

mefa[®]

Saving for College

About MEFA

The image features a photograph of a family—a father, mother, and two young children—sitting on a bed and reading a book together. The father is on the left, the mother is on the right, and the children are in the center. They are all smiling and looking at the book. In the background, there is a white ladder and a wicker basket. Overlaid on the left side of the photograph is a blue rectangular box containing the MEFA logo.

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Not-for-profit state authority created in 1982 helping families plan, save, and pay for college

Agenda



Why Save?



Two Massachusetts Savings Options



Strategies for Saving



How Families Pay for Postsecondary Education

Why Save?



Myths We've Heard About Saving for College

“My savings will hurt my financial aid.”

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

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

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

Your College Savings Will Help You

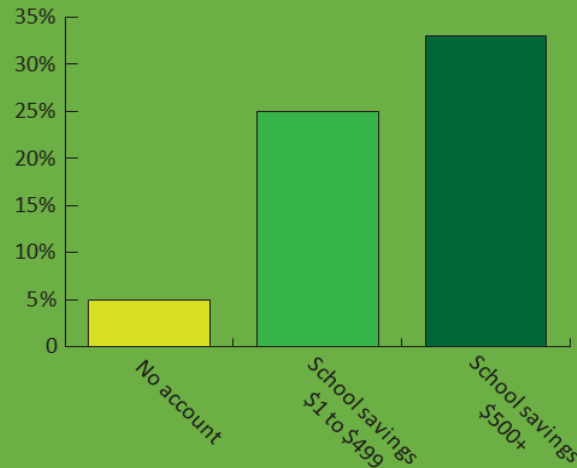
- Give you more education options
 - Different types of colleges
 - Special programs such as study abroad
- Reduce or eliminate the need to borrow loans
- Allow the student to work less and study more
- Have a minimum impact on aid eligibility



Positive Impact of 529 Plans

- Increased attendance and graduation
- Benefits all income levels
- Motivate your child

Figure 1. LMI children who graduate from college by savings amount



*Image source: Washington University at St. Louis George Warren Brown School of Social Work Research Brief, March 2013 Elliot, William, Hyun a-Song, Ilung Nam

