Savvy



Funding College, Preserving Wealth

A LATE-STAGE PLANNING BLUEPRINT FOR FAMILIES



Craig Austad, CLU®, CFP®

Wealth Manager at Savvy Advisors

Flourish
FINANCIAL PARTNERS

> “Families often overpay for college, take on excessive debt, or jeopardize retirement savings.”

Introduction

Navigating the final stages of college planning can feel like a pressure cooker, with competitive academic and social pressures, looming deadlines, and financial uncertainty. Families often overpay for college, take on excessive debt, or jeopardize retirement savings due to a lack of preparation. This guide, drawing from key insights, is designed to provide a strategic roadmap to help you avoid these pitfalls and secure positive financial outcomes for your college-bound student.

TOP 3 COLLEGE PLANNING PITFALLS

- OVERPAYING
- EXCESSIVE DEBT
- RETIREMENT JEOPARDY

The Problem: Why College Funding is Challenging

COMPETITIVE PRESSURES

Academic and social expectations, combined with tight deadlines, create stress and rushed decisions.

UNREALISTIC COLLEGE LISTS

Many families rely on popular rankings, overlooking affordability or fit. Roughly one-third of students at four-year colleges transfer due to poor initial research, often losing credits and delaying graduation (100 Questions to Ask During the College Search, 2023).

LACK OF COST TRANSPARENCY

Families often lack insight into actual costs, degree earning potential, or graduation rates.

INADEQUATE GUIDANCE

Most counselors are not trained to assist with college financing strategies.

LONG-TERM IMPACT

According to American Finance, 44% of Americans aged 60–70 still have a mortgage when they retire, often due to college-related debt.

> 1 in 3 college students transfer — costing families extra years and tuition.

The Solution: Your College Cost Strategy

FOUR STEPS TO SAVE SMART AND PROTECT YOUR RETIREMENT

STEP #1 Get Pre-Approved for College Funding and Build a Realistic College List

ACTION:

Determine how much your family can afford to pay for college—before building your college list—and use that "pre-approval" amount to guide your search.

WHY IT MATTERS:

Shopping for college should follow the same discipline as buying a home. Before purchasing a house, a bank will only pre-approve a mortgage for the amount they believe you can realistically afford. Similarly, families should "get pre-approved" for college—by identifying their maximum budget—before evaluating schools. This ensures you target institutions that align with both your academic and financial criteria, preventing costly surprises, unnecessary debt, and painful trade-offs later.

HOW TO DO IT:

1. Calculate Your "College Pre-Approval" Budget:
    - Add up available resources from:
        - Savings and 529 plan balances
        - Annual cash flow available for tuition
        - Grandparent contributions (new FAFSA rules may exclude these from aid calculations)
        - Other earmarked funds or assets
    - This becomes your total four-year college funding capacity. Break it down annually to help match with schools' net price estimates.

2. Build Your College List With That Budget in Mind:
    - Just like you wouldn't shop for a home beyond your mortgage pre-approval, don't build a list of colleges you can't afford.
    - Focus on schools likely to offer generous merit or need-based aid based on your financial profile.
    - Be mindful of institutions that don't offer merit aid—especially if you're unlikely to qualify for need-based assistance (e.g., some elite private colleges).

3. Use Tools to Match Budget and Fit:
    - Use platforms like College Board's BigFuture, CollegeResults.org, or College Navigator to compare schools on:
        - Net price (after aid)
        - Four-year graduation rates
        - Post-graduation salary expectations
    - Include a range of options:
        - In-state public universities
        - Out-of-state publics known for merit aid
        - Private schools with strong aid reputations

4. Ask the Right Questions:

- What's the average net cost for students in my income range?
- How many students graduate in four years?
- What percentage of students receive institutional grants or scholarships?
- What's the post-graduation salary for my student's intended major?

QUICK TIP:

Treat College Like a Home Purchase

Every family should approach college funding like a homebuyer approaching a mortgage.

- Before house hunting, you get a pre-approval for the mortgage you can afford.
- Similarly, before building your college list, determine your "college pre-approval amount"—what you can pay from savings, cash flow, and other sources.
- Then "shop" for schools that fit within that range. This protects your retirement, reduces debt, and helps your student graduate without financial regret.

