Financial PLANNING

College financing 101: Advice from parents and pros

■ Granite Edvance helps New Hampshire families navigate the ups and downs of the college journey.

By Kaarin L. Clausen Special to the Union Leader

T'S THE TIME of year when college acceptance letters begin to roll in, and with the excitement that comes with planning postsecondary education for high school seniors, there is often another emotion that enters the fray: anxiety about how to pay for it.

Granite Edvance, a New Hampshire-based nonprofit that serves students and families, offers free support services from start to finish in the college process. Christiana Thornton, president and CEO, recommends that parents and students explore the many different possibilities and opportunities available not only in selecting a school but also in terms of financing it. Many factors come into play when choosing a college, university or career school, such as location and tuition/aid packages, and Thornton explains that a key word to keep in mind when planning is "diversify." "It's good to have a vari-

ety of institutions in mind as you're going through the process," she said. "I would encourage students not to base their initial decisions on the school's sticker prices, because the prices you see are not what you're going to be paying. Every school is unique, as well as the resources they have available. I would encourage students to consider schools both in and out of state; then you have options to consider. You can take that information and make an informed decision."

Thinking outside the box

A student might be interested in attending an outof-state school, but tuition is high for out-of-state residents. One solution may be for the student to work for a year in the state of the

resident and then qualify for in-state tuition. Another option might be to attend a less expensive community college for general education classes, become a resident and finish their education at the four-year university.

Students may decide it's more economical to attend an in-state school or take a gap year to save money for tuition. Today's students are becoming more creative regarding financing their education, with the hope of avoiding massive student loan debt.

Pam McLeod of Alton has two boys in college this year, and she and her husband, Andy, have had honest conversations with them about the financial realities of paying for their post-secondary schooling.

One way the McLeods have involved their kids was to have the boys participate in filling out the FAFSA forms — the Free Application for Federal Student Aid. Everyone considering higher education should fill out the FAFSA, as it allows students and parents to learn if they are eligible for grants, scholarships, work-study program and federal loans for college or career school.

Both students and parents need to complete the FAFSA, which asks for tax information, as well as balances from savings and checking accounts.

McLeod said her boys were also given the responsibility of informing their parents about upcoming financial deadlines. Including students in financial discussions allows them to understand not only the financial situation of their parents but their own future of loans, including those in financial health as well.

Each of McLeod's boys took different paths in regard to accepting students

"My oldest is attending school in Florida and will



COREY GARLAND

Granite Edvance summer FAFSA support team member Suzanne Simano talks with young people at a tabling event last summer.

loans, but my youngest will not," she said. "One strategy I have with my oldest is that I'm paying the student loan interest while he's in school. It was his decision to attend a school where he would have loans — and there were lots of other options he could have taken to avoid the loans — but this was his choice. So we help him with that. My husband and I also don't want his student loans to affect our retirement, however, so we're trying to balance everything and do the best we can with that."

Parent tips and tricks

Having two boys in college simultaneously has allowed McLeod to become somewhat of an expert in terms of tips and tricks for college financing. She has garnered information from friends, in-depth internet research and the NPR Facebook group "Your Money and Your Life."

When evaluating the loans available to her and her husband for college financing, McLeod said she used loan comparison sites such as Sallie Mae (salliemae.com). These sites helped her weigh the pros and cons of various types which a parent pays interest while the student is in school or parent/student partnership loans.

She also takes advantage of free credit freezes when applying for her loans. As a director of cybersecurity, McLeod said that freezing one's credit is important in today's world of security breaches, for both students and parents. When applying for loans, she unfreezes her credit for a short period of time and applies for loans in clusters. This is the strategy she used in applying for loans allocated for the boys' college expenses.

"Freezing your credit is free for everyone in the United States," McLeod explained. "There are three credit bureaus, and you can go to each and freeze your credit. That means no one can open a loan in your name, even if they have your personal information. This is also important

for young people to do because everyone's information is being breached. When you cluster your loan applications together, it has a lower impact on your credit. After you finish applying, you freeze your credit again." Information about credit freezing can be found on the Federal Trade Commission website (consumer.ftc.gov).

McCleod also recommends that if parents and students are going the student loan route, they should take advantage of the federal government's \$5,500 in subsidized and unsubsidized loans available to first-year undergraduate students. Borrowing limits increase for each subsequent year of the student's enrollment.

In addition to paying for and financing school tuition, students also have cost-of-living expenses outside of room and board. McLeod and her husband pay the boys' rent and allocate \$100 per week for food and living expenses. The boys work while attending school to cover their spending money and are learning to be creative with their funds by shopping at money-saving stores such as Costco and Aldi.

"I'm a big believer in kids learning how to make their own decisions and being self-directed," McLeod said. "When they need help, we try to do the research and provide them with choices."

Switching roles from professional to personal

For Thornton, helping students and families plan for college is a day-to-day affair at Granite Edvance. This year, however, she finds herself on the other side of the coin. Thornton is currently helping to guide her son, Owen, through the maze of college admissions and financial decisions.

"It's been interesting to go through this process as a parent, because this is what I do for work," she said. "I feel like I can now be in the parents' shoes and think about the questions that a typical parent might not be aware of in terms of roadblocks or challenges.

Incentives for NH students

Students in New Hampshire who decide to pursue higher education lcoally have the opportunity to participate in programs only available to residents.

• The Granite Guarantee is a signature financial aid program that makes higher education possible for qualified New Hampshire students by covering the cost of tuition for up to four years. The program is currently offered at Keene State College, Plymouth State University and the University of New Hampshire. Visit usnh.edu/our-institutions/granite-guarantee for more information.

