Perspective

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7 Hidden College Costs

When budgeting for your college student's four years on campus, it's easy to think your costs are limited to tuition, fees, books, room and board and daily living expenses. But for many students, the college experience includes other costly budget busters that families often overlook. These expenses could add up to thousands of dollars more:

1. Joining a Greek organization.
2. Participating in student clubs.
3. Tickets to the big games.
4. Bringing a car to campus.
5. Traveling to and from home.
6. Moving or storing your student's stuff.
7. Business clothing for internships, career fairs and job interviews.

Source: Kiplinger

How will your children and grandchildren pay for college?

Students attending colleges and universities in their home state spent about $25,000 for one year of higher education in 2015-16. The budget for out-of-state students and students attending private institutions was higher.[1]

The cost of tuition at colleges and universities has risen rapidly over the past decades—almost 6 percent faster than the rate of inflation. From 2000 to 2014, average tuition and fees at a four-year public college rose by 87 percent.[2]

While tuition increases have slowed in recent years, many students take on significant debt to pay for college. A recent survey found that graduates with loans spend about one-fifth (18 percent) of their salaries on monthly student loan payments.[1]

529 PLANS CAN HELP

There is a way to reduce the amount that college students borrow: Set up a 529 College Savings Plan. Anyone can open a 529 plan and fund it on behalf of a child. Once the account is opened, parents, grandparents and other interested parties can contribute.

A 529 plan offers features regular savings accounts may not, including:

- The account owner remains in control of the assets.
- Contributions may be state tax-deductible.
- Earnings are federally tax-deferred.
- Distributions to pay tuition and related expenses are tax free.

By opening a 529 College Savings Plan, you can lower the amount your child may need to borrow to pay for college. To learn more, give our office a call. ■

Participation in a 529 College Savings Plan (529 Plan) does not guarantee that contributions and investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses or that a beneficiary will be admitted to or permitted to continue to attend an institution of higher education. Contributors to the program assume all investment risk, including potential loss of principal and liability for penalties such as those levied for non-educational withdrawals.

Depending upon the laws of the home state of the customer or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only if the customer invests in the home state's 529 college savings plan. Consult with your financial, tax or other adviser to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state's 529 college savings plan.

For more complete information, including a description of fees, expenses and risks, see the offering statement or program description.

[1] *"Millennial College Graduates with Student Loans Now Spending Nearly One-Fifth of Their Annual Salaries on Student Loan Repayments."* Citizens Bank. April 7, 2016.
[2] Schoen, John. *Why Does College Tuition Cost So Much?* June 16, 2015.

What do you know about reverse mortgages?

A study by the Boston College Center for Retirement Research predicts that reverse mortgages may become an important source of income, as many Americans are unlikely able to support their current standard of living during retirement. In fact, the percentage of people who are unprepared increased during the past 20 years from 31 percent to 52 percent.[3]

A reverse mortgage allows older Americans, aged 62 and over, who own their home or have a small mortgage, to convert home equity to cash. The more the home is worth, the more a homeowner may be able to borrow to supplement his or her retirement income.

One important aspect of reverse mortgages is that the homeowners remain responsible for paying property taxes and insurance, as well as maintaining the home. If they do not have adequate savings and fail to make these payments, the lender may foreclose on the property.[4]

Here are a few things to consider regarding a reverse mortgage: [5]

Before making a reverse mortgage part of your retirement plan, talk with us about the pros and cons of such a decision. ■

PROS	CONS
• No monthly payments. • Home equity can be turned into cash. • Money can be used for any purpose. *Sources: AARP.com, Bankrate.com*	• Fees and closing costs can be high. • Borrower must pay maintenance, property taxes, insurance. • If you borrow too soon, you may run out of money. • Spouse may lose home if both names are not on mortgage.

[3] Ibid. P.3.
[4] Fleck, Carol. *Are Reverse Mortgages Helpful or Hazardous?* AARP.org cited May 20, 2016. April 2013.
[5] Sachar, Emily. *Why Both Spouses Should Be Named on a Reverse Mortgage.* AARP website, December 2013.

Reverse Mortgages are a serious, sometimes irrevocable, decision. Investors are encouraged to discuss the Reverse Mortgage decision prior to making a final decision with family members and other trusted advisors. If invested, the proceeds of a Reverse Mortgage should be used for investing into guaranteed benefit insurance products only. Proceeds of a Reverse Mortgage should NEVER be used to purchase securities products or in conjunction with any securities' products. There is no obligation of the investor to purchase or engage in a Reverse Mortgage.

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