Two Massachusetts Savings Options



U.Fund 529 College Investing Plan

How the U.Fund 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



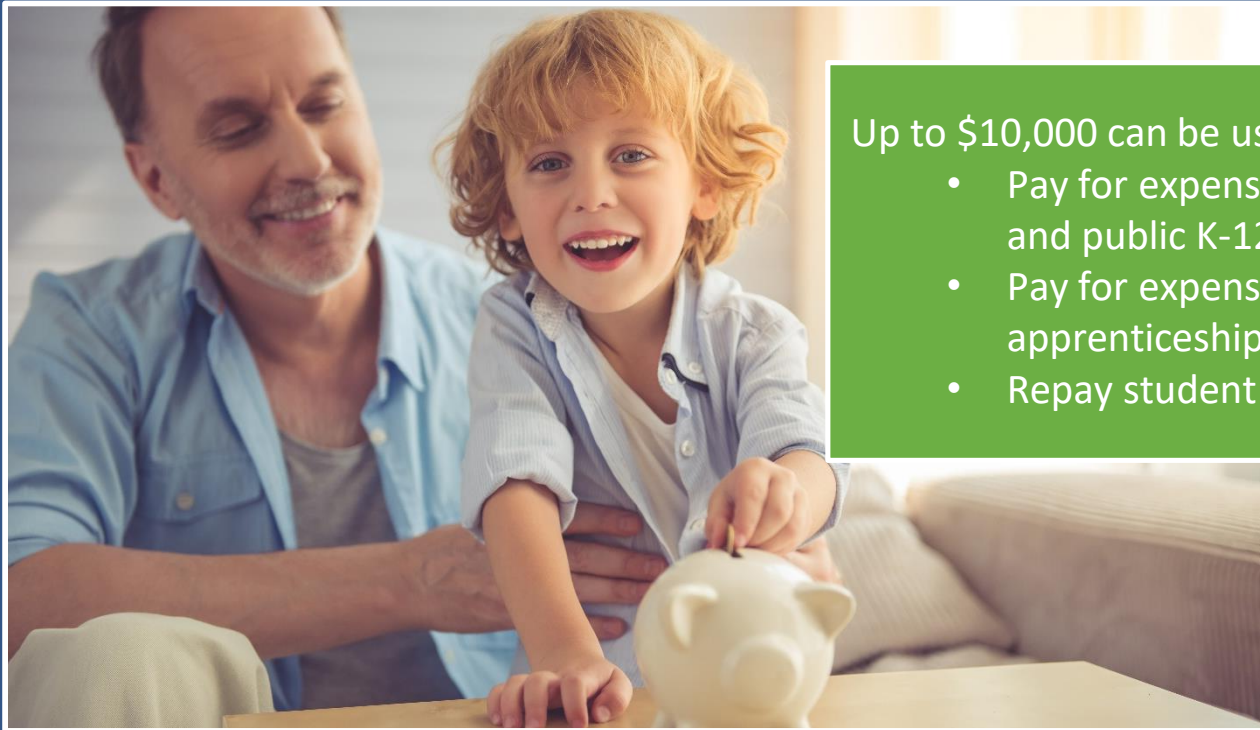
U.Plan Prepaid Tuition Program

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

Expanded 529 uses

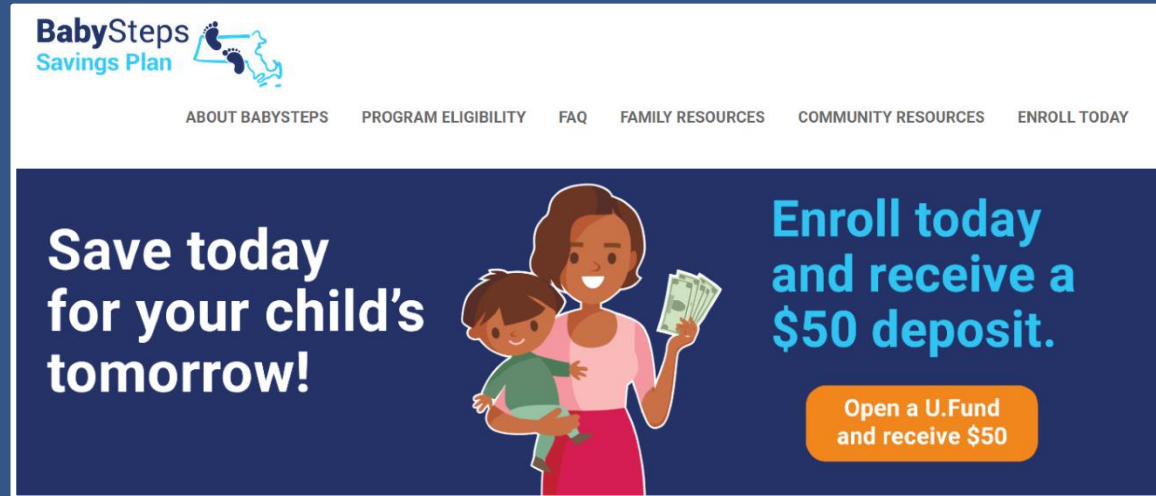


Up to \$10,000 can be used in 529 plan funds to:

- Pay for expenses related to private and public K-12 education
- Pay for expenses related to apprenticeships
- Repay student loans

BabySteps Savings Plan

Any child who is a Massachusetts resident and was born or adopted on or after January 1, 2020 is eligible to receive a \$50 seed deposit from the State Treasurer's Office into a U.Fund account with that child as the Beneficiary within one year of the child's birth or adoption.



The screenshot shows the top section of the BabySteps Savings Plan website. At the top left is the logo, which includes the text "BabySteps Savings Plan" and a blue outline of the state of Massachusetts with a white footprint inside. Below the logo is a horizontal navigation bar with the following links: "ABOUT BABYSTEPS", "PROGRAM ELIGIBILITY", "FAQ", "FAMILY RESOURCES", "COMMUNITY RESOURCES", and "ENROLL TODAY". The main banner has a dark blue background. On the left, the text "Save today for your child's tomorrow!" is written in white. In the center is an illustration of a smiling woman with brown hair holding a young child. On the right, the text "Enroll today and receive a \$50 deposit." is written in light blue. Below this text is an orange button with the white text "Open a U.Fund and receive \$50".

