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How can I save for my child's college education?

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Question:

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Answer:

This is a very broad question that's difficult to answer without knowing your individual situation. The option(s) you choose will depend on a number of factors:

- Your need for strategies with tax advantages (some investments and savings vehicles offer special tax advantages if the money is used to pay college expenses)
- Your certainty that your child will want to attend college (tax- sheltered plans have restrictions on the use of funds)
- Your income (some savings vehicles exclude parents above certain income limits)
- Your willingness to put funds in your child's name
- Your risk tolerance
- Your expectation of qualifying for financial aid
- The amount of money you have available to invest
- The number of years you have to invest

You may need to consult a professional financial planner or tax advisor to determine the best course of action in your particular situation.

Yet there is one universal truth: It's recommended that you start saving for your child's college education as early as possible, preferably with regular, manageable contributions that increase over time.

But what if your child is only a couple of years away from college? Your emphasis then won't be on a savings program so much as it will be on what assets, if any, you might use for college expenses. Do you have retirement accounts? A cash value life insurance policy? Home equity? These are all sources of potential cash.

Finally, if you expect to qualify for financial aid, you should familiarize yourself with the financial aid process before your child starts college. It's often a good idea to do a dry run through the federal financial aid application. This will help you estimate how much money your family will be required to pay toward college costs each year before any financial aid is forthcoming.

This material does not constitute the rendering of investment, legal, tax or insurance advice or services. It is intended for informational use only and is not a substitute for investment, legal, tax, and insurance advice. State, national and international laws vary, as do individual circumstances; so always consult a qualified investment advisor, attorney, CPA, or insurance agent on all investment, legal, tax, or insurance matters. The effectiveness of any of the strategies described will depend on your individual situation and on a number of other factors.

Advisory Services Offered Through Select Portfolio Management, Inc.

A Registered Investment Advisor

Securities Offered Through Securities Equity Group

Member FINRA www.finra.org , SIPC www.sipc.gov

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