

INVESTOR'S EDGE

Planning can mitigate the cost of college

Focus on a useful degree, not debt load, one expert says.



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Guest columnist

One of the many topics I address with my clients is college savings for their family. Aside from retirement planning, this can be one of the most important financial issues they face.

Costs of higher education are soaring. For example, the 2022-2023 total cost at Syracuse University has breached \$77,000. At the same time, student loan debt in the United States totals a mind numbing \$1.75 trillion.

These two connected factors are forcing parents and their children to begin planning for college earlier and rethink the “traditional college experience” altogether. After all, they are making decisions that will impact both of their financial lives — potentially for decades.

So, in this column, I’m going to share some practical steps parents can take to set up their children for financial success during and after college.

By way of background, about ten years ago, I interviewed Paul Celuch, the CEO of College Assistance Plus, on WCNY’s Financial Fitness. Paul’s company helps families plan for college, from choosing the right school and major to maximizing financial aid.

Paul’s theme back then is even more apropos today: Find the right major, at the right college, for the right price. Have a focus on getting a useful college degree, not a debt load.

He’s right. The fact is, with soaring private college costs and a student debt crisis in our country, the “traditional college experience” is becoming less and less a reality for students. And that might not be a bad thing.

Rather, what a student majors in and for what cost are the most important factors that determine their education’s return on investment.

At today’s dollars, a private four-year college costs on average \$57,570, not including room and board. A public, four-year college in state costs less than half that — \$27,940.

All students should strive to get the best education they can — just at the best cost they can.

Harvard or Notre Dame are great choices for some students. For others, New York has a high-quality state school system with great institutions such as OCC, SUNY Upstate, Buffalo and Binghamton right in our backyards, which offer an excellent education for significantly less. Food for thought.

Here’s more tough love for the kids: the major they pick really matters, and the sooner the decision is made, the better the financial outcome will likely be. In other words, it is beneficial for students to enter college with a clear, focused plan on the education they want to get, the career they want to enter, and then, frankly, to get out — financially intact.

According to Paul Celuch, there are a number of moves families can take to ease the financial burden. Perhaps most importantly, in addition to financial aid, encouraging your child to apply for any scholarship they are eligible for, whether it is athletics, academics, or extracurricular activities can yield surprisingly pos

itive results.

Taking Advanced Placement (AP) gives students the opportunity to earn college credits while they are still in high school. Also, having your child live at home and commute as a college student can save thousands of dollars a year on room and board expenses. This is not for everyone but is certainly a reasonable option.

Your student may also qualify for significant dollars in federal financial aid via grants, work study programs, and loans. Check the U.S. Department of Education's website to learn more about financial aid eligibility and determine how much your child could receive for college.

Remember, in this post-COVID world, colleges are aggressively competing for students, whether you come from a high-net-worth family or humble background. I recommend using all the leverage you can to negotiate the best deal you can. Play one admissions office against the other. It's your money!

TAKE A NO-NONSENSE APPROACH

When it comes to saving for college, I recommend parents take a straightforward, no-nonsense approach and start as soon as possible.

Start a 529 college savings plan right away. These are state sponsored plans that allow you to contribute money that can grow and be withdrawn tax free for qualified education expenses.

You can go to Vanguard and open a 529 for your child or grandchild today. Invest the funds only in the S&P 500 Index option.

Also remember, not every child is meant to go to college. And that's totally cool. Trades and apprenticeships are in high demand and pay well, including offering education, training sign on bonuses, and the like. Please keep this option in mind.

To close, as you probably read in a recent Post Standard article, the new Micron Technology plant in North Syracuse will need thousands of workers with specialized skills. OCC is partnering with Micron to offer specific classes and programs to meet Micron's massive labor force needs.

This is a classic example of melding a career-focused major with a great value for your college investment into a rewarding job.

So I say to all local high school students, get your act together, and get 'em!

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