

Educational Funding Solutions

Financial News & Views – September 2010

**Our newsletter has a new look! Page 2 is your
“Dates to Watch” Please print and post!!**



Companies Have Done Away With Pensions – What’s Your Alternative?

If the company that you are with or that you were with doesn’t or didn’t have a pension, you can still create one. All of the major insurance companies have created some form of a pension called a LIFETIME BENEFITS INCOME RIDER. This is a rider added on to the insurance company’s annuity that guarantees lifetime income.

Here is how they work. Whatever money you put into the annuity also is the starting dollar value of the income rider. Let’s suppose you start your annuity with \$100,000. The annuities that I deal with would automatically give you a 10% bonus of \$10,000 making the starting value \$110,000. The income account value of the income rider is guaranteed to go up between 5%-8% per year. This account value grows tax deferred. So if you are 50 years old and you put \$100,000 into an annuity, at the end of 20 years (just when you want to receive income for retirement) you decide to “turn on “the income stream, you would be GUARANTEED \$30,762.32 per year for life! This will be paid even though there may not be any more money left in the annuity; the rider is guaranteed to pay you for however long you live. With life expectancies going up, this could be the best investment you can make!

Chances are if your IRA is invested in the market, you are not increasing your account value 5%-8%. The way the economy has been behaving the past few years, you may in fact be losing that much or more per year! You can easily roll over your IRA without any tax consequences or penalties. Additionally, if you have a 401(k) at a former place of employment, that may be rolled over as well.

***For additional details, call Leslie at 818-597-1532 to set up an appointment
so you can hear about the newest things in the insurance industry
to give you a safe and secure retirement.***

DATES TO WATCH – PLEASE POST



✓ CLASS OF 2011 & Transfer Students

Send us a list of schools ASAP that you plan to apply to so we can check deadlines and requirements for financial aid forms!! HS seniors and transfer students from community colleges need to narrow school choices to 10-12 schools NOW.

✓ EFS Analysis of College Costs

Once you narrow your choices, fax a list and EFS will give you a college-by-college cost analysis. This will help you select schools and develop your financial plan.

✓ Finalize Income & Asset Strategies

PARENTS THIS IS IT!! If you haven't met with EFS regarding your base-year financials, call us IMMEDIATELY. You only have 4 months left to reduce your 2010 EFC! This is the heart of our services to you so call now for your appointment!!

✓ SAT/ACT Info

Seniors be sure you complete your SATs in November so colleges will receive your scores by college application deadlines. EFS also recommends taking the ACT. Juniors should take SAT I and 3 SAT IIs early and often. Upcoming SAT and ACT Tests

SAT	www.collegeboard.com
Test Date	Register by
10/9	9/10
11/6	10/8
12/4	11/5

ACT	www.act.org
Test Date	Register by
10/23	9/17
12/1	11/15

✓ College Applications

Students should apply to 10 to 12 colleges by the college's earliest date. WATCH DEADLINES CLOSELY. Do not offer any financial info unless it is mandatory. It is optional on UC applications. Application Filing dates (DO NOT WAIT TO FILE ON THE LAST DAY AS SERVERS MAY BE OVERLOADED AND YOU CAN BE SHUT OUT)

UC - Nov. 1 – Nov. 30th!
CSU- Oct 1 – Nov 30th

Note: Some CSU campuses that are impacted may use supplementary admission criteria to screen applications.

USC – Part 1 (optional) Freshmen and transfers, 10/15, Scholarship Eligible 12/1

✓ HS Sophomores & Juniors

Let us know right away if you have high school sophomores or juniors in the family so we can begin the financial planning process.

✓ Final School

College-bound students. It's very important that you let us know your final college.

Admissions Plans

What are they and what do they mean to you?

As the last year of high school begins for many seniors, the process of college planning is on the horizon. One of the more important aspects of planning for college is understanding the various college admissions plans. You will find that there is no "one rule fits all" when it comes to college admissions. Apply as early as possible in your senior year is the general rule. There are however, some guidelines that you can use as you prepare to write and submit your college applications.

