



# FAMILY FINANCES

## New Ways To Beat College Costs

by John Addison

(NAPSA)—Whether the economy is expanding or in recession, parents still want to send their kids to college.



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After all, the average college graduate earns nearly twice the income as the average high school grad.

But with bills, retirement funds and unexpected expenses to worry about, many parents find it hard to start saving.

Only 29 percent of parents feel they will be prepared to send their kids to college—with four years of tuition, room and board at an average public university now costing \$36,032, and a private school costing \$94,312.

Fortunately, Congress has updated two popular education savings plans—The Coverdell Education Savings Account (formerly the Education IRA) and the 529 College Savings Plan.

These accounts now allow for higher yearly contributions and tax-free withdrawals for qualifying education expenses.

They also offer the opportunity to participate in the stock market and enjoy tax-free earnings. Since the stock market has outpaced

both tuition and inflation over the last 10 years, this can be good news for parents.

The new law allows for tax-free withdrawals from Coverdell Education Savings Accounts (ESAs) for K-12 and college education expenses such as computers, private school tuition, even tutoring.

If parents invest \$2,000 each year after their child is born into an Education Savings Account earning 10 percent interest, they would have as much as \$16,400 by the time that child is ready for kindergarten.

After 18 years, the \$36,000 in contributions would have grown to \$105,600. Compared to a taxable account, that's \$31,000 more for college—almost enough for an entire four-year degree program.

If you anticipate receiving student financial aid, keep in mind that savings in any plan will impact a student's eligibility for need-based financial aid.

The financial professionals at Primerica have created a guide that shows you how to take control of your financial life. To get a copy of *The Solution*, write to Primerica, 3120 Breckenridge Blvd., Duluth, GA 30009, ATTN: Corporate Relations, or call 770-564-6329.

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