

Changing How Clients Pay For College

HOSTED BY TOM DICKSON
FINANCIAL EXPERTS NETWORK

OCT. 24, 2019

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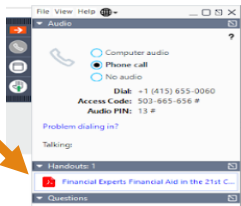
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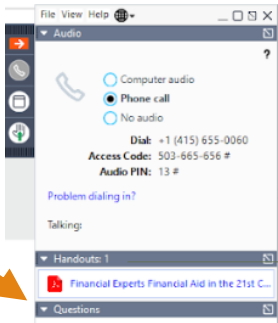
Copy of Today's Materials

See your email or



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Questions



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Would you like a copy?

The Top 12 Things Parents Should Know about FAFSA

1 Use the Free Application for Federal Student Aid (FAFSA) to apply for financial aid

- The Free Application for Federal Student Aid (FAFSA) is used to apply for financial aid from the:
 - Federal government
 - State governments
 - Most colleges and universities
- The FAFSA is a free form. You do not need to pay for completion
- The CSS Profile form is used by about 200 colleges for their own financial aid funds but they still use the FAFSA for federal and state aid



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Tom's Loan Officer Clients

- Joe Damo, AAG (Multiple States)
- Mac Tennant, Access Reverse Mortgage (FL)
- Hank Rhoads, RMF (CA)
- Steve Kaye, C2 Financial (CA)
- Harbor Mortgage (MA and RI)
- Phil Chenier, NAF (CA)

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Upcoming Webinars

WWW.FINANCIALEXPERTSNETWORK.COM

Help Clients Minimize College Costs and Make Informed Choices
Presented by Matt Carpenter Tuesday, October 29, 2019 at 4:00 PM ET

Today's LTCI Options for Financial Advisors and Planners
Presented by Tom Riske Thursday, November 7, 2019 at 12:00 PM ET

Not Posted Yet:
Ethics CE on Dec. 12
Must-See FinTech on Jan. 18th

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Logistics

Copy of Today's Materials

- 1. Sent to email you used to register
- 2. See handouts section of GTW panel

Questions: You can post any time. Will address at conclusion of presentation

Landline, not computer audio

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Requirements to obtain CE

CFPs

- 1. Must attend entire session
- 2. Must use unique URL to login

NO CE for Phone Only

3. Must input CFP ID # in survey

RICPs, CLUs and ChFCs

- 1. Must attend entire session
- 2. Must use unique URL to login

NO CE for Phone Only

3. Must note self-report in survey

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Changing How Clients Pay For College

PRESENTED BY JOE MESSINGER, CFP®, CHFC®, CLU®
OCTOBER 24, 2019

EMAIL: JSM@CAPSTONEWEALTHPARTNERS.COM



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- Raising the bar in college funding advice
- Empowering advisors with the right training, software, and support

Logos: FPA, FIBED PARTNER, FA, Journal



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Comprehensive College Funding Plan

- Maximize aid with EFC reduction strategies
- College selection
 - FAFSA vs CSS Profile
 - % of need met
 - Merit scholarship
- Smart college lending strategy
- Tax & personal resource planning
 - American Opportunity Tax Credit
 - Gifting assets
 - Cash flow maximization
 - Income shifting



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The College Landscape

73% of parents with school age children #1 financial concern is college.

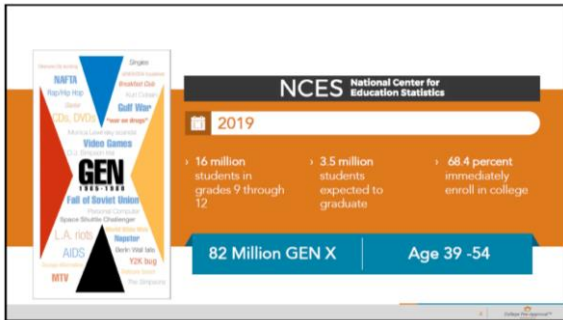
Over 21 million enrolled students.

