financing college
our mission

To lead and inspire actions that improve financial readiness for the military and local community.
the power of knowledge
From the minute your child is born, you may already be thinking about their future that includes some type of advanced education, whether that means a traditional four-year university or career training in a technical or other field. What matters most now though is when you actually start planning toward these goals — and ideally, the sooner the better. And that takes having the knowledge you need to understand the many options available and determine which is the best course to follow.

Regardless of how your child envisions future success, you can help make that a reality today with the right financial program and familiarity with the variety of scholarships and resources that complement your contributions. It’s no small consideration to pay for any tuition outside of the kindergarten through high school years. This information will help you understand government-sponsored financial aid, student loans, savings plans and more. Of course, you should always consult a financial adviser if you have any special needs or concerns to make sure you design a plan that fits your family’s budget.

The value of advanced education

The Higher Education Special Interest Group (SIG), part of the Comparative and International Education Society (CIES), estimates that in the near future, nearly two-thirds of all jobs in the United States will require some sort of post-secondary education. A great many of the students entering college after high school will include first-generation attendees, youth who are the first in their family to ever attend a college. While a four-year college may not always be appropriate to your child’s interests and skills, it is clear that getting more education after high school can pay off in higher lifetime earnings, better career advancement and extended diversity of opportunities. More knowledge can quite simply add up to a more rewarding future for your child, making an investment in their education now one of your best parenting decisions.

Career colleges offer a different kind of higher education

An emphasis on specialized training can make attending career or technical colleges especially appealing to many prospective students. For details about what options may be available to your child, check out “Career Colleges and Technical Schools” at the U.S. Department of Education’s site, ed.gov
saving for advanced education

Keep in mind that wherever your child is headed after high school, you should start planning for that destination today. Even if their graduation date is not that far off in the future, it's still possible for you to begin saving something to help defray the amount of loans or financial aid they may still need to obtain in order to attend their school of choice.

Ask yourself:

- How many "savings years" do I have before my child attends college or an advanced training program?
- Will I be saving for more than one child?
- How much can I afford to set aside each month?
- Can I jump-start education savings with a large start-up sum? If so, how much?
- Do I expect my child to help pay for education-related expenses? If so, what percentage or amount?
- What type of school is my child likely to attend?
  - Public or private university or college?
  - Community (two-year) or career college?
- Do I plan to fund postgraduate study (a master's degree or other degree) for my child?
The dollars & sense of funding your child's education

Tuition and housing, if applicable, are just two substantial pieces of the education equation — when planning for your child’s future, you also need to consider the vast number of additional expenses that should be included in any savings plan. If you don’t have a specific school in mind, it may be necessary to approximate costs now especially if your child is still in elementary school. Naturally, things like tuition and other expenses will increase over the years. But you can get an idea now by looking at current costs and base your savings strategy on that. Plus, there are also a number of financial programs available that help you plan for these as-yet-known expenses.

Remember that each of these items will vary by school and may not be all-inclusive so be sure to review several possible school choices to get a better idea of how much you may need to save:

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TUITION</strong></td>
<td>Generally higher for private colleges or if your child attends a public university as an out-of-state student.</td>
</tr>
<tr>
<td><strong>FEES</strong></td>
<td>For labs, technology and activities.</td>
</tr>
<tr>
<td><strong>BOOKS</strong></td>
<td>Both textbooks and other required reading materials.</td>
</tr>
<tr>
<td><strong>SUPPLIES</strong></td>
<td>Technology devices (computer, printer, peripherals), paper and related supplies.</td>
</tr>
<tr>
<td><strong>HOUSING AND MEAL PLANS</strong></td>
<td>If your child attends a four-year university, they may be required to live on-campus at least the first year and subsequently may need to purchase a meal plan in one of the dining halls.</td>
</tr>
<tr>
<td><strong>PERSONAL EXPENSES</strong></td>
<td>Toiletries, cosmetics, clothes, laundry, entertainment, spending money and other costs of daily life.</td>
</tr>
<tr>
<td><strong>UTILITIES</strong></td>
<td>Cellular phone and Internet access.</td>
</tr>
<tr>
<td><strong>TRANSPORTATION</strong></td>
<td>The cost for your child to travel to and from college. If your student will take a vehicle, include parking, fuel and maintenance costs.</td>
</tr>
<tr>
<td><strong>INSURANCE</strong></td>
<td>Property insurance (your homeowners policy may provide coverage for dependents living away from home), auto insurance (even if your child does not have a vehicle at school, they will generally need liability coverage in order to drive any vehicle). Check with your insurer to see which rules apply in your state and/or depending on your individual coverage.</td>
</tr>
<tr>
<td><strong>HEALTH INSURANCE</strong></td>
<td>Check with each school as to any available student coverage or talk to your own health insurer for the most current information and eligibility details.</td>
</tr>
<tr>
<td><strong>MEMBERSHIPS</strong></td>
<td>Fraternity, sorority or other club dues, membership fees and related activity expenses.</td>
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</table>
A beginner's education in contributions

