



How to Make College More Affordable Resource Guide

*Investment advisory products and services are made available through Ameriprise Financial Services, Inc., a registered investment adviser.
Ameriprise Financial Services, Inc. Member FINRA and SIPC.
© 2018 Ameriprise Financial, Inc. All rights reserved.*

Alan Blinn, CFP®, APMA®
Financial Advisor

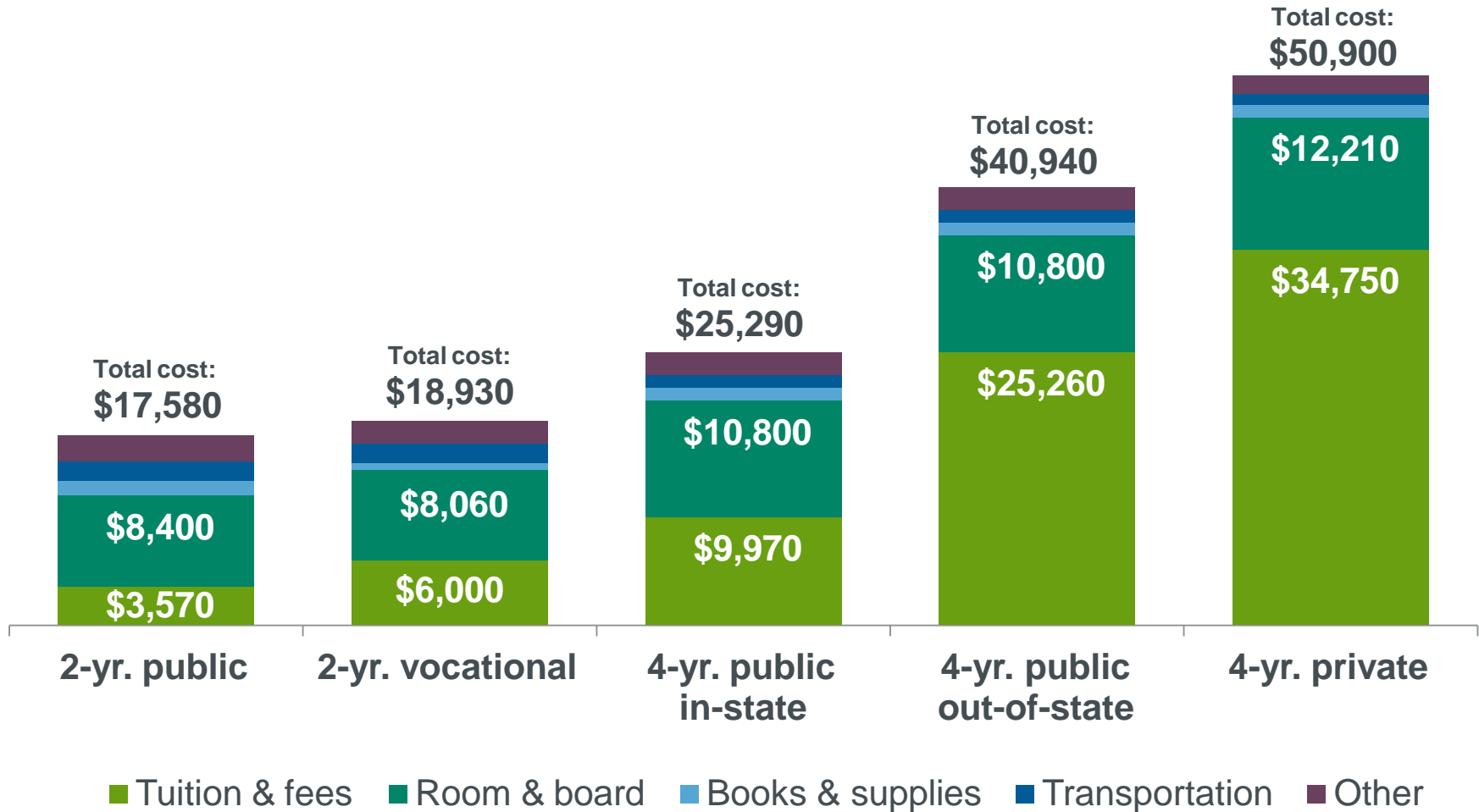
AGP WealthAdvisors

A private wealth
advisory practice of
Ameriprise Financial Services, Inc.