Source: 2018-2019 Economic and Financial Planning Survey, 10/16/18, "How Americans Pay for College 2018"

Source: College Board, Trends in College Pricing 2018



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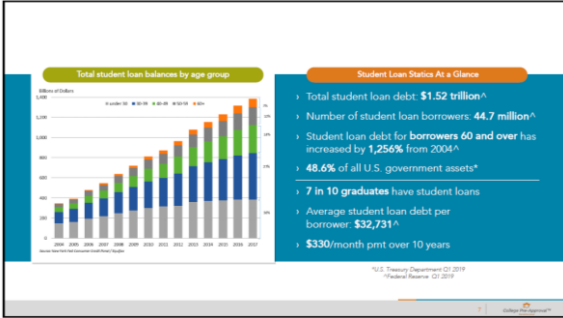


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College Board Trends in College Pricing
2017-18 to 2018-19

Year	Public 4 year (In-State)	Public 4 year (Out-of-State)	Private Nonprofit 4 year	Ivy League
Tuition & Fees	\$10,230	\$26,290	\$35,830	\$54,414
Room and Board	\$11,140	\$11,140	\$12,680	\$17,502
Total Cost of attendance	\$21,370	\$37,430	\$48,510	\$71,916
Annual % Change	+ 2.8%	+ 2.6%	+ 3.2%	+ 4.5%

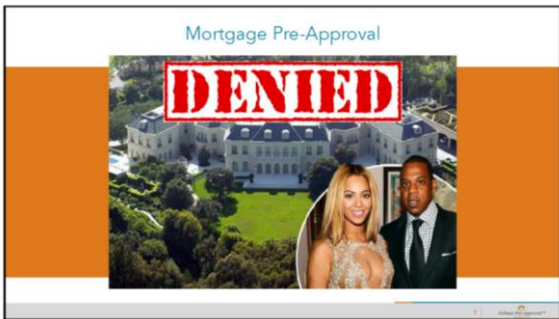
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Not all majors are created equal...

STUDENT PLANS	
Anticipated Major / Career	Education
Average Starting Salary – Max Loan	\$36,557

AVERAGE STARTING SALARY BY DISCIPLINE*	
Computer Science	\$71,916
Engineering	\$64,981
Math & Statistics	\$59,727
Business	\$52,047
Health Sciences	\$50,124
Communications	\$48,253
Education	\$36,557
Overall	\$50,219

*National Association of Colleges and Employers – Class of 2016 Salary Survey

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College Pre-Approval™

529 Savings Plan Balance (as of today)	\$24,000
Monthly 529 Plan Contributions \$200 × 50	\$10,000
Total 529 Savings Plan (start of college)	\$34,000
Parent Pledged Assets	\$10,000
Parent Pledged Monthly Cash Flow \$400 × 48	\$19,200
American Opportunity Tax Credit (AOTC)	\$10,000
Student Pledged Assets	\$10,000
Student Pledged Monthly Cash Flow \$200 × 48	\$9,600
Grandparent and Other Help	\$5,000
Four Year College Pre-Approval™	\$98,000

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Your best loan strategy



- Federal Direct Stafford Student Loan***
 - Subsidized (Need Based) - 1.069% Fee/ 4.45% Fixed - No interest until repayment
 - Unsubsidized (Not Need Based) - 1.069% Fee/ 4.45% Fixed - Interest Accrues Immediately
 - \$7,000 Max over 4 Years (\$5,500, \$6,300, \$7,300, \$7,500)
 - Use it or lose it each year
- Federal Direct Parent PLUS Loan** - (Not Need Based)**
 - 4.752% Fee / 7.0% Fixed, Interest Accrues Immediately
 - Borrowed by parent up to the full COA
 - Non Transferable
 - *Interest rates on Federal Direct loans adjust every July 1
- Private Student Loans - (Not Need based)**
 - Fixed and Variable Interest Rate programs
 - Borrowed by the student from Banks and Credit Unions
 - Co-signer typically required

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\$21,000 **\$49,000** **\$46,000** **\$98,000**


How to Pay Penn State University Park

	20/21	21/22	22/23*	23/24*	Total
Net Cost +	\$4,128	\$1,117	\$32,875	\$24,625	\$28,200
Pre-Approval Amount +	\$24,150	\$24,150	\$24,150	\$24,150	\$96,550
Funding Gap	\$24,150	\$24,150	\$24,150	\$24,150	\$96,550
Loan Total +	\$1,300	\$1,300	\$1,300	\$1,300	\$5,200
Remaining Funding Gap	\$19,475	\$20,127	\$20,625	\$20,175	\$80,450

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College is a business.



