



College Planning

Five Tips To Help Pay For Your Child's College Education

(NAPSA)—Skyrocketing college costs coupled with difficult economic times are prompting parents to start saving for college when their child is still quite young. According to the College Board, tuition and fees at four-year public institutions have risen nearly 51 percent over the past 10 years. Fortunately, parents can take advantage of a college funding plan that is specifically designed for their child's college education. Known as 529 plans, these programs provide federal and state tax advantages to encourage saving for higher education expenses. All earnings from 529 plans are free of federal and state income tax, and withdrawals for qualified education expenses are also free from taxes.

"By doing a little research, anyone can get started in a 529 to ensure they will have funds available when their child starts college," said Jackie Williams, spokesperson for the College Savings Plans Network. She offers the following tips to help get started:

1. Learn more about 529 plans. One way to learn more is to talk to friends and family who already participate. Another great way to learn more is through www.CollegeSavings.org, a comprehensive Web site offered by the College Savings Plans Network (CSPN). The site provides objective information about all 529 plans and offers a simple comparison feature that helps families select a plan.

2. Weigh your options. There are many 529 plans—all states, plus Washington, D.C., offer at least one plan. The comparison feature on the CSPN Web site helps families choose a plan.

3. Familiarize yourself with plan features. Did you know that 529 plans can be used to pay for tuition, room and board, fees,



An easy way to save for your child's college costs is to start a 529 plan.

books, supplies and required equipment? Make sure the plan you choose offers investment options and pricing that are right for you. Remember, you are planning for a college education in the future.

4. Diversify your portfolio. A variety of investment options are available with 529 plans. Most plans offer "set it and forget it" options that over time become more conservative as your child gets older. This decreases your risk as college approaches.

5. Start early. Just like other savings accounts, the earlier you start a 529 savings plan, the more money you will have when your child is ready for college. By getting started when your child is a newborn, the gains your account earns can compound until he or she is ready for freshman year. The longer you wait, the more you limit your account's ability to grow in value. That could mean you will have to put more of your dollars into the account, paying more out-of-pocket or from loans, when it's time for college.

Getting started on your plan early can make saving for your child's future college education easier.