



# Pathways to College Planning

## Talcott Financial Group

*Setting your path towards financial security*

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Securities offered through LPL Financial, Member FINRA/SIPC.  
Investment advice offered through Private Advisor Group, a registered investment advisor.  
Private Advisor Group and Talcott Financial Group are separate entities from LPL Financial.



Craig,

Daughter is looking at the following colleges for audio production (music).  
Would you mind preparing one of those spreadsheets like you did for Son?

- Berklee College of Music, Boston, MA (total: \$59,802 => estimated net cost: \$42,271)
- NYU, New York, NY (Tuition: 25,232/semester, housing \$9308/year, => total: \$65,352/yr)
- The College of Saint Rose, Albany, NY (total: \$44,139 => estimated Net Price: \$22,679)
- Western CT State , Danbury, CT (net \$19K)

# Annual Costs of College 2018-2019



Source: [www.collegedata.com](http://www.collegedata.com)

- Wesleyan- \$71,434
- Yale- \$70,430
- Sacred Heart- \$54,520
- University of Hartford- \$53,170
- UConn- \$31,044 (In-State)
- Central Connecticut State University- \$20,166 (In-State)
- Manchester Community College- \$8400

# 1. Under-Promise & Over-Deliver

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## 2. Understand the Financial Aid Methodologies

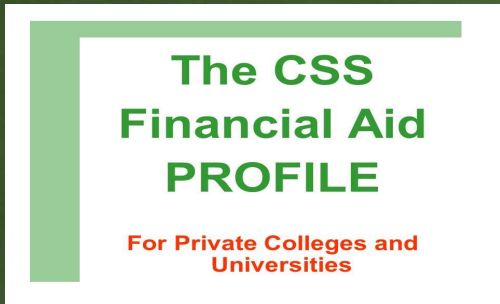
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# Financial Aid Methodologies



- Administered by public and state universities.
- Relatively simple
- Submit every year on October 1<sup>st</sup>



- Administered by Collegeboard.
- Requires a fee for submission and more rigorous to file
- Submit every year on October 1<sup>st</sup>

# The FAFSA

## Steps for Completion:

1. Log in to [www.fsaaid.ed.gov](http://www.fsaaid.ed.gov) to create an ID

Use this ID to create an electronic signature for faster transmission (First come, first served).

### Create a New FSA ID

New to FSA? **Create an FSA ID** account below. An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature.

Only create an FSA ID using your own personal information and for your own exclusive use. You are not authorized to create an FSA ID on behalf of someone else, including a family member.

You are not allowed to have an employee or agent of a commercial entity, or other third party, create an FSA ID for you for any purposes including but not limited to: payment reductions, debt consolidation or applying for aid. Misrepresentation of your identity to the federal government could result in criminal or civil penalties.

[Need help creating an FSA ID?](#)

*Important: When you are done click the CANCEL button to clear your data, even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.*

### Create an FSA ID

### Manage My FSA ID

Please enter your:

E-mail

Confirm E-mail

Username

Password

☒ Numbers ☒ Uppercase Letters ☒ Lowercase Letters ☒ Special Characters ☒ 8-30 Characters

Confirm Password

CONTINUE



# The FAFSA

## Steps for Completion:

2. Log on to [fafsa.ed.gov](https://fafsa.ed.gov) and click “**Start a New FAFSA**”

3. Gather **2017 tax-return**, year-end paystubs, valuations of assets and investments for students and parents





# The FAFSA

## Steps for Completion:

4. Enter information requested

5. Review Preliminary eligibility for federal aid and make corrections if needed

6. Save a PDF copy for your records

## FREE HELP: College Goal Sunday!

36. What was your (and spouse's) adjusted gross income for 2015? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4. \$

37. Enter your (and spouse's) income tax for 2015. Income tax amount is on IRS Form 1040—line 56 minus line 46; 1040A—line 28 minus line 36; or 1040EZ—line 10. \$

38. Enter your (and spouse's) exemptions for 2015. Exemptions are on IRS Form 1040—line 6d or Form 1040A—line 6d. For Form 1040EZ, see **Notes page 9**.

