

## ***Is College Around the Corner? It's Not Too Late!***

It's a common myth that if your child is about to head to college or is already in college, then you've reached a point when the only thing left to do is take out a few large loans and get ready to bear the burden of tuition.

Parents often don't realize that with the proper financial planning, they can save significant amounts of money even while their child is still in college. The following are a few basic tips to save money in the late-stages of college planning.

### **Financial Aid**

Apply for financial aid as early as possible. The standard Free Application for Federal Student Aid (FAFSA) forms are the first and most important to fill out. Make sure you go over the financial aid forms and regulations with a financial professional. Anyone who has tried to navigate through the forms can tell you that it's more than a little complicated. Having someone help you through the process doesn't just ease the stress and anxiety; you could be counting assets that are exempt or making mistakes that could slow down the process.

A common pitfall to filling out financial aid forms is relying heavily on high school counselors. Counselors are often loaded up with numerous students, sometimes even hundreds, and often cannot provide the personal attention that each individual student needs. That's why a trusted college planner is best.

If your child is applying to several schools, make sure you study which schools give more gift aid and scholarship money. [www.collegeboard.com](http://www.collegeboard.com) is a helpful resource. Working with a college planning professional can also make the task easier.

### **Tax Saving Strategies**

Shifting or gifting assets to your child makes gains from selling those assets taxable at the child's presumably lower tax rate rather than the parents' rate. Starting in 2008, the kiddie tax will be expanded to include dependents under age 19 and dependent full-time students under age 24. There still may be advantages to gifting appreciated assets for a savings in capital gains taxes. Interpreting the new rules may require expertise from a tax expert and financial professional.

Children who file their taxes independently are in a lower income tax bracket, which can work to your advantage. The money you save in taxes adds up quickly and can be used as one more way to pay for college.

### **Self Employed**

If you own a small business or rental property, you may be able to employ your child. Your child will learn the value and responsibility of work, and receive a wage. As a small business owner, you may take advantage of a specialized Employer Education Assistance program, which allows you to give up to \$5,250 a year tax-free to employees who are attending college and at least 21 years of age.

### **It's Never Too Late**

No matter what stage in life you're at, it's never too late to save for college. A financial advisor specialized in college planning can help you develop strategies to reduce college costs and increase the ways to pay for it.

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