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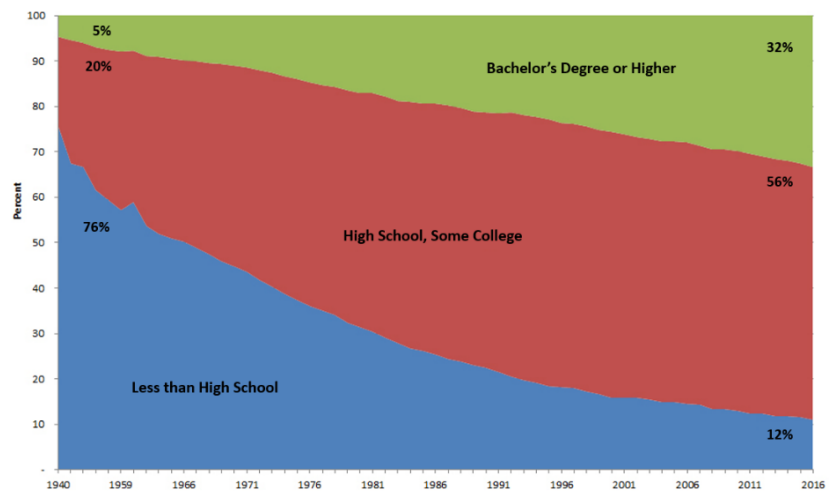
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An Education in College Planning

Statistics indicate that most times personal financial success is largely dependent upon an individual's level of advanced education. The days of graduating on Sunday, and beginning your forever job on Monday are essentially over. This is primarily attributed to drastic changes in today's job market. There are more employment opportunities available in fields that require additional skills and training that favor applicants with more focused knowledge and experience. In response to this reality, more and more Americans are attending college and seeking advanced training than ever before.

Figure 2: Percent of Population Age 25 and Over by Educational Attainment: 1940-2016



Sources: U.S. Census Bureau, 1947, 1952-2002 March Current Population Survey, 2008-2016 Annual Social and Economic Supplement to the Current Population Survey; 1940-1960 Census of Population.



The Rewards

The benefits and rewards of obtaining a college degree are directly correlated with earning more and being unemployed less.



Source: JP Morgan College Planning Essentials, U.S. Bureau of Labor Statistics, 2015.

- By 2020, 65% of jobs will require education beyond high school.
- It is estimated that those with bachelor's degrees earn almost \$1 million more over their lifetime than those without a degree. Additionally, those with doctorate degrees earn \$2 million more.
- The unemployment rate for college graduates in 2016 was 2.7%. This is considerably lower than the 5.1% unemployment rate for high school graduates.

Simplifying Life by Creating Wealth Solutions through Understanding.

One approach of earning income while obtaining valuable experience is through a summer internship program.

Tri-Star would like to introduce you to our amazing interns!



Ryan Richter

Ryan is in his fourth year at SVSU pursuing a bachelor's degree in Mechanical Engineering.

Ryan's advice to new college students is:

"Since there is a large gap between classroom and industry, pursue an internship or co-op in a field that interests you. You may decide to change course."



Brian Stearns

Brian is in his fourth year at CMU pursuing a bachelor's degree in Personal Financial Planning.

Brian's advice to new college students is:

"Surround yourself with driven and encouraging people. They will help you thrive for success and stay focused."

The Challenges

No question, college is expensive, costs are rising quickly, free financial aid is scarce and relying solely on a scholarship is a gamble.

- A college-bound student today attending a public university would expect to pay nearly \$80,000 for a 4-year degree.
- Future college costs are expected to inflate 5% per year.
- The future cost of college for a newborn today, given the same tuition costs and the same 5% inflation, would be nearly \$200,000 for a 4-year degree.
- Only 50% of families receive need-based grants or merit-based scholarships.
- Less than 1% of college students receive enough in grants and scholarships to fully fund college costs.



Source: JP Morgan Asset Management, using the College Board, 2015 Trends in College Pricing.

What have we learned?

In most circumstances college or some level of specialized training after high school is a critical component of achieving economic success throughout life. Tuition *is expensive*, but try not to think of it *as an expense*. Think of it more as an investment; an investment into the future financial success of your child or grandchild, and subsequently yourself. Your student's fiscal independence will undoubtedly affect your cash flow and lifestyle.

Student loans are an option, however you should avoid relying exclusively on financing college expenses. On average today's college graduate has nearly \$40,000 of student loan debt. At a 7% interest rate over 10 years, this will result in a monthly payment of approximately \$465. Couple this expense with healthcare and housing costs, and it becomes an uphill battle for many new graduates entering the workforce.

The best course of action to prepare yourself and your student for the cost of college is to save. A College Savings Plan (or 529 Plan) allows you to contribute after-tax income into an investment account that will be fully exempt from future taxes if the funds are used to pay for qualified education expenses.

When considering future tuition obligations, the most important actions you can take today are to: 1) start saving as early as possible; 2) automate your contributions; 3) invest in a diversified portfolio aligned with your goals and time horizon; and 4) be mindful of investment and account fees.

Also, be sure to contact your trusted advisor at Tri-Star if you have any questions or would like to discuss your options further.