- Know Graduation Rates***
 - Public Colleges
 - 44.1% within 4 years
 - 59.3% within 6 years
 - Private Colleges
 - 52.8% within 4 years
 - 65.4% within 6 years
- Know the value of the degree and major**
- Know internship and job placement opportunities**
- Know how financial aid is awarded**
 - collegescorecard.ed.gov
 - collegelizard.org
 - collegedata.com
 - tuitionfit.org

Top 25% = \$\$\$

*National Center for Education (NCES) Statistics for 2013 cohort (for all 4 year institutions)

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Financial Aid

MERT-BASED	HOW IS IT AWARDED?	NEED-BASED	HOW IS IT AWARDED?
Scholarships awarded to recognize outstanding academic performance, talents or leadership.	Gift Aid = Scholarships	Awarded to those who demonstrate financial need.	Gift Aid = Scholarships & Grants Self Help = Student Loans & Work Study



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Financial Aid

What type of family are you?



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How can you cut the cost of college?



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Need-based financial aid

TOTAL COST OF COLLEGE EACH YEAR (COA)

-

EXPECTED FAMILY CONTRIBUTION (EFC)

=

FINANCIAL AID NEED

- > College Cost of \$50,000 – EFC (\$20,000) = \$30,000 of need
- > College Cost of \$20,000 – EFC (\$20,000) = \$0 of need
- > EFC split when multiple children are in school
- > \$20,000(EFC) / 2 College Students = \$10,000 Each

Know before you go!

Get your EFC today

- www.collegeboard.com
- www.collegeboard.com

Net Price Calculators



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Financial Aid Application



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Financial Aid for the Class of 2020

Financial Aid for class of 2020	
College Begins	Fall 2020
College Admission Applications	Fall 2019 (Apply by Nov. 1st)
FAFSA Available	October 1, 2019 (File by Nov. 1 st)
Tax Year Figures Used (Base Year)	2018 (Prior, prior year)
Asset Figures Used	As of the day you file



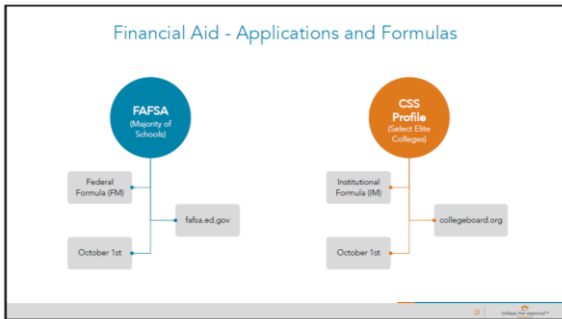
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FAFSA EFC based Solely on MFJ AGI and Number of Dependent Children in your home



AGI	One Dependent	Two	Three	Four
\$50,000	\$4,004	\$3,081	\$2,808	\$1,934
\$75,000	\$10,455	\$8,719	\$7,380	\$6,044
\$100,000	\$18,731	\$17,168	\$15,740	\$13,989
\$125,000	\$25,677	\$24,165	\$22,330	\$20,635
\$150,000	\$33,967	\$31,933	\$30,035	\$28,340
\$175,000	\$41,802	\$39,819	\$37,973	\$35,512
\$200,000	\$49,598	\$47,615	\$45,374	\$42,779
\$225,000	\$57,535	\$55,109	\$52,782	\$50,188

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568 Presidents Group

Need-Based Aid
Simplicity
Greater Clarity
Paying for College
Access
Consensus Methodology
Need Blind Equity
Financial Aid
Fairness

568 Presidents Group

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Key Differences in FM & IM & CM

