

### HOUSEKEEPING

- 75-Minute Workshop
- To Ask Questions, Please Use The Chat Box
- Please Complete Your Evaluation After the Workshop




6


### Access Our Mini Vault

- On-Demand LKS Recording
- Specialty Webinars
- Presentation Slides
- College Money Report™
- 529 Standard Search Tool
- 529 Comparison Calculator
- College Savings Estimator
- Financial Aid/SAI Calculator

7



**THE COLLEGE FUNDING COACH®**  
Little-Known Secrets of Paying for College




8

### Quick Poll:

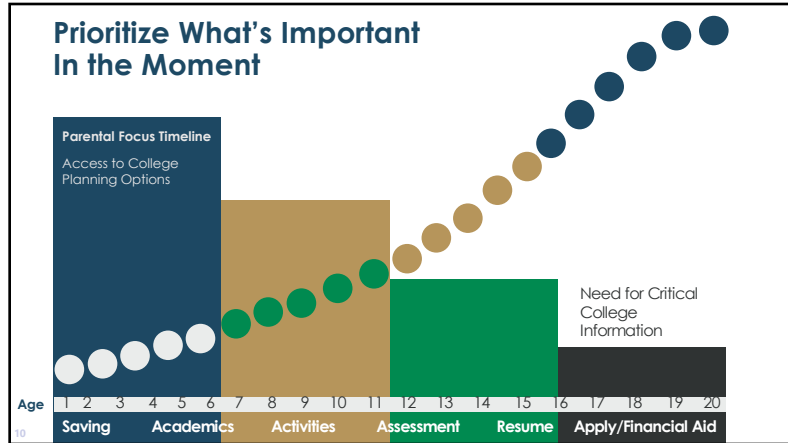
THE COLLEGE FUNDING COACH

What Age Are Your Student(s)?

- Preschool
- Elementary School
- Middle School
- High School
- College



9



10



11

## Agenda

- The Problem
- Ins & Outs of The Financial Aid Formulas
- Other People's Money
- Your Money
- Strategies & Solutions
- Next Steps

12

### BACKGROUND on This Class:

Most People Have Their Money in Two Places...

- Great for Retirement;  
Not So Great for College
- We Offer a Game Plan:  
Do-It-Yourself vs. Hire a Guide

*For most families, it's something like this...*

13



14



15



17

**Quick Poll:**

THE COLLEGE FUNDING COACH

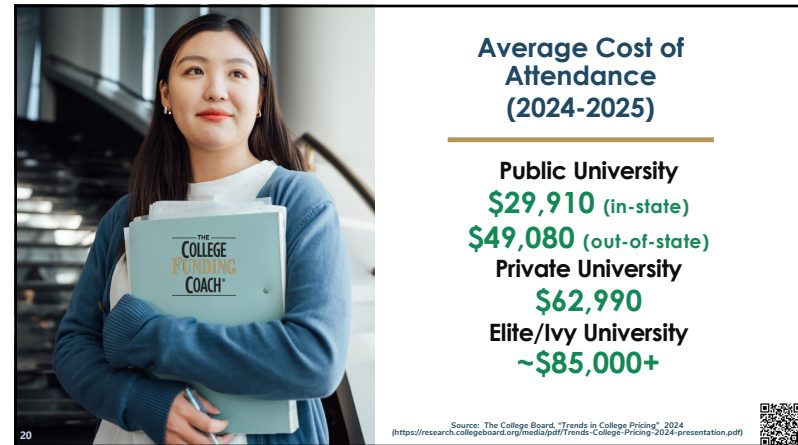
**Why Are You Here?**

- Where Do I Start?
- The Financial Aid Process
- Scholarships
- Student Loans
- Specific College Funding Tools
- The "Little-Known SECRETS!"
- Give It ALL to Me!
- Something Else—Please Let Us Know

