

Preparing financially for college



What are you hoping to learn today?

- Learn about future education for myself or family members
 - Understand the costs of education beyond high school
 - Discover how families pay for higher education
 - Become educated about potential funding strategies
 - Other: _____
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Future students

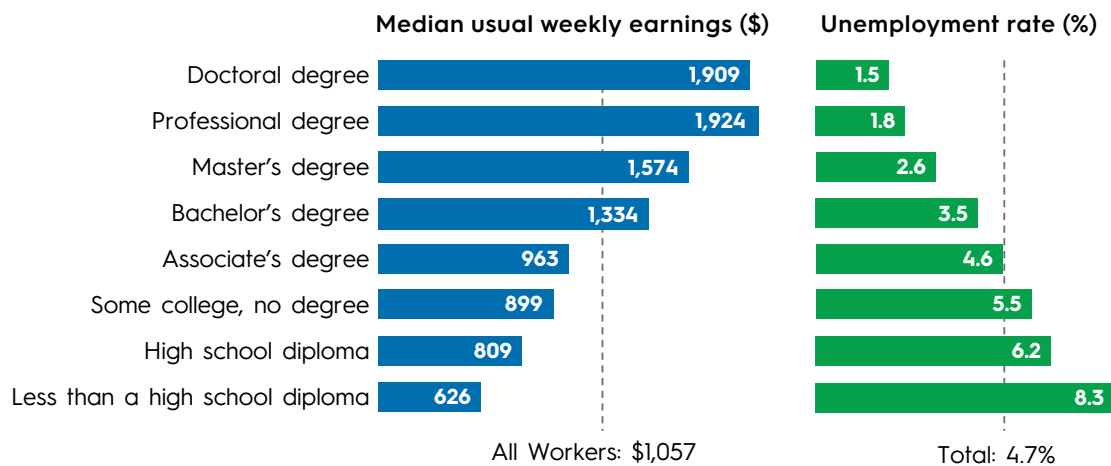
Name	Current age	Years until age 18
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Notes

Why consider higher education?

Many parents and their students are asking themselves this question. Even though college costs have risen dramatically in the past decades, there is still good reason to make the decision to attend college (and spend all of the money to do so).

Earnings and unemployment rates by educational attainment, 2021



Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
 Source: Unemployment rates and earnings by educational attainment, 2021. U.S. Bureau of Labor Statistics.
<https://www.bls.gov/emp/tables/unemployment-earnings-education.htm>, as of February 16, 2023.

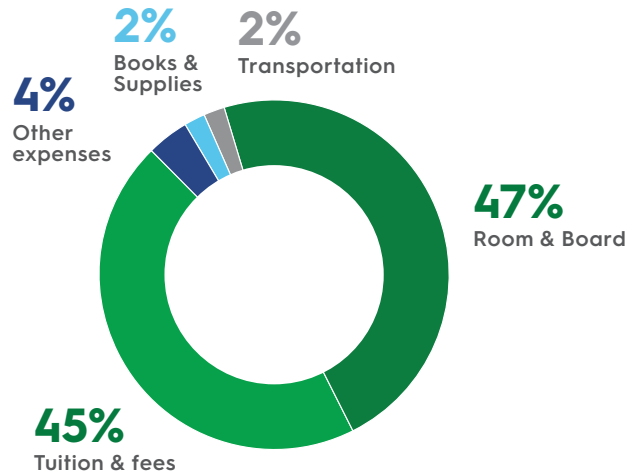
Notes

Breaking it down

Tuition is only part of the total cost. Below is an average breakdown for public in-state schools in 2022.