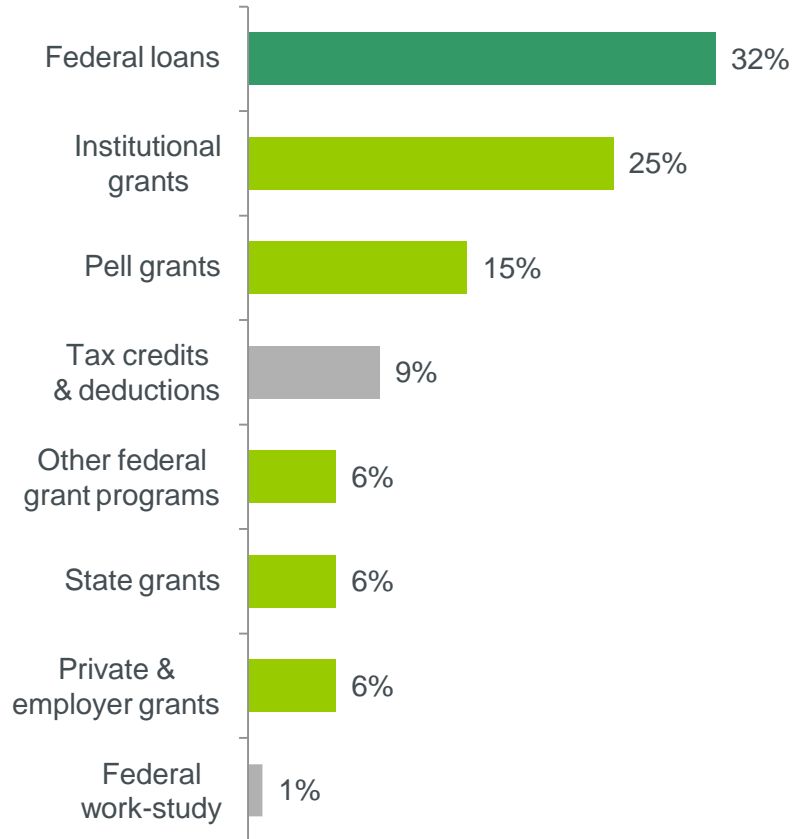
Annual cost of college attendance by type

2017-2018 average estimated undergraduate costs



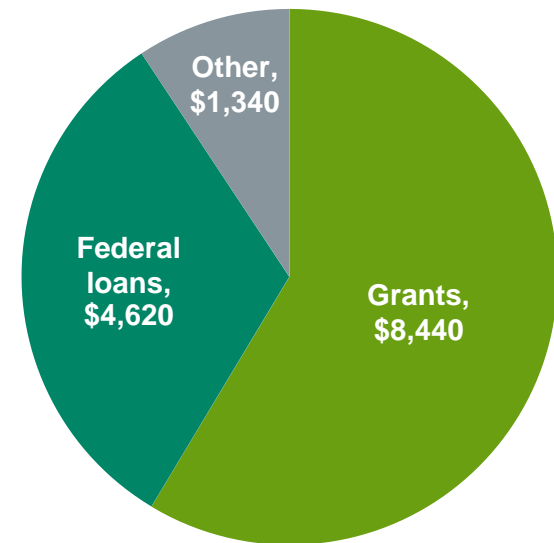
Federal financial aid (2016-2017)

National distribution*



Average aid per recipient*

\$14,400 Total



Solving the financial aid puzzle

Where do you uncover the money to pay for college?