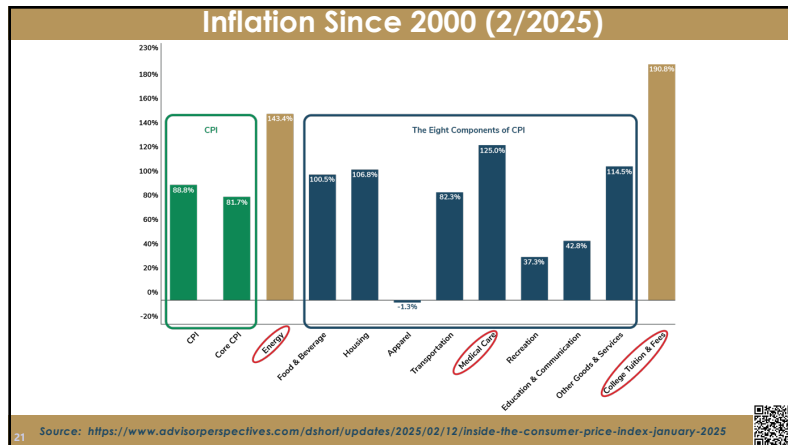
18



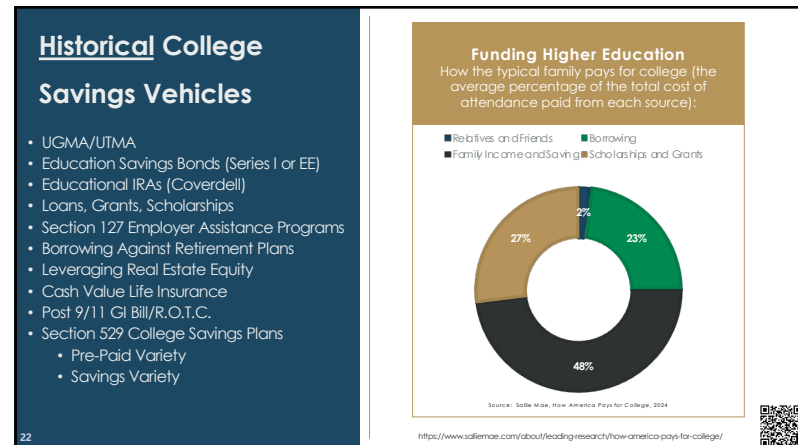
19



20



21



22



Concept vs.  
Reality:

### Grant Reality 2022-23 (Need-Based)<sup>1</sup>

57%

Percent of families receiving grants

Average amount \$5,934

Total cost covered by grants at:

13%

Private

11%

4-year  
Public

12%

2-years  
Public

**Will we get a Federal Pell Grant?**  
It depends on your income, marital status and family size. Example: Two-parent households with two kids qualify for a full Pell Grant only if their income is \$48,563 or lower.<sup>2</sup>

---

### Scholarship Reality 2022-23 (Merit-Based)<sup>1</sup>

60%

Percent of families receiving scholarships

Average amount \$7,822

Total cost covered by scholarships at:

23%

Private

14%

4-year  
Public

11%

2-years  
Public

**Few free rides**  
**0.3%**  
of college students receive enough grants and scholarships to cover all costs.<sup>3</sup>

<sup>1</sup> Sallie Krawcheck, How America Pays for College, 2023.  
<sup>2</sup> Congressional Research Service, The FAFSA Simplification Act, August 2022. For dependent, full-time students in the 2024-23 school year, based on 2022 federal poverty guidelines. Families only also qualify for maximum Federal Pell Grants based on other criteria.  
<sup>3</sup> Mark Karpovich, National Postsecondary Student Aid Study from the National Center for Education Statistics. Based on full-time students of four-year colleges.

23

## 529 Plans: State Tax Benefits

THE COLLEGE FUNDING COACH

- Tax Parity States**  
These states offer a tax deduction for contributing to any 529 plan, including out-of-state plans that may be more attractive than the in-state option: Arizona, Arkansas, Kansas, Maine, Minnesota, Missouri, Montana, Ohio, Pennsylvania.
- Tax-Neutral States**  
These states offer no state tax deduction for 529 plan contributions: Alaska, California, Florida, Hawaii, Kentucky, Nevada, New Hampshire, North Carolina, South Dakota, Tennessee.
- All Other States**  
These states offer potential tax breaks on contributions made only to in-state 529 plans.

2/19/25

As of October 2024.

