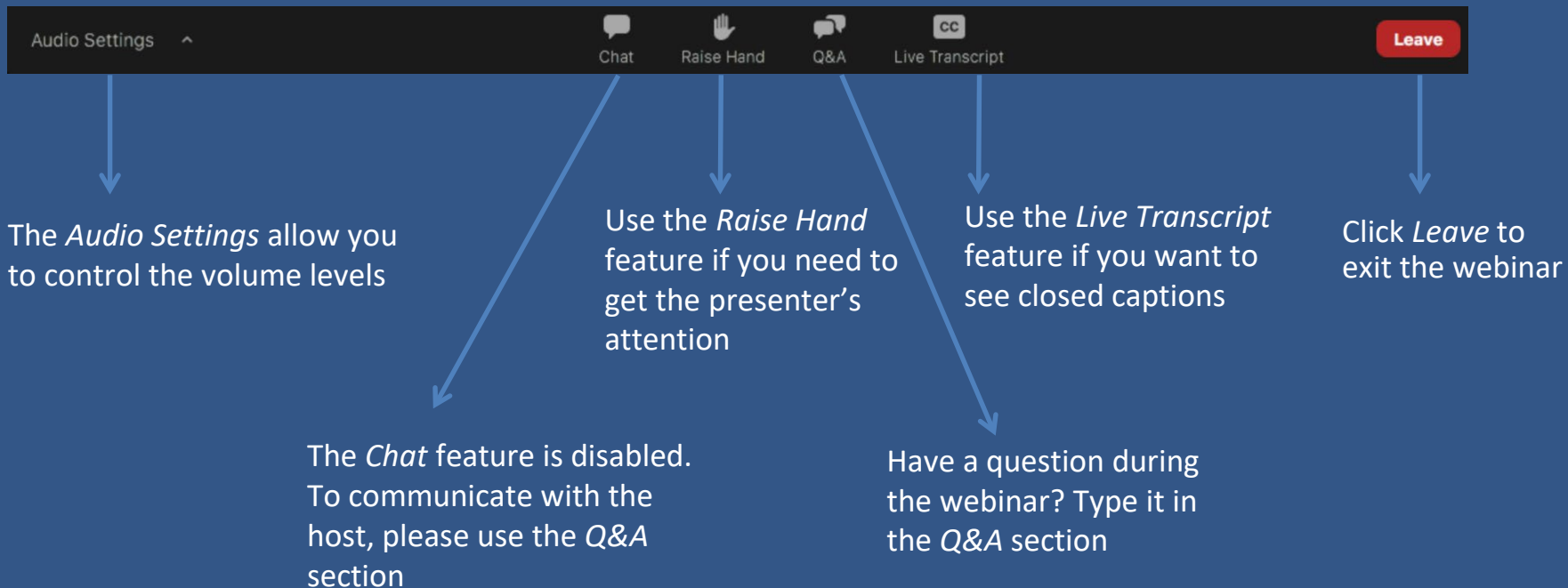


mefa[®]

Saving for College

A MEFA Institute Webinar

How to Participate in This Webinar



About MEFA



mefa[®]

Not-for-profit state authority created in 1982 helping families plan, save, and pay for college

Agenda



Why Save?



Two Massachusetts Savings Options



Strategies for Saving



How Families Pay for Postsecondary Education

Why Save?



Myths We've Heard About Saving for College

“My savings will hurt my financial aid.”

The Truth: Income is the biggest factor in determining financial aid eligibility, not savings. Savings will help a family when it comes time to pay for college.

“It's not worth saving for college if I can't save the entire cost.”

The Truth: Every little bit saved toward college will help. Even saving a small amount over time can add up and help cover costs such as books.

How College Savings Can Help

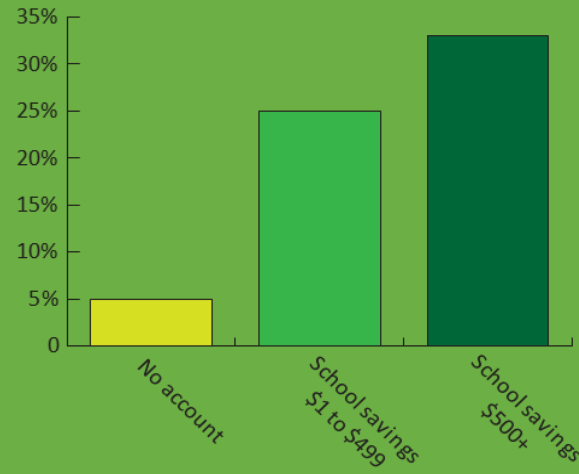
- Provide more education options
 - Different types of colleges
 - Special programs such as study abroad
- Reduce or eliminate the need to borrow loans
- Allow the student to work less and study more
- Have a minimum impact on aid eligibility



