The HEFAR Group

CASH FOR COLLEGE NEWSLETTER

AZ 602-396-7840; CA 619-436-5350

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GREAT TIPS THAT HELP PARENTS PAY FOR COLLEGE YEAR AFTER YEAR!

Dear Parent,

The school year is over and the summer break is here at last. You've now got a few months before classes start again, and you're free to spend that time doing anything but thinking about college fees, right? Wrong! The forms might have been completed and the deadlines passed but what you and your family do this summer could have serious effects on the bills you'll have to pay during the next few years.

This month's newsletter comes in two sections. For parents of seniors who will be heading off to college in fall, I've got five vital summer tips. And for parents whose children are about to become seniors, I've got three more pieces of advice that are absolutely crucial.

Part I: 5 Top Tips For Parents Of Seniors

1. Find Your Child A Summer Job

Your child might be thinking more about fun in the sun than sweating in a store this summer but if he or she can save money for college, it will go a long way towards taking the pressure off you — and making him or her more self-reliant too.

Provided your child earns no more than $6,300 in 2016, their funding package won't be affected. They can possibly earn that this summer, giving them a great sense of self-reliance, and fewer reasons to call you and ask for cash while they're away at school.

2. Give Your Child A Spending Allowance

Of course, even the full $6,300 won't go too far and it's likely you'll need to help. By now you should know the full cost of your child's tuition and living expenses. You should also know exactly how you're going to meet them. If you're still not sure though — or if you're worried about how you're going to do it — you can give our office a call to help you formulate a plan at AZ: 602-396-7840 or CA: 619-436-5350. There are very useful financial strategies that can help many parents pay for college, some even on a "tax-favored" basis. We can help a lot of parents meet all their expenses without changing their standard of living, dipping into their pensions or raiding their savings. Let us help you define a plan for you.

And those expenses are likely to include spending money for your child. Tuition and rent might be the biggest costs of college, but books aren't free and neither are transportation, a social life or telephone bills. One way that many parents help their child pay their bills is to give them a credit card. If that's something that you plan to do, you need to set limits and decide what the card is for. You'll need to clarify whether the card is just for emergencies and tickets home, or whether it can also be used for concert tickets and ski trips. You'll also need to be able to track your child's spending so that you don't get any nasty surprises.

If you're planning to use the card for emergencies only, it's worth remembering that many schools offer "bridge loans." These are specifically for student emergencies. They usually have to be paid back within 90 days and can be a good replacement for an emergency credit card.

3. Find "Last Minute" Methods To Fund Your EFC

It's been a while since you learned the value of your Expected Family Contribution (EFC) and if you still think the gap between that figure and the amount you think you can afford to pay is too large, you're not alone. Many parents are in exactly the same position. If you're still not sure how you're going to pay your EFC, then give our office a call. There are a number of good options and with careful planning now, you can make the most of the money that you have available. While we do reduce the amount you have to pay for college, the majority of our work is in defining a plan to pay for your portion of college expenses without sacrificing your own financial future.

4. Start Thinking About The Years To Come

It would be great if you only needed to go through the college funding process once. But it doesn't work that way. From now on, every year is going to be a "Base Financial Year." I'll discuss what that means in more detail in Part Two, but for now, bear in mind that before your child starts his or her second year at college you'll be completing your second Free Application For Federal Student Aid (FAFSA) and maybe a CSS Financial Aid Profile (PROFILE) too.

5. Note Your Mistakes... And Learn From Them

Filing a FAFSA every year can be a pain but it does mean that if you make a mistake — miss a deadline or leave out some information —you only lose out once. You can spot your error, remember what you did wrong, and make sure you get it right the following year.

Part II: 3 Top Tips For Parents Of Juniors

1. Build Your "Base Financial Year" Wisely

As the parent of a child who is about to become a senior, you're going to be facing a lot of forms and applications in the coming months. And once those form are in, the colleges will take a look at your income and review the state of your assets as they decide on the shape of your financial package.

Your Base Financial Year then is now. If your child will be heading to college in 2017, with changes to the FAFSA that go into effect this year, it's your 2015 figures that will count for the first year and 2016 numbers for year 2.

That means that any change to your finances this year, whether that's buying a new car, starting a new business, changing your stock portfolio or getting a pay raise, will affect the funds that your child could receive as part of his or her "need-based" aid package going forward. You're already in the thick of this process and it is vital that you think very carefully before you make any financial moves.

But that doesn't mean you shouldn't do anything. In fact, you should arrange your finances in such a way that you end up with as few out-of-pocket college expenses as possible. There's nothing wrong with doing that, and every reason to do it.

The way you structure your taxes, place your assets, manage your holdings and plan your savings can all mean more money for your child's education. The right strategy is clearly going to vary from family to family, so there is no general solution. If you'd like to call our office, we'll be happy to give you a FREE personal consultation.

2. Get Your Child Interested In Potential Colleges

To your child, college might still seem a long way away but you know that this year is just going to fly past and be gone before you know it. It's not too early to start thinking about colleges. Send off for catalogs and admission applications, and start identifying the aspects of each school that most interest your child. You could even use your summer trips to visit some prospective campuses.

If you can get your child interested in a particular school now, you'll motivate him or her to put in some extra effort and keep up the grades this coming year.

In general, it's best for students to apply to six or seven schools. That maximizes the odds of acceptance by least one school, raising the student's confidence and giving the family more options as well as negotiating power over the financial aid package. With more than one offer, it is possible to see schools bidding for the students they want.

3. Predict Your EFC

The amount that the federal government expects you to pay for your child's education is your Expected Family Contribution, or EFC. Wherever your child ends up, that amount won't change.

The EFC is calculated in two ways: by Federal Methodology and by Insitutional Methodology.

State schools tend to use Federal Methodology while most private schools use Institutional Methodology. One difference between the two systems is that Institutional Methodology bases its calculations on assets not included in the Federal system, such as the value of your home, however, it also takes into account expenses that the Federal Methodology does not include.

These different calculation systems, asset planning and Base Financial Years can all be very complicated. It is worth coming to terms with that though. Get everything right and you can save thousands of dollars and give your child a very valuable education.

Bear in mind though that even top earners can struggle to pay their EFC. That's why those "tax-favored" strategies can be so useful. They can often help people meet their payments without touching their retirement funds or affecting their standard of living. If you want to learn more, just call our office for more information or to book a place at our next FREE College Funding Workshop.

Just call us at AZ: 602-396-7840 or CA: 619-436-5350.

Until next month…

The HEFAR Group

The HEFAR Group is a 501 (c)(3) non-profit company that helps families and individuals plan financially for the skyrocketing cost of college. HEFAR helps to both lower out-of-pocket costs and increase eligibility for financial aid by helping families qualify for more in grants, scholarships, endowments and other aid that is available. The HEFAR Group is a FREE service dedicated to helping make a college education more affordable and manageable and to keeping families from making costly mistakes when navigating through the complex financial aid process. Learn more at www.hefar.org or simply call or email to schedule a free appointment with one of our college planning experts. AZ: 602-396-7840, CA: 619-436-5350, mail@hefar.org.

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