Questions 39 and 40 ask about earnings (wages, salaries, tips, etc.) in 2015. Answer the questions whether or not a tax return was filed. This information may be on the W-2 forms or on the tax return selected in question 33: IRS Form 1040—lines 7 + 12 + 18 + Box 14 (Code A) of IRS Schedule K-1 (Form 1065); 1040A—line 7; or 1040EZ—line 1. If any individual earning item is negative, do not include that item in your calculation.

39. How much did you earn from working in 2015? \$

40. How much did your spouse earn from working in 2015? \$

41. As of today, what is your (and spouse's) total current balance of cash, savings, and checking accounts? **Don't include** student financial aid. \$

42. As of today, what is the net worth of your (and spouse's) investments, including real estate? **Don't include** the home you live in. See **Notes page 9**. \$

43. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. See **Notes page 9**. \$

For Help — 1-800-433-3243 Page 4 Step Two CONTINUES on Page 5

Step Two CONTINUES from Page 4

44. Student's 2015 Additional Financial Information (Enter the combined amounts for you and your spouse.)

a. Education credits (American Opportunity Tax Credit and Lifetime Learning Tax Credit) from IRS Form 1040—line 50 or 1040A—line 33. \$

b. Child support paid because of divorce or separation or as a result of a legal requirement. **Don't include** support for children in your household, as reported in question 95. \$

c. Taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships. \$

d. Taxable college grant and scholarship aid **reported to the IRS in your adjusted gross income**. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant and scholarship portions of fellowships and assistantships. \$

e. Combat pay or special combat pay. Only enter the amount that was taxable and included in your adjusted gross income. **Don't include** untaxed combat pay. \$

f. Earnings from work under a cooperative education program offered by a college. \$

45. Student's 2015 Untaxed Income (Enter the combined amounts for you and your spouse.)

a. Payments to tax-deferred pension and retirement savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S. **Don't include** amounts reported in code DD (employer contributions toward employee health benefits). \$

b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17. \$

c. Child support received for any of your children. **Don't include** foster care or adoption payments. \$

d. Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b. \$

e. Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). **Exclude rollovers**. If negative, enter a zero here. \$

f. Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). **Exclude rollovers**. If negative, enter a zero here. \$

g. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value. \$

## GET FREE HELP FILLING OUT THE FAFSA!



We are here to help you get to college!

Our Connecticut College Goal Sunday events will be held on the following dates at many sites throughout the state:

**Sunday, October 15, 2017**

East Hartford High School (time: 1 p.m. to 3 p.m.)

Windsor High School (time: 1 p.m. to 4 p.m.)

**Sunday, October 22, 2017**

Hall High School (time: 1 p.m. to 4 p.m.)

Norwalk Community College (time: 1 p.m. to 4 p.m.)

**Wednesday, October 25, 2017**

Science and Technology Magnet High School, New London (5 p.m. to 8 p.m.)

**Sunday, October 28, 2017**

New Britain High School (time: 2:30 p.m. to 4 p.m.)

**Sunday, October 29, 2017**

Eastern Connecticut State University (time: 1 p.m. to 4 p.m.)

**Saturday, November 4, 2017**

Bristol Central High School (time: 1 p.m. to 4 p.m.)

At College Goal Sunday<sup>SM</sup>, students and parents can talk to experts and get in-depth help filling out the Free Application for Federal Student Aid (FAFSA). In addition to receiving assistance in filling out the FAFSA, participants will receive general information regarding state and federal financial aid programs.

We cannot do it alone! Join us!

