



# College Keystones



A College Planning Relief Publication

## *Making the Smart Choice*

Not so long ago, college was not only a place to continue a youth's education but also a time to grow, mature and to simply experience and enjoy life with a little more freedom. The rising costs of college coupled with the challenging economic times has, for most, completely changed the emphasis on what is most important about sending a child to college.

Job security and economic independence are what families are now looking for from their tuition dollars. Mom and Dad are simply hoping that their kids can obtain an education and/or training that will allow them to obtain a job that will provide them an income and standard of living that justifies the expense of college.

Because of these changes, the college selection process needs to change also, and so does the approach that Mom and Dad take to pay for college. It boils down to an investment decision. In other words, the school and major selection are components of the "return" that one will receive on their tuition dollars.

School selection should take into account the percentage of students that graduate, the percentage of students that graduate within 4 years, the placement ratio of graduates into jobs of their field, and the net cost of college after factoring in financial aid and scholarships. Certainly, a proper fit for the student based on size, distance from home and geographical location are all also very important non-financial components that should be included.

Career or major selection should be a good fit for the student's "hard wiring", or said another way, what suits his/her personality. Future job outlook and earning potential for a prospective career should also be taken into account. Considering these factors will increase the likelihood of providing the student a future that they are looking for.

School costs should be weighed against income potential from the desired education from that institution. Furthermore, consideration should be given as to whether or not the prestige of the school that one may be paying a premium for is justified based on the income potential. For example, a private school that has an annual cost of \$50,000 per year that will likely provide a student a similar job opportunity from a public school that costs \$25,000 might not be a wise financial decision.

Mom and Dad need to also determine how much of their income and how many of their assets they can pledge toward college before it impacts their own financial future. Once that determination has been made, the residual costs of college will likely be financed by the student through loans. Parents should make sure that their student completely understands the financial impact of taking on student loans. Based on the horrendous state of the student loan industry, it is quite clear that individuals are obligating themselves to debts that they will have no ability to pay back without serious impact on their future.

College is big business and should be approached that way. All parents want their students to enjoy their college years; however, the emphasis needs to be on preparing for economic success after college.

*We are in the business of helping families through the major life transition of sending their children to college. For many, it will be the most expensive time of their lives and, if not handled properly, could cost them their retirement. If you or someone you know needs the help and guidance of a trained financial professional, don't hesitate to contact me. Remember, you shouldn't have to choose between your child's college and your retirement.*