



VICEROY

INVESTMENT ADVISORS

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SAVING FOR COLLEGE

What Are Some Key Issues?

- ✓ College is expensive. Not only is college a significant expense, recent history has shown annual cost increases to far exceed the overall inflation rate. Collectively the US currently has over \$1 trillion in student loans with the average student leaving college with \$30,000 in debt.
- ✓ Still beneficial to attend college. Numerous studies and reports are available that show college graduates earn more and have higher employment rates than non-graduates.
- ✓ Paying for college. College costs will be covered by either savings or loans. The ultimate source of the savings or loan repayment will be through earnings (past, present and/or future earnings). Whose earnings (parents and/or students) is something to consider.

2013-2014 In-State College Costs

Washington Colleges	Tuition	Fees	Room & Board	Total
Central Washington University	\$ 7,941	\$ 1,035	\$ 9,795	\$ 18,771
Eastern Washington University	7,741	561	9,135	16,876
Evergreen State College	7,833	664	9,492	17,325
Gonzaga University	34,570	492	9,120	43,690
Northwest University	25,390	544	7,190	32,580
Pacific Lutheran University	34,440	300	10,100	44,540
Saint Martin's university	29,500	334	9,660	39,160
Seattle Pacific University	33,444	369	9,867	43,311
Seattle University	35,865	600	10,545	46,410
University of Puget Sound	41,640	228	10,780	52,420
University of Washington	11,305	1,092	10,752	22,057
Walla Walla University	24,822	555	5,970	30,792
Washington State University	10,874	1,453	10,868	21,742
Western Washington University	7,503	1,359	9,656	17,159
Whitman College	43,150	350	10,900	54,050
Whitworth University	35,320	692	9,814	45,134

What Options Are Available?

- ✓ The US Government has various programs to assist with college costs. The different programs can be grouped into 3 broad categories.
 1. Saving & investing opportunities: allows for tax efficient saving for college costs.
 2. Tax credits & deductions: provides savings on your taxes for college costs.
 3. Grants, scholarships & loans: help to pay for college and/or reduce college costs.
- ✓ In addition to the above, individuals may consider using other assets or accounts to cover college expenses (for example retirement accounts, brokerage accounts, etc.). Certain withdrawals may qualify for preferential tax treatment.
- ✓ Of the different savings options, a qualified tuition program (529 Plans) offers many benefits and could be a valuable part of a college savings plan.

What Else Should I Consider?

- ✓ College is one savings goal among many that parents must balance.
- ✓ Taxes, estate issues and changing goals and circumstances add complexity to the decision to save for college. These factors also influence the approach to saving for college.
- ✓ Your savings decisions and income levels may impact student loan eligibility.
- ✓ Investing for future goals carries risk with the specific investments impacting the degree of risk.

Where Can I Learn More?

- ✓ IRS Publication 970, Tax Benefits for Education
- ✓ IRS 529 Plans: Questions and Answers
- ✓ Washington's GET Program
- ✓ The Vanguard 529 College Savings Plan
- ✓ Savingforcollege.com
- ✓ Contact: info@viceroyinvestmentadvisors.com