

Sticker Shock



Creative Ways to Lower the Cost of College

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I RECENTLY PAID MY LAST CHILD'S TUITION BILL and rent payment in July. It was a long journey to get to this point, and I hope to help others achieve the sense of relief that I felt when I made that final payment. The process of selecting, applying for and ultimately paying for college seems to change with each new generation, and it has become increasingly more complex. Even with savvy college shopping and research about financial aid, college costs may still be prohibitive. At these prices, you expect you'll need to make substantial financial sacrifices to send your child to college. Or maybe your child won't be able to attend the college of his or her choice at all. Before you throw in the towel, though, you and your child should consider steps that can actually lower college costs. Although some of these ideas deviate from the typical four-year college experience, they just might be your child's ticket to college — and your ticket to financial sanity.

ASK ABOUT TUITION DISCOUNTS AND FLEXIBLE REPAYMENT PROGRAMS

Before you rule out a college completely, ask whether it offers any tuition discounts or flexible repayment programs. For example, the school may offer a discount if you pay the entire semester's bill up front, or if you allow the money to be directly debited from your bank account. The college may also allow you to spread your payments over 12 months or extend them for a period after your child graduates. And if it's your *alma mater*, don't forget to inquire about any discounts for the children of alumni. Finally, ask if some charges are optional (e.g., full meal plan versus limited meal plan).

GRADUATE IN THREE YEARS INSTEAD OF FOUR

Some colleges offer accelerated programs that allow your child to graduate in three years instead of four. This can save you a whole year's worth of tuition and related expenses. Some colleges offer a similar program that combines an undergraduate/graduate degree in five years. The main drawback is that your child will have to take a heavier course load each semester and may have to forgo summer breaks to meet his or her academic obligations. Also, some educators believe that students need four years of college to develop to their fullest potential — intellectually, emotionally, and occupationally.

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EARN COLLEGE CREDIT IN HIGH SCHOOL

By taking advanced placement courses or special academic exams, your child may be able to earn college credits while still in high school. This means that your child may be able to take fewer classes in college, saving you money.

THINK ABOUT COOPERATIVE EDUCATION

Cooperative (co-op) education is a type of education where semesters of course work alternate with semesters of paid work at internships that your child helps select. Although a co-op degree usually takes five years to obtain, your child will be earning money during these years that can be used for tuition costs. In addition, your child gains valuable job experience.

ENROLL IN A COMMUNITY COLLEGE, THEN TRANSFER TO A FOUR-YEAR COLLEGE

One surefire way to cut college costs is to have your child enroll in a local community college for a couple of years, where costs are often substantially less than four-year institutions. Then, after two years, your child can transfer to a four-year institution. Your child's diploma will be from the four-year institution, but your expenses won't. Before choosing this route, though, make sure that any credits your child earns at the community college will be transferable to another institution.

DEFER ENROLLMENT FOR A YEAR

Your child might be aching to get to college, but taking a year off, commonly referred to as a "gap year," can give you both some financial breathing room and allow your child to work and save money for a full year before starting college. Your child will apply under the college's normal application deadline with the rest of his or her classmates and, once accepted, can ask for a one-year deferment. But make sure the college offers deferred enrollment before your child goes through the time and expense of applying.

LIVE AT HOME

It's not every child's dream, but attending a nearby college and living at home, even for a year or two, can substantially reduce costs by eliminating room-and-board expenses (though your child will incur commuting costs). This arrangement may work out best at a college that has a student commuter population, because the college is likely to try to meet these students' needs. If your child does live at home, you'll both need to sit down beforehand and discuss mutual expectations. For example, now that your child's in college, it's not realistic to expect him or her to adhere to a rigid weekend curfew.

RESEARCH ONLINE LEARNING OPTIONS

Taking courses online is a trend that's here to stay, and many colleges are in the process of creating or expanding their opportunities for online learning. Your child might be able to take a year's worth of classes from home and then attend the same school in person for the remaining years.

WORK PART-TIME THROUGHOUT THE COLLEGE YEARS

Part-time work during college can help your child defray some costs, though working

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during school can be both a physical and emotional strain. To make sure that your child's academic work doesn't suffer, one option might be for your child to focus on school the first year and then obtain a part-time job in the remaining years. In addition, encouraging your child to become an RA (resident assistant) at college could earn them free room and board.

JOIN THE MILITARY

There are several options here. Under the Reserve Officers' Training Corps (ROTC) scholarship program, your child can receive a free college education in exchange for a required period of active duty following graduation. Your child can apply for an ROTC scholarship at a military recruiting office during his or her junior or senior year of high school. Or, your child can serve in the military and then attend college under the GI Bill. Your child can also attend a service academy, like the U.S. Military Academy at West Point, for free. Be aware, though, that these schools are among the most competitive in the country, and your child must serve a minimum number of years of active duty upon graduation. For more information, visit your local military recruiting office, or speak to your child's high school guidance counselor.

GO TO SCHOOL ABROAD

Foreign schools generally offer an excellent education at a price comparable to that of an average four-year public college in the United States. And in the global economy, many employers tend to look favorably on studying abroad. Your child will even be eligible for need-based federal student loans (but not grants), as well as the two federal education tax credits — the American Opportunity credit and the Lifetime Learning credit.

LOOK FOR EMPLOYER EDUCATIONAL ASSISTANCE

Does your employer offer any educational benefits for the children of its employees, like partial tuition reimbursement or company scholarships? Check with your human resources manager.

HAVE GRANDPARENTS PAY TUITION DIRECTLY TO THE COLLEGE

Payments that grandparents (or others) make directly to a college aren't considered gifts for purposes of the federal gift tax rules. So, grandparents can be as generous as they want without having to worry about the tax implications for themselves. Keep in mind, though, that any payments must go directly to the college. They can't be delivered to your child with instructions to apply them to the college bills.

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