

**SPECIAL REPORT:**

# **Saving for College-**

## ***3 Mistakes You MUST Not Make!***



*Provided By:*

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***According to the College Board, the average cost of college tuition is increasing by over 6% each year! That means that every 12 years you can expect the current cost of tuition to double. By avoiding the 3 biggest mistakes most families make when saving for college, you can ensure you'll be better prepared to pay for these expenses.***

### **Mistake #1: Waiting**

The sooner you start saving, the better. Each year you put off saving for college, your returns may diminish by more than you might think. Take a look at the Hypothetical Growth Chart below. As illustrated, if you invest \$200 a month for 18 years, assuming a hypothetical 8% interest rate, you could save over \$96,000 in time for college. Waiting just one year could cost you 10% of those hypothetical savings; waiting five years could cost you almost half.

***HYPOTHETICAL GROWTH CHART***

Start Investing When Child is Age:	Years Until College	Potential Accumulation By College Age	Potential Missed Opportunity
Newborn	18	\$96,017	\$0
1 year old	17	\$86,359	\$9,658
3 years old	15	\$69,208	\$26,809
5 years old	13	\$54,584	\$41,433
8 years old	10	\$36,589	\$59,428
12 years old	6	\$18,405	\$77,612

Don't wait! Start saving as soon as possible. You'll be glad you did.

## **Mistake #2: Choosing the Wrong Investment & Advisor**

There is no magical college savings plan out there. If anyone tells you otherwise...run away as fast as you can! There are many different plans: 529, Coverdell Education Savings, UGMA, Prepaid Tuition, Annuities, etc. What your neighbors or friends are doing may not be in their best interest or yours.

The first step is to determine whether or not you will qualify for Financial Aid. If you don't, you want to coordinate your savings plan with specific tax deduction strategies. If you own a business, there are even more savings plan benefits that you can employ.

If you will qualify for Financial Aid, factors such as assets, income, age, family members, number of students in college, and debts all play a role in determining how much financial aid you are eligible to receive.

For example, if you've saved money under a 529 plan, it could potentially add 5.9% toward your Expected Family Contribution (EFC- how much the government feels your family is able to pay for college expenses). The withdrawals may not be tax free either. It depends on your individual circumstance. You need to find out how each plan affects YOU! Also, if you have money in your child's name (UGMA/UTMA), it can reduce your Financial Aid by 20%!

Seek the help of a Certified College Planning Specialist. You can find one in your area by visiting <http://www.niccp.com> and clicking on the "Parents learn more..." link. There you will see an option to find a Certified College Planning Specialist near you.

They can determine what savings plan is right for you and your family. Choosing the wrong plan or advisor can cost your family thousands of dollars in lost financial aid.

I also recommend getting a free customized plan and analysis on our website at [www.innovativecollegeplanning.com](http://www.innovativecollegeplanning.com)

It will help you identify what plan may be right for you!

### **Mistake #3: Doing it Yourself**

This is probably the biggest mistake of them all! While there are many things that most families can do for themselves, developing a college savings plan should not be one of them.

The entire process can be very confusing; rules and regulations can change, new products may emerge, and your own priorities might shift. It can be difficult to keep up with all these changes and still monitor your assets and investment progress.

Don't be afraid to ask for help. Seek an advisor who specializes and is certified in the college planning process. They will develop a specific and custom savings plan just for your family.

A Certified College Planning Specialist can be found in your area. For more information, please click on the link below:

[www.niccp.com](http://www.niccp.com)

***...Don't be afraid to ask for help. Just as a good CPA can help lower your tax liability, an experienced Certified College Funding Specialist can reduce your college costs. If you have questions or would like more information, please email: [info@innovativecollegeplanning.com](mailto:info@innovativecollegeplanning.com)***