Back to School Time During COVID and Reassessing your Education Funding Goals

Did you know you can use your 529 funds to pay towards college expenses but also for K-12 tuition including public, private, and religious schools?



With so many uncertainties there is one thing we can be certain of, and that is back to school time will look different this year. Parents with children from elementary school age to college age have been faced with some difficult decisions lately, and those decisions are being implemented now.

Parents are faced with more decisions as we continue through this pandemic, such as reassessing their financial planning goals. Financial planning can seem overwhelming with still so many unknowns in an everchanging environment. However, since back to school time is on our minds, maybe start with your education funding goals. We have put together some questions to ponder, with resources to help you get started.

**Elementary School Age**



Now is the time to start thinking about how does saving for my child's education impact my other financial goals, no matter what this year looks like. Even setting aside a small amount for your child's education helps. There are a handful of vehicles to help you save for education but consider a more tax advantaged vehicle such as the 529 College Savings Plan. The minimum investment to open a 529 typically ranges from $25 - $250.

* Review our [529 College Savings Plans FAQs](https://bairdweb.rwbaird.com/Pages/AdminPages/DocumentPreview.aspx?docurl=https%3a//bairdweb.rwbaird.com/businessunits/privatewealthmanagement/investmentsandlendingsolutions/educationsolutions/Documents/529_Flyers/529_Client_Approved_FAQs.pdf) to learn more about 529s
* Review our [529 Distribution Planning Guide](https://bairdweb.rwbaird.com/Pages/AdminPages/DocumentPreview.aspx?docurl=https%3a//bairdweb.rwbaird.com/businessunits/privatewealthmanagement/investmentsandlendingsolutions/educationsolutions/Documents/529_Flyers/529_Distribution_Planning%20%28Popular%21%29.pdf) to learn more about what you can use your 529 funds towards. You may be surprised!
* Use a College Cost Calculator such as the [savingforcollege.com Family College Savings Road Map](https://sites.savingforcollege.com/rw-baird/college-savings-projector/) to determine the price of college in the future and how much you may want to set aside
* Use the [college cost calculator](https://sites.savingforcollege.com/rw-baird/college-savings-projector/) to get started!

**Intermediate to High School Age**



Do you have an education funding plan in place such as a 529 and are unsure if you should continue to contribute during these uncertain times? Did you know the [average annual college cost](https://research.collegeboard.org/pdf/trends-college-pricing-2019-full-report.pdf) to attend a 4-year public college including tuition, room and board and supplies is **$26,590**?

Staying the course is essential to pursue your child's dreams even if COVID made you alter your plans for this year.

College costs are increasing at a staggering pace. This year you may save in room and board costs, but tuition costs will be unlikely to decrease because of COVID. Visit our [Looking for Annual College Costs?](https://bairdweb.rwbaird.com/businessunits/privatewealthmanagement/investmentsandlendingsolutions/educationsolutions/Pages/Looking-for-College-Costs-2015-16-School-Year-%28Links-to-Client-Approved-Flyers%29.aspx) page to see what colleges cost near you.

There are 35 states that offer a **state tax benefit** for contributing to your state's 529 plan. There are 6 states that offer a state tax benefit whether you contribute to your in state or out of state plan. Review our [529 State Tax](https://bairdweb.rwbaird.com/Pages/AdminPages/DocumentPreview.aspx?docurl=https%3a//bairdweb.rwbaird.com/businessunits/privatewealthmanagement/investmentsandlendingsolutions/educationsolutions/Documents/529_Flyers/529_State_Tax_Deductions_Flyer.pdf) flyer to find out if your state offers a 529 state tax benefit. Help your child set realistic career and financial goals. Utilize CollegeBoard's [Find the Right College For You Tool](https://bigfuture.collegeboard.org/college-search) or [CollegeBoard's Major and Career Search](https://bigfuture.collegeboard.org/majors-careers) tool.

**College Age**



According to data compiled by the [Chronicle of Higher Education and Davidson College](https://www.chronicle.com/article/heres-a-list-of-colleges-plans-for-reopening-in-the-fall/), 39.5% of colleges will offer in-person classes or hybrid, 27.7% of colleges will be fully online, 6% are other and 27% are TBD. Click [here](https://www.datawrapper.de/_/w8lLG/) to view a list of colleges that participated in the survey.

Whether you will be attending college in person or online, there is still costs associated with being enrolled. Filing for the FAFSA should be your first step to receive financial aid. Below is a list of different types of aid and what you should consider accepting first.

**Scholarships and Grants** (Free Money) - Think of scholarships as gifts. Scholarships can be merit-based or based on financial need. Free money, if offered, should be accepted first.

**Work-Study** (Money you must work for) - Work-Study programs, if offered, should be accepted next. You will not have to pay the money back, but you will have to work while in school.

**Federal Student Loans** (Money you must pay back) - Federal student loans should be accepted after any free money and Work-Study programs that are offered. This is money you will have to pay back with interest. The interest rates are fixed rates for the life of the loan. The terms and conditions of federal student loans are better than loans from your state, college or private loans.

Loans from **Your State or College** (Money you must pay back) - Loans from your state or college should be accepted next. This money you will have to pay back with interest. The interest rates may be fixed or variable. The terms and conditions of the loan might not be as good as those of a federal student loan.

**Private Loans** (Money you must pay back) - Finally, after all other options have been exhausted your last option should be to accept private loans. This money you will have to pay back with interest. The interest rates may be fixed or variable and are typically higher compared to federal student loans.