• The Community College System of New Hampshire (CCSNH) Promise Program helps eligible New Hampshire students with financial need to bridge the gap between grants and scholarships and the cost of tuition, required comprehensive fees and academic instruction fees at all of New Hampshire's community colleges. Potential recipients of the Promise Program need to complete the FAFSA, be Pell-eligible and enroll in at least six credits per semester. Visit ccsnh.edu for more information.

 The NH Transfer Application offers a streamlined solution for New Hampshire community college students seeking to transfer to UNH, KSC or PSU. More than 100 pre-approved, predictable pathways exist between the Community College System of N.H. and the University System of N.H., allowing a smooth transition from an associate degree to a bachelor's degree. Visit nhtransfer.org for more information.

• Granite Edvance counselors can also help with **Apply NH**, New Hampshire's College Application Campaign, which helps seniors navigate the college admissions process, with a particular focus on firstgeneration and low-income students.

For more resources from Granite Edvance (graniteedvance.org), take a look at their Financial Aid Insider and Student Loan Calculator. Their event calendar also has information about FAFSA and financial aid events, as well as **Destination College**, a free annual statewide college planning event. Save the date: April 5 at Southern New Hampshire University for Destination College 2025.

I've anxiously been awaiting this time, and it's been a very helpful process."

After a handful of college visits, Thornton suggested that her son do some ranking of schools to help him arrive at an informed decision about which college he would choose.

"I suggested that Owen take his list of schools and rank them so I could start to get a feel about whether he was gravitating to instate or out-of-state ... large or small," she said. "It really helped him hone in on school choices."

From Thornton's perspective, she believes the key for families going through this process is to educate themselves as much as possible. She recommends learning about the various aid offers and different types of loans versus scholarships. If attending an out-of-state school, parents and students also want to factor in the cost of travel and additional expenses that may not be considered when viewing the initial cost of a school's tuition, room and board.

When asked about what she thinks are the greatest fears of parents and students beginning the college application process, she shared that many parents and students worry about the long-term financial impact of student loan debt.

She does think that there often needs to be a leap of faith in terms of taking out

"While it's important to be cautious," she said, "some debt can actually be a powerful investment in a brighter future. Higher education can open doors to better-paying jobs, career advancement and personal growth. The key is to borrow responsibly by choosing affordable schools, understanding loan terms, applying for scholarships and grants and planning on how to repay the loans."

For loan repayment down the road, Thornton said that parents and students can explore refinancing options, allowing loan payments to be simplified. Instead of keeping track of multiple loans, payments and loan services, refinancing combines them into one loan. Borrowers are able to select fixed or variable rates — potentially saving money — and may receive more affordable payment plans.

"Everyone's financial picture is different," said Thornton. "Not everyone will benefit from refinancing. If you think refinancing might be a good choice for you, Granite Edvance can help. Check out edvestinu. com/student-loan-refinancing/ for more informa-

Strategies to consider as retirement draws near

Metro Creative Connection

Financial planning for retirement is often emphasized to young professionals beginning their careers. But it's equally important that people on the cusp of retirement continue to look for ways to protect and grow their wealth. As retirement draws near, professionals can consider these strategies to ensure they have the financial freedom to make their golden years shine even brighter.

 Plan to grow your wealth in retirement. It's widely assumed that retirees need less income after calling it a career because the need to save for retirement is no longer present. However, some expenses, including health care, may rise in retirement. Cost-

of-living also will increase over the course of your retirement years, which highlights the need to keep growing your wealth. It can be tricky to protect your existing retirement savings as you approach the end of your career while also growing that wealth, so consider working with a financial planner to navigate that situation.

• Maintain a mix with your investments. A model from the Schwab Center for Financial Research indicated that a hypothetical retiree with a \$2 million portfolio in year one of retirement will have slightly less than \$1 million left 30 years later if her portfolio maintains a mix of 60 percent stocks and 40 percent bonds and cash. The model

found that a second hypo-

thetical investor with the same size portfolio in year one of retirement will run out of funds prior to year 29 if his portfolio is 20 percent stocks and 80 percent bonds and cash. Though conventional wisdom suggests limiting risk as retirement nears and eliminating it entirely upon retiring, modern retirees are living longer and may therefore need to maintain a mix of investments to ensure they don't outlive their money.

 Make the maximum allowable contributions. Many professionals may not have saved as much for retirement as they might have hoped to upon starting their careers decades ago. In fact, a 2024 survey from Prudential Financial found that many 55-yearolds have fallen far short

of establishing the level of financial security they will need in retirement.

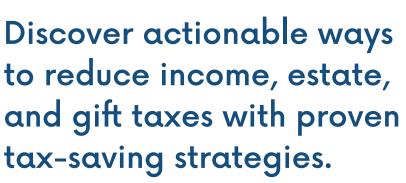
The Prudential survey found that 55-year-olds had a median retirement savings of less than \$50,000, a number that falls considerably short of the recommended goal of having eight times one's annual income saved by this age.

If that situation sounds familiar for professionals nearing retirement age, then now is the time to begin catching up. Make the maximum allowable contributions to a 401(k) plan (\$23,000 in 2024) and/or an IRA (\$7,000). In addition, the Internal Revenue Service notes that IRA catch-up contributions remained \$1,000 for individuals age 50 and over









REDUCING
LIFETIME
TAXES
FOR
GENERATIONAL
WEALTH

This seminar covers practical steps for minimizing taxes while maximizing wealth preservation. Recommended for ages 50+.



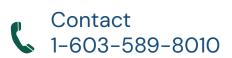
CPA and CFP®

JENNIFER CLIMO



Esquire THEOFILOS VOUGIAS

FEBRUARY 6, 2025 – 5:30 PM
DERRYFIELD COUNTRY CLUB
625 MAMMOTH RD, MANCHESTER, NH 03104





Website MilestoneFinancialPlanning.com/events