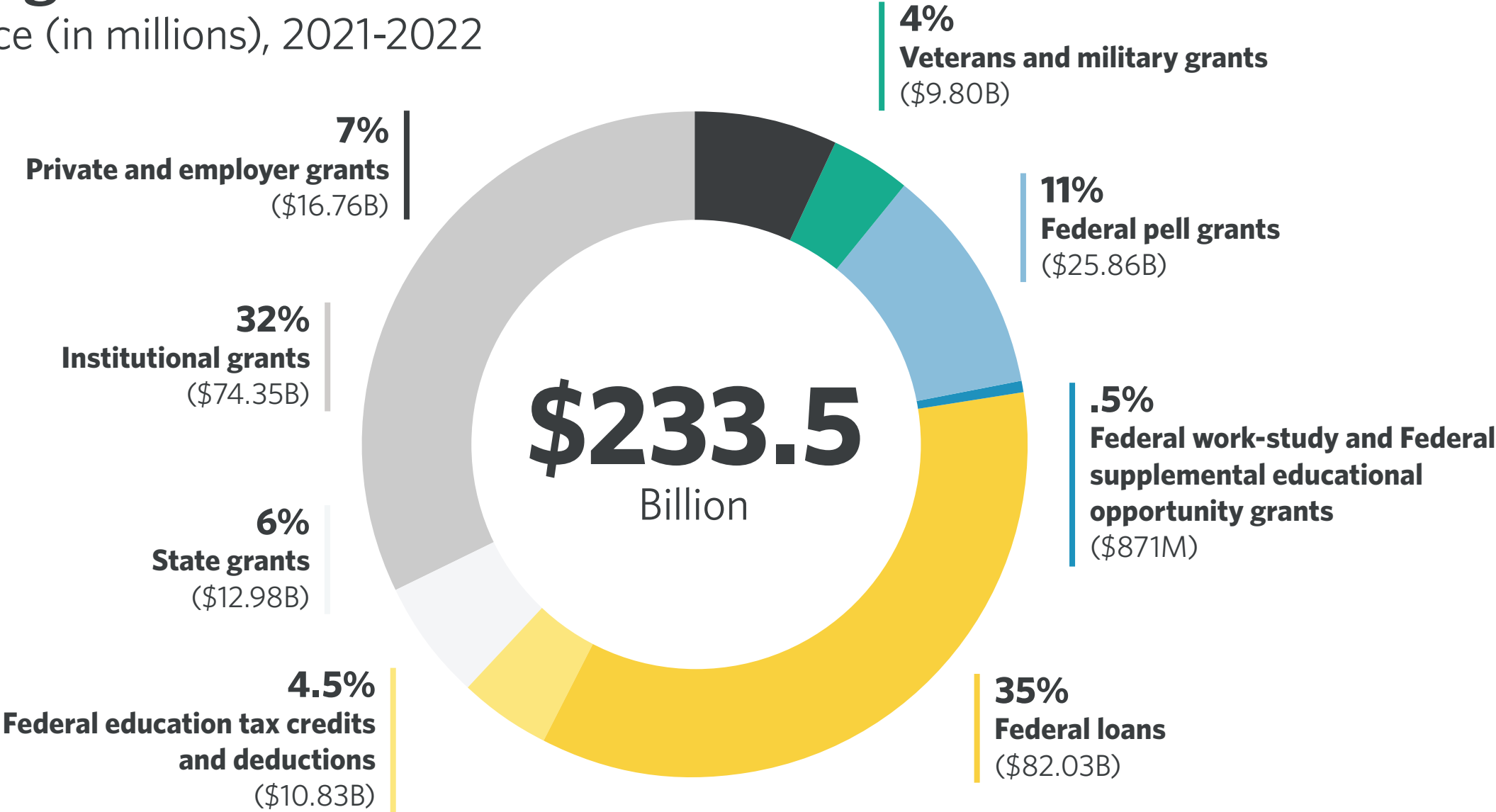
Total cost: **\$375/month**

¹ Savings compounded monthly at 7%. Computations rounded to the nearest \$1,000. ² Hypothetical interest rates based on current available rates. ³ Interest compounded annually. Examples are for illustrative purposes only and do not reflect the performance of any specific investment. There are no guarantees that you will be able to achieve a consistent rate of return.

Financial aid

Undergraduate student aid

by source (in millions), 2021-2022



Source: The College Board, 2022. Percentages may not sum to 100 because of rounding.

Savings strategies

Competing demands



Start today

Over time, a little goes a long way



Source: www.collegesavings.org (based on an example). This chart is a hypothetical example and should not be considered an indication of performance of a 529 plan. These estimates assume that contributions of \$50, \$100 and \$200 per month are made at the beginning of the month, with a 7% annual return. These estimates also assume that the money is invested in a tax-free investment vehicle, such as a 529 plan. The data do not reflect any investments currently available through Edward Jones. Hypothetical returns do not include commissions or fees, which would reduce the results. Systematic investing does not guarantee a profit or protect against loss. You should consider your ability to continue investing through periods of low price levels.

Invest regularly

- Choose a **manageable amount.**
- Consider help from **family and friends.**
 - Gift up to \$17,000 in 2023, per beneficiary.
- As day care costs are reduced, **consider increasing your contribution.**
- Contribute a portion of your **"unplanned money."**



Special gifting provisions allow a contribution of \$75,000 per contributor, per beneficiary, in a single year. The contribution will represent a \$15,000 gift for the current year and each of the next four years. In the event of the contributor's death within that five-year period, the portion of the original gift allocated to years following death will be considered part of the estate for estate tax purposes.

Take advantage of tax-free growth potential



Federally tax-free growth of earnings while the account is invested.

Withdrawals are federally tax free when used for qualified education expenses.

Ways to save for college

**Custodial
accounts**



**529
plans**

Ways to save for college

Custodial accounts



- Who can contribute
- Use of distributions
- Control
- Contribution limits
- Tax treatment

Ways to save for college

- Who can contribute
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**529
plans**

Common college savings questions



Q

Can I use 529 plan funds for a college outside my state?

A

You can use the money for qualified expenses at any accredited institution, public or private, across the country and even some schools abroad.



Q

If my child decides not to go to college, will I lose the savings in my 529 plan?

A

You have options, including:

- **Changing the account beneficiary to another eligible family member**
- **Taking a nonqualified withdrawal**

Note: For funds used for nonqualified expenses, the portion of the distribution representing earnings will be subject to ordinary income tax, plus a 10% federal penalty on the earnings.



Q

Will saving for college lessen my child's chance of qualifying for financial aid?

A

Student and parental assets and income are considered when applying for financial aid. Discuss potential financial aid impacts with a financial aid professional.



Q

If my child gets a scholarship, will I pay a penalty on my 529 plan savings?

A

- An account owner can withdraw from a 529 plan the equivalent, dollar-for-dollar, of a scholarship awarded to the plan's beneficiary without triggering the 10% federal penalty normally associated with nonqualified withdrawals.
- The portion of the distribution representing earnings will be subject to ordinary income tax.
- Tax-free withdrawals – for room and board, or books, for example – are allowed in a scholarship year for a scholarship beneficiary, but the distributions may not be used for the same qualified higher education expenses for which the scholarship is awarded.



Q

Should I use a Roth IRA to save for college?

A

The first priority of Roth IRA contributions should be for retirement.

Summary

Set a realistic college savings goal:

- Public or private?
- How much do you want to cover?
- Financial aid?
- Help from family or friends?



Develop a strategy:

- Start today.
- Invest regularly.
- Take advantage of tax-free growth potential.



Questions and answers