Before you begin, be sure to read all the information provided by the college or university admissions office. They will give you deadlines as well as recommendations for when to apply. For example, they may tell you that their admissions deadline is March 1 of your senior year but that they also begin reviewing applications as soon as they arrive in their office, perhaps as early as October of your senior year. In this case, be careful with dates because by March 1 they may have already accepted all of the students that they plan to admit for the following school year.

***Let EFS know ASAP if you are applying
for EARLY ADMISSION !!***

To get a jump on your college plan, you should be familiar with admissions terminology . . .

✓ **Early Action.** A student can apply to a college by an early deadline (set by each college) to guarantee admission, without obligating themselves to attend that particular college. The student will then usually file for financial aid at the college under the same deadlines as a regular student applicant. Within this category, there are 2 subcategories. One is the *Single Choice Early Action* plan under which you can only apply to one *Early Action* college and if admitted, you have until May 1 of the senior year to commit to that college. The other choice is an *Early Action* plan where you may apply to other *Early Action* schools as well as to other regular decision colleges. Furthermore, a handful of colleges now use "Restrictive Early Action" which is Early Action with one, or more, special restrictions. You still have until May 1 of the senior year to decide which of the colleges you will attend.

✓ **Early Decision.** The student can apply to a college by an early deadline (mid-October for some schools) to guarantee his admission, but is OBLIGATED TO ATTEND THAT PARTICULAR COLLEGE UNDER A BINDING CONTRACT. Early decision applicants file for financial aid early and are offered a financial aid award at an early date. Once the student is committed to the college, he MAY LOSE THE ABILITY FOR ANY APPEAL FOR FINANCIAL AID. Under this plan, you may apply to only one college and if admitted, you are making a commitment to enroll in that college. You cannot apply to any other college under any other early plan that commits you to attend another school. If you are admitted to a binding *Early Decision* plan college, you must write to all other colleges where you have sent applications and notify them that you are withdrawing your application from consideration for admission. (Some schools now have two early decision deadlines.)

✓ **Early Notification.** The college notifies the student of his admission status as the admissions office makes its admission decision. The student will apply for financial aid in the same manner as a regular applicant. By accepting the college's offer of admission, the student may be limiting his financial appeal options.

✓ **Early Read.** The college will compute the student's EFC early and estimate the student's financial aid award. Since this computation usually takes place early in the fall of the year, the student must submit estimated financial information to the college. The student should avoid allowing the college to perform an early read on his financial information. Since EFS could perform the EFC computation, it is of no benefit to the student to allow the college to have a preview of his financial information. If the student and his parents implement some financial strategies to lower the EFC, the college may question these strategies if they have already seen the family's financial information.

HOWEVER – To maximize aid, avoid EARLY anything at a college.

Read Carefully !! Be sure to read each college's definition to be sure that you are operating within the guidelines established by each college. Be sure that you have the right information and that you have followed all their directions. You also need to submit all of your materials in a timely manner to your high school and to the college.

Who should apply early?

The common thought is that everyone should apply "early" because it gives students a positive "edge" in the process. **Although early applications have become more popular, students should be careful when they consider this option.**

*If financial aid is important to you, remember that if you are admitted to a binding (early decision) admission school, you will not be able to compare financial aid offers from different colleges. This may or may not be important to you and your family.
If it is, then a binding early decision plan may not be right for you.*

Rolling & Regular Admission Plans

✓ ***Rolling Admission*** plans are offered by some colleges. Under the *Rolling Admission* plan, some colleges have a specific deadline and you should submit your application early in your senior year of high school. In this case, you will usually hear if you have been admitted within 4-6 weeks of the time your credentials are received in the admissions office. Other colleges may not have any deadline and will accept applications from students as long as they have spaces available.

✓ Finally, under a ***Regular Admission*** plan, a college will typically publish a deadline for the receipt of all of your credentials. This includes a completed application, application fee, transcript, test scores, and any other required documents, such as recommendations. You will begin receiving letters (hopefully admitting you) in mid-March but with some colleges it can be earlier, or can extend until mid-April. Under this admissions plan, colleges generally subscribe to what is called the "Candidates Reply Date", which means you have until May 1st to send your deposit to the college you plan to attend.

The Common Application www.commonapp.org is now available online. There are over 400 schools that now accept this, so check your schools to see if they are on the list. If so, this will save you lots of time and energy. Also, a benefit of using the Common Application is that you have a selection of 6 essay topics.

