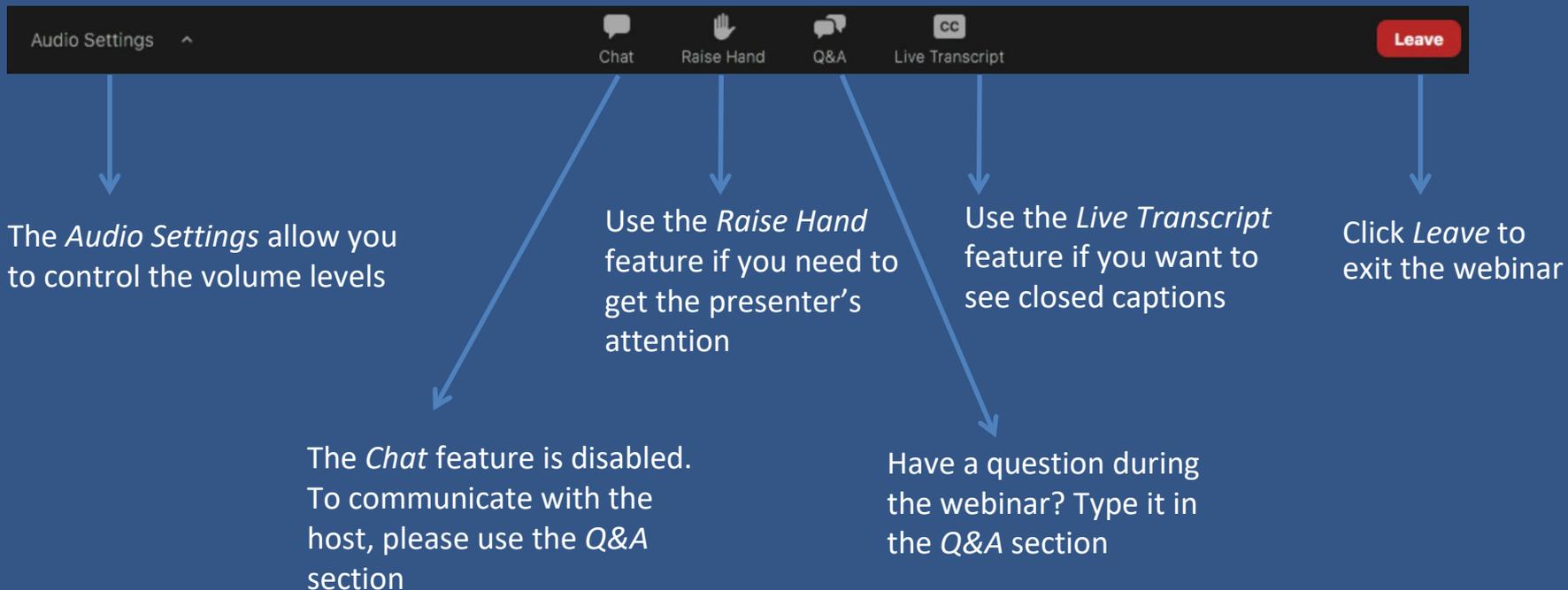


mefa[®]

Saving for College

How to Participate in This Webinar



About MEFA



mefa[®]

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

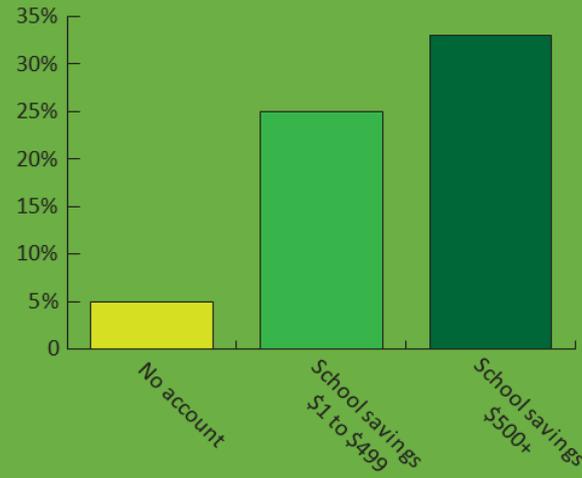
- Give you more education options
 - Different types of colleges
 - Special programs such as study abroad
- Reduce or eliminate the need to borrow loans
- Allow the student to work less and study more
- Have a minimum impact on aid eligibility



Positive Impact of 529 Plans

- Increased attendance and graduation
- Benefits all income levels
- Motivates 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, IIsung 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: \$500,000
- 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](https://www.fidelity.com/ufund) or by calling (800) 544-2776