SOURCE OF FUNDING	DESCRIPTION	HOW TO ESTIMATE	NOTES
CURRENT SAVINGS	529 PLANS, COVERDELL ESAS, BROKERAGE, SAVINGS ACCOUNTS	TOTAL CURRENT BALANCES EARMARKED FOR COLLEGE	CONSIDER TAX ADVANTAGES & ACCOUNT OWNERSHIP RULES
ANNUAL CASH FLOW	PORTION OF PARENT INCOME AVAILABLE EACH YEAR DURING COLLEGE	(DISPOSABLE INCOME − OTHER OBLIGATIONS) × 4 YEARS	DON'T OVERCOMMIT — BALANCE WITH RETIREMENT SAVINGS
GRANDPARENT / FAMILY CONTRIBUTIONS	CASH GIFTS OR 529 PLANS OWNED BY RELATIVES	ASK FOR WRITTEN OR VERBAL COMMITMENT	MAY AFFECT FINANCIAL AID ELIGIBILITY IF PAID DIRECTLY TO STUDENT
STUDENT EARNINGS	SUMMER JOBS, PART-TIME WORK DURING SCHOOL	ESTIMATE BASED ON 10–20 HRS/WEEK × WAGE	KEEP REALISTIC — AVOID HURTING ACADEMIC PERFORMANCE
SCHOLARSHIPS & GRANTS	MERIT- OR NEED-BASED AID THAT DOESN'T NEED TO BE REPAID	RESEARCH AVERAGE AWARDS AT TARGET COLLEGES	PRIVATE SCHOLARSHIPS ARE COMPETITIVE; INSTITUTIONAL AID VARIES WIDELY
PARENT LOANS (OPTIONAL)	PLUS LOANS, HOME EQUITY, OTHER DEBT SOURCES	MAXIMUM: AVOID EXCEEDING 10% OF MONTHLY INCOME IN PAYMENTS	LOANS SHOULD BE LAST RESORT, NOT PRIMARY STRATEGY

STEP #2

Understand Your Expected Family Contribution (EFC/SAI)

ACTION:

Calculate your EFC/SAI early to estimate what you'll be expected to pay annually.

WHY IT MATTERS:

The EFC/SAI, derived from the Free Application for Federal Student Aid (FAFSA) or CSS Profile, determines your eligibility for need-based aid. There's no income cutoff for financial aid, and more expensive schools may offer more aid, especially those meeting 100% of demonstrated need (The Ultimate List of the Nation's Most Generous Colleges, 2023).



HOW TO DO IT:

- File the FAFSA as early as October 1 to maximize aid opportunities. Families filing early receive twice as much grant money from state programs and public universities (Sallie Mae, How America Pays for College 2024).
- Use Net Price Calculators on college websites to estimate your EFC/SAI. For example:
  - A private college costing $65,000 with an EFC of $18,000 leaves a demonstrated financial need of $47,000, which may be covered by grants, scholarships, or loans (The Ultimate List of the Nation's Most Generous Colleges, 2023).
- Understand the two EFC/SAI formulas:
  - **Federal Methodology (FM):** Tied to FAFSA, used for federal and state aid.
  - **Institutional Methodology (IM):** Used by private colleges via the CSS Profile, often factoring in home equity (e.g., Boston College includes full home equity, reducing aid for some families) (The Ultimate List of the Nation's Most Generous Colleges, 2023).

Example (Low to Middle-Class Family):

- Adjusted Gross Income: $60,000
- Cash/Taxable Investments: $15,000
- Home Equity: $0
- FM Contribution: $2,577 (Parents: $2,577, Student: $0)
- IM Contribution: $2,474 (Parents: $1,649, Student: $825)

Example (Wealthy Family):

- Adjusted Gross Income: $275,000
- Cash/Taxable Investments: $500,000
- Home Equity: $600,000
- FM Contribution: $90,073 (Parents: $90,073, Student: $0)
- IM Contribution: $103,842 (Parents: $101,842, Student: $2,000)

- Ask:
  - Does the net price calculator provide an accurate estimate of costs, including merit awards?
  - What percentage of financial need does the college typically meet after the freshman year? (100 Questions to Ask During the College Search, 2023).

