

Courtesy of the Fort Worth Star Telegram

Tardy?

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MarketWatch

Back in the 1980s, Philip Johnson was making a transition from a 15-year career as a college administrator into financial planning when he discovered something interesting. Seminars on saving for college, geared for people with young children, drew only a handful of participants. But the ones on paying for college, which focused on those with children on the cusp of graduating from high school, were standing-room only.

“It’s one of those great ‘mañana’ issues that people often don’t address until they have to,” says the college-planning specialist. For parents facing next year’s college tuition, tomorrow is already here and will soon be upon those with kids in high school. These last-minute moves can ease tuition stress and may save thousands of dollars.

1 Consider the real costs.

Grant aid from federal and state governments, institutional funds, and private sources lowers the net price for most college students, while benefits from federal education tax credits and deductions can reduce the costs students and their families incur. In 2006-2007, the College Board reports, the typical student at a four-year public college received about \$3,100 in grant aid and tax benefits combined. At four-year private colleges, students received \$9,000 in grants and tax benefits, on average.

But many families may find that they earn too much to qualify for need-based financial aid, which is by far the most common source of student aid. Need-based aid is most likely to be granted at a public university, for families with less than \$80,000 in adjusted gross income, or at a private college if family income is less than about \$130,000, according to Gary Carpenter of College Planning Services.

2 Apply to schools that really want you.

Families who are unlikely to qualify for need-based aid can still lower their bills through merit aid based on academic accomplishment. While top-tier elite private schools typically don’t hand out such aid, many well-known colleges a notch or two down on the prestige ladder do. Schools that grant merit scholarships often outline qualifications and other details on their Web sites, and *U.S. News & World Report* (www.usnews.com) has a list of schools with the highest percentage of students receiving aid that is not based on need.

3 Look close to home.

Most families know it costs less to attend a state school than a private one, but a comparison of the costs really drives the message home. According to the College Board, tuition, fees, room and board at a four-year public university for the most recent academic year totaled \$12,796, compared with \$30,367 for a four-year private school.

If your child is concerned about bumping into old high school faces at State U, but high private-school price tags are out of the question, investigate regional programs that offer attractive tuition discounts to students from nearby states.

4 Ask who can pitch in

Projected costs also come down if kids pitch in with earnings from employment or loans. Getting children to foot some of the bill is a good idea even if money is not an issue, says Carpenter. “I always tell my clients that their children should pay for some part of their education, even if their parents end up paying back student loans after graduation.” he says. “It means more to them if they have a financial stake.”

At the other end of the age spectrum, grandparents are sometimes willing to step in. According to the AARP, 52 percent of grandparents contribute something to their grandchildren’s educational expenses.

“We see more and more situations where grandparents play a role, even though they may come in at the eleventh hour,” says Carpenter. “It’s often easier for clients to address the topic with their parents if they can say a financial adviser will help to manage the funding.”

5 Compare student loan rates.

The student loan scandal that has rocked the college aid industry underscores the importance of shopping around for the best rates on student loans. If a school uses preferred lenders, ask the financial aid office why those lenders are being used and if the school receives any benefit for using them. Compare the deals offered by the school’s preferred-lender list against lenders with competitive rates such as Commerce Bank, (www.commercebank.com) and Education Loan Resources (www.elresources.org).

6 Don’t sacrifice your retirement.

Parents in their 40s with children going to college and decades of working years still ahead of them are probably better able to shoulder more expenses and borrow more than parents in their 50s or 60s who are nearing retirement and have limited time to recover from college Costs. Kids can borrow for school, but parents shouldn’t borrow for retirement.

