

## Saving & Paying For College

Saving and paying for college can be an arduous task. Finding a plan that matches your family's needs can save time, money, and stress in the future – all while ensuring your child receives the education they deserve. Below is a list of various options available to save and pay for your child's education.

### Saving

529 Plan	Coverdell ESA	Pre-Paid Tuition
<ul style="list-style-type: none"> <li>• Tax-free growth if used for Higher Education</li> <li>• Operated by a state or educational institution</li> <li>• High contribution limits</li> <li>• No age restrictions</li> <li>• State tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Offers tax-free investment growth and tax-free withdrawals for education expenses</li> <li>• Ability to choose investments</li> <li>• Lower contribution limits (\$2,000 / year). Anything over is taxed at 6%</li> <li>• Income below \$95k for single tax payer, \$190-\$220k for married couple</li> <li>• 10% penalty if used for non-education expenses</li> <li>• Up to age 18 (except for children with special needs)</li> </ul>	<ul style="list-style-type: none"> <li>• Allows payment of today's tuition rates to help with future costs</li> <li>• State-sponsored</li> <li>• Available in semester increments</li> <li>• Available from birth through 9th grade</li> </ul>

Prior to investing in a 529 Plan investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits. This includes financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. Please consult with your tax advisor before investing.

## Paying

Department of Education (DOE) Offerings		
Stafford Loan	Ford Federal Direct Loan	Federal Perkins Loan
<ul style="list-style-type: none"> <li>• Government loan available at low interest rate</li> <li>• Subsidized version: is offered based on demonstrated financial need. Interest paid by government while student is enrolled and during authorized deferment</li> <li>• Unsubsidized version: the student is responsible for interest accrued during enrollment. Interest may be deferred (unpaid interest deferred until after graduation is capitalized)</li> </ul>	<ul style="list-style-type: none"> <li>• Lender is DOE</li> <li>• Wider range of incomes can qualify</li> </ul>	<ul style="list-style-type: none"> <li>• School is lender</li> <li>• Lower income bracket can qualify</li> </ul>

Private Loans	
Subsidized	Unsubsidized
<ul style="list-style-type: none"> <li>• Eligibility based on demonstrated financial need</li> <li>• Federal government pays interest while child is in school at least half-time, during grace periods, and during periods of authorized deferment</li> </ul>	<ul style="list-style-type: none"> <li>• Eligibility not based on financial need</li> <li>• Borrower is responsible for paying all interest</li> </ul>

### Additional Considerations

- Scholarships – Review fastweb.com to see your child’s eligibility
- Find out if your employer has a Section 127 Educational Assistance Plan