	FAFSA (FM)	CSS Profile (IM)	Consensus (CM)
Asset protection allowance	Yes	No	No
Cash, Mutual Funds, 529	5.64%	5%	5%
Small Business	100 + EE's	Yes	Yes
Non-Qualified Annuity	0%	5%	5%
Home Equity	0%	Varies	Max 120% of Income
Asset in students name	20%	25%	5%
Assets in siblings' names	0%	5%	5%
Non custodial parent resources (Divorce)	0%	Varies	Yes

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Divorced Situation

	\$21,000	\$49,000	\$46,000	\$98,000
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REPORTS

Projections

First Year All Four Years Four Years Max 4y Pay

College	COA	EPIC	Need	Need Met with Merit %	Need Met with Grants %	Need Based Grants	Merit Scholarships	First Year Net Cost**
Miami University	\$32,783 F	\$21,000 F	\$11,783	95%	88%	\$20,000	\$12,783	
The Ohio State University	\$38,139 F	\$21,000 F	\$17,139	72%	78%	\$20,000	\$18,139	
University of Dayton	\$62,037 F	\$21,000 F	\$41,037	82%	96%	\$37,631	\$13,406	\$30,406
Columbia University	\$62,404 F	\$64,000 C	-\$1,596	100%	99%	\$34,396	\$2	\$48,272
Emerson University	\$64,835 F	\$48,000 F	\$16,835	100%	98%	\$16,808	\$27,027	\$47,807
Franklin University	\$54,971 D	\$21,000 F	\$33,971	64%	68%	\$2,681	\$49,327	

F=Fresh, S=Sophomore, J=Junior, S=Senior, D=Out of State
C=Consensus, IM=IM, F=FAFSA

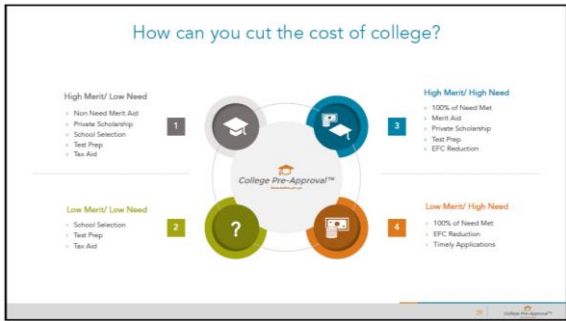
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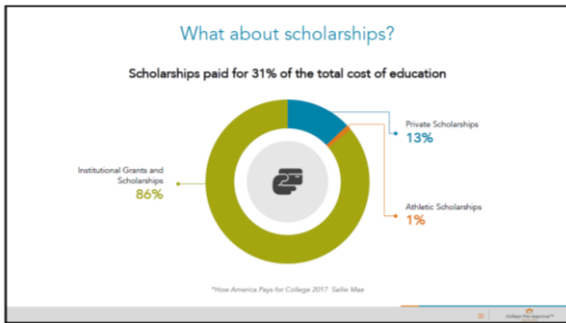
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University of Alabama (2019-20)
Automatic/Grid for out of state students

ACT Score (+3.5 GPA)	Per Year Award	Four Year Award
27	\$6,000	\$24,000
28	\$8,000	\$32,000
29	\$15,000	\$60,000
30-31	\$20,000	\$80,000
32-36	\$26,000	\$104,000



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Denison University

Admissions

- GPA: Not reported
- SAT Verbal Range: 800-890
- SAT Math Range: 800-890
- ACT Range: 28-31
- Website: <http://www.denison.edu/admissions/>
- Forbes Ranking: #127
- Undergraduate Majors: 39
- Enrollment: 2,341
- % Admitted: 34%
- Early Decision Date: November 15th

Financial Aid

- Cost of Attendance (2020) projected at: \$66,610
- EPC Basis: Institutional (IM)
- Total Need Met %: 100%
- Need Met with Grants %: 96%
- % Remaining Non-Need Meet: 4%
- % Non-Need Meet: \$17,290
- Financial Aid Priority: January 15th
- Financial Aid Deadline: January 15th
- Website: <http://www.denison.edu/>



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Columbia University

Admissions

- GPA: Not reported
- SAT Verbal Range: 710-740
- SAT Math Range: 760-800
- ACT Range: 33-35
- Website: <http://www.columbia.edu/admissions/>
- Forbes Ranking: #15
- Undergraduate Majors: 87
- Enrollment: 6,270
- % Admitted: 6%
- Early Decision Date: November 1st