U.Plan Prepaid Tuition Program

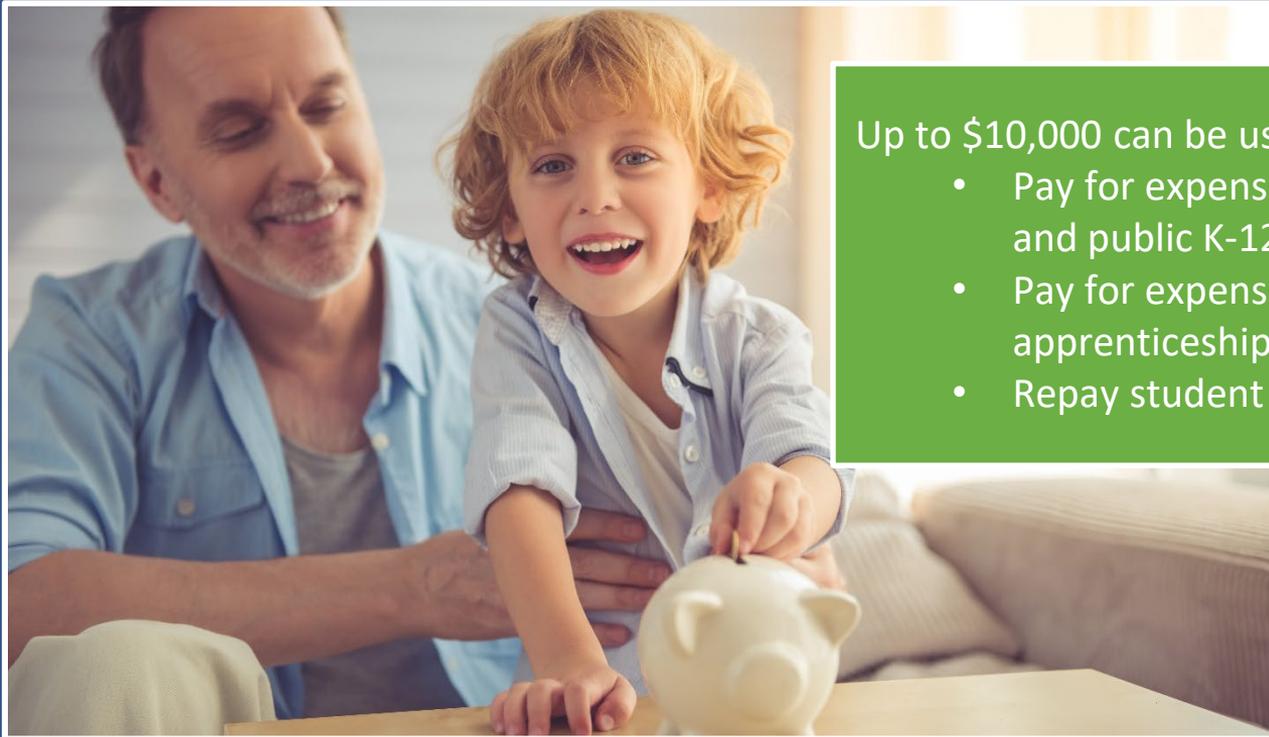
How the U.Plan works:

- 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

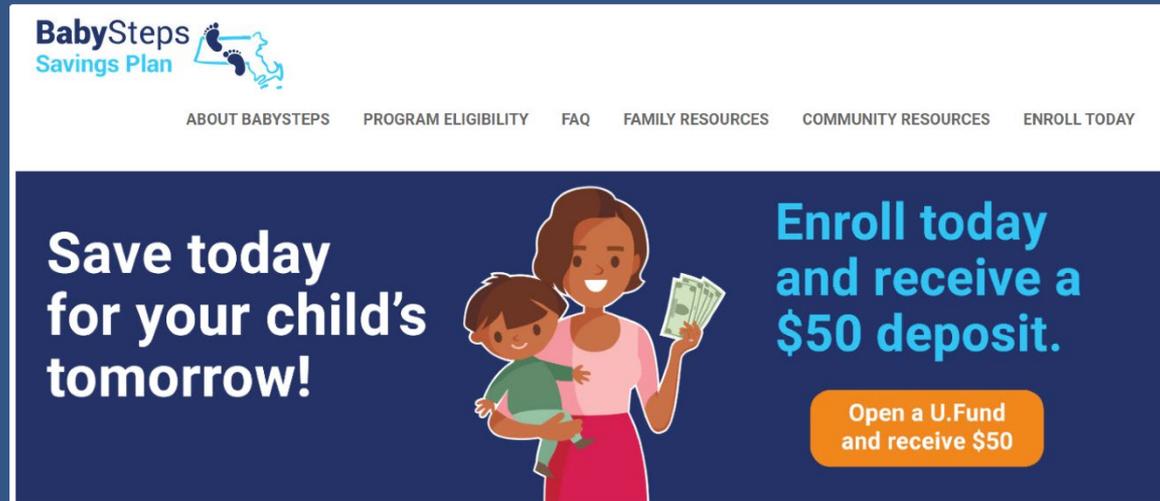


Up to \$10,000 can be used in 529 plan funds to:

