



Involving Your Kids in Planning for College

It's one of the many challenges of parenthood. You want to be maxing out your retirement savings in order to get your nest egg secured. Meanwhile, the average cost for a four-year private college just jumped to over \$30,000 a year, and you don't want to deprive your child the opportunity to attend. Consequently, many parents must ponder: which goal is more important, and how can I possibly save for both?

Which goal is more important? The best thing for you can do for your family is stay financially strong. So unless your nest egg is securely in place, we recommend your retirement savings come first. I don't believe any of us would want to be a burden on our children when we get older -- and they don't give scholarships for retirement.

How can you possibly save for both? For many, college affordability needs to be a family effort -- with both parents and kids pitching in. There are non-financial benefits to involving your child in the process of saving for college as well; it's not hard to believe that if children are actively involved in planning for their future, they may be more committed when entering college and ultimately have a more successful experience than they would have otherwise. And many parents just believe their children should take responsibility for all or a portion of their education on principle. Whatever the reason may be for expecting your child to contribute, you need to present it honestly to them.

I've gathered some tips from a variety of personal finance writers which provide food for thought:

- Start as early as possible. According to the U.S. Department of Education, the best time to introduce children to college planning is when they are in the sixth, seventh, or eighth grade, depending on the maturity of the child. Initiate discussions about college and explain the importance of developing good study habits and getting involved in extracurricular activities to instill the idea that your family supports higher education. Remind your budding scholar that success in high school depends on skills and attitudes that are developed in middle school or earlier.
- High school students can explore college planning at a deeper level, including using the Internet to research college costs and sources of financial aid. Your child may gain a deeper appreciation of the family's financial sacrifices when they realize how expensive college is. They can learn about college costs from the College Board at www.collegeboard.com, the U.S. Department of Education at www.ed.gov, and high school guidance offices.
- They can also research scholarships -- there are numerous websites with information about sources of financial aid. For example, www.fastweb.com and

www.finaid.org contain search engines with data about thousands of scholarships with varying eligibility criteria. In addition, www.fafsa.ed.gov provides an overview of federal student aid programs, including Pell Grants, campus-based aid programs, Stafford Loans, PLUS Loans, and others. Also, local libraries and high school guidance offices may have information about state-sponsored aid programs and scholarships sponsored by local organizations.

- They can earn money. High school students can set aside a portion of their wages from part-time or summer jobs for college costs. Also, your child may be able to obtain jobs that build on their career interests as a way of solidifying their future plans.
- College planning encompasses numerous details, including visiting institutions that a student may want to attend, applying for financial aid, obtaining transcripts and letters of recommendation, and meeting deadlines. Your high school student can take responsibility for making sure that important matters are tended to in a timely manner. For example, if there is a school vacation coming up, he or she could help organize a family trip to visit colleges of interest or spend some time completing college applications.

Getting the kids involved in the process, financially and otherwise, could ultimately be a pivotal lesson in responsibility that impacts their later success in life. Remember that it's never too late -- or too early -- to start planning for college. We want to work closely with you to tailor education planning that balances your personal values on education funding with your retirement funding needs.

And, last but not least, when asked for gift ideas for the upcoming holiday season, you may want to suggest contributions to your child's college account!

-- Karen O'Brien. Posted 11/15/07.