“ I was amazed how Michael welcomed me to his office and explained how I could get aid for my education. ”

“ My friends who do not know about this program will definitely be here next year. Thank you College Goal Sunday. See you next year! ”



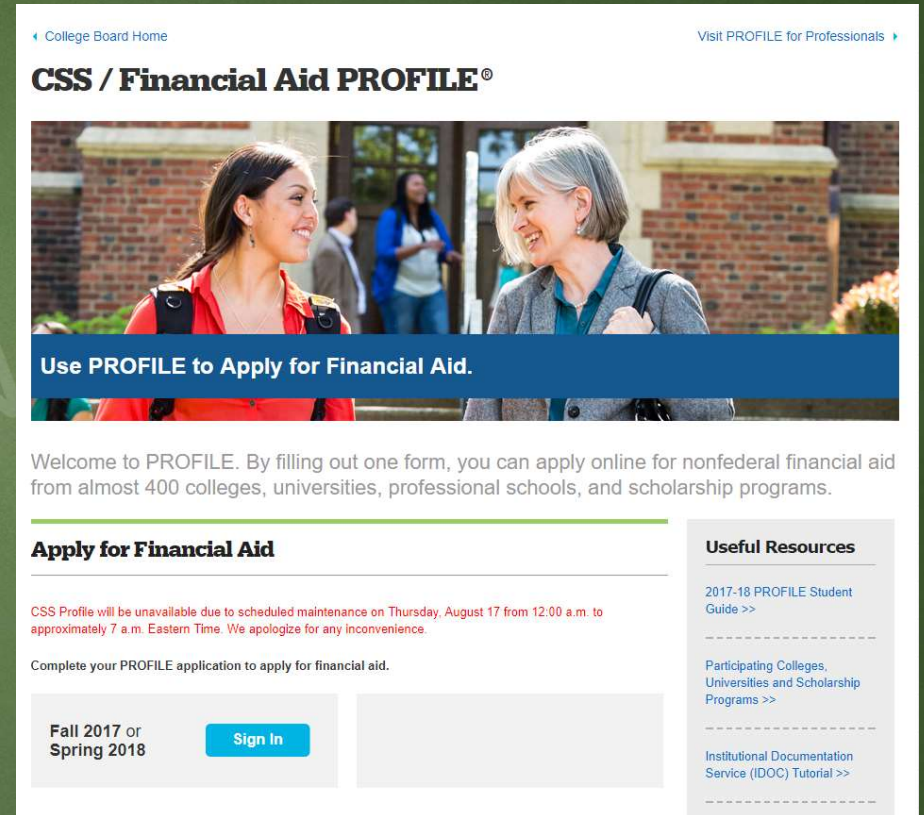
# The CSS Profile

## Steps for Completion:

1. Login using Collegeboard ID and registering for CSS Profile  
([student.collegeboard.org](https://student.collegeboard.org))

2. Using your FAFSA PDF, complete duplicate questions

3. Answer hypothetical questions  
**CONSISTENTLY!**



The screenshot shows the CSS / Financial Aid PROFILE website. At the top, there are links for "College Board Home" and "Visit PROFILE for Professionals". The main heading is "CSS / Financial Aid PROFILE®". Below this is a banner image of two students talking, with a blue overlay text that says "Use PROFILE to Apply for Financial Aid." Below the banner, a welcome message states: "Welcome to PROFILE. By filling out one form, you can apply online for nonfederal financial aid from almost 400 colleges, universities, professional schools, and scholarship programs." The page is divided into two main sections: "Apply for Financial Aid" and "Useful Resources". The "Apply for Financial Aid" section includes a notice about scheduled maintenance on Thursday, August 17 from 12:00 a.m. to approximately 7 a.m. Eastern Time, and a "Sign In" button for "Fall 2017 or Spring 2018". The "Useful Resources" section includes links to the "2017-18 PROFILE Student Guide >>", "Participating Colleges, Universities and Scholarship Programs >>", and "Institutional Documentation Service (IDOC) Tutorial >>".

