

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:

Future students

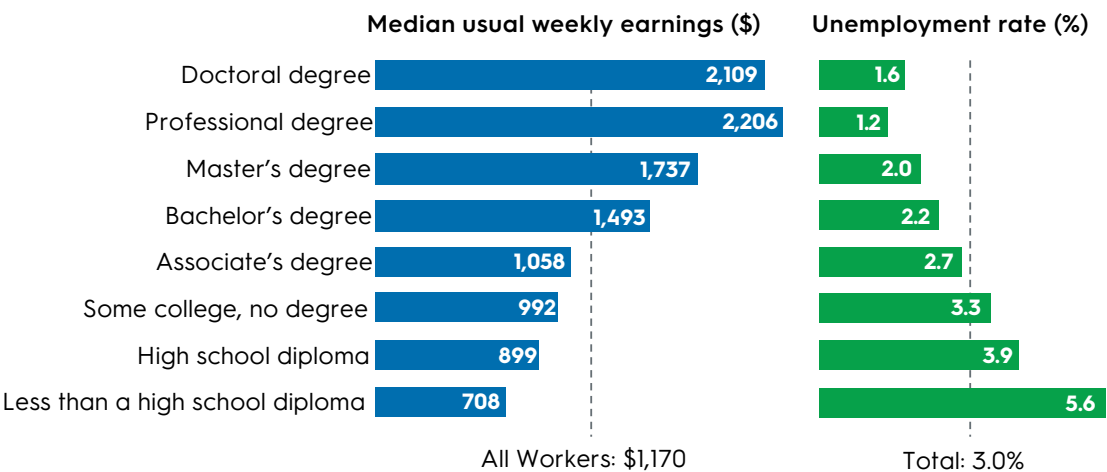
Name	Current age	Years until age 18

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, 2023



Note: 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, 2023. U.S. Bureau of Labor Statistics.
<https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>, last modified August 29, 2024.

Notes



Breaking it down

Tuition is only part of the total cost. Below is an average breakdown for public in-state schools in the 2023-2024 school year.

Public in-state

Room and board	\$12,770
Tuition and fees:	\$11,260
Other expenses:	\$2,170
Books and supplies:	\$1,250
Transportation:	\$1,290
Total:	\$28,740

Source: Cost of college in the U.S., June 25, 2024.
<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.

How families pay

Parent income & savings	37%
Scholarships & grants	27%
Student loans	12%
Parent loans	11%
Student income & savings	11%
Other	2%

Source: How America Pays for College 2024, Sallie Mae's national study of college students and parents. <https://www.salliemae.com/about/leading-research/how-america-pays-for-college/>

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:

Free Application for Federal Student Aid (FAFSA)

Every year (generally in the fall), the FAFSA application opens at [FAFSA.gov](https://fafsa.gov). The application has undergone recent changes that have caused some complications and delay. Still, it's important to complete it every year. 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.

Notes



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

Prepare for FAFSA

The FAFSA form can take awhile to complete, especially the first time. Here is a list of information and documents to have ready:

- ☐ Student assets and income
- ☐ Student Social Security number and driver's license number
- ☐ 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 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 (ESA)
- ☐ Roth IRA
- ☐ Uniform Transfer to Minors Act (UTMA) and Uniform Gifts to Minors Act (UGMA) accounts
- ☐ Cash value life insurance policy
- ☐ Investments such as mutual funds, stocks or bonds
- ☐ Bank accounts or CDs
- ☐ Other:

Notes

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

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