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Marc Hebert's MoneySense: A look at the changing world of college

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YOU HAVE KIDS getting close to college age, and you would like to learn what's new in the college world. Here are just a few developments that have appeared on the horizon.



As you probably are well aware, college is expensive. The average cost of attendance for an in-state student at a public school was \$21,370 for the 2018-2019 school year. For out-of-state students, the cost at a public school averaged \$37,430 for the same year. If a student attended a private school, the average cost was \$48,510.

These costs have been increasing over the years. For the 2018-2019 school year, the cost of public in-state tuition rose 2.8%, public out-of-state rose 2.6% and private tuition rose 3.2%.

These are just average costs, too. Some colleges cost significantly more. Other expenses, such as books and supplies, need to be included as well. It is important to discuss the costs, as well as what a future career path might provide in terms of earnings, with students as they are making their college decisions.

A report from The College Board titled "How Much Debt is Too Much?" suggests that students should not choose colleges that would require them to allocate more than 8% of their gross income upon graduation toward the repayment of student loans, so students intent on lower-income career paths such as education and social work should keep this in mind.

Another change over the years has been the data used on the Free Application for Federal Student Aid (FAFSA). The application for 2020-2021 has just opened. The 2018 federal income tax return can be used as a source of data for the FAFSA.

Keep in mind the following is just proposed legislation and has not passed the Senate as of Friday. This past May, the House of Representatives passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act. The act includes the expansion of the definition of qualified expenses for Section 529 plans. The definition would include apprenticeship programs and allow up to a maximum of \$10,000 to be used for student loan repayment. This would be a lifetime cap. If you have, or are soon to have, a college student, this bill is worth watching to see what rule-changes, if any, actually occur.

As the costs of attending a college are so high, it isn't surprising that student debt has increased. Of U.S. college graduates in 2017, 65% of them had student loan debt of \$28,650. Parents are taking out loans for education, too. Nearly 40% of student loan debt consists of borrowers age 40 and older, which is about 15 million people.

In addition to loans to pay for education, most students rely on financial aid of some type. The federal government's financial aid formula has been changing. Parents are allowed to protect an amount of nonretirement assets when schools consider financial aid. The amount of assets protected has been on the decline. This threshold makes a difference, as 5.64% of a parent's assets are included in the aid calculation.

On a final note, the college admission scandal has focused the public's attention on gaining admittance into so-called elite schools. The scandal makes it seem as though getting into a certain school is an all-or-nothing proposition. This isn't necessarily the case. If you and your child's goal is to get into a certain school, then reaching for the stars is worthwhile. Not getting into a particular school, however, isn't the end of it all. Many colleges provide a great education. An education is just the start — opportunities abound in life and it is up to the student to take up the challenge.

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