Positive Impact of 529 Plans

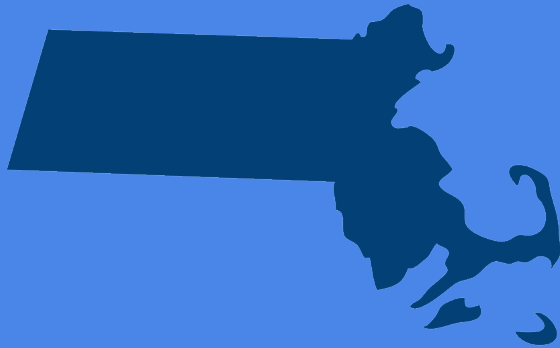
- Increased attendance and graduation
- Benefits all income levels
- Motivates the child

Figure 1. LMI children who graduate from college by savings amount



*Image source: Washington University at St. Louis George Warren Brown School of Social Work Research Brief, March 2013 Elliot, William, Hyun a-Song, IIsung Nam

Two Massachusetts Savings Options



U.Fund 529 College Investing Plan

How the U.Fund works:

- Save for qualified higher education expenses
 - Tuition, fees, room, board, books, supplies, and equipment
- Savings can be used at any accredited college or university nationwide
- Combined account maximum: \$500,000
- No annual account maintenance fee or minimum investment
- Multiple investment options
 - Active management, indexed portfolio, individual allocation portfolios, FDIC insured

Enroll online at [fidelity.com/ufund](https://www.fidelity.com/ufund) or by calling (800) 544-2776



U.Plan Prepaid Tuition Program

How the U.Plan works:

- Allows families to prepay up to 100% of tuition & mandatory fees at participating schools
 - Large network of MA public and private colleges and universities
- Purchase Tuition Certificates to lock in today's tuition and mandatory fee rates
- U.Plan Tuition Certificates:
 - Represent interest in Commonwealth General Obligation Bonds
 - Are backed by the full faith and credit of the Commonwealth of MA
 - Are not subject to market fluctuation
 - Require \$300 minimum to get started
- Contributions accepted year round
- Bonds are purchased and percentages locked in July

To learn more about the U.Plan visit mefa.org/uplan

Expanded 529 uses



Up to \$10,000 can be used in 529 plan funds to:

- Pay for expenses related to private and public K-12 education
- Pay for expenses related to apprenticeships
- Repay student loans

BabySteps Savings Plan

Any child who is a Massachusetts resident and was born or adopted on or after January 1, 2020 is eligible to receive a \$50 seed deposit from the State Treasurer's Office into a U.Fund account with that child as the Beneficiary within one year of the child's birth or adoption.

The image shows a screenshot of the BabySteps Savings Plan website. At the top left is the logo with the text "BabySteps Savings Plan" and a graphic of a baby's footprints leading to a map of Massachusetts. Below the logo is a navigation menu with the following items: ABOUT BABYSTEPS, PROGRAM ELIGIBILITY, FAQ, FAMILY RESOURCES, COMMUNITY RESOURCES, and ENROLL TODAY. The main content area has a dark blue background. On the left, it says "Save today for your child's tomorrow!". In the center is an illustration of a woman holding a baby and a stack of money. On the right, it says "Enroll today and receive a \$50 deposit." Below this is a yellow button that says "Open a U.Fund and receive \$50". At the bottom right of the screenshot is the BabySteps Savings Plan logo again.

BabySteps Savings Plan

ABOUT BABYSTEPS PROGRAM ELIGIBILITY FAQ FAMILY RESOURCES COMMUNITY RESOURCES ENROLL TODAY

Save today for your child's tomorrow!

Enroll today and receive a \$50 deposit.

Open a U.Fund and receive \$50

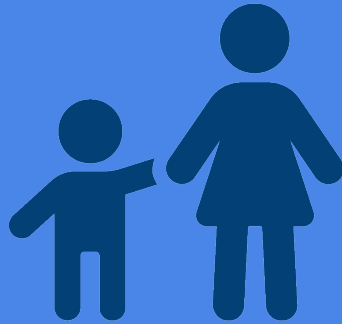
BabySteps Savings Plan

Saving for Education: Massachusetts Tax Benefits



- Contributions to the U.Plan and U.Fund are MA state tax deductible
- Tax deduction will continue through 2021
 - Up to \$2,000 for married filers
 - Up to \$1,000 for individual filers
- Limits are per filer, not per account

Strategies for Saving



Strategies for Saving

Sample Gift Page

Kevin's College Savings Plan

Thank you for helping in his college savings



Age
2 years old

Entering College In
2024

Dream
I want to be a doctor

Give a Gift

Learn more

- + [What is a 529 plan?](#)
- + [Are there tax considerations for my gift?](#)
- + [Can I open a 529 Account for someone?](#)

[View all Frequently Asked Questions](#)

