

# How to Pay for College

## Questions and Concerns:

- How do I prepare for college?
- What are the costs to attend a particular school?
- How can I fund education?
- What about my educational aspirations?

### How do I prepare for college?

There are several web sites that help prepare for higher education. The BigFuture™ by The College Board will help a student select a college, make a plan and provide inspiring testimonials of students who thought they could not go to college but did. This site includes free SAT practice tests to prepare students for the actual exam. Below is the link to the BigFuture™ site:

College Board - BigFuture™	<a href="http://student.collegeboard.org/">http://student.collegeboard.org/</a>
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### What are the costs to attend a particular school?

Information on school costs can be found at the National Center for Education Statistics. This site has two useful ways to search for the school and the costs. It is valuable information including average inflation adjustments. The CollegeNavigator site below helps you find a particular type of school you are interested in such as a private institution, public institution, in-state, out-of-state, two year or four year institution. If you know the school and its location, then use The National Center for Education Statistic link below. This site provides a clear report and a printable format of the school you are seeking to attend.

College Navigator	<a href="http://nces.ed.gov/collegenavigator/">http://nces.ed.gov/collegenavigator/</a>
National Center for Educations Statistic	<a href="http://nces.ed.gov/globallocator/">http://nces.ed.gov/globallocator/</a>

### How can I fund education?

*This* is where planning early has its advantages. There are many ways higher education can be funded:

**Debt Retirement** - One of the most effective methods to provide for education is to pay off all debt prior to college enrollment. For example, it may benefit you to get a 15 year mortgage when the child is three years of age rather than a 30 year mortgage. When the child reaches 18 years of age, he/she will likely be enrolled in college just when the mortgage is paid off. This makes an easy transition from mortgage payments to funding education.

**Savings** – This can mean setting up a personal savings account, investment account or a 529 Plan. Often parents, children and other family members participate in the funding. A personal savings account set up for the child in your name establishes control. A 529 Plan may provide control and tax advantages, however, you have to be mindful of various restrictions. Below are is the web site on the 529 Plan.

New Mexico 529 Plans	<a href="https://www.theeducationplan.com/OFI529/?CMPID=nm529_0050&amp;gclid=CImo_P6827ACFQjf4AodGRbg0A">https://www.theeducationplan.com/OFI529/?CMPID=nm529_0050&amp;gclid=CImo_P6827ACFQjf4AodGRbg0A</a>
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*New Mexico Scholarships and Financial Aid* – Welcome to New Mexico! If you are a recent New Mexico high school graduate and plan to enroll at one of New Mexico’s 25 higher education public institutions, you are likely to qualify for the New Mexico Lottery Scholarship. Your tuition is paid after the second semester for the remaining eight semesters. Below are the qualifications from the New Mexico Lottery:

New Mexico Lottery Scholarships	<a href="http://www.nmlottery.com/legislative-lottery-scholarships.aspx">http://www.nmlottery.com/legislative-lottery-scholarships.aspx</a>
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The New Mexico Higher Education Department is another resource for seeking scholarships and financial aid. Below is the link:

New Mexico Higher Education Department	<a href="http://hed.state.nm.us/">http://hed.state.nm.us/</a>
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*Grants, Scholarships, Student Loans and Financial Aid* –This includes government assisted grants such as Coverdell, Military Aid and work-study programs. The following web site also provides valuable information on other scholarships and financial aid.

The College Board	<a href="http://www.collegeboard.com">http://www.collegeboard.com</a>
FinAid!	<a href="http://www.finaid.org">http://www.finaid.org</a>
U.S. Department of Education: Student Aid Website	<a href="http://www.studentaid.ed.gov">http://www.studentaid.ed.gov</a>

*Loans* – These include student loans, home equity loans and other loans to fund education and they take on a whole new meaning of commitment. Consider the costs to pay the loan after graduation. There are several education calculators to help you understand those costs.

*Education Calculators* - The College Board and FinAid both have many calculators such as savings and loan calculators. These calculators are valuable tools in planning to fund education.

The College Board	<a href="https://bigfuture.collegeboard.org/pay-for-college/tools-calculators">https://bigfuture.collegeboard.org/pay-for-college/tools-calculators</a>
FinAid	<a href="http://www.finaid.org/calculators/">http://www.finaid.org/calculators/</a>

**What about my educational aspirations?**

Are you seeking an advanced degree? Pursuing an advanced master’s degree or certification is an investment that can energize your career. Understanding that there is a time as well as a financial commitment, classes are now available on-line and you can take them anywhere and anytime. Although there are sacrifices, you are building a wealth of knowledge.

**How can a financial planner help plan for college education expenses?**

A financial planner can help parents review their financial resources and cash flow. If they start planning for college well before their child attends, the planner can work with savings programs along with paying off debt. If the student intends to use student loans, projection can be used to determine the level of debt and the impact of the loan payment upon graduation. This will allow you to see the impact



of debt payments after graduation. In several cases, a planner may have to help a parent and child to look realistically at attending a school they cannot afford unless there are scholarships available.

**DISCLAIMER**

The information provided here is intended to be educational and should not be considered or construed as legal, accounting (tax), or financial planning advice. The strategies described may not be suitable for all individuals. Examples are provided for illustrative purposes only, and no representation is made that a person acting on these examples will achieve the results shown. The characters and circumstances described are fictional; they are not based on any particular past, present, or prospective client of Bustamante Financial Planning.

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