



College Keystones



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College IS an Investment

“The education of our children is an investment in our future.”

“Educating the next generation is an investment we cannot afford to forego.”

“A college education is an investment that will provide our children the opportunity to have a better life than the previous generations.”

These are all quotes and phrases that we have heard spewed from politicians and political leaders for decades. The reality is that a college education is an investment and one, I believe, that should be seriously considered. However I would like to look at this from a slightly different perspective - the return on that investment.

If you were contemplating investing some of your hard earned money into an investment program, OR you were considering borrowing money to invest in something (this is exactly what is happening when families take out loans for college) you would take a number of things into consideration.

For example, what is the return on my money going to likely be? How long will it be before I can expect a return on my money? What are the risks associated with this investment? Is there any chance I could lose my investment (AKA drop out of school)?

A wise investor would also consider a number of different investments before settling on one. He or she would compare those investments head to head based on the answers to the questions above. The wise investor, often times, would then consult with a financial professional or somebody better trained in making such important decisions before they wrote the check to the investment company.

You see, college IS an investment, in fact for many families it is the single greatest amount of money that they will invest in anything and yet very few families look at it this way. This is a mistake. An investor blindly throwing hundreds of thousands of dollars into an investment they knew nothing about would be considered a reckless fool and not likely someone who others would pattern themselves after. However this is far too often the approach that is taken for college.

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In a world where many incomes have remained stagnant, home values are down, investments are still below all time highs and college costs are significantly outpacing our incomes and investments, answers to these questions are a must for the family that hopes to have a successful financial future.

One of the greatest things about our country is the opportunities that we have. Our children have the opportunity to become anything that they want in life. We stress to them that hard work and proper education will provide them opportunities to do and become almost anything that they set their minds to. Additionally there are so many fine colleges and universities available to offer that education.

However with this opportunity comes some of the work. Each job and each career has different employment outlooks and different educational requirements; some have greater career advancement than others and certainly the income potential is all over the board. Helping your kids determine their passion as well as their strengths is extremely important as it will help them determine an appropriate course of study. However the economic impact of a career cannot be overlooked, not when the price of investment is so high.

The decision of where you ultimately write that “investment” check is also a very important decision. For almost every major there are dozens if not hundreds of institutions your child can choose from. While it is critical that you have total “buy in” from your son or daughter on going to a particular institution (and if you don’t, DON’T WRITE THE CHECK) the economics must make sense as well. For example, what is the placement ratio of students at that college for that major? Meaning how many kids get a job upon graduation? After all, isn’t that the goal? What percentage of students graduate in 4 years versus 5 or 6 years (direct impact on your return)? What amount of merit based or financial aid is your family going to be offered in comparison to other schools?

Thousands of families are wondering how they are ever going to afford to educate their children and still have a shot at a decent retirement. The answers aren’t easy given the economic realities of today however success absolutely starts with a process of asking the right questions. Education is an investment in your children’s future but it should be a good investment with a great return.

We are in the business of helping families through the major life transition of sending their children to college. For many, it will be the most expensive time of their lives and, if not handled properly, could cost them their retirement. If you or someone you know needs the help and guidance of a trained financial professional, don’t hesitate to contact your local College Planning Relief® Licensee. Remember, you shouldn’t have to choose between your child’s college and your retirement.

Scott T. Moffitt is one of the nation’s leading experts in paying for college without jeopardizing retirement. He is the author of the book, "College and Retirement, You Can Do Both!" He is the founder of College Planning Relief[®], a national training and certification program for financial advisors in short-term college planning. For more information about Scott or to find one of his certified licensees in your area, please visit www.collegeplanningrelief.com.