QUICK TIP:

Your EFC/SAI is the number that colleges use to decide how much financial aid you're eligible for. Knowing this early helps you plan smarter.

- ☐ Use Net Price Calculators on college websites to estimate your costs.
- ☐ File the FAFSA (and CSS Profile, if required) as early as possible.
- ☐ Understand how assets, income, and even home equity may affect different schools' aid calculations.
- ☐ High EFC? Focus on merit aid schools. Low EFC? Prioritize need-based aid schools that meet 100% of demonstrated need.

STEP #3 Gather the PEGS

ACTION:

Evaluate colleges based on **Price, EFC/SAI, Graduation Rate,** and **Salary** potential (PEGS).

WHY IT MATTERS:

This framework helps identify schools offering the most value for your investment, considering both cost and return on investment (ROI).

HOW TO DO IT:

- **Price:** Use Net Price Calculators to determine the true cost after aid. Private colleges offer an average tuition discount of 62.1%, reducing a $60,000 tuition to $22,740 for many freshmen (NACUBO, 2024).
- **EFC/SAI:** Know your contribution to filter affordable schools.
- **Graduation Rate:** Check four-year graduation rates via the National Student Clearinghouse. Only 76% of students graduate within six years, and 24% drop out after the first year, with 9% transferring (National Student Clearinghouse Research Center). Ask:
  - What is the freshman retention rate?
  - What are the main reasons students leave prematurely? (100 Questions to Ask During the College Search, 2023).
- **Salary:** Compare tuition costs to average post-graduation salaries for your student's intended major using resources like PayScale, Glassdoor, or FREOPP.org, which provides ROI figures for 30,000 bachelor's degrees. For example, a business major at a top school may yield higher ROI than a biology major at a school with substandard facilities (100 Questions to Ask During the College Search, 2023).
  - Example: A college with a $50,000 annual net price may be a poor choice if the average graduate in your student's field earns $40,000, compared to a school with a $30,000 net price and similar earning potential (e.g., Rockhurst University: $28,107 net price vs. St. John's University: $42,771) (The Ultimate College List Builder, 2024).

QUICK TIP:

PEGS = Price, EFC/SAI, Graduation rate, Salary.

- **Price:** What is the true cost after scholarships and grants?
- **EFC/SAI:** How much will your family actually be expected to pay?
- **Graduation Rate:** Does the school have a strong record of on-time graduation?
- **Salary:** What's the return on investment (ROI) for your student's intended major at this school?

This approach helps you avoid high-cost/low-return schools that could derail long-term financial goals.

Don't pay $50K per year for a $40K job.



STEP #4

Maximize Financial Aid and Scholarships

ACTION:

Understand and leverage the four main types of college funding: grants, scholarships, loans, and work-study programs.

WHY IT MATTERS:

A strategic approach to aid can significantly reduce out-of-pocket costs while protecting long-term savings.

HOW TO DO IT:

- **Grants:** Primarily need-based, often from federal, state, or institutional sources. Apply early to maximize eligibility. Schools like Northeastern University meet 100% of need for 100% of eligible freshmen (The Ultimate List of the Nation's Most Generous Colleges, 2023).
- **Scholarships:** Merit-based or criteria-specific, often offered by colleges to attract strong students. Nearly 91% of students at private colleges receive institutional scholarships or grants (NACUBO, 2024). Examples include Beloit College (100% of freshmen, $43,558 average grant) and Seton Hall University (100% of freshmen, $24,191 average grant) (The Ultimate College List Builder, 2024).

- **Loans:** Explore federal loans (Direct Subsidized, max $3,500 for freshmen; total max $5,500 subsidized/ unsubsidized) before private loans, as they offer better terms. Ask if loans beyond subsidized Direct Loans are included in need-met figures, as Parent PLUS Loans can inflate reported aid (The Ultimate List of the Nation's Most Generous Colleges, 2023).

- **Work-Study:** Federal Work-Study programs provide part-time jobs. Confirm eligibility via FAFSA and ask: Does everyone requesting work-study get a job? (100 Questions to Ask During the College Search, 2023).