24

## Do You Have the Right 529 Plan?

Use our *529 Comparison Tool to Be Sure!*

Welcome to the 529 Plan Comparison Calculator

Use this tool to compare and contrast different 529 college savings plans.

Get Started

25

## 529 Plans: State Tax Benefits

THE COLLEGE FUNDING COACH

- Tax Parity States**  
These states offer a tax deduction for contributing to any 529 plan, including out-of-state plans that may be more attractive than the in-state option: Arizona, Arkansas, Kansas, Maine, Minnesota, Missouri, Montana, Ohio, Pennsylvania.
- Tax-Neutral States**  
These states offer no state tax deduction for 529 plan contributions: Alaska, California, Florida, Hawaii, Kentucky, Nevada, New Hampshire, North Carolina, South Dakota, Tennessee.
- All Other States**  
These states offer potential tax breaks on contributions made only to in-state 529 plans.

2/19/25

As of October 2024.

26

### A Sample of the Top College Endowments

THE COLLEGE FUNDING COACH

≈ \$49B	≈ \$10B	≈ \$4.7B	≈ \$3.2B
≈ \$43B	≈ \$10B	≈ \$4.6B	≈ \$2.8B
≈ \$41B	≈ \$9.9B	≈ \$3.6B	≈ \$2.5B
≈ \$36B	≈ \$7.8B	≈ \$3.6B	≈ \$2.3B
≈ \$17B	≈ \$5.3B	≈ \$3.5B	≈ \$2B

Source: [https://en.wikipedia.org/wiki/List\\_of\\_colleges\\_and\\_universities\\_in\\_the\\_United\\_States\\_by\\_endowment](https://en.wikipedia.org/wiki/List_of_colleges_and_universities_in_the_United_States_by_endowment)

27

### Applying For Financial Aid NOW!

FINANCIAL NEED = Amount of Aid for Which Your Family is Eligible

- The FAFSA (SAI)
- The CSS Profile (EFC)
  - (≈ 179 Undergraduate Schools)
  - More Detailed:
    - Non-Custodial Parents
    - Home Equity
- The School's Institutional Forms

COA (Cost of Attendance)  
 - SAI (Student Aid Index) or  
 - EFC (Expected Family Contribution)  
 = Your Family's Financial Need

28

### Important Dates!

THE COLLEGE FUNDING COACH

#### Financial Aid Dates to Remember Class of 2025

	Financial Aid for Class of 2025
College Begins	Fall 2025
College Admission Applications	Fall - Winter 2024
CSS Profile Available	October 1, 2024
FAFSA Available	December 1, 2024
Tax Year Figures Used (Base Year)	2023 (Prior-Prior Year)
Asset Figures Used	As of the Day You File

2/19/25 \* As of Most Recent Updates!

29

Assessable		Non-Assessable	
<u>Assets</u>	<u>Income</u>	<u>Assets</u>	<u>Income</u>
<ul style="list-style-type: none"> <li>Bank Accounts</li> <li>Investments</li> <li>529 Plans</li> <li>UGMA &amp; UTMA</li> <li>Investment Property</li> <li>Business</li> <li>Child Support</li> <li>Farm</li> </ul>	<ul style="list-style-type: none"> <li>Wages</li> <li>Rental Income</li> <li>Business Income</li> <li>Interest &amp; Dividends</li> <li>IRA or KEOGH Contributions</li> </ul>	<ul style="list-style-type: none"> <li>Retirement Plan Assets</li> <li>Primary Residence</li> <li>Life Insurance</li> <li>Annuities</li> <li>Household Items</li> <li>Personal Debt</li> </ul>	<ul style="list-style-type: none"> <li>Financial Aid</li> <li>Food Stamps</li> <li>Pension Rollovers</li> <li>Loans</li> </ul>

30


## The Major FAFSA Changes:

**Three Distinct Formulas:**

- **Dependent Student (Our Focus Tonight)**
- **Independent Student with Dependents**
- **Independent Student without Dependents**

---

- **Focus on Pell Grant Eligibility**
  - Not Required to File a Federal Tax Return
  - 175%-225% (or less) AGI of Federal Poverty Guidelines