INVESTMENT RETURNS
Generally, returns should exceed or maintain the pace of expected increases in college or training costs.

INVESTMENT CONTRIBUTIONS
Consider how you will make contributions — one-time, irregular or flexible amounts or monthly contributions. There may be minimum or maximum contribution limits each year.

INVESTMENT FEES
Know the annual fees and expenses associated with an investment and whether these are justified and/or affect your ultimate investment returns.

CONVENIENCE
Ease of handling your accounts makes saving that much more likely.

RISK AND TIME HORIZON
The younger your child, the more investment risk you could potentially take and the higher the potential reward — so be sure you understand the possible implications and always talk to a financial professional for any concerns or guidance.

LIQUIDITY
You should be able to access funds when you need them. Depending on the age of your child when you first start saving, the best investment goals and ability to liquidate funds may be different from one type of plan to another. Understand your particular situation and needs before choosing a course of action.

TAXES
Know if your education savings earnings may be subject to federal or state income taxes and if these will be taxed in your child’s tax bracket or yours.

FINANCIAL AID IMPLICATIONS
Some investments can diminish your child’s ability to qualify for financial aid, whether through government-sponsored programs or individual school funds. The type of account and ownership play a bigger role than the investment does.

OWNERSHIP
Consider whether it is better for accumulated college savings to be in your name or your child’s — and whether you want your child to have control of the funds now, in the future, or at all. Remember that other things like any applicable taxes may also be affected by ownership so be sure to have all the facts before making any decisions.

So how can you save as much as possible without compromising your current lifestyle demands? The varied types of savings and investment options should fit your particular budget and maximize any contributions to your education plan.
Raise your deposit IQ

It’s easier than you think to increase your education savings accounts:

Try setting aside a set amount each month from your paycheck or other earnings that goes directly to your account.

Paid off a loan or credit card? Continue to take that same amount and deposit it instead.

Turn your former childcare expenses into education funds.

Life insurance and tax relief for military families

A provision of the Heroes Earnings Assistance and Relief Tax Act of 2008, the HEART Act, includes tax-free savings options for individuals who receive military death gratuities or payments under the Servicemembers’ Group Life Insurance (SGLI) program. The death payment can be rolled over, free of federal income tax and regardless of other income or contribution limits that may apply, to a Roth IRA and/or Coverdell Education Savings Account (ESA). This provision allows military family members to realize the potential long-term benefits of tax-free earnings on education as well as other relevant investments. For more tax information and other act details, visit saveandinvest.org or irs.gov

Insure your education savings

No one can anticipate a major life event such as illness or a death in the family that can dramatically alter your savings efforts. But the right kind of insurance can help protect your child’s future by safeguarding the funds you’ve attained for their advanced education. Talk to your individual insurer to decide what options may be best for your needs and budget as well as your own financial plans. The two main types of coverage include:

1 **Life Insurance**
   Provide money your child will need for their higher education if something happens to you or your spouse before reaching your college savings goal.

2 **Disability Insurance**
   Safeguard your income if you become ill or disabled. This may allow you to keep saving and not have to use education funds for unexpected medical or related expenses.
There are several savings vehicles that are designed to help you save now and better prepare for your child’s advanced education expenses, whether they ultimately attend a university or opt for a career college. Take a look at this at-a-glance comparison chart for the basics of each plan and talk to a professional financial adviser for any additional information:

### 529 COLLEGE SAVINGS PLANS

- Earnings may be exempt from federal income taxes and, for certain plans, from state taxes for qualified distributions.
- Funds can be used for all qualified higher education expenses, including tuition, certain room and board expenses, fees, supplies, and equipment required for enrollment by a designated beneficiary at any accredited school in the United States or abroad.
- Investment results vary. You may gain or lose investment value. With this added risk comes the opportunity for earning greater returns.