College financial aid is either:

- Need-based (financial circumstances)
- Merit-based (awarded for achievement)

Programs are divided into:

- Gift Aid – grants and scholarships – free money
- Tax Incentives – benefits on U.S. income taxes
- Self Help – work study and education loans

Key aid distinctions

Household Income	Probable Aid Status
<\$60,000	Significant financial aid available.
\$60,000 - \$200,000	Some financial aid likely, tax considerations also important.
\$200,000+	As income increases, aid significantly decreases. Tax ramifications become more relevant.

Financial aid received by income level

Income Level for Financially Dependent Students

	Any Aid	Grants	Loans	Work Study	PLUS Loan
All	46.4%	27.6%	33.7%	5.6%	3.3%
\$0-39,999	75.9%	68.2%	48.4%	17.5%	5%
\$40,000-59,999	56.6%	21.5%	47.7%	14.3%	8.4%
\$60,000-\$99,999	49%	2.4%	45.8%	9.5%	11.7%
\$100,000+	39.1%	1%	36.3%	4.8%	10.3%

Free Application for Federal Student Aid (FAFSA) and the CSS/Financial Aid PROFILE®

FAFSA is the **universal form** used to apply for **need-based financial aid** for students attending colleges in the United States.

It is not a tax form, but it requires data from your tax return. You must file it to be eligible for need based aid.

fsaid.ed.gov/npas - to apply for a FSA ID
fafsa.gov - to file the FAFSA

CSS Profile:

- Required by some private colleges
- Used to award institutional aid
- Asks questions not on the FAFSA
- www.fafsa.ed.gov CSS/Financial Aid PROFILE®

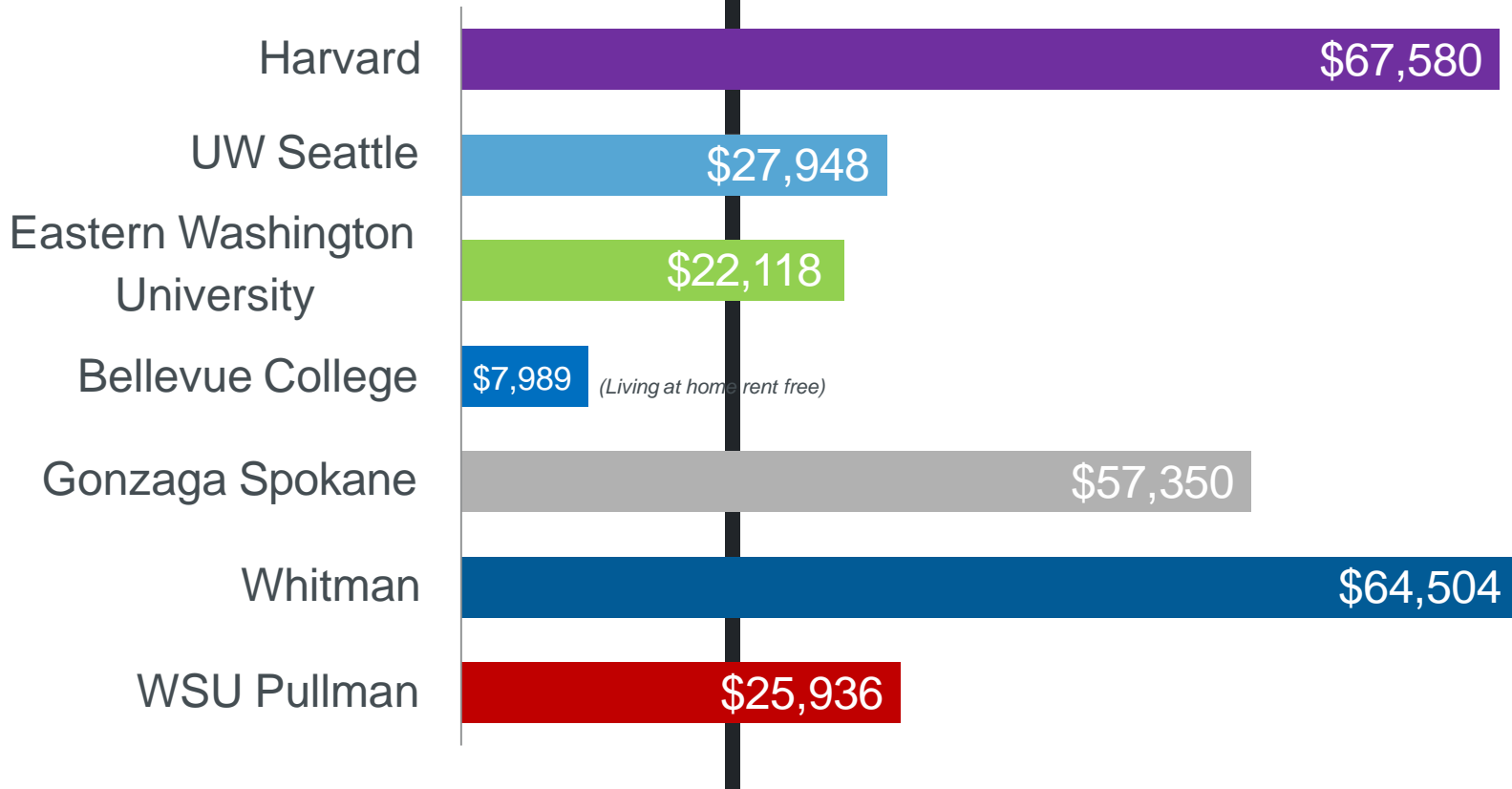
WE RECOMMEND THAT EVERYONE FILE!