- Start saving as early as possible
 - Use time as an advantage
- Start with a goal in mind
- Take advantage of unexpected funds
- Use automatic transfers
- Get the word out
 - Tell family & friends to contribute
- Involve the child in the process

MEFA's College Planning Tool



Create a personal strategy to pay for a child's higher education costs

- Record current college savings
- Project future college expenses
- Receive guidance on meeting any shortfall

How Families Pay for Postsecondary Education



Postsecondary Options

(Costs include tuition, fees, room, board, books, supplies, transportation, & other expenses)

\$54,880 per
year*



4-year
private

<\$33,000 for
entire
education**



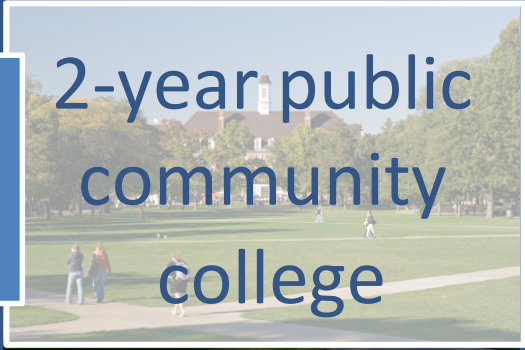
Vocational
schools

\$26,820 in-state
per year*
\$43,280 out-of-
state per year*



4-year
public

\$9,470 per year*
(does not include
room & board)



2-year public
community
college

\$183.8 Billion Dollars Awarded to Students in 2019-20



Merit-Based Aid

Awarded in recognition of student achievements (academic, artistic, athletic, etc.)



Need-Based Aid

Awarded based on family's financial eligibility

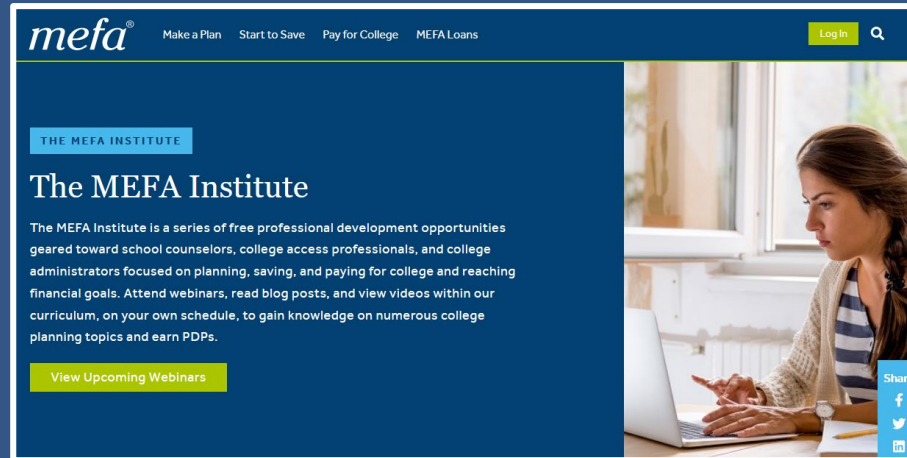
How Do Families Pay for Postsecondary Ed?

- Financial Aid
- Past Income
 - Savings
- Present Income
 - Salary (Payment Plans)
- Future Income
 - Parent Loans
 - Student Loans



Things to Do

- Register for upcoming MEFA Institute webinars and complete lessons to earn PDPs at mefa.org/mefa-institute
- Share MEFA resources with families
- Visit mefa.org/counselors



The screenshot displays the MEFA Institute website. The top navigation bar includes the MEFA logo, links for 'Make a Plan', 'Start to Save', 'Pay for College', and 'MEFA Loans', a 'Log In' button, and a search icon. The main content area features a blue background with a white box containing the text 'THE MEFA INSTITUTE' and 'The MEFA Institute'. Below this, a paragraph describes the institute as a series of free professional development opportunities for school counselors, college access professionals, and college administrators. A yellow button labeled 'View Upcoming Webinars' is positioned below the text. To the right, a photograph shows a woman working on a laptop. A 'Share' button with social media icons for Facebook, Twitter, and LinkedIn is located at the bottom right of the image.

mefa[®] Make a Plan Start to Save Pay for College MEFA Loans Log In 🔍

THE MEFA INSTITUTE

The MEFA Institute

The MEFA Institute is a series of free professional development opportunities geared toward school counselors, college access professionals, and college administrators focused on planning, saving, and paying for college and reaching financial goals. Attend webinars, read blog posts, and view videos within our curriculum, on your own schedule, to gain knowledge on numerous college planning topics and earn PDPs.

View Upcoming Webinars

Share

f 🐦 📺

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youtube.com/MEFAcounselor

Questions?

(800) 449-MEFA (6332)

collegeplanning@mefa.org

How was the webinar? We'd love for you to leave us a review to share your feedback on [Google.com](https://www.google.com)

