Saving for College
2019-20

About MEFA
Non-profit state authority created in 1982 helping families plan, save, and pay for college
Keeping you on track with FREE college planning:
• Visit mefa.org: Information, tools, & resources
• Call us: (800) 449-MEFA (6332) with any questions
• Email us: collegeplanning@mefa.org
• Follow us: Facebook, Twitter, & LinkedIn
• Get our emails: Sign-up on mefa.org
• Attend a seminar: Details at mefa.org/events
• Attend a webinar: Register at mefa.org/events

Agenda
• College Cost and the Basics of Financial Aid
• How to Afford College
• Strategies for Saving
• Two MA Savings Options: U.Plan and U.Fund
• Attainable
College Cost and the Basics of Financial Aid

College Options

- 4-year private
- 4-year public in-state
- 4-year public out-of-state
- 2-year public community college
- Mass Transfer and Commonwealth Commitment
- Tuition Break and other regional agreements
- Vocational schools
- Many tools can help you estimate your cost

How much does college cost?

Source: The College Board, Trends in College Pricing 2018
What is Financial Aid?

Money to help students pay for college:
- Grants and scholarships (gift aid)
- Work-study
- Student loans

From these sources:
- Federal government
- State government
- Colleges and universities
- Private outside agencies

Money to help students pay for college from these sources:

- Federal government
- State government
- Colleges and universities
- Private outside agencies

$184.1 Billion Dollars Awarded to Students in 2017-18

Merit-Based Aid
- Awarded in recognition of student achievements (academics, arts, athletics, etc.)
- Criteria differs from school to school
- Often has requirements for renewal

Need-Based Aid
- Awarded based on family’s financial eligibility
- Determined by standardized formula
- Very likely not to receive full amount of eligibility
- Includes most federal, state, and institutional (college) aid

Source: The College Board, Trends in Student Aid 2018
How Do Families Pay?

How Do Families Pay for College?

- Financial Aid
- Past Income
  - Savings
- Present Income
  - Salary (Payment Plans)
- Future Income
  - Parent Loans
  - Student Loans

Saving vs. Borrowing

- This hypothetical example assumes a 7% interest rate over 10 years.
  - This example is an estimate only and market conditions may change.
Myths We’ve Heard About Saving for College

“\textbf{It’s not worth saving for college if I can’t save the entire cost.}”

\textbf{The Truth:} Income is the biggest factor in determining financial aid eligibility, not savings. Your savings will help when it comes time to pay for college.

“\textbf{My savings will hurt my financial aid.}”

\textbf{The Truth:} Every little bit saved toward college will help. Even a small amount over time can add up and help cover costs such as books.

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Your College Savings Will Help You

• Give you more education options
  — Different types of colleges
  — Special programs such as study abroad
• Reduce or eliminate the need to borrow loans
• Allow the student to work less and study more
• Have a minimal impact on aid eligibility
• Motivate your child

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Examples
Let's Look at an Example: Case Study #1

Kyle wants to attend a four-year public school to study business. The full annual cost of the school is $22,500.

### Kyle's Financial Aid Award

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Scholarships*</td>
<td>$13,000</td>
</tr>
<tr>
<td>Federal Work Study</td>
<td>$2,000</td>
</tr>
<tr>
<td>Federal Loan</td>
<td>$5,500</td>
</tr>
<tr>
<td>Total Aid</td>
<td>$20,500</td>
</tr>
</tbody>
</table>

Kyle's family will need to pay $2,000 out of pocket each year of college.

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Another Example: Case Study #2

Lisa wants to attend a four-year private school to study nursing. The full annual cost of the school is $60,000.

### Lisa’s Financial Aid Award

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merit Scholarship</td>
<td>$20,000</td>
</tr>
<tr>
<td>Nursing Award</td>
<td>$2,000</td>
</tr>
<tr>
<td>Federal Loan</td>
<td>$5,500</td>
</tr>
<tr>
<td>Total Aid</td>
<td>$27,500</td>
</tr>
</tbody>
</table>

Lisa’s family will need to pay $32,500 out of pocket each year of college.