FAFSA Application Timeline

Current student grade level	If you plan to attend college in	You can submit the FAFSA	Using income and tax information from	Assets assessed
Senior	Fall Semester 2019-2020 academic year	As early as October 1, 2018	2017	Date of filing
Junior	Fall Semester 2020-2021 academic year	As early as October 1, 2019	2018	Date of filing
Sophomore	Fall Semester 2021-2022 academic year	As early as October 1, 2020	2019	Date of filing
Freshman	Fall Semester 2023-2023 academic year	As early as October 1, 2021	2020	Date of filing

2018-2019 annual cost of attendance (in state)

EFC = \$12,396



Tuition/fees + Room/board/food + Books/supplies + Transportation + Misc.

College scholarship info on the web

You should never have to pay to submit a scholarship application.

Fastweb

fastweb.com

Cappex

cappex.com

Unigo

unigo.com

Bigfuture

bigfuture.collegeboard.org

Private scholarship funds

washboard.org

DOL Scholarship search

careeronestop.org/Toolkit/Training/find-scholarships.aspx

Federal Student Aid

studentaid.ed.gov/sa/

College scholarship info continued

Typical components of a scholarship search:

- Essay
- Rec letters
- Interview
- Academic resume
- Extra curricular activities
- Test scores

Pro tip:

- Which of these is the key is to **differentiate** yourself from the competition
- It is **more difficult** for students to differentiate themselves on academics and test score
- 47% of students accepted to Ivy League Colleges are valedictorians

Tax incentives

American Opportunity Tax Credit (AOTC)

- Per IRS Tax Credit phase out based on modified adjusted gross income between \$160,000-\$180,000 for married filing jointly (\$80,000 - \$90,000 for other taxpayers)*
- For post-secondary students enrolled at least half time in a degree, certificate or credential program.
- **Up to \$2,500 credit** on annual tuition, certain fees & course materials paid per student.
- 100% of first \$2,000 of qualifying expenses, plus 25% of next \$2,000 of qualifying expenses, even if borrowed.
- Up to 40% of the credit potentially refundable for qualifying taxpayers.
- This credit was made permanent by the Protecting Americans from Tax Hikes Act of 2015.

*Credit is not available if married filing separately.

*Other tax provisions for above the line tuition and fees deduction, certain tax-free savings bonds, etc.

For further details see IRS Publication 970, Tax Benefits for Education.