### ADVANTAGES

- Provide federal income tax-free earnings when used for qualified higher education expenses.
- Possibly less effect on financial aid eligibility than other types of accounts.
- Generally, anyone can contribute, regardless of residency or income.
- Flexible beneficiary options with no age restrictions.
- Relatively large contributions permitted. Account owner maintains control of the assets.
- Transferable to another family member without a penalty.

### DISADVANTAGES

- Under federal law, the earnings portion of non-qualified withdrawals will be subject to an additional 10% federal tax on earnings, in addition to federal and any applicable state taxes that may otherwise be due.
- Limited investment options and investment value is subject to loss or gain.
- No lock on tuition rates.

For more information about 529 college savings plans, including pre-paid tuition plans, check out the College Savings Plans Network (CSPN) at collegesavings.org for state-specific details and guidelines on how to get started and keep saving!
COVERDELL EDUCATION SAVINGS ACCOUNTS (ESAs)

- Allow annual contributions up to $2,000 per beneficiary.
- Formerly known as educational IRAs.
- Funds can be used for qualified elementary, secondary or college expenses, including tuition, room and board, books, equipment and supplies.
- Earnings can be exempt from federal income taxes for qualified distributions.

ADVANTAGES
- Earnings federal income tax-free when used for qualified education expenses.
- Flexible investment options.
- Flexible beneficiary options.

DISADVANTAGES
- Investment value is subject to loss or gain.
- Gifts are irrevocable and considered assets of the beneficiary.
- No contributions allowed once beneficiary reaches age 18 and funds must be used by age 30.
- 10% penalty on investment earnings plus federal income taxes if funds are not used for qualified education expenses.
- Contributions limited to $2,000 annually, per beneficiary no matter how many accounts are established.
- Families with high income may not qualify.

PREPAID TUITION PLANS

- Allows parents, grandparents and others to lock in current tuition rates.
- Participants purchase units of tuition (years, semesters or credits) at current costs for state colleges and use them to pay for future college costs.

ADVANTAGES
- Anyone can contribute regardless of income.
- With most plans, proceeds may be transferred to another family member.
- Plans are guaranteed by state governments and as such are subject to state-specific rules. Check with your state's administrator for complete information.

DISADVANTAGES
- 10% penalty on investment earnings plus federal income taxes if funds are not used for qualified higher education expenses.
- Generally, room and board, books, equipment and supplies are not covered.
- Most plans cover only in-state tuition.
- Limited enrollment periods during each year.
THE UNIFORM TRANSFER TO MINORS ACT (UTMA) AND THE UNIFORM GIFT TO MINORS ACT (UGMA)

- Allow parents, grandparents and others to contribute an irrevocable gift.

- Accounts are established in the child’s name and earnings are taxed based on the child’s age and unearned income.

ADVANTAGES
- UTMA/UGMA distributions are not subject to federal income tax if unearned income falls into the child’s zero bracket.

- Custodian controls the account until the child is of age (generally 18 or 21), according to state law.

DISADVANTAGES
- Gifts are irrevocable.

- No beneficiary changes.

- Money is considered the child’s property and affects financial aid eligibility.

- Distributions could be subject to “Kiddie Tax.”

PARENTS’ INVESTMENT ACCOUNT(S)

- Dividends, interest and capital gains are taxed to the owner at applicable federal income tax rates. Funds can be withdrawn for any use.

ADVANTAGES
- No contribution limits.

- Parents control how the account is invested and used.

- No income or age limitations.

DISADVANTAGES
- All interest, dividends and gains are taxed for federal income tax purposes at the parents’ tax rate.

- Accounts remain in the parents’ estate if registered to parents.

- Financial aid eligibility may be affected under the Expected Family Contribution calculation.
OTHER SAVINGS OPTIONS

If possible, you may want to consider asking grandparents or close family members to help support your child’s future education needs by giving monetary gifts at holidays or on other occasions. Savings bonds, for example, are federal income tax-free, so long as the bond is owned by the parent and the proceeds are used for qualified college costs and redeemed in the year the expense occurred.

Your legal adviser or estate planner can make other recommendations as well appropriate to your family’s means that may include larger financial gifts that are subject to the gift-tax exclusion including:

• Individual gift of up to $14,000 each year without any federal gift tax assessed.