- **Regional Tuition Compacts:** Don't overlook regional higher education compacts that offer reduced out-of-state tuition rates for residents of participating states. These programs can make out-of-state public universities more affordable, often capping tuition at 150% of in-state rates or providing other discounts. They are particularly valuable for families exploring options beyond their home state but who may not qualify for extensive need-based aid. There are four main regional compacts in the U.S.:

COMPACT	STATES COVERED	PROGRAMS/BENEFITS
WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE)	ALASKA, ARIZONA, CALIFORNIA, COLORADO, HAWAII, IDAHO, MONTANA, NEVADA, NEW MEXICO, NORTH DAKOTA, OREGON, SOUTH DAKOTA, UTAH, WASHINGTON, WYOMING	WESTERN UNDERGRADUATE EXCHANGE (WUE) PROGRAM: ELIGIBLE STUDENTS PAY NO MORE THAN 150% OF IN-STATE TUITION AT PARTICIPATING INSTITUTIONS.
SOUTHERN REGIONAL EDUCATION BOARD (SREB)	ALABAMA, ARKANSAS, DELAWARE, FLORIDA, GEORGIA, KENTUCKY, LOUISIANA, MARYLAND, MISSISSIPPI, OKLAHOMA, SOUTH CAROLINA, TENNESSEE, TEXAS, VIRGINIA, WEST VIRGINIA	ACADEMIC COMMON MARKET (ACM) FOR UNDERGRADUATE AND GRADUATE PROGRAMS IN SPECIFIC MAJORS NOT AVAILABLE IN THE STUDENT'S HOME STATE; REGIONAL CONTRACT PROGRAM FOR HEALTH PROFESSIONS.
MIDWESTERN HIGHER EDUCATION COMPACT (MHEC)	ILLINOIS, INDIANA, KANSAS, MICHIGAN, MINNESOTA, MISSOURI, NEBRASKA, NORTH DAKOTA, OHIO, WISCONSIN	MIDWEST STUDENT EXCHANGE PROGRAM (MSEP): TUITION DISCOUNTS (OFTEN 150% OF IN-STATE RATES OR LESS) AT PUBLIC INSTITUTIONS.
NEW ENGLAND BOARD OF HIGHER EDUCATION (NEBHE)	CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, VERMONT	TUITION BREAK PROGRAM (NEW ENGLAND REGIONAL STUDENT PROGRAM - RSP): REDUCED TUITION FOR CERTAIN MAJORS AT OUT-OF-STATE PUBLIC COLLEGES IN THE REGION.

- **Strategies for Lower EFC/SAI Families:**
  - Apply to in-state public universities, which offer generous need-based aid. For example, 83% of University of Florida students receive state government grants, though only 37% receive institutional grants (The Ultimate College List Builder, 2024).
  - Target schools meeting 100% of need, such as Amherst College (average grant: $62,236) or Stanford University (average grant: $54,174) (The Ultimate List of the Nation's Most Generous Colleges, 2023).
  - Note: Out-of-state public universities rarely provide need-based aid to non-residents.

- **Strategies for Higher EFC/SAI Families:**
  - Focus on private colleges and public universities offering merit scholarships, such as Saint Xavier University (100% of freshmen, $20,684 average grant) or Lawrence University (100% of freshmen, $38,033 average grant) (The Ultimate College List Builder, 2024).
  - Avoid elite schools with no merit aid, such as those listed in Schools That Don't Provide Merit Scholarships, 2023 (MIT, Princeton, Stanford).
- **Additional Tips:**
  - Appeal financial aid or merit awards if circumstances change or another school offers a better package. Ask:

    What is the process for appealing a need-based or merit-based award? (100 Questions to Ask During the College Search, 2023).
  - Spend child assets first (on test prep, tutoring, or a computer), as they're assessed more harshly than parental assets.
  - Minimize capital gains in the base year, as they count as income. Offset gains with losses if possible.
  - File aid forms strategically (after paying bills or on a low stock market day) and keep account statements as proof.
  - Use higher-education tax credits:
    - **American Opportunity Tax Credit:** Up to $2,000 per child for eligible expenses for 4 years.
    - **Lifetime Learning Tax Credit:** Up to $2,000 for any taxpayer for any number of years. Note: You can only claim one tax benefit for the same educational expenses, including tax-free withdrawals from a 529 savings plan (Key College Funding Data, 2024).
  - For divorced families, the custodial parent files the FAFSA, but the CSS Profile may require information from both parents.

