

FINANCIAL PLANNING CHECKLIST: SAVE FOR A CHILD'S EDUCATION

If one of your goals is to fund your child's college education, take these steps to ensure you're making well-informed decisions.

ESTIMATE THE COST.

Check out the website of the college(s) you want to consider for your child. Most colleges clearly post the annual cost of attending as an undergraduate. Use the chart below to calculate your net price of college:

	OPTION 1	OPTION 2	OPTION 3
Tuition and Fees			
Room and Board			
Utilities			
Books and Supplies			
Transportation			
Subtotal			
Multiply by number of years in college			
TOTAL			



CHOOSE HOW TO SAVE.

Popular options include:

- **529 College Savings Plans:** Parents, grandparents, family and friends can contribute to 529s, which are sometimes tax deductible. Plus, contributions grow tax free and are exempt from federal income tax when used to pay for qualified educational expenses. Contribution limits do apply.
- **Coverdell Education Savings Accounts (ESAs):** Money saved in a Coverdell account can be used to pay not only for college expenses but for elementary and secondary (K-12) school costs as well. The annual contribution limit per beneficiary is \$2,000. Income restrictions apply.
- **Custodial Accounts:** Custodial accounts are a popular way for grandparents, parents and other adults to help fund a student's education; gifts of cash or securities to minors can be used for more than just education.
- **Roth IRA:** If you have a Roth IRA, your after-tax contributions can be withdrawn tax-free to pay for qualified college expenses like tuition, fees, books, and room and board.
- **Life Insurance:** The accumulated cash value of permanent life insurance can be accessed to help pay for a child's education. And if something should happen to you, any death benefit proceeds can be used to help provide the financial resources needed for college.

EXPLORE FINANCIAL AID OPTIONS.

In 2014-15, about two-thirds of full-time students paid for college with the help of grants and scholarships. Nearly a third got federal loans.¹

- Access individual college/university websites to learn about scholarship opportunities.
- Learn more about federal student aid programs on the [U.S. Department of Education](#) website.

TIP: Some colleges allow you to negotiate your tuition. If you have more than one offer on the table, see if your top choice will work with you to lower the rate.

START SAVING NOW

Even if the amount you need to save seems daunting, start saving as soon as you can. By putting money away today, your investments will have more time to grow.



Download a free copy of the Northwestern Mutual guide "Saving for College With Confidence: Your Guide to Education Funding."

¹ Big Future Data, 2015.

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