• Combined joint gift from a married couple of up to $28,000 each year.
paying for advanced education
Discover more options beyond savings

Depending on the school which your child chooses to attend, your total education savings and other factors, you may find you still need additional funds to help cover total expenses. Fortunately there are a variety of other options available to both you and your child including government-sponsored financial aid, grants and scholarships. Your child’s high school counselor should be able to help direct you to more information about any of these programs as can the representatives at the school your child will be attending.
Loans for students attending two- or four-year colleges & universities

The William D. Ford Federal Direct Loan (Direct Loan) Program is the largest federal student loan program. Under this program, the U.S. Department of Education is your lender. According to Federal Student Aid at studentaid.ed.gov, there are four types of Direct Loans available:

1. **Direct Subsidized Loans** are loans made to eligible undergraduate students who demonstrate financial need to help cover the costs of higher education at a college or career school.

2. **Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate, and professional students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan.

3. **Direct PLUS Loans** are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.

4. **Direct Consolidation Loans** allow you to combine all of your eligible federal student loans into a single loan with a single loan servicer.

Other types of loans include:

- Institutional loans are non-federal aid that schools loan their students.

- Private loans and state loans are not federal aid — however, they can help students ineligible for federal aid or those who do not receive enough aid to cover the cost of attendance.

**Government-sponsored Financial Aid**

The national College Advising Corps notes that the vast majority of financial aid comes from the federal and state government level (need-based) and institutional aid (merit and need). In order to be considered and receive financial aid through government programs, you must first complete the U.S. Department of Education’s Free Application for Federal Student Aid (FAFSA™). The form is available from your high school counselor or online at fasfa.ed.gov and cannot be filed before January 1 of the year your child will begin college. Generally, funds are assigned by July 1 of that same year so it’s important to get your application submitted at the earliest possible date and especially when your child has been accepted at the school they plan to attend.

The Federal Perkins Loan Program is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is the lender.
General eligibility requirements for federal aid

- Demonstrated financial need (for most programs).
- U.S. citizenship or eligibility as non-citizen.
- Must have a valid Social Security number (with the exception of students from the Republic of the Marshall Islands, Federated States of Micronesia, or the Republic of Palau).
- Male applicants must be registered with Selective Service by age 18-25.
- Must be enrolled or accepted for enrollment as a regular student in an eligible degree or certificate program.
- Applicants must maintain satisfactory academic progress in college or career school.
- You and/or your child will have to sign statements on the Free Application for Federal Student Aid (FAFSA™) stating that you are not in default on any other federal student loan, do not owe money on a federal student grant and federal student aid will only be used for educational purposes.
- Your child must show they are qualified to obtain a college or career school education by having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate or completing a high school education in a home-school setting approved under your state’s law.

Whether your family receives financial aid depends on your Expected Family Contribution (EFC). Your EFC calculates the income and saved assets of parent(s) and child and compares it to the cost of attending college. If there is a gap, you may be eligible for needs-based aid in the form of a Perkins loan.

If your family’s income is too high to qualify for federal or state aid, you may be eligible for another U.S. Department of Education loan program or other loan sources so always consult a representative at your child’s school or your family’s financial adviser for help before you make any loan decisions.
Financial aid may be just part of a total education — oriented plan — there are numerous other ways too that your child can help pay for traditional or a career college through a variety of other resources that can help aspiring students achieve their dreams.

**Grants** Grants provide college money that does not need to be repaid. They are awarded based solely on financial need.

**THE FEDERAL GOVERNMENT SPONSORS:**

**Pell Grants**
Amounts can change yearly but eligible students can currently receive approximately $5,600 per year. However, the amount your child may get is also determined by:

- Your financial need.
- Your cost of attendance.
- Your status as a full-time or part-time student.
- Your plans to attend school for a full academic year or less.

Note too that Federal Pell Grant funds are not available for more than one school at a time.

**Federal Supplemental Educational Opportunity Grants (FSEOG)**

The FSEOG program is administered directly by the financial aid office at each participating school and is therefore called “campus-based” aid. Not all schools participate. Check with the school’s financial aid office to find out if the FSEOG is offered. Qualifying undergraduate students with exceptional financial need may receive up to $4,000 annually.