QUICK TIP:

Aid isn't just about filling out the FAFSA—it's about strategy.

- Apply early and broadly to maximize both need-based and merit aid.
- Understand how different types of aid work: grants, scholarships, loans, and work-study.
- Appeal your financial aid package if circumstances change or you receive a better offer from another school.
- Use tax credits like the American Opportunity Credit and coordinate with your 529 withdrawals to get the most value.



Additional Considerations

- **Home Equity and Assets:** Home equity is typically not a factor in FAFSA but may be considered in the CSS Profile (Boston College's formula reduces aid for some families). Parental non-retirement assets, 529 accounts, and child assets significantly influence aid eligibility. Avoid holding money in a child's name if seeking need-based aid (The Ultimate List of the Nation's Most Generous Colleges, 2023).
- **Grandparent Contributions:** A new FAFSA rule allows grandparents to contribute without impacting aid eligibility, but CSS Profile schools may still count these funds. Consult a financial advisor for strategies.
- **529 Plans:** Maximize tax deductions by contributing strategically, but note that these are considered parental assets and may impact aid.
- **Independent Students:** Qualifying as an independent student can increase aid eligibility, but criteria are strict (age 24+, married, or supporting dependents).
- **Long-Term Planning:** Savings are not a barrier to aid—every $10,000 saved reduces need-based aid by only $500–$564. Save as much as possible to strengthen your financial position.
- **Campus Fit:** Ensure the college is a good academic and social fit by asking current students and recent alumni:
    - Why did you choose this college?
    - What kind of students succeed or don't fit in?
    - What do you like best and least about the college? (100 Questions to Ask During the College Search, 2023).

Your College Funding Strategy

To minimize costs and protect your financial future:

STEP 1 : START EARLY

Develop your strategy now, ideally before the senior year of high school.

↓

STEP 2 : GET AN EFC/SAI ANALYSIS

Contact a financial advisor to calculate your contribution and identify aid opportunities.

↓

STEP 3 : EVALUATE AWARD LETTERS

Use your EFC/SAI to assess financial aid packages and negotiate if necessary. Avoid "Award Letter Confusion" by comparing offers carefully (Key College Funding Data, 2024).

↓

STEP 4 : TARGET GENEROUS COLLEGES

Focus on schools that align with your student's academic profile and your financial capacity. Use The Ultimate College List Builder, 2024 to identify schools where most freshmen receive discounts (DePauw University, Hendrix College) and avoid those with low merit aid for high-income families (Wake Forest University, 29% of freshmen receive grants).

Additional Resources

For families seeking more detailed guidance, the following resources provide valuable data and strategies, reach out for access.

