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mefa[®]

Saving for College
2019-20


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About MEFA

Not-for-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



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Agenda

- College Cost and the Basics of Financial Aid
- How Do Families Pay?
- Examples
- Strategies for Saving
- Two MA Savings Options: The U-Plan and the U-Fund
- Attainable




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College Cost and the Basics of Financial Aid

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College Options

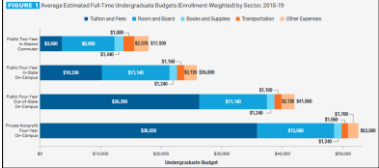
- 4-year private
- 4-year public in-state
- 4-year public out-of-state
- 2-year public community college
- Mass Transfer and Commonwealth Commitment
- Tuition Break and other regional agreements
- Vocational schools
- Many tools can help you estimate your cost



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How much does college cost?

Source: The College Board, Trends in College Pricing 2018



Year	Tuition and Fees	Room and Board	Books and Supplies	Transportation	Other Expenses
2015-16	\$1,000	\$6,000	\$1,000	\$1,000	\$1,000
2016-17	\$1,100	\$6,100	\$1,100	\$1,100	\$1,100
2017-18	\$1,200	\$6,200	\$1,200	\$1,200	\$1,200
2018-19	\$1,300	\$6,300	\$1,300	\$1,300	\$1,300

MEFA's College Cost Forecaster 7

What year will the student start college? 2028


Year	National Two-Year Public	National In-State Four-Year Public	National Four-Year Private	New England Two-Year Public	New England In-State Four-Year Public	New England Four-Year Private
2025	\$17,737.89	\$30,742.34	\$66,497.47	\$21,209.22	\$30,862.28	\$66,498.20
2026	\$18,426.08	\$31,973.28	\$72,277.37	\$22,048.24	\$32,337.87	\$72,277.83
2027	\$19,118.32	\$33,252.21	\$78,198.46	\$22,910.17	\$33,893.87	\$78,197.24
2028	\$19,829.66	\$34,582.30	\$84,175.22	\$23,847.37	\$35,487.88	\$84,180.04

mefa.org/pay/college-cost-forecaster

What is Financial Aid? 8


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



\$184.1 Billion Dollars Awarded to Students in 2017-18 9


Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Criteria differs from school to school
- Often has requirements for renewal



Need-Based Aid

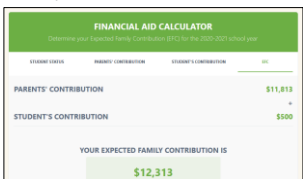
- Awarded based on family's financial eligibility
- Determined by standardized formula
- Very likely not to receive full amount of eligibility
- Includes most federal, state, and institutional (college) aid



Source: The College Board, Trends in Student Aid 2018

Expected Family Contribution (EFC) Calculator

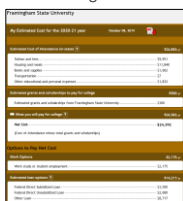
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mefa.org/expected-family-contribution-efc-calculator/d.org

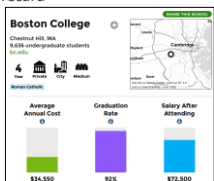
Net Price Calculator on College Websites

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College Scorecard

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CollegeScorecard.ed.gov


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How Do Families Pay?

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How Do Families Pay for College?

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



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Saving vs. Borrowing

Saving VS Borrowing	
<div style="border: 1px solid gray; padding: 5px; width: 100px; margin: 0 auto;"> <div style="text-align: center; font-weight: bold; color: white; background-color: #003366; padding: 2px 5px;">\$10,000 College Cost</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <div style="background-color: #003366; color: white; padding: 2px 5px; font-weight: bold;">\$3,642 Interest Earned</div> <div style="background-color: #76b82a; color: white; padding: 2px 5px; font-weight: bold;">\$6,358 Saved</div> </div> <div style="text-align: center;"> <div style="background-color: #003366; color: white; padding: 2px 5px; font-weight: bold;">\$3,620 Interest Paid</div> <div style="background-color: #76b82a; color: white; padding: 2px 5px; font-weight: bold;">\$10,000 Borrowed</div> </div> </div> </div>	<div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <div style="background-color: #003366; color: white; padding: 2px 5px; font-weight: bold;">Cost By Saving \$6,358</div> </div> <div style="text-align: center;"> <div style="background-color: #003366; color: white; padding: 2px 5px; font-weight: bold;">Cost By Borrowing \$13,620</div> </div> </div>

This hypothetical example assumes a 7% interest rate over 10 years. This example is an estimate only, and market conditions may change.