Filing the CSS Profile

Many private schools in addition to filing the FAFSA require the CSS Profile. If you will be applying to a school that requires the CSS Profile and you would like us to file the paperwork for you (additional charge assessed), we will need your User Name and Password to prepare and submit your information.

If you registered for the SAT this is the same User Name and Password that you initially set up. If you have not registered, please go to www.collegeboard.com and click on the “student” tab to register. Please e-mail or fax us your CSS Profile User Name and Password. If you plan on filing the CSS Profile yourself, a copy of the online form will not be available until October 1, 2010. Keep in mind that information should match, as once submitted there are no changes allowed. We suggest letting us file the FAFSA before the CSS Profile, if possible as the information should be the same.

Capturing Gains in the Market

In 2000, the Dow Jones was at 11,000 points. In July of 2010, the Dow Jones was 9700 points. Ten (10) years of nothing to show for it! However, the market did post gains in most of the past 10 years. Did you capture those gains and get to keep the gains? If not, then all you had were paper gains only to be lost, and you wound up with a “paper decade.” Life is too short to give up 10 year increments of your life with nothing to show for it. You have to make it count. At Educational Funding Solutions, we have great news! YOU CAN CAPTURE YOUR GAINS ON AUTO-PILOT! Some of our clients do. From July 2006 to July 2007 we have clients that captured up to 17% before the market went down and THEY STILL HAVE THEIR GAINS TODAY! And we’ve also had clients whose annual report from June 2008 to June 2009 showed a gain of 8.76%. Stop the bleeding and protect yourself from bear markets and make life count.

Call Educational Funding Solutions today and find out how some of our clients are capturing the gains in the market without the chance of ever losing those gains back to the market. Protect your retirement without the fear of market turndown.

Take a deep breath . . .

It’s the month of September!! And as far as our client families are concerned “S” is not for September, it’s for STRESSSSSS!!! S is for . . .

- the incredible stress when you realize that the bill you just got from the College Cashier or Bursar’s office will be showing up every single semester or quarter for the next 4 years or more.
- the feeling HS Seniors and their parents get as they start the admissions process. It’s the stress to produce the perfect application and perfect essay.
- the realization that our HS Juniors need to study and take an alphabet soup of entrance exams like SATs, SAT IIs, ACT, APs, CLEP and who knows what else being thrown at them, and

- the realization that the cost of college continues to grow at record levels while your income and investments are barely budging. Yep, it's a jungle out there in the college process.

I want you to now stop, take a deep breath. Breathe in through your nose and exhale slowly through your mouth and bring your heart rate back down to normal. Take the time to read this newsletter and realize we are here to help keep your stress down to a realistic level!

Stress comes from fear. Fear comes from lack of information. We are here to help take away the fear by helping you understand the college funding process. If you meet the deadlines, are realistic in your expectations, and are flexible in your choices, you will not only survive, you can get to meet the other "S" word next year at this time . . . *SUCCESS!*

Watch your e-mail inbox (please check SPAM & Junk Mail folders) for our ANNUAL UPDATE FORMS and return them to EFS as quickly as possible.

You need to complete the requested parent and student information and return the forms to EFS as soon as possible so we can meet or beat all financial aid deadlines. For high school seniors and transfer students, the deadline is no later than Dec. 1. But if you are applying to Profile schools or for Early Action, Early Decision or Early Notification, we need your forms immediately. Watch school deadlines!! Families with continuing college students should aim for Jan. 15. Don't wait to make your financial planning appointment, as we get very booked up. Call and make your appointment now! If we do not have your 2009 Federal Tax Return and W-2's, please send these in for parents and your students (if applicable).

SAT/ACT Scores – Reporting Policy

Students now have the option of reporting their SAT/ACT scores to colleges by the "test date" they feel best represents their ability, at no additional cost. This should reduce student stress and improve the test-day experience. If a student chooses not to select their score, all of their scores will be sent.

This new score-reporting feature also gives colleges the ability to choose which scores are required for admission. Colleges and universities will communicate any changes to their admissions policies or application requirements to students. Go to www.collegeboard.com or www.actstudent.org for Frequently Asked Questions and more information.