### 3. Calculate your Expected Family Contribution

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# Financial Aid Eligibility

$$\begin{aligned} &\text{Cost of Attendance} \\ &- \text{Expected Family Contribution} \\ &= \text{Financial Need} \end{aligned}$$

Source: "How Aid is Calculated," Federal Student Aid



## Financial Aid Eligibility

$$\begin{array}{r} \$50,000 \text{ Cost} \\ - \$30,000 \text{ EFC} \\ \hline = \$20,000 \text{ of Need} \end{array}$$

EFC is a household number

Source: "How Aid is Calculated," Federal Student Aid





# Financial Aid Eligibility



\$60,000 Cost

- \$30,000 EFC

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= \$30,000 of Need

Colleges are not obligated to fulfill 100% of financial need!

Source: "How Aid is Calculated," Federal Student Aid



# EFC Step 1: Parent's Assets

Parental Assets

- Edu Allowance x 12%  
= Assets used for EFC



John and Jane have \$100,000 in non-retirement savings.

For EFC purposes, \$87,500 is multiplied by .12 \$10,500 is added to the EFC.

Source: "The EFC Formula," 2019-2020



# What is an Asset on FAFSA?

## Disclosed:

- Cash
- Savings
- Investments
- Businesses
- 529's
- Investment Real Estate

## Exempt:

- Your home
- Cash Value of Insurance
- Annuities
- Pensions
- Retirement Accounts
- Keogh Plans

Source: "Asset Net Worth," Department of Education <https://fafsa.ed.gov/help/assetnetworth.htm>

# What is an Asset on CSS Profile?



# EVERYTHING!

Source: "Asset Net Worth," Department of Education <https://fafsa.ed.gov/help/assetnetworth.htm>

# EFC Step 2: Student's Assets

Total of Child Assets x 20%  
=Assets for EFC



John and Jane had saved \$20,000 for their child, Joe in an UGMA.  
\$20,000 is multiplied by .2 \$4000 is added to the EFC.

Source: "The EFC Formula," 2019-2020



# EFC Step 3: Parent's Income

## Parental Income

- Federal Taxes Paid
- 8% of total income (CT)
- Social Security Tax
- Income Prot. Allowance

= Adjusted Available Income

Apply AAI to Table A6



Source: "The EFC Formula," 2019-2020

# Calculating the EFC: Student Income

$$\frac{\text{Student Income} - \$6300}{2} \times 50\% = \text{Income used for EFC}$$



John and Jane's Daughter, Jen makes \$4000 per year working at a grocery store. None of her income will be assessed to the EFC.

Source: "The EFC Formula," 2019-2020

## 4. Make EFC Adjustments

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# Simplified EFC Calculation

## No Assets are Counted in EFC if:

- Household Adjusted Gross Income is less than \$50,000
- Can be especially helpful for business owners  
(Gross Income vs. Net Income)



Source: "The EFC Formula," 2019-2020

# Exemptions from the EFC

Automatic “\$0 EFC” if any of the following apply:

- Household Income is less than \$26,000
- Grandparents and Guardians
- Household qualifies for Federal benefit programs (Medicaid, SNAP, SSDI)
- Independent Student Status (must have dependent children or qualify for federal benefits)



Source: “The EFC Formula,” 2019-2020



# CHET 529 Plans



- Self-Funded Savings account for K-12 and college (Gift Tax Advantages)
- Tax-Free withdrawals for **QUALIFIED** education expenses
- State-Tax Deductible contributions up to \$5000 (single) \$10,000 (married)
- Can be used to reallocate child assets to parental ownership
- If parents are the owner, beneficiaries can be changed at any time



# Calculating the EFC

John and Jane had saved \$20,000 for their child, Joe in an UGMA. \$20,000 was converted to CHET.

Any earnings are withdrawn tax-free for education.

Their Expected Family Contribution is reduced by \$1600.



