

What Are My Options For Saving For College?

College education is important. It is an investment that yields huge lifetime dividends. Someone who earns a college degree definitely earns more than those who do not reach college. However, getting into college is not easy for most families. The big amount needed to fund a student's college tuition and other expenses is not that easy to get.

A four-year college degree right now ranges from \$60,000 to about \$120,000. Those amounts include other expenses such as housing, transportation, books, and emergency funds. Average families may find it expensive that sometimes, their children don't get into college anymore.

But that should not happen. There are several ways available to be able to save up for your kid's college tuition and other expenses. To help you decide on which among the different saving techniques to do, here is a guide that gives you the advantages of each saving technique.

1. 529 Plans- This is one of the most popular ways of saving for college. 529 plans are investment accounts managed by the state, which is open to everyone. 529 plans are flexible as the funds can be used to pay for the tuition or other school expenses such as housing, books, other fees. 529 plans also allow for the funds to be used either in private or public school, or even in vocational or international colleges. With a 529 plan, the control of the money is in the account holder even when the beneficiary already turns 18.
2. Prepaid College Plans- Also known as Prepaid Education Arrangements, this plan allows parents to take advantage of the current in-state college tuition fee. The amount of the plan depends on the number of years left before your child turns into college. Thus, the earlier you start with the plan the better. The plan also allows out-of-state college choices; however, the rate will follow the in-state prices.
3. Coverdell Education Savings Account- Previously known as the Education IRA, Coverdell ESA Plan is yet another option for parents to save for their child's education, including elementary and secondary schools. This plan can be combined with the 529 plan and prepaid college plan; however, the maximum allowed annual contribution is only \$2,000.
4. Government-issued savings bond- The bonds series EE issued by the government can also be used for education. These bonds are offered at discounted rates and earn interests until maturity. If used for education, the principal and interests are all tax-free.
5. Internet sites/private companies- There are savings tools that can also be found in the Internet. One example is Upromise. This company allows the members to earn savings by purchasing items from their affiliate grocery stores, restaurants and more. This free money accumulated can be used for the child's education expenses. Although small, it may be enough to buy your child books and school supplies.

There are indeed several choices you can choose from. Yet another option that may work for you is to start saving personally. Try to get a specific amount from your monthly income and keep it as savings for your child's education. The earlier you start, the better, as you will be able to save more and your savings will also earn interest over time. Saving \$200 a month once you give birth to your child can let you save at least \$43,200 when your child turns 18. That may already be enough to get your child into a public college institution. This requires commitment and dedication, though, to accomplish this task.

It is up to you to decide which one to go with. All of them, anyways, have the same purpose - to let your child get into college. Any average family can definitely find a savings technique that best suits its budget.

Source: <http://www.articlecircle.com>

About the Author

Richard Callaby is a Independent Computer Consultant, Writer, Author, Speaker and Instructor. More articles from this author and many other authors on personal finance can be reached at <http://www.econtentking.com/Category/Finance/6>.