



Consumer Sense

Information from CFS* to help keep your financial life in balance

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College Savings Options

With college costs increasing yearly at a steady 8%, children born today will face college tuition costs that are three to four times the current average amount. The sooner parents and families start to save, the more time their money will have to grow and the easier the process of saving becomes.

529 Plan

A 529 plan is a tax-advantaged investment vehicle designed to encourage saving for the future higher education expenses of a designated beneficiary. With this plan, the donor maintains control of the account. With few exceptions, the named beneficiary has no rights to the funds. Also anyone can contribute to the account. Most states have no age limit for when the money has to be used. If funds are not used for the intended beneficiary, the funds can be used for another who is a family member of the original beneficiary. If the money is ultimately not used for eligible education purposes, any growth is taxed as ordinary income, and subject to a 10-percent penalty. *More information about 529 plans can be found in the issuer's official statement or plan disclosure document which should be read carefully prior to investing.

Get Onboard with Upromise

When it comes to paying for college, there are few free lunches. Thankfully, Upromise, from Sallie Mae, offers free savings help by rewarding parents and students when they shop at participating retailers. Under the free program, major retailers deposit a portion of what the shopper spends to a college account for his or her child. The service does not cost anything out of pocket or raise the price of purchases. It is simply a business's way to entice shoppers to choose them instead of their competitors. Upromise users can also send invitations from their accounts for friends and family to register their own credit and debit cards on the child's behalf. Then, every time they shop, the child receives additional contributions. Simply go to Upromise.com to sign up for free today.

Get an Extra Two Years

More and more parents have the notion that a four-year college is the best choice for a young adult. The vast majority of classes taken in those first two years can also be taken at a local community college at a fraction of the cost. When a child completes the general education requirements while living at home, parents give themselves an extra two years to save. Additionally, parents can encourage children to get a part-time job and help contribute to the cost of their degree. Few things will motivate a student more to take those final two years of college seriously than the realization that it's their own money they're investing.

Pay as You Earn

In 2011, the White House released its plan to make college more affordable. It's an important step that will help shape the debate over post-secondary education for the near future. Here's a brief overview that focuses on the issues most relevant to student debt. The President's proposal ends with allowing all borrowers to enroll in Pay As You Earn Repayment Plan (PAYE), the new income-driven repayment plan that caps payments at 10 percent of a borrower's income and provides for forgiveness after 20 years. Currently only "new borrowers" – those who borrowed their first federal loan on or after Oct. 1, 2007 and received a new loan on or after Oct. 1, 2011 – are eligible for the plan. This is a much needed step forward, but it will require Congress to take action.

Who Can Help Me?

If saving for college is an important financial goal for your family, talk to a financial advisor in your credit union today. These professionals can help you start a college savings plan for yourself, your children, or your grandchildren.

Investment Services offered through CFS*

Have you read...

Family Guide to College Savings: 2014-2015
Edition by *Joseph F. Hurley*

Please visit this source for more information:

<http://www.wsj.com/articles/the-best-ways-to-save-for-college-1423854503>

<http://collegesavings.about.com/od/savingforcollege/a/best-college-savings-tips.htm>

Interested in Learning More?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies.

Call us to set an appointment to review your investment objectives, and to discuss any questions you might have. We look forward to speaking with you!

Call CUSO Financial Services, L.P. at:
303-728-3443

Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to us at: cfsinvsrefs@bellco.org