

Saving and Paying for Your Children's Education

Podcast Transcript

This podcast is brought to you by Military OneSource.

Helping your children succeed and fulfill their dreams is an important part of being a parent. We all want our children to grow up and be successful, but when this means paying for a college education, it can be overwhelming and stressful. Don't get discouraged. There are several resources and tools out there designed to help you.

First of all, go after the free money. During your child's senior year, be sure to complete the Free Application for Federal Student Aid, otherwise known as the FAFSA. This application determines how much money your child is eligible to receive from the government and what your expected family contribution will be. Once you've completed the FAFSA, start the scholarship search and max out all your options. For example, your child can receive a scholarship or loan forgiveness if he or she plans to go into a public service field such as nursing or teaching. Your child may also be eligible for grants and scholarships specific to military children. There are several merit and need-based scholarships out there, so look carefully.

Once you exhaust all of the free money, begin to analyze your other options. Before you consider a loan, research what the college offers in terms of work-study programs. For example, your child could work on campus to help offset the cost of tuition or become a resident advisor to qualify for free room and board.

If loans become necessary, remember that not all loans are equal. Federal loans generally have lower interest rates than private and state loans. For example, your child can apply for a federal Perkins Loan, which has an interest rate of 4.5% and is based on need. The Federal Parent Loan for Undergraduate Students, also called the Parent PLUS Loan, is one example of a loan designed for parents, regardless of income, that has a fixed interest rate with a flexible repayment schedule.

Of course, there are other options out there as well. Community college can be a great way for your children to get some of their basic requirements completed for a much cheaper price before transferring to a more expensive four-year college. As you well know, the military and ROTC provide additional options if paying for college seems out of reach for your family.

If you have plenty of time before your children head off to college, there are some additional things you can do. First of all, research savings plans that are designed for your children's education. A state 529 plan, for example, establishes a regular savings account and enables your money to grow tax-free until your child enters college.

Your state might also have a pre-paid tuition plan. This allows you to lock in the current tuition rate at a state college for future use. With tuition prices continuing to rise, this may be a good option to consider. Check out Coverdell Education Savings Accounts too, which allow you to put away up to \$2,000 a year and use the money tax-free to pay for your child's education.

For more information and some really helpful links about this topic, visit Military Youth on the Move's "Just for Parents" section at <http://apps.militaryonesource.mil/myom>. You can find links to financial aid calculators, military child scholarship information, and much more. Consider talking to a financial counselor about all of your options before making any major decisions.

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For more information, visit Military OneSource at <http://www.militaryonesource.mil>, an official Department of Defense website.