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## THE ROAD TO COLLEGE

*Why and when should you plan for your child's higher education?*

Provided By: Christopher J. Ricci, Financial Advisor

**Remember when a college education was reasonably priced?** Those days are gone, and that's why college planning is so important. Between 2001 and 2006, the average tuition and fees at four-year public colleges and universities increased by 35%. The average tuition for private colleges increased 32% between 1996 and 2006 (according to the College Board).

**How soon is too soon?** It is never too soon to begin saving for your child's education. Many parents start as soon as a child is born. Some parents begin planning before children arrive. If you're planning on having a family "someday", start planning now. If you have a child on the way, start now. If you have an infant, toddler, grade-schooler or teenager, start now. Notice a theme here?

**How late is too late?** If your child is already in high school, you may feel it's too late to start saving for college. But think again. ANY pre-planning and saving you can do is better than nothing. If you are in a time crunch to save, start thinking of ways to reduce your monthly expenses and increase your cash flow NOW. Then look at some ways to invest what you've saved. There are many options beyond a traditional savings account, such as CDs or money market accounts. Do some research, or better yet, enlist the assistance of a financial professional.

**What about your retirement?** While you may feel that putting off your retirement for a few years is an acceptable trade-off, you should not have to sacrifice your retirement savings to put your children through college. Remember ... student loans are available. While you may not want your child to assume such a financial burden, you could always help out with repaying the loan later. Also, by having your child be responsible for at least a portion of their college tuition or expenses, they may experience a greater understanding of and appreciation for the value of their education.

**You need a break.** A tax break, that is. Many higher education savings vehicles can provide one, such as 529 plans, Coverdell Education Savings Accounts, and certain

kinds of tax-exempt bonds. However, as the number of tax-advantaged college savings vehicles have increased, so have the details, rules and "fine print" pertaining to them. In fact, some of these tax breaks could conflict with one another. Unless you're willing to spend a great deal of time doing research, it may be wise to speak with a financial professional who can help you sort through these options.

**Other alternatives to consider ...** If money is tight, would your child be willing to complete their first two years at a local community college, then move on to their preferred college or university later? The tuition likely to be much less at a state community college, and you could realize additional savings if your child attends school while living at home. If your child does not wish to start college locally, it may be worthwhile to look into the myriad of scholarships, work study programs and off-campus jobs that may be available. The guidance office at most schools will have job information available if you inquire.

**The simple fact is - the sooner you plan, the better.** If you haven't begun planning, start now - there is no better time to get the proverbial ball rolling. You may be surprised how a little planning now can make a big difference in the years to come.

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