2/19/25

31

## The Major FAFSA Changes:

Income Protection Allowance No Longer Divided by # in College Simultaneously	No Allowance for State & Other Taxes	Untaxed Income (From Family Members or Paid on the Students' Behalf) Will No Longer be Reported on the FAFSA.
Business Value Counts, Regardless of Employee Count	Farm Value Counts (Excluding Primary Residence Value).	Students will be able to look up whether they'll be eligible for a Pell Grant based on their income and family size information even before they apply for financial aid.
The Parent Income Protection Allowance Will Increase by 20%.	The <u>Dependent</u> Student Income Protection Allowance Will Increase by 35%.	Revised Rules Regarding Custodial Parent in Cases of Divorce <ul style="list-style-type: none"> <li>• Greater Support to Child in Prior-Prior Year or</li> <li>• Greatest AGI</li> </ul>

2/19/25

32

## Big Picture Overview of FAFSA & SAI:

**Four Part Formula:**

**PARENTS AVAILABLE INCOME:**

Parents' Adjusted Gross Income

+ Deductible IRA or KEOGH Contributions

- Federal Income Tax Paid

- Income Protection Allowance (Table A2)

- \$4,890 Employment Expense Allowance

**= Parents' Available Income (PAI)**

Family Size (including student)	Income Protection Allowance Amount
2	\$28,530
3	\$35,910
4	\$43,870
5	\$51,790
6	\$60,540

Note: For each additional household member, add \$8,840.

**PARENTS CONTRIBUTION FROM ASSETS:**

Assessable Assets

+ Annual Child Support Received

+ Adjusted Net Worth of Business and/or Farm (Table A3)

= Net Worth

**Net Worth x 12%**

**= Parent Contribution from Assets (PCA)**

If the net worth of businesses/investment farms is ____	Then the adjusted net worth is ____
Less than \$1	\$0
\$1 to \$170,000	40% of net worth of business/farm
\$170,001 to \$510,000	\$68,000 + 50% of net worth over \$170,000
\$510,001 to \$850,000	\$238,000 + 60% of net worth over \$510,000
\$850,001 or more	\$462,000 + 100% of net worth over \$850,000

33

## The Major FAFSA & SAI Changes:

**TOTAL PARENT CONTRIBUTION:**

Parents' Available Income (PAI)

+ Parents' Contribution from Assets (PCA)

**= Parents' Adjusted Available Income (PAAI)**

- Then, Adjust **Parents' Adjusted Available Income** by Table A5 (Generally 47%)

If the parents' AAI is ____	Then the parents' contribution from AAI is ____
Less than -\$8,300	-\$1,826
-\$8,300 to \$21,300	22% of AAI
\$21,301 to \$26,700	\$4,686 + 25% of AAI over \$21,300
\$26,701 to \$32,000	\$6,036 + 29% of AAI over \$26,700
\$32,001 to \$37,500	\$7,573 + 34% of AAI over \$32,000
\$37,501 to \$42,900	\$9,445 + 40% of AAI over \$37,500
\$42,901 or more	\$11,603 + 47% of AAI over \$42,900

**This is the Parents' Contribution (PC)**



2/19/25

34

## The Major FAFSA & SAI Changes:

**STUDENT CONTRIBUTION FROM INCOME:**  
 Student AGI + Deductible Retirement Plan Contributions  
 - Student College Grant & Scholarship Aid (reported as income)  
 - Student Education Credits & Federal Work Study  
 - Federal Income Tax Paid  
 - **\$11,510** Student Income Protection Allowance  
 = Student Available Income  
**x 50%**  
 = **Student's Contribution from Income (SCI)**

**STUDENT CONTRIBUTION FROM ASSETS:**  
 Assessable Assets x **20%**






35

## Big Picture Overview of FAFSA & SAI:

### STUDENT AID INDEX:

- Parent's Available Income (PAI)
- + Parent's Contribution from Assets (PCA)
- + Student's Contribution from Income (SCI)
- ± Student's Contribution from Assets (SCA)
- = **Student Aid Index**

36

## The Good News:

Send your kids to college without going broke.

You, parents, you can make the college dream a reality... and still retire one day.

**Parents Start Here**

Schools and Organizations

**College Money Report™**

Your Free College Money Report™ will help you:

1. How much college you can afford.
2. If you'll qualify for grants and other aid.
3. How much you will be expected to pay out of pocket.