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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.

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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 minimum impact on aid eligibility
- Motivate your child



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Examples

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

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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	
Grants & Scholarships*	\$13,000
Federal Work-Study	\$2,000
Federal Loan	\$5,500
Total Aid	\$20,500

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

- Kyle's parent aids is \$45,000
- No college savings
- *Grants & scholarships are need-based and merit based from federal, state, and institutional sources.

Another Example: Case Study #2

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

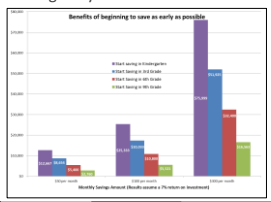
Lisa's Financial Aid Award	
Merit Scholarship	\$20,000
Nursing Award	\$2,000
Federal Loan	\$5,500
Total Aid	\$27,500

↓
 Lisa's family will need to pay **\$32,500** out of pocket each year of college.

- Expected Family Contribution (EFC) is \$47,500
- Only federal and need-based grants

Benefits of Saving Early

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Strategies for Saving

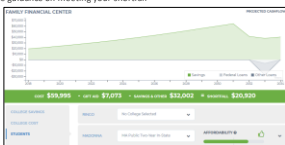
Strategies for Saving

- 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




Participating U.Plan Colleges & Universities

- | | | |
|--|---|---|
| American International College | Endicott State University | Northwest State Community College |
| Assault College | Framingham State University | Pine Manor College |
| Avila State College | Gardner College | Quincy College |
| Assumption College | Greenfield Community College | Quincy College |
| Babson College | Hampden College | Revere Community College |
| Baruch College | Hobart College | Salter State University |
| Bay Path College | Joseph Community College | Salverina University |
| Baystate Medical Institute of Technology | Laboure Community College | Springfield College |
| Berklee College of Music | Lafayette College | Springfield Technical Community College |
| Berkshire Community College | Ledyard University | Stamford College |
| Boston College | Massachusetts Bay Community College | Suffolk University |
| Boston University | Massachusetts College of Art and Design | Suffolk University |
| Bridgewater State University | Massachusetts College of Dental Hygiene | University of Massachusetts Amherst |
| Brockton Community College | Massachusetts Maritime Academy | University of Massachusetts Boston |
| Bunker Hill Community College | Massachusetts Community College | University of Massachusetts Lowell |
| Cape Cod Community College | Merrimack College | University of Massachusetts Dartmouth |
| Clark University | Middlesex Community College | University of Massachusetts Lowell |
| College of Our Lady of the Sims | Montserrat College of Art | University of Massachusetts Lowell |
| College of the Holy Cross | Mount Holyoke College | University of Massachusetts Lowell |
| Cornell College | Mount Wachusett Community College | Western New England University |
| DePaul University | New England Conservatory of Music | Western Suffolk Community College |
| Dartmouth College | Nichols College | Western Suffolk Community College |
| Drexel College | North Essex Community College | Worcester State University |
| Duquesne College | Northwestern University | |

U.Fund 529 College Investing Plan 28

- 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 nation wide
- 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



Attainable 29



What is Attainable?

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



Who is eligible for an Attainable account?



Individuals are eligible if the applicable disability occurred before the individual turned 26 years old and one of the following:


- Eligible to receive SSI or SSDI due to a disability
- Meets Social Security's definition and criteria regarding significant functional limitations

All account owners should have a letter of certification from a licensed physician.

attainable

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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Connect with MEFA on Social Media



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

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Thank You 34

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: [asap.llc/mefa](https://www.google.com/search?q=asap.llc/mefa)

★★★★★

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