

Paying for College 101

An incoming freshman arrives on a busy college campus and waves goodbye to her parents.

Narrator: “A college education is a great way to prepare for the future, but it’s also a big expense. With rising tuition costs and growing student loan debt, many families are concerned about how they’ll pay for their children’s higher education.”

In a classroom, a teacher points to a screen displaying cost figures. **Narrator:** “That’s where planning comes in.”

“How much does college cost? The average annual price tag for a private four-year college or university now exceeds \$50,000 (*actual cost \$58,600*). And it runs over \$20,000 (*actual cost \$24,920*) for in-state students attending a public four-year institution.” *Includes tuition, fees, and room and board. Source: The College Board.*

A woman in an office types on her laptop. **Narrator:** “Despite the high cost, higher education is an investment that could yield a big return — a lifetime of higher earnings.”

A student walks in front of a community college building, then jumps to a university. **Narrator:** “The good news is that there are a number of ways to help make a college education more affordable. For example, some students start at a community college and transfer to a four-year school.”

Icons of grants, scholarships, and loans appear on screen. **Narrator:** “And most students receive some type of financial aid in the form of grants, scholarships, or federal student loans.”

Hands on a wall clock spin counterclockwise. 18 years earlier.... **Narrator:** “But to avoid having to rely too heavily on loans, it is wise to start planning and saving as early as possible.”

A stork flies by carrying a bundle labeled 529 Plan Info. Parents with a newborn baby stand in front of their house as the stork drops off the 529 Plan Info bundle. **Narrator:** “If you are looking for ways to put money aside for college, a Section 529 plan is an option to consider. You can contribute to a 529 plan regardless of your income, and lifetime contribution limits are generally quite high.”

Scenes appear of the family in front of their house over different seasons and over time, ending with the older child going off to college. **Narrator:** “A 529 college savings account owner retains full control of the account. A 529 plan offers tax advantages, too. Your contributions and earnings grow tax free. Tax-free growth can make a big difference over time. Once it’s time to pay for college, you generally can withdraw money tax free for qualified education expenses. If your child doesn’t go to college or doesn’t use all the money in the 529 plan, the unused assets can benefit another eligible family member without penalty when you name that family member the plan beneficiary.”

“You don’t need to save it all. But by starting to save early and looking into all the options available for paying for college, you can help make higher education more affordable for your family.”

The final screen appears, which reads, It’s your future. Start planning today.

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