BabySteps Savings Plan

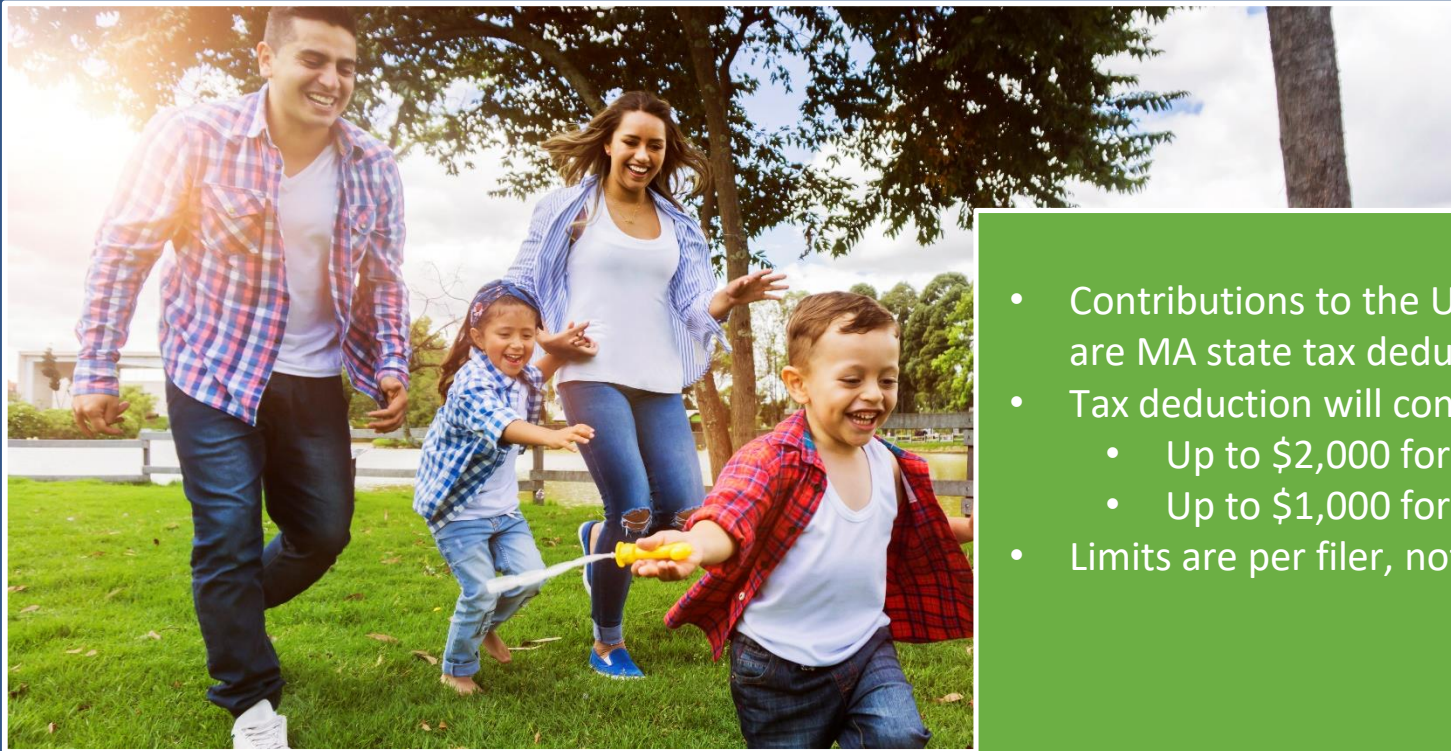
ABOUT BABYSTEPS PROGRAM ELIGIBILITY FAQ FAMILY RESOURCES COMMUNITY RESOURCES ENROLL TODAY

Save today for your child's tomorrow!

Enroll today and receive a \$50 deposit.

Open a U.Fund and receive \$50

Saving for Education: Massachusetts Tax Benefits



- Contributions to the U.Plan and U.Fund are MA state tax deductible
- Tax deduction will continue through 2021
 - Up to \$2,000 for married filers
 - Up to \$1,000 for individual filers
- Limits are per filer, not per account

Strategies for Saving



Strategies for Saving

Sample Gift Page

Kevin's College Savings Plan

Thank you for helping in his college savings



Age
2 years old

Entering College in
2024

Dream
I want to be a doctor

Give a Gift

Learn more

- + What is a 529 plan?
- + Are there tax considerations for my gift?
- + Can I open a 529 Account for someone?

[View all Frequently Asked Questions](#)

- 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

How Families Pay for Postsecondary Education



Postsecondary Options

(Costs include tuition, fees, room, board, books, supplies, transportation, & other expenses)

\$53,950 per year*

4-year private

<\$33,000 for entire education**

Vocational schools

\$26,590 in-state per year*
\$42,970 out-of-state per year*

4-year public

\$9,430 per year* (does not include room & board)

2-year public community college

\$186.9 Billion Dollars Awarded to Students in 2018-19



Merit-Based Aid

Awarded in recognition of student achievements (academic, artistic, athletic, etc.)



Need-Based Aid

Awarded based on family's financial eligibility

How Do Families Pay for Postsecondary Ed?

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



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

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Cost-saving tips

College can be costly, but did you know there are ways to significantly lower the price you pay for a college degree? And though college is still years away, it's best to get educated now. Check out our post to find out 6 different ways you can make higher education more affordable and attainable.

[Get the tips](#)

The question on college savings

Fund fees ask us all the time how much they should be saving for college. And while the answer is different based on each family's circumstances, there are certain guidelines that can help you create a college savings strategy. We've laid them out in our recent post, *How Much Should You Save For College?*

[Read the post](#)

[WEBINAR] Saving for college overview

It's never too late to begin saving for college, and if you need some guidance, sign up for our webinar on Friday, October 23rd at 3pm. We'll explain the many benefits of the Massachusetts college savings plans, walk through how to easily set up an account, and share tips to stay on track with your savings goals. Register now to secure your spot.

[Register for the webinar](#)



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Questions?

(800) 449-MEFA (6332)

collegeplanning@mefa.org

How was the webinar? We'd love for you to leave us a Google review to hear your feedback on Google.com