Source: "The EFC Formula," 2019-2020

# CHET 529 Plans

## Disclosures:

- Income Tax and 10% Penalty for non-qualified withdrawals
- Only two investment reallocations allowed per year
- Limited menu of funds
- Assets cannot be transferred between children if held in an UGMA 529



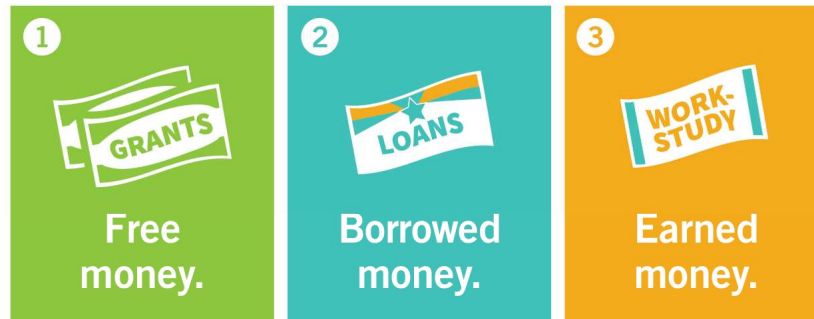
Source: CHET Advisor 529 Prospectus, 2018

## 5. Leveraging Financial Aid

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# 3 Types of Federal Student Aid



**Grants** are usually based on financial need and don't have to be repaid.

**Loans** are an investment in your future. But remember, they must be repaid with interest.

A **work-study** job lets you earn money while you're in school.

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of  
the AMERICAN MIND®

Learn more at [StudentAid.gov/types](https://StudentAid.gov/types). Apply at [www.fafsa.gov](https://www.fafsa.gov).

# Federal Grants

1



Free  
money.

## Federal Pell Grant

- Awarded to families with income below \$60,000
- Maximum award of \$6095

## Federal Supplemental Equal Opportunity Grant (FSEOG)

- Awarded to students with exceptional Financial Need
- Maximum of \$4000 per year

## TEACH Grant

- For students looking to pursue teaching and performs 4 years of qualifying teaching service
- Maximum of \$3752 per year

Source: <http://studentaid.ed.gov>

# Loans

2



Borrowed money.

## Stafford Loans

- Subsidized (Deferred) and Unsubsidized (Pay Immediately)
- 4.45% Interest Rates for Subsidized and Un-Subsidized
- **MAXIMUM of \$27,000 TOTAL IN STUDENT'S NAME**

## Perkins Loans

- Awarded to students with exceptional Financial Need
- Maximum of \$8000 at a 5% interest rate

## PLUS Loans

- Loan irrevocably owned by parents at 7% Fixed
- Max amount is cost of attendance minus other sources of aid

Source: "Do you Need Money For College," Federal Student Aid 2018-2019



# Loans

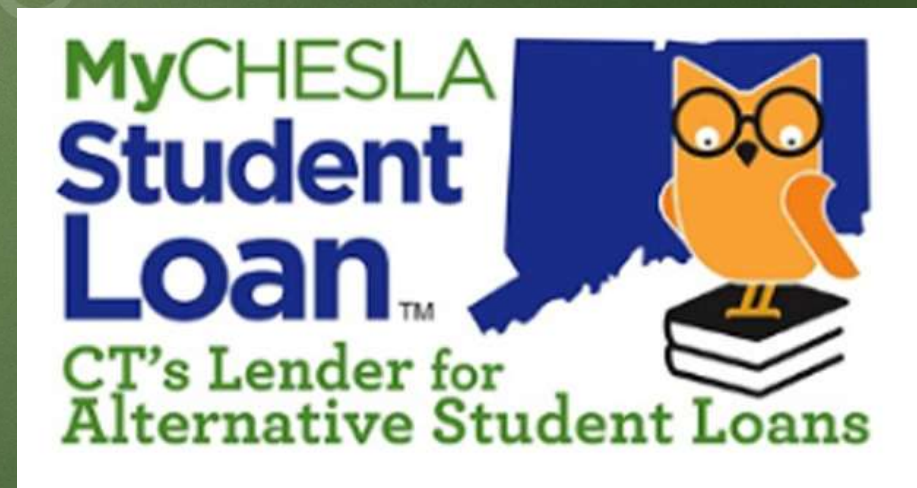
2



Borrowed money.