State governments also offer grant programs, with varying eligibility and application requirements — depending on the field of study your child has chosen to pursue, you may also want to look into specific available grants for professions such as teaching. It’s so important that you do the research, ask all the questions — with your student — and be sure to contact your state’s department of education for information.

In addition, local governments, private organizations and individual colleges and universities may offer grant funds to students with financial need or demonstrated meritorious achievements in high school. Contact your high school guidance counselor or college financial aid office for the most current information that’s relevant to your child’s needs and financial situation.
Reserve Officers Training Corps (ROTC) Scholarships
Offered at hundreds of colleges nationwide, these scholarships are awarded based on merit and not financial need.

- The Reserve Officer Training Corps (ROTC) offers scholarship programs that allow students to attend school full time while participating in a part-time or summer officer training program. Competition for ROTC scholarships can be intense.

- Service academies are among the most prestigious colleges in the United States. If accepted, a student can expect to attend school tuition free and receive an annual salary in return for a commitment to serve at least 5 years of active duty military service. Refer to each branch of the armed forces specific site links to obtain more details about eligibility.

- Iraq and Afghanistan Service Grant or Additional Federal Pell Grant Funds: If a parent or guardian has died as a result of military service in Iraq or Afghanistan after the events of 9/11, your child may be eligible for additional aid.

If you would like additional information about these and other related programs for members of the military, you can also contact the respective branch of the armed forces with your individual questions.

Traditional Scholarships
In contrast to merit-based assistance awarded by a particular institution, your child also has a multitude of resources available through a spectrum of diverse scholarship opportunities. Some of these may be given based on high school records such as grades and class rank while others could require additional materials at submission — ask your high school counselor to direct you and your student to the most appropriate options.

- College Board at collegeboard.org is a great source of diverse information for scholarships as well as many other college-related questions.

Remember that generally your child cannot apply for scholarships before their junior or senior year in high school — but that doesn’t mean you can’t do the research now. For the most up-to-date information about reputable scholarships as well as other issues regarding the admissions process, talk to your high school adviser. But keep in mind — your child should ideally facilitate a great deal of this particular process independent of your oversight. Respect their abilities as well as their passage into adulthood and help encourage their growth as a successful student wherever they may go.
The Federal Work-Study Program emphasizes employment in civic education and work related to your child’s course of study, whenever possible. According to Federal Student Aid, studentaid.ed.gov:

- It provides part-time employment while your child is enrolled in school.
- It’s available to undergraduate, graduate, and professional students with financial need.
- It’s available to full-time or part-time students.
- It’s administered by schools participating in the Federal Work-Study Program, so check with your school’s financial aid office to verify participation.

The rewards of a scholarship

- Scholarships do not require repayment.
- In most cases, students are eligible regardless of financial need.
- Many types of scholarships exist. Not all are based on academic achievement and many will require essays that allow your child to spotlight their particular talents as well as their writing ability.
- When applying, focus on local scholarship opportunities, as these are often the least competitive.

Work-study programs
A 12th year-long
prep course in
planning for college

Financial aid is provided to students interested in pursuing military careers, as well as for military veterans and their dependents.

Anyone who enlists in the armed forces may be eligible for one of the following education assistance programs:

- **The Montgomery GI Bill — Active Duty**
- **The Montgomery GI Bill — Selected Reserve**
- **Post 9/11 GI Bill** — Veteran with at least 90 days of honorable service after September 10, 2001.
- **Veterans Educational Assistance Program (VEAP)** — Some states may offer Veterans Affairs (VA) options that are transferable to family members. Check with your state’s veterans’ organizations to see if education assistance is available.
- **Survivors’ and Dependents’ Educational Assistance Program**
- **Marine GYSGT John David Fry Scholarship**
- **The Yellow Ribbon Program**

For details of these programs, visit [gibill.va.gov](http://gibill.va.gov) or call (888) 442-4551.

Each service branch also offers its own scholarships, college funds, tuition assistance, work-study programs, loan repayment programs and other forms of assistance.

Need a little incentive — and a lot of good ideas — in getting organized to apply for schools and financial aid? Get some helpful tips at [studentaid.ed.gov/prepare-for-college/checklists/12th-grade](http://studentaid.ed.gov/prepare-for-college/checklists/12th-grade) that you can print out and post on the refrigerator for quick at-a-glance access!
access more free educational materials today

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- Mutual Funds
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- Life After The Military