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INTRODUCTION

One of the more significant financial liabilities facing individuals with children is saving for college. Nearly every parent, and in some cases grandparents, cite saving for college as a major financial goal - and rightfully so. Recent studies show that in-state tuition, fees and room and board at public universities average $17,860* per year. Worse still are the figures for private education, where tuition, fees and room and board average over $39,518* per year. It's a wonder that doctors do not greet new parents with, "Congratulations, you've just given birth to a beautiful baby and a substantial education liability!"

Listen to Marlene Richards talk about Education Planning.

While many individuals have some understanding of the potential future costs of educating their children, very few understand the various savings options available to them, and fewer still have actually developed a clear and rational education savings strategy. In fact, a recent Harris College Financial Preparedness Poll found that 75% of investors lack basic knowledge of 529 Plans. This one study alone highlights the tremendous opportunity for financial services professionals to work with clients to help them define effective strategies for funding future education expenses.

This course is specifically designed to equip you with the knowledge you need to engage clients in more effective discussions about education savings alternatives and to help them define an effective strategy for them given their unique circumstances.

OBJECTIVES

At the conclusion of this course, you will:

- Have an understanding of the various savings alternatives available for education.
- Be familiar with strengths and weaknesses of each alternative enabling you to better identify and communicate appropriate solutions to client needs.
- Be equipped with answers to questions that clients are most likely to ask.
- Be able to educate clients on potential tax credits available to them.

**From "Trends in College Pricing" at http://www.trends.collegeboard.org*

ADDRESSING THREE KEY QUESTIONS: DEVELOPING AN EFFECTIVE EDUCATION SAVINGS STRATEGY

Saving for education expenses, whether private elementary and secondary school expenses and/or college expenses, is for many individuals one of the most significant issues in their overall financial plan. Certainly there are a myriad of questions that individuals must consider in developing an effective savings strategy:

1. Where will they go to school?
2. How much will it cost?
3. What's the best way to invest?

ADDRESSING 3 KEY QUESTIONS

However daunting this task may seem, focusing on three key steps will simplify the process and enable you to help your clients develop an effective strategy that reflects their unique circumstances.

Identify the future cost of education

Identify an appropriate savings vehicle

Educate clients on potential tax credits

STEP #1: IDENTIFY THE FUTURE COST OF EDUCATION

Clearly, the first issue that individuals must address is defining how much money must be accumulated to meet future educational expenses. For most individuals, this means understanding how much money will be needed when their children go to college.

The best place to begin is with an examination of current costs. The following table illustrates the average annual costs for higher education:

2012-2013 AVERAGE COLLEGE COSTS*

COLLEGE TYPE	TUITION & FEES	ROOM & BOARD	BOOKS & SUPPLIES	PERSONAL & TRANSPORTATION EXPENSES	TOTAL COSTS
FOUR YEAR IN-STATE PUBLIC	$8,655	$9,205	$1,200**	$3,000**	$22,060
FOUR YEAR PRIVATE	$29,056	$10,462	$1,200**	$3,000**	$43,718

This table clearly illustrates that saving for future education expenses is not a matter to be taken lightly.

**Data comes from http://trends.collegeboard.org/*

***Estimate*

REVIEW EXERCISE

To make sure you understand the role of an investment fiduciary and the requirements of fulfilling that role, take a minute to answer the following review questions.

1. In which of the following situations would you likely be considered an investment fiduciary?

- ○ Selling a single premium annuity contract
- ○ Consulting with a prospect regarding their current investment allocation and proposing a recommendation
- ○ Establishing an asset allocation for your client's assets and helping choose money managers to fulfill the on-going investment management of the assets
- ○ None of the above
- ○ All of the above

2. To gain some familiarity with categorizing particular countries, categorize the following countries into Emerging or Developed Markets.

	Developed Market	Emerging Market
A	○	○
B	○	○
C	○	○
D	○	○
E	○	○

3. Which of the following are NOT aspects of the legislative and regulatory code that have application to your role as an investment fiduciary? (Click all that apply)

- ☐ Selling a single premium annuity contract
- ☐ Consulting with a prospect regarding their current investment allocation and proposing a recommendation
- ☐ Establishing an asset allocation for your client's assets and helping choose money managers to fulfill the on-going investment management of the assets

SUBMIT

To test your skills at the different international investment approaches, fill in the blank to the following questions.

The Country __________ Approach uses a method of concentrating investments in one or more countries while under-weighing others to take advantage of perceived greater opportunity.

SUBMIT

4. Which of the following are NOT aspects of the legislative and regulatory code that have application to your role as an investment fiduciary?

[▼]

REVIEW EXERCISE

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- ◯ Consulting with a prospect regarding their current investment allocation and proposing a recommendation
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- ◯ None of the above
- ◯ All of the above

Incorrect answer. Try again.

1. In which of the following situations would you likely be considered an investment fiduciary?

- ◯ Selling a single premium annuity contract
- ◯ Consulting with a prospect regarding their current investment allocation and proposing a recommendation
- ◯ Establishing an asset allocation for your client's assets and helping choose money managers to fulfill the on-going investment management of the assets
- ◯ None of the above
- ◯ All of the above

X

Incorrect answer. Try again.