- 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 homepage of the BabySteps Savings Plan website. At the top left is the logo, which includes the text "BabySteps Savings Plan" and a graphic of a blue outline of Massachusetts with two black footprints. Below the logo is a navigation menu with the following items: "ABOUT BABYSTEPS", "PROGRAM ELIGIBILITY", "FAQ", "FAMILY RESOURCES", "COMMUNITY RESOURCES", and "ENROLL TODAY". The main content area 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 woman with brown hair, wearing a pink top and red skirt, holding a young boy in a green shirt. She is also holding a stack of five green banknotes. To the right of the illustration, the text "Enroll today and receive a \$50 deposit." is written in light blue. Below this text is a rounded orange button with the white text "Open a U.Fund and receive \$50". In the bottom right corner of the page, the "BabySteps Savings Plan" logo is repeated.

Saving for Education: Massachusetts Tax Benefits



- Contributions to the U.Plan and U.Fund are MA state tax deductible
 - 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

Compound Interest

Julie starts saving **\$50 per month** in a 529 account when her child is **first born**.

Jonathan saves **\$100 per month** in a 529 account beginning when his child is in **2nd grade**.

Who will have more money saved when his/her child turns 18?

Savings Calculator

If you start saving when your child is (select child's age or grade in school on the line below) 0

0 1 2 3 4 K 1st 2nd 3rd 4th 5th 6th 7th

Child's Age or Grade in School

With a monthly savings of (select monthly savings amount on the line below) \$50

15 45 75 105 135 165 200

Dollars Saved Per Month

Compound Interest

✓ Julie starts saving **\$50 per month** in a 529 account when her child is **first born**.

✓ \$21,536

✓ \$10,800 contributed

✓ **\$10,736 interest earned**

Jonathan saves **\$100 per month** in a 529 account starting when his child is in **2nd grade**.

\$19,798

\$13,200 contributed

\$6,598 interest earned

*This assumes consistent monthly saving until the child is 18 and an annual investment return of 7%

How Families Pay for Postsecondary Education



Postsecondary Options

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

\$54,880 per
year*



**4-year
private**

<\$33,000 for
entire
education**



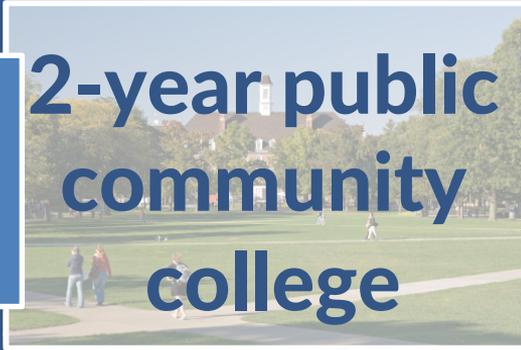
**Vocational
schools**

\$26,820 in-state
per year*
\$43,280 out-of-
state per year*



**4-year
public**

\$9,470 per year*
(does not include
room & board)



**2-year public
community
college**

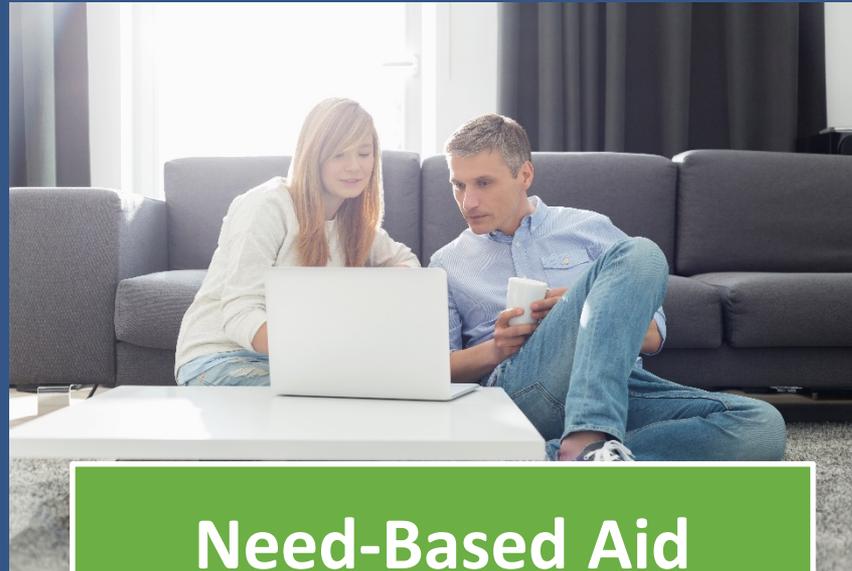
\$183.8 Billion Dollars Awarded to Students in 2019-20

Source: The College Board, *Trends in Student Aid 2020*



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




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

Families 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 2:00pm. 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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youtube.com/MEFAcounselor

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