Account types

	Roth IRA	401(k)	529	UTMA	Taxable Investments	Education IRA	Life Insurance	Annuities
Control	Parents	Parents	Parents	Child	Parents	Parents	Parents	Parents
Impact on Financial Aid	Positive	Positive	Varies widely	Strongly Negative	Neutral to Negative	Neutral to Negative	Positive	Positive

*Source: AGP Wealth Advisors. www.agpwealthadvisors.com

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation.

529 Plans

A 529 Plan is an education savings plan operated by a state or educational institution designed to help families set aside funds for future college costs.



Clients should carefully consider the investment objectives, risks, charges, and expenses associated with a 529 Plan before investing. More information regarding a particular 529 Plan is available in the issuer's official statement, which may be obtained from an Ameriprise Financial advisor. Investors should read the 529 Plan's official statement carefully before investing.

Clients contributing to a 529 Plan offered by a state in which they are not a resident, should consider, before investing, whether their, or their designated beneficiary(s) home state offers any state tax or other benefits only available for investments in such state's qualified tuition program.

529 Plan advantages

529 plan contributions are made with after tax money. Growth is tax deferred inside the plan. Qualified distributions are tax free.

The owner of a 529 plan controls the account.

The owner of a 529 plan may change the account's beneficiary. The beneficiary on the investment account can be changed to any member of the immediate or extended family though in certain situations there could be tax consequences.

Any individual can establish a 529 plan regardless of income or age.

529 plans have high maximum account balances. Many states allow 529 plan contributions until the account grows to \$250,000 or more.

What do you mean our child is going to college this fall?!

Scenario 1A

(Married filing jointly)

\$55k gross income

Filing a 1040A

No 401(k) contributions being made

\$50k in non-qualified assets

\$24,000 standard deductions/exemptions

American Opportunity Tax CREDIT of \$2,500

\$0 federal taxes paid (estimated)

= \$5,852 expected family contribution (EFC)

*Source: AGP Wealth Advisors. www.agpwealthadvisors.com

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

What do you mean our child is going to college this fall?!

Scenario 1B

(Same family, married filing jointly)

\$55k gross income

Filing a 1040A

\$5,500 401(k) or IRA contributions being made

\$50k in non-qualified assets

\$24,000 standard deductions/exemptions

American Opportunity Tax CREDIT of \$2,500

\$0 federal taxes paid (estimated)

= \$0 expected family contribution (EFC)

*Source: AGP Wealth Advisors. www.agpwealthadvisors.com

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

Planning Beats Panicking

	EFC	Taxes
Scenario 1A	\$5,852	\$0
Scenario 1B	\$0	\$0
Change/Delta	-\$5,852	\$0

Annual EFC Difference Due to Income

\$5,850

Pay attention to AGI

**Source: AGP Wealth Advisors. www.agpwealthadvisors.com*

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

What do you mean our child is going to college this fall?!

Scenario 2A

(Married filing jointly)

\$200k gross income

Filing a 1040

No 401(k) contributions being made

\$75k in non-qualified assets

\$24,000 standard deductions/exemptions

\$30,819 federal taxes paid (estimated)

= \$52,793 expected family contribution (EFC)

*Source: AGP Wealth Advisors. www.agpwealthadvisors.com

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

What do you mean our child is going to college this fall?!

Scenario 2B

(Same family, married filing jointly)

\$200k gross income

Filing a 1040

\$24,500, \$18,500 401(k) contributions

\$6,500, \$5,500 ROTH IRA contributions

\$6,900 HSA contribution

\$20k in non-qualified assets

\$24,000 standard deductions/exemptions

American Opportunity Tax CREDIT of \$2,500

\$17,120 federal taxes paid (estimated)

= \$53,989 expected family contribution (EFC)

**Source: AGP Wealth Advisors. www.agpwealthadvisors.com*

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

Planning Beats Panicking

	EFC	Taxes
Scenario 2A	\$52,793	\$30,819
Scenario 2B	\$53,989	\$17,120
Change/Delta	\$1,196	-\$13,699

Annual Tax Difference

\$13,699

Pay attention to taxes

**Source: AGP Wealth Advisors. www.agpwealthadvisors.com*

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

What do you mean our child is going to college this fall?!