Public in-state

Room and board	\$11,510
Tuition and fees:	\$10,440
Other expenses:	\$2,170
Books and supplies:	\$1,240
Transportation:	\$1,230
Total:	\$26,590



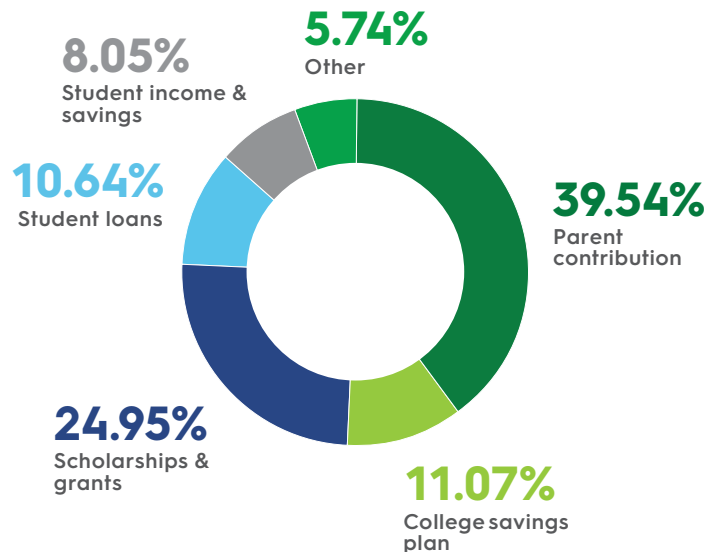
Source: Cost of college in the U.S., October 2, 2022
<https://lendedu.com/blog/average-cost-of-college-statistics/>

How do families pay for college?

It's easy to feel overwhelmed about the cost of college today. Paying for college can be a combination effort.

Public in-state

Parent contribution:	39.54%
College savings plan:	11.07%
Scholarships & grants:	24.95%
Student loans:	10.64%
Student income & savings:	8.05%
Other:	5.74%



Source: How do people pay for college?, April 23, 2022, Education Data Initiative
<https://educationdata.org/how-do-people-pay-for-college#:~:text=Student%20loans%20cover%2021%25%20of,aid%20by%20submitting%20their%20FAFSA>

College funding options

First, think about ways to decrease your costs. Which of the following options will you explore?

- Begin saving early
 - Financial aid
 - Apply for scholarships and grants
 - College loans
 - Earn college credits in high school
 - Attend community college first
 - Compare housing options and transportation costs
 - Other: _____
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Federal Application for Federal Student Aid (FAFSA)

Every October 1, the FAFSA application opens at [FAFSA.gov](https://fafsa.gov). This is the typical starting place for students to determine eligibility for student aid. FAFSA is the basis for determining eligibility for subsidized loans and financial aid.

Apply for federal aid at [FAFSA.gov](https://fafsa.gov)

Notes

Prepare for FAFSA

The FAFSA form can take several hours to complete, especially the first time. Information and documents to have ready:

- Student assets and income
- Student Social Security number and driver's license
- Family assets and income
- W-2 forms
- 1099 forms
- Tax returns
- Bank, brokerage and investment statements

File FAFSA every year your student is in college

Education loans

For most students today, taking out loans to pay for college is the norm. There are several types of loans available. Do your research when you decide what kind of loan works for your situation.

- Federal student loans in the student's name
 - Direct unsubsidized
 - Direct subsidized
- Direct PLUS (Parent Loan for Undergraduate Students) loans in the parent's or student's name
- Private loans in the parent's or student's name

Learn more about student loans: studentaid.gov

Timeline



There is no right or wrong time to start the process. Many high school students start taking the SAT or ACT tests their junior year in high school. Many families start thinking about which schools to explore around the same time. Have open discussions about the available higher education options to help identify a student's best fit.

In the fall of your student's senior year, it will be time to fill out the FAFSA form.

College funding strategies

Preparing for higher education costs is difficult for many families. There are some strategies designed to help.

- **Budget** for higher education
- **Start now** and get time on your side
- **Share your plans** – invite family members to help

There are a few options specifically designed for funding education and others that are often used either alone or in a combined strategy. Which option(s) do you already have in place? Are there any you would like to explore further?

- 529 college savings plan
- Coverdell Education Savings Account
- Roth IRA
- UTMA/UGMA
- Cash value life insurance policy
- Investments such as mutual funds, stocks or bonds
- Bank accounts or CDs
- Other: _____

Notes

This is a general communication for informational and educational purposes. The information is not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. If you are seeking investment advice or recommendations, please contact your financial professional.

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400 Robert Street North, St. Paul, MN 55101-2098
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