You Can Calculate SAI & EFC Using Our **FREE College Money Report™!**

**TheCollegeFundingCoach.org**



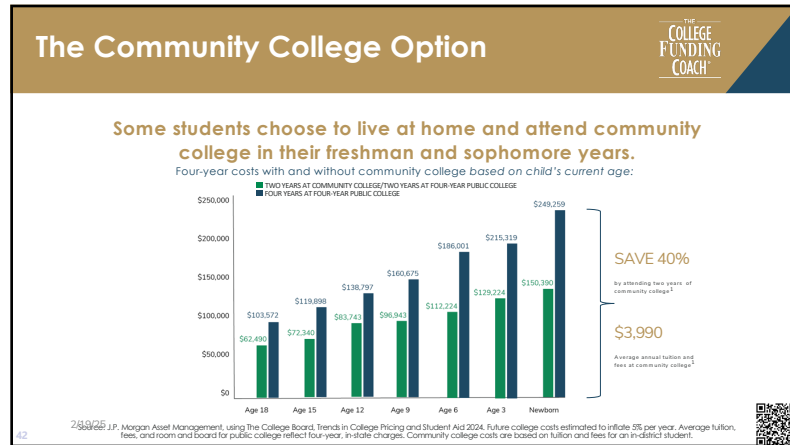

40

## "But What If I Make Too Much Money to Qualify for Need-Based Aid?"

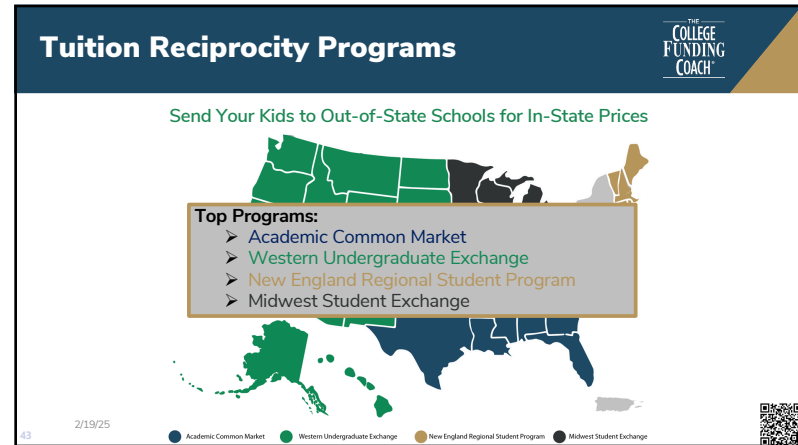
Now let's look at using our own money...




41



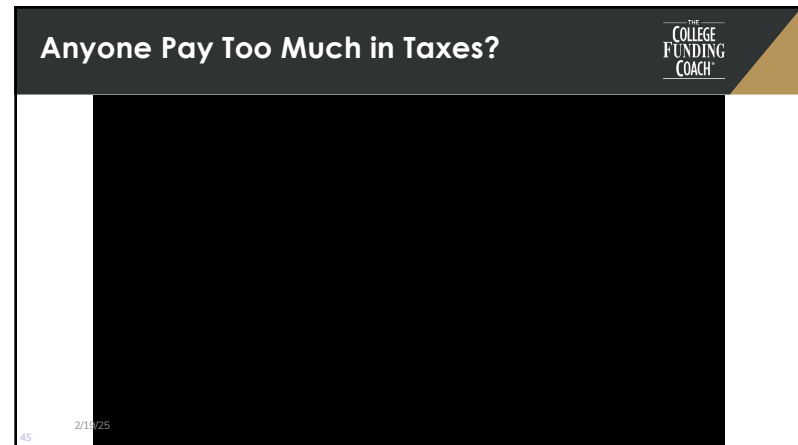
42



43



44



45

## Maximize the Efficiency of Your Money

What role do taxes play on your investments?

Are you carrying a lot of non-deductible debt?

Can you increase your cash flow?

Business Owners—Hiring kids in your family biz!

What if you could delay paying for college for another four years?

→

A "Found" Opportunity Cost!

Where do most people have most of their money?