Scenario 3A

(Head of household tax filer, 22% tax bracket)

\$70k gross income

Filing a 1040

No 401(k) contributions being made

\$50k in UTMA account

\$24,000 standard deductions/exemptions

American Opportunity Tax CREDIT of \$2,500

\$4,000 child tax credit

\$0 federal taxes paid (estimated)

= \$20,526 expected family contribution (EFC)

*Source: AGP Wealth Advisors. www.agpwealthadvisors.com

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

What do you mean our child is going to college this fall?!

Scenario 3B

(Head of household tax filer, 22% tax bracket)

\$72,500 gross income

Filing a 1040

No 401(k) contributions being made

\$50k in taxable account **parents name**

\$18,000 standard deductions/exemptions

American Opportunity Tax CREDIT of \$2,500

\$4,000 child tax credit

\$0 federal taxes paid (estimated)

= \$12,551 expected family contribution (EFC)

**Source: AGP Wealth Advisors. www.agpwealthadvisors.com*

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.

Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

Planning Beats Panicking

	EFC	Taxes
Scenario 3A	\$20,526	\$0
Scenario 3B	\$12,551	\$0
Change/Delta	-\$7,975	\$0

Annual EFC Difference

\$7,975

Pay attention to account ownership

**Source: AGP Wealth Advisors. www.agpwealthadvisors.com*

This scenario is shown for illustrative purposes only and does not represent actual clients. Actual client experiences will vary.
Ameriprise Financial and its affiliates do not offer tax or legal advice.

Consumers should consult with their tax advisor or attorney regarding their specific situation

Critical steps to success

1. Educate yourself on the financial aid process and tax impacts
2. Determine family roles, responsibilities, and expectations
3. Understand the FAFSA and corresponding EFC calculations
4. Get to know the people who can help most
 - High school counselors
 - Financial planners
 - Financial Aid Department personnel
5. Write a Special Circumstances letter if appropriate

Critical steps to success

- ✓ Start planning ahead!
- ✓ Today's decisions have an impact on the future!

Please contact us if you have
additional questions.

Thank you!

Alan Blinn, CFP[®], APMA[®]

alan.d.blinn@ampf.com

(800) 563-1636

Important information

This brochure is being provided only as a general source of information and is not intended to be used as a primary basis for investment decisions, nor should it be construed as advice designed to meet the particular needs of an individual investor. Please seek the advice of your advisor regarding your particular financial concerns.

Investment products are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Past performance does not guarantee future results.

Clients should carefully consider the investment objectives, risks, charges, and expenses associated with a 529 Plan before investing. More information regarding a particular 529 Plan is available in the issuer's official statement, which may be obtained from an Ameriprise Financial advisor. Investors should read the 529 Plan's official statement carefully before investing.

Clients contributing to a 529 Plan offered by a state in which they are not a resident, should consider, before investing, whether their, or their designated beneficiary(s) home state offers any state tax or other benefits only available for investments in such state's qualified tuition program.

Before you purchase a life insurance policy, be sure to ask your financial advisor to explain the features, benefits, risks and fees, and whether the product is appropriate for you based upon your financial situation and objectives.

Ameriprise Financial and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

Ameriprise Financial Services, Inc. Member FINRA and SIPC.

© 2018 Ameriprise Financial, Inc. All rights reserved.

2276363ACMR1018

Important information

AGP Wealth Advisors - A private wealth advisory practice of Ameriprise Financial Services, Inc.
126 Wells Avenue South Renton, WA 98057 -800.563.1636

Sources:

As per slide 2

¹2017 Ameriprise Practice Report Summary, Q2

²The listings are based on data provided by over 3,000 of the nation's most productive advisors. Key factors include: assets under management, revenue produced for the firm, and regulatory and compliance record. Source: Barron's® February, 2011, 2012, 2013, 2014, 2015, 2016, 2017

"America's Top 100 Independent Financial Advisors." Barron's® is a registered trademark of Dow Jones & Company, Inc.