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Benefits of Saving Early

![Graph showing the benefits of saving early for college tuition payments]
Strategies for Saving

- Start saving as early as possible
- Use time to your advantage
- Start with a goal in mind
- Take advantage of unexpected funds
- Use automatic transfers
- Get the word out
- Tell your family & friends to contribute
- Involve your child in the process

MEFA's College Planning Tool

Create a personal strategy to pay for your child's higher education costs:
- Record your current college savings
- Project your future college expenses
- Receive guidance on meeting your shortfall
Two MA Savings Options: The U.Plan and the U.Fund

The U.Plan Prepaid Tuition Program

How the U.Plan works:
- Allows you to prepay up to 100% of tuition & mandatory fees at participating schools
- Large network of MA public and private colleges and universities
- Purchase Tuition Certificates to 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 MA
  - Are not subject to market fluctuation
  - Require $300 minimum to get started
- Contributions accepted year round
- Bonds are purchased and percentages locked in July

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

Established in 1995

Participating U.Plan Colleges & Universities

 Amarillo College
 American International College
 Amherst College
 Anna Maria College
 Assumption College
 Babson College
 Bay Path College
 Benjamin Franklin Institute of Technology
 Bentley College
 Berklee College of Music
 Berkshire Community College
 Boston College
 Boston University
 Bridgewater State University
 Bristol Community College
 Bunker Hill Community College
 Cape Cod Community College
 Clark University
 College of Our Lady of the Elms
 College of the Holy Cross
 Curry College
 Dean College
 Eastern Nazarene College
 Emerson College
 Emmanuel College
 Endicott College
 Fisher College
 Fitchburg State University
 Framingham State University
 Gordon College
 Greenfield Community College
 Hampshire College
 Hebrew College
 Hellenic College
 Holyoke Community College
 Laboure College
 Lasell College
 Lesley University
 Massachusetts Bay Community College
 Massachusetts College of Art and Design
 Massachusetts College of Liberal Arts
 Massachusetts Maritime Academy
 Massasoit Community College
 Merrimack College
 Middlesex Community College
 Montserrat College of Art
 Mount Holyoke College
 Mount Wachusett Community College
 New England Conservatory of Music
 Nichols College
 North Shore Community College
 Northeastern University
 Northern Essex Community College
 Pine Manor College
 Quinsigamond Community College
 Regis College
 Roxbury Community College
 Salem State University
 Simmons University
 Smith College
 Springfield College
 Springfield Technical Community College
 Stonehill College
 Suffolk University
 University of Massachusetts Amherst
 University of Massachusetts Boston
 University of Massachusetts Dartmouth
 University of Massachusetts Lowell
 Wellesley College
 Wentworth Institute of Technology
 Western New England University
 Westfield State University
 Wheaton College
 Worcester Polytechnic Institute
 Worcester State University
U.Fund 529 College Investing Plan

- How it all works:
  - Save for qualified higher education expenses: tuition, fees, room, board, books, supplies, and equipment
  - Savings can be used at any accredited college or university nationwide
  - Combined Account Maximum: $400,000
  - No Annual Account Maintenance Fee or Minimum Investment
  - Multiple investment options:
    - Active management, indexed portfolio, individual allocation portfolios, FDIC insured

Enroll online at fidelity.com/ufund or by calling (800) 544-2776

Established in 1999
Attainable

What is Attainable?

The Attainable Savings Plan is an ABLE account that allows qualified individuals with disabilities to save and invest money for short-term and long-term planning.
Saving for College Next Steps

- Start (or continue) saving
- Talk to your child about college
- Use online tools to learn more about college costs
- Sign up for webinars at mefa.org/events
- Join MEFA’s email community at mefa.org

Connect with MEFA on Social Media

facebook.com/mefaMA
@MEFAtweets
linkedin.com/company/mefa
youtube.com/MEFAcounselor
Thank You

Questions?

(800) 449-MEFA (6332)
collegeplanning@mefa.org

How was the seminar? We'd love for you to leave us a Google review to hear your feedback:
www.google.com