2/19/25

46

## Does This Sound Like a Good Strategy to You?

- All deposits in the account are not safe from loss of principal.
- The customer may pay more than the minimum monthly contributions, but not less. If the customer attempts to pay less, the financial institution keeps all previous contributions.
- If the customer misses a monthly payment, it negatively impacts their credit score.
- Each contribution made to the account is not liquid and results in less safety and increased tax liability.
- The money in the account earns a 0% rate of return.

2/19/25

47


## Home / Mortgage

**Home**

- ✓ Rate of Appreciation on Home = 3-7%\*
- ✓ Rate of Return on Home Equity = 0%

**Mortgage**

- ✓ Mortgage Interest May be Tax-Deductible
- ✓ May be Better Than Private Source College Loan
- ✓ Maximum Tax Deduction is Now \$750,000
- ✓ Can be Used to Increase Cash Flow



Remember: Home Equity Lines of Credit are no longer tax-deductible for purposes other than home improvements!

\* According to the Case-Shiller Housing Index, the average annualized rate of return for housing increased 6.24% between January 1987 and January 2022. <https://fred.stlouisfed.org/series/CUSHINDEX>

2/19/25

48


## Qualified Plan Problem

Does Anyone Here Have a Pension?  
EVERYONE USED TO!  
In 1974, That All Changed.

**Sound Familiar?**

- ✓ 47 Years Old
- ✓ Will Work Until Age 67
- ✓ Will Live Until Age 90
- ✓ \$100,000 in OLD MONEY
- ✓ \$10,000 in Deferral Contributions
- ✓ \$3,000 in Matching Funds
- ✓ 8% Annual Yield

OLD MONEY:	\$466,096
CONTRIBUTIONS:	\$494,229
MATCH:	\$148,269
TOTAL:	\$1,108,594
↓	
PAYMENT:	\$97,493
FEDERAL TAX @ 22%:	\$21,448
AVG. STATE TAX @ 6%:	\$5,850
NET INCOME:	\$70,195



All figures are hypothetical and should not be relied on for your personal situation.


2/19/25

49



## Utilize Tax-Advantaged Investments That Can Be Used for College OR Retirement

**Make Uncle Sam Your Partner!**



- Section 529 Plans
- Roth IRAs or Roth 401(k)s
  - Tax-Free Growth & Withdrawals
  - Roth Distributions Avoid 10% Early Withdrawal Penalty
  - "Backdoor" Roth IRA
- Municipal Bonds
  - Tax-Free Growth & Withdrawals
- Cash-Value Life Insurance
  - Non-Assessable Asset
  - Guaranteed Safety of Principal
  - Tax-Free Growth & Withdrawals
  - Tax-Free Death Benefit

2/19/25

50

## The GOOD News is That...

**You can do it. And we can help!**



Comprehensive Financial Planning



Focus on College Funding Strategies



Attend more prestigious, less crowded or private schools for the same net cost as state schools.

Become an informed buyer & start early!

51

## Quick Poll:

**If College Were Starting Tomorrow, How Would You Rate Your Financial Preparedness?**



Let's Do This...We're Ready!



We Are Close But Could Use Some Guidance.



Totally Good On The Oldest...But We Have Two (or More!)



Kids...What Kids? (We Are In Trouble!)



Good News...We Have Some Time!



Clean Out The Basement, My Children May Live Here Forever!

2/19/25

52

## The Conversation Continues...

Today is Just the Start. Connect With The College Funding Coach® in One of Three Ways:

- 1  Our Free Mini-Vault!
- 2  Free Personalized Consultation
- 3  Join our Facebook Group, Too!  
Search: **Little-Known Secrets of Paying for College**

2/19/25

53

## Access Our Mini Vault

**On-Demand LKS Recording**      **Specialty Webinars**

**Presentation Slides**      **College Money Report™**

**529 Standard Search Tool**      **529 Comparison Calculator**      **College Savings Estimator**      **Financial Aid/SAI Calculator**

54

## What's Next?

What You Can Do **TODAY** to Begin Navigating The Best Way to Save & Pay for College in **FIVE** Easy Steps!

