

Learn

College Funding at a Glance

One thing is certain: College is expensive. If you're currently helping your child pay for college or you will be in a few years, here's some information that may help.

College-savings Options

Parents can set money aside for college in a regular savings or investment account as well as in tax-advantaged college-savings programs.

Section 529 college-savings plans* are state-sponsored savings accounts that allow parents to save money for college. There are no income limits, and withdrawals of contributions and earnings are tax-free when used to pay qualifying education expenses. Funds can be used at any accredited college or university. Assets may be transferred to another family member if the designated beneficiary doesn't use the money.

"Scholarships aren't just for straight-A students and star athletes."

Section 529 prepaid tuition programs* permit families to lock in the tuition price charged at the state's public colleges in the year of enrollment in the program. Unused assets may be transferred to another family member.

Coverdell Education Savings Accounts (ESAs) may be used for certain elementary and secondary school expenses as well as for higher education costs. Unused assets may be transferred to other family members. Annual income and contribution limits apply.

Search for Scholarships

Students can help pay college expenses by seeking out scholarships and other awards. Scholarships aren't just for straight-A students and star athletes. Students may find scholarships that are just right for their particular strengths and interests. While many scholarships are for relatively low amounts, there's no limit to how many scholarships a student may receive. Added together, a few scholarships may make a big difference. High school guidance counselors can provide

**The availability of the tax or other benefits mentioned above may be conditioned on meeting certain requirements.*

Investors should consider the investment objectives, risks, charges and expenses associated with 529 plans carefully before investing. More information about 529 plans is available in the issuer's official statement, which should be read carefully before investing.



useful information on scholarships. The Internet is another good information source.

Get a Grant

Federal and state grants may be a source of free money for students. Usually, these grants are awarded based on need. Colleges often receive a fixed amount of federal grant money each year. So, the earlier a student applies for aid, the better the chance of receiving a grant. Some colleges also offer their own grants to attract desirable students or supplement federal and state aid.

Transfer from a Two-year College

In many cases, students can transfer credits earned at a two-year community college to a four-year school. Tuition at a community college may be substantially less. Many families save significantly by having a child start at a community college and then transfer to a four-year school.

Take Advantage of Tax Credits

Tax credits are available once a child starts college. A Hope Scholarship Credit may be available for the first two years of post-secondary education. A Lifetime Learning Credit is available for each additional year of post-secondary education or job training. The credits are available for a percentage of qualified tuition and related expenses. Eligibility is phased out above certain income levels.

Limit Borrowing

Even after savings, scholarships, and tax credits, many families still have to borrow to pay college costs. Loans are a large component of many financial aid packages. In general, students shouldn't have debt payments of more than 10% of their monthly gross income once they graduate. And, in most cases, parents should make sure their total debts don't exceed 35% of their gross income.

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