

Saving for College

mefaSM
Massachusetts Educational
Financing Authority

*Your Massachusetts Educational Financing Authority. The one Authority
you can trust to be on your side when it comes to paying for college.*

About MEFA

- **Massachusetts Educational Financing Authority**
- Not-for-profit state authority that works to make higher education more accessible and affordable
- Created in 1982 by the State Legislature
- Helping families:
 - **Plan:** Extensive community outreach
 - **Save:** U.Fund[®] and U.Plan[®] college savings plans
 - **Pay:** Affordable fixed interest rate college loans for over 30 years

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Agenda

- Cost of College
- Understanding Financial Aid
- Myths about Saving
- Two Massachusetts Saving Options: U.Fund and U.Plan
- MEFA as a Resource for You
- Questions and Discussion

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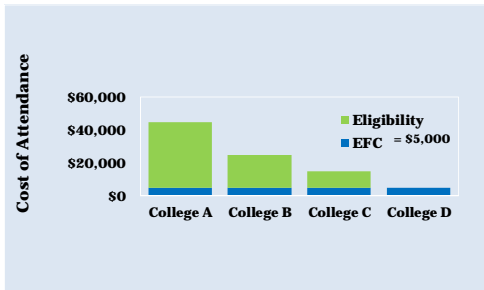
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Financial Aid Formula

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
- = Financial Aid Eligibility/Financial Need

Visit MEFA.org to learn more about the financial aid process and calculate your estimated EFC.

How the Formula Works



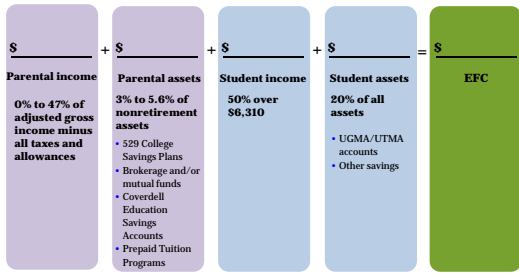
Visit MEFA.org to learn about net price calculators

True or False

“Saving for college means no financial aid.”

False

Expected Family Contribution



Source: finaid.org The EFC formula above is used for the Federal Methodology.



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Asset Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Parent Income	\$60,000	\$60,000	\$60,000
Parent Assets	\$0	\$75,000	\$150,000
EFC	\$5,040	\$6,765	\$10,635
Difference		\$1,725	\$5,595

Based on 2015-16 Federal Methodology



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Income Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Parent Income	\$60,000	\$100,000	\$150,000
Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$5,745	\$16,252	\$31,609
Difference		\$10,507	\$25,864

Based on 2015-16 Federal Methodology



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True or False

"It's not worth saving for college if I can't save the entire cost."

False

Saving vs. Borrowing

Past Income

- Savings
- Other Assets

Present Income

- Salary
- Gifts

Future Income

- Parent Loans
- Student Loans



**Based on 10 years at an interest rate of 7%.
This example is an estimate only and market conditions may change.*

Family Savings Options

- Assets Specific to College
 - Section 529 Savings Plans (MEFA U.Fund)
 - Prepaid Tuition Plans (MEFA U.Plan)
 - Coverdell ESAs (formerly known as "Education IRAs")
- Assets Not Specific to College
 - Direct Asset Ownership by Parent (CDs, money market accounts, etc.)
 - UTMA/UGMA Accounts
 - United States Savings Bonds
 - Retirement Accounts (Roth IRAs and Traditional IRAs)

Tax-Deferred Savings



This example is an estimate only and market conditions may change. The example is not intended to predict or project the investment performance of any security.

In this hypothetical example, the Initial Investment is \$26,000



MEFA U.Fund College Investing Plan



How it works:

- Save for qualified higher education expenses such as tuition, fees, room, board, books, supplies, and equipment
- Savings can be used at any accredited college or university nation wide
- Minimum Initial Investment - \$50 lump sum or \$15/ monthly automatic investments
- Combined Account Maximum - \$375,000
- Annual Account Maintenance Fee - No Fee
- Multiple investment options (active management; indexed portfolio; individual allocation portfolios), FDIC insured option

Enroll online at fidelity.com/ufund or by calling **1.800.544.2776** to get started.



The U.Plan Prepaid Tuition Program



How it works:

- Allows you to prepay up to 100% of tuition & fees at 80 MA public and private colleges & universities
- By purchasing Tuition Certificates now, you lock in today's tuition and mandatory fee rates
- U.Plan Tuition Certificates:
 - Represent interest in Commonwealth General Obligation Bonds
 - Are backed by the full faith and credit of the Commonwealth of Massachusetts
 - Are not subject to market fluctuation
 - \$300 minimum to get started
- Annual enrollment period: May 1st to June 30th each year

To learn more about the U.Plan visit mefa.org/uplan



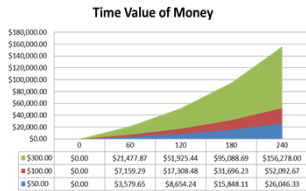
What happens if...

- I withdraw funds for another purpose?
- My child doesn't go to college?
- My child graduates without using all the funds?
- My child receives a scholarship?



Strategies for Saving

- Start saving as early as possible. Use time to your advantage.
- Use automatic transfers.
- Get the word out and let your family and friends know that they may contribute or open a plan on behalf of your child.
- Involve your child in the process. There are great savings tools for kids online.



Helpful Websites: College Savings & Financial Aid

- MEFA: MEFA.org
- YourPlanForTheFuture: YourPlanForTheFuture.org
- Fidelity Investments: fidelity.com
- Info on college savings: SavingForCollege.com
CollegeSavings.org
- College Board: CollegeBoard.com
- Financial aid info: finaid.org
- Federal Student Aid: StudentAid.ed.gov
- FAFSA4caster: FAFSA.gov
- Net Price Calculators: [All College Websites](http://AllCollegeWebsites)

Questions?

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