Financial Aid

- Cost of Attendance (2020) projected at: \$82,806
- EPC Basis: Consensus
- Total Need Met %: 100%
- Need Met with Grants %: 94%
- % Remaining Non-Need Meet: 6%
- % Non-Need Meet: \$22,800
- Financial Aid Priority: February 15th
- Financial Aid Deadline: February 15th
- Website: <http://www.columbia.edu/>



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1 Year Net Cost Comparison

College ¹	COA ²	EPC ³	Need ⁴	Total Need Met % ⁵	Need Met with Grants % ⁶	Merit Scholarship ⁷	First Year Net Cost ⁸
Miami University	\$32,783 /	\$21,000 F	\$11,783	59%	80%	\$20,000	\$12,783
The Ohio State University	\$28,159 /	\$21,000 F	\$7,159	72%	78%	\$2,000	\$26,159
University of Dayton	\$62,037 P	\$21,000 F	\$41,037	82%	94%	\$31,631	\$30,406
Columbia University	\$82,806 P	\$46,000 C	\$36,806	100%	94%	\$34,994	\$48,212
Denison University	\$66,610 P	\$49,000 /	\$17,610	100%	96%	\$16,904	\$49,220
Penn State University Park	\$54,971 O	\$21,000 F	\$33,971	64%	68%	\$5,441	\$49,527

¹Private / ²In-State / ³Out-of-State
⁴Consensus / ⁵IM / ⁶FAFSA



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4 Year Net Cost Comparison

College	Four Year Net Cost	Pre-Approval Amount	Funding Gap (Loans)	10-Year Loan Payments	10-Year Total Payments	25-Year Loan Payments	25-Year Total Payments
Miami University	\$37,150	\$98,000	\$-40,800				
The Ohio State University	\$109,805	\$98,000	\$11,805	\$131	\$15,727	\$76	\$22,818
University of Dayton	\$110,361	\$98,000	\$12,361	\$137	\$16,448	\$80	\$23,893
Columbus University	\$144,624	\$98,000	\$46,624	\$740	\$88,740	\$409	\$128,778
DePaul University	\$167,151	\$98,000	\$69,151	\$768	\$92,126	\$446	\$133,642
Penn State University Park	\$208,201	\$98,000	\$110,201	\$1,223	\$146,815	\$710	\$213,008



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How to Pay Penn State University Park AWARDS PROJECTED RESET

\$110,005 Total Loans at Penn State University Park

\$1,221/m Total Repayment for 10-year plan

\$709/m Total Repayment for 25-year plan

\$2,389/m Estimated Monthly Take-Home Pay for Social Sciences

	'20/21	'21/22	'22/23 ^{est}	'23/24 ^{est}	Total
Net Cost	\$49,538	\$51,177	\$52,875	\$54,625	\$208,201
Pre-Approval Amount	\$24,500	\$24,500	\$24,500	\$24,500	\$98,000
Funding Gap	\$24,978	\$26,677	\$28,325	\$30,075	\$110,005
Loan Total	\$5,500	\$6,500	\$7,500	\$7,500	\$27,000
Remaining Funding Gap	\$19,478	\$20,177	\$20,825	\$22,575	\$83,005



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How to Pay Miami University AWARDS PROJECTED RESET

\$0 Total Loans at Miami University

\$0/m Total Repayment for 10-year plan

\$0/m Total Repayment for 25-year plan

\$2,389/m Estimated Monthly Take-Home Pay for Social Sciences

	'20/21	'21/22	'22/23 ^{est}	'23/24 ^{est}	Total
Net Cost	\$12,783	\$13,747	\$14,780	\$15,823	\$57,133
Pre-Approval Amount	\$24,500	\$24,500	\$24,500	\$24,500	\$98,000
Funding Gap	\$-11,717	\$-10,783	\$-9,779	\$-8,727	\$-41,007
Loan Total	\$5,500	\$6,500	\$7,500	\$7,500	\$27,000
Remaining Funding Gap	\$-17,217	\$-17,283	\$-17,279	\$-16,227	\$-68,007



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Questions???



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