## CHESLA Loans

- Can borrow up to the cost of attendance – other sources of aid
  - 4.95% fixed rate
  - Interest only payments while student is in college
  - **Co-Borrower Release**
- [www.chesla.org](http://www.chesla.org)



Source: "Do you Need Money For College," Federal Student Aid 2017-2018

# Earned Money

## Work Study

- On or off-campus jobs
- Typically \$1000 to \$2000 per year

## Scholarships

- Based on academic merit or financial need
- Typically five-figure awards
- Competitive GPA required

3

WORK-  
STUDY

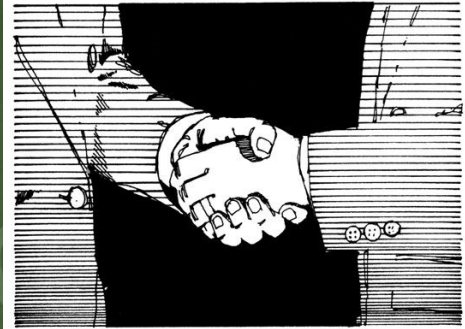
Earned  
money.





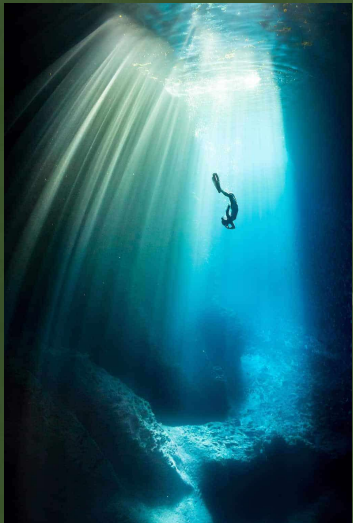


## Left-Hand Shake



*Now I know you're cool.*

# 6. Creative Scholarships





# Divorce

- Divorced spouses only need the “custodial” parent to file on FAFSA
- Must live in separate households
- Does not apply to CSS Profile
- Remarried families must have new spouse file, even if not the biological parent



# Tax Credits and CHET Deductions

## American Opportunity Tax Credit

- Refund of up to \$2500 of qualifying expenses
- AGI > \$160k (MFJ) or \$80k(Single)

## Do the CHET Shuffle

- Income > College
- Income > CHET > College = State tax deduction
- Contributions over the stated limit roll to following years
- K-12 Eligible





# Retirement Assets

## Roth IRA

- If held for five years or longer, withdrawals may be tax-free
- Unlimited investment choices
- If child does not go to college, funds are not designated for education



## In-Service Distribution

- Tax and penalty free rollover of after-tax dollars in 401k
- Offered by limited number of qualified plans



# New England Regional Program

- Over 800 programs offered at an in-state tuition rate
- Major must not be offered by public colleges in student's home state
- [www.nebhe.org](http://www.nebhe.org)



**tuition**<sup>i</sup>**break**  
for new england residents

## 7. Craft an Appeal

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# The Three Criteria

Write a Letter Addressing:

1. Unmet Need
2. Unmet Achievement
3. Inconsistencies with Similarly Priced Schools







University of  
Hartford

Cost of Attendance: \$53,130

President's Scholarship: \$15,000

Pell Grant: \$4000

Subsidized Stafford Loan: \$3500

Unsubsidized Stafford Loan: \$2000

Work Study: \$1000

Net Cost: \$27,630





| University of New Haven

## Cost of Attendance: \$54,970

President's Scholarship: \$17,500

Pell Grant: \$5500

Subsidized Stafford Loan: \$3500

Unsubsidized Stafford Loan: \$2000

Work Study: \$1000

Net Cost: \$25,470



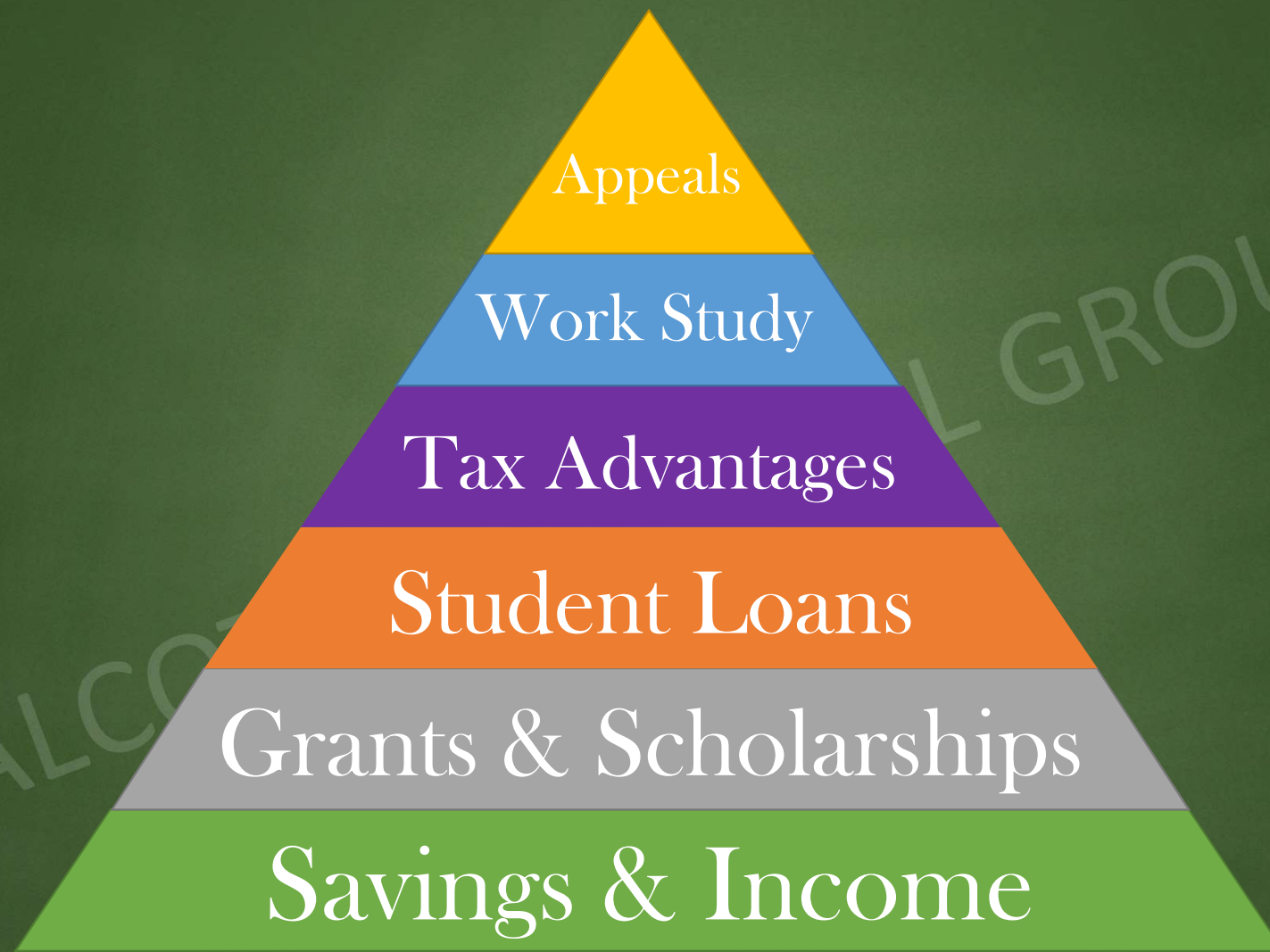


## 8. Build your Resource Pyramid

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## 9. Ongoing Protection

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# Items to Consider

## In Case of Emergency Key

- Inexpensive
- Stores important contacts and medical data
- First responders trained to locate





# Items to Consider

## Estate Planning

- Healthcare Power of Attorney
- HIPAA Waiver
- Update wills and revocable trusts



# 10. Make your Plan!

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*Turn in your comment card for a free consultation*

The secret of getting ahead is  
getting started.

- Mark Twain



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investment advisor. Private Advisor Group and Talcott Financial Group are  
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