**College Aid Pro™**

- ▶ What Do Colleges Think You Can Afford? (SAI)
- ▶ What Can You Actually Afford? (College Pre-Approval)
- ▶ Find the Most Generous Schools
- ▶ Understand the Out-of-Pocket Costs
- ▶ Close the Gap @ Each School

2/19/25

55

## Calculate Your Own College Money Report™.

**College Aid Pro™**

Sample Child C: \$37K

Estimated costs: \$12,000 (Tuition), \$1,500 (Books), \$1,500 (Room & Board), \$1,000 (Transportation), \$1,000 (Personal Expenses), \$1,000 (Health Insurance), \$1,000 (Miscellaneous)

Financial aid: \$10,000 (Scholarship), \$10,000 (Need-based aid)

Net cost: \$13,000

56

## Bringing it All Together

**College Pre-Approval™**  
Answer before you go

**High Merit/ Low Need**

- ▶ Non Need Merit Aid
- ▶ Private Scholarship
- ▶ School Selection
- ▶ Test Prep
- ▶ Tax Aid

**High Merit/ High Need**

- ▶ 100% of Need Met
- ▶ Merit Aid
- ▶ Private Scholarship
- ▶ Test Prep
- ▶ SAI Reduction

**Low Merit/ Low Need**

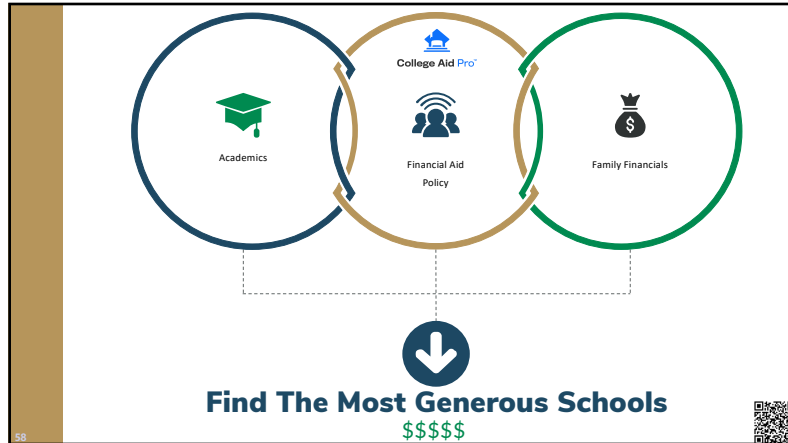
- ▶ School Selection
- ▶ Test Prep
- ▶ Tax Aid

**Low Merit/ High Need**

- ▶ 100% of Need Met
- ▶ SAI Reduction
- ▶ Timely Applications

**College Aid Pro™**

57



58



59

60



61

## FOR MORE INFORMATION

 (800) 949-2362

 [www.TheCollegeFundingCoach.org](http://www.TheCollegeFundingCoach.org)

 [www.facebook.com/TheCollegeFundingCoach](http://www.facebook.com/TheCollegeFundingCoach)

 [https://www.facebook.com/groups/littleknownsecrets\\_ofpayingforcollege](https://www.facebook.com/groups/littleknownsecrets_ofpayingforcollege)

 Channel: [tfc2002](https://www.youtube.com/channel/UCtfc2002)

 @CollegeFundingCoach

 [2115e0arch: The College Funding Coach](https://www.linkedin.com/company/2115e0arch)



62


## RESOURCES



<https://www.thecollegefundingcoach.org/get-help/resources/>


63

## Disclosures:



1. All Material ©2002-2025 by The College Funding Coach®. Any reuse or reproduction without the express written permission of The College Funding Coach® will be considered copyright infringement and will be punished to the fullest extent of the law.
2. Hypothetical examples are for illustrative purposes only. Figures and rates of return are not intended to be representative of any particular product or strategy.
3. The information contained in this material is provided with the understanding that it is not intended to be interpreted as specific tax or legal advice. Individuals are encouraged to seek the guidance of their own personal legal or tax professional.
4. References to mortgage financing are not intended to be recommendations to refinance a mortgage to pay for college expenses. The strategies are conceptual in nature, and for illustrative purposes only.
5. The preceding presentation is provided by The College Funding Coach® for educational purposes.

64 2/19/25



64