RESOURCE	DESCRIPTION
COLLEGE BOARD'S BIGFUTURE	COMPARES SCHOOLS BY NET PRICE, GRADUATION RATES, AND MORE.
COLLEGERESULTS.ORG	PROVIDES GRADUATION RATE DATA AND INSTITUTIONAL PROFILES.
COLLEGETRANSITIONS.COM	OFFERS COLLEGE FIT AND FINANCIAL AID INSIGHTS.
FEDERAL COLLEGE NAVIGATOR	REVIEWS COMPREHENSIVE COLLEGE DATA, INCLUDING COSTS, AID, AND ADMISSION REQUIREMENTS
COLLEGEDATA.COM	FINDS DETAILED FINANCIAL AID STATISTICS, INCLUDING AVERAGE MERIT AND NEED-BASED AWARDS. USERS CAN SEARCH FOR A SCHOOL'S PROFILE, CLICK THE "FINANCIALS" TAB TO VIEW COST OF ATTENDANCE, PERCENTAGE OF NEED MET, AND AVERAGE AWARDS.
U.S. DEPARTMENT OF EDUCATION'S COLLEGE AFFORDABILITY AND TRANSPARENCY CENTER	IDENTIFIES SCHOOLS WITH HIGH NET PRICES, SUCH AS ART SCHOOLS LIKE RINGLING COLLEGE OF ART AND DESIGN.
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS	HELPS FIND STATE-SPECIFIC AID PROGRAMS.
FOUNDATION FOR RESEARCH ON EQUAL OPPORTUNITY (FREOPP.ORG)	PROVIDES ROI FIGURES FOR 30,000 BACHELOR'S DEGREES AND 14,000 MASTER'S DEGREES TO EVALUATE EARNING POTENTIAL BY MAJOR.
FORBES 2023 COLLEGE FINANCIAL GRADES	REVIEWS FINANCIAL HEALTH GRADES FOR OVER 900 PRIVATE COLLEGES TO AVOID INSTITUTIONS AT RISK OF CLOSING.
THE ULTIMATE COLLEGE LIST BUILDER, 2024	A COMPREHENSIVE GUIDE LISTING 777 COLLEGES WITH DATA ON PRICE BREAKS, FRESHMEN RECEIVING GRANTS, AND AVERAGE AWARD AMOUNTS.
SCHOOLS THAT DON'T PROVIDE MERIT SCHOLARSHIPS, 2023	A LIST OF 24 ELITE SCHOOLS (MIT, PRINCETON) OFFERING NO MERIT AID AND OTHERS PROVIDING MINIMAL SCHOLARSHIPS (TUFTS, 1.4% OF FRESHMEN).
THE ULTIMATE LIST OF THE NATION'S MOST GENEROUS COLLEGES, 2023	DETAILS 76 SCHOOLS MEETING 100% OF FINANCIAL NEED (E.G., NORTHEASTERN UNIVERSITY, AMHERST COLLEGE) AND 35 MEETING AT LEAST 95%.
100 QUESTIONS TO ASK DURING THE COLLEGE SEARCH, 2023	A GUIDE WITH 100 QUESTIONS TO ASK ADMISSION STAFF, PROFESSORS, STUDENTS, AND ALUMNI TO EVALUATE ACADEMIC, FINANCIAL, AND SOCIAL FIT.

About the author:

Flourish FINANCIAL PARTNERS

POWERED BY SAVVY



> “My approach with clients is simple; help them thrive in both their personal and financial lives”

Craig Austad, CLU®, CFP®

Wealth Manager, Savvy Advisors

Hi 👋🏼 I’m Craig. I specialize in helping clients align their finances with their values, creating thoughtful strategies that can help reduce stress and elevate both personal and financial well-being. My goal is to help keep my clients focused on what truly matters to them.

Many of my clients are also part of the "sandwich generation," navigating the complex responsibilities of caring for aging parents, supporting children through college, and planning for their own retirement. With a clear financial strategy—especially one that includes a well-structured college planning process—education can feel more affordable, all while ensuring other financial priorities stay on track.

By following the four steps and leveraging these resources, you can navigate late-stage college planning with confidence, ensuring your student attends a school that’s both affordable and a good fit, while safeguarding your retirement plans.

FOR PERSONALIZED GUIDANCE, CONTACT:

Craig Austad, CLU®, CFP®, Wealth Manager, Savvy Advisors, Inc.

4600 S Syracuse St, 9th Floor, Denver, CO 80237

flourish@savvyadvisors.com

303-957-9260

All advisory services are offered through Savvy Advisors, Inc., an SEC-registered investment advisor. Savvy Wealth Inc. is a technology company and the parent company of Savvy Advisors. Flourish Financial Partners is used for marketing purposes only. Material prepared herein has been created for informational purposes only and should not be considered investment advice or a recommendation. Information was obtained from sources believed to be reliable but was not verified for accuracy. Examples provided are hypothetical and not based on actual experiences. The hypothetical examples are provided for illustrative purposes only. This article should not be construed as an endorsement of any website, school or third-party resource.

Sources: National Student Clearinghouse Research Center, National Association of College and University Business Officers, Inside Higher Ed, Sallie Mae’s How America Pays for College 2024, College Board’s 2023 Trends in Student Aid, Horsemouth, LLC (Copyright © 2024).