'Second Tier' Colleges They're NOT Second Best

With over 4,000 four-year colleges to choose from, it might seem that you should select the most-expensive, "best" college or university to help leverage your personal and professional success, right? In this

case you should choose a Tier I school, such as an Ivy League or Top-25 school, because these colleges will guarantee you an edge over other graduates in the workforce. Correct?

Don't bet on it. There is no evidence that any school provides the right mix of factors to ensure personal and professional success. The only statistic available that shows the value of a college degree comes from a study done by the federal government in the year 2000, which indicates that the average college graduate can expect to earn about \$1,000,000 more than a high school graduate over a working lifetime.

In reality an Ivy League degree never guaranteed anybody anything except the short-term branding of one's perceived quality or value as a person or an employee. There is no research that suggests a Tier I college degree provides more earning potential over a lifetime, more happiness, more insight, more knowledge, more self-worth, or more soulful quality living per-dollar-earned than any other school in the country.

Additionally if SAT statistics were replaced with other variables such as faculty availability, student satisfaction, campus activities, etc, there may have been different Tier I schools.

Now let's look at another tier of schools known as "Tier II" . . .

Tier II colleges can be identified in such surveys as the annual U.S. News & World Report, Princeton Review and other publications with current college rankings. Picking the "best" or "branded" alone may not be the best choice for your student. Important criteria such as class offerings, class size, student/faculty ratio, campus climate politically, distance from home, climate and many others that make up a student-school match.

There are well over 200 more schools in the Tier II category, with one important feature shared by all, which is their first-rate curriculum firmly grounded in the liberal arts. A recent study revealed that among the CEOs leading Fortune 300 corporations, 87% did not attend a Tier I school for their undergraduate studies.

The fact remains that most college students do not attend Tier I colleges, therefore there must be other choices for the vast majority of students who want an excellent education regardless of the "nameplate" or "brand" of school they choose to attend. Tier II schools can make a difference for the right student.

Choosing the Right Career Path Can Save You Thousands of Dollars!

Choosing a career path is one of the most important decisions that students face today. Lack of planning can force students into a 5 or 6 year college degree, dramatically increasing college costs. Students who do not plan their career path may also end up with degrees in declining-growth fields, or fields with a surplus of applicants, resulting in their inability to find employment after graduation. A wise choice can reduce the time it takes to earn a degree and lead to a rewarding work experience and the security of adequate income.

Millions of students have paid for four years of college, only to find that their career choice was a mistake. Having made the investment in time and money, they often feel obligated to continue. Some students change their major or career interest after one or two years of college. Since many of their college credits cannot be applied to a new major, they may end up spending five or six years to achieve a four-year degree.

Given today's high college costs, students cannot get too much information, or spend too much time researching and planning to prepare for their career field. Students should consider discussing their prospective interests with their high school guidance counselor. They should also read business publications or trade and professional journals associated with their career interest to learn about the latest news and trends within that field or industry. They should look for indications as to whether the field is expanding or experiencing a decline. Several ago EFS instituted the Discover Program that helps guide the student to the right major and right college. It also helps find the school that fits the parents' budget. If you have not already had your student come to our office for the Discover Process, please call for an appointment.

Asking the Right Questions about Your Potential Career Interest

An excellent way to learn more about an occupation is to talk with various people in that field of interest. You can secure interviews with experienced professionals by calling them, introducing yourself, and then explaining that you wish to seek a first hand opinion of the benefits of their job or profession. Many professionals would welcome a student's interest in their field. Here is a list of suggested questions to ask these professionals:

- How long have you been in this field?
- Why did you decide to work in this field?
- How did you get your first job in this field?
- How has this field changed since your first job?
- Do you know what the future outlook is for this field?
- How competitive is this field?
- What do you like about your occupation?
- What do you dislike about your occupation?
- What are your primary duties during a typical day?
- What kinds of education or training are required in this occupation?
- What are the entry-level salary and benefits in this occupation?
- What are the expected salary and benefits in this occupation after ten years?
- What are the chances for advancement in this occupation?
- What additional training or education is needed for advancement?
- Where else can I look for information pertaining to this occupation?

Armed with answers to the above questions and with solid research and planning, students can make a wise choice in their career direction. Before you begin the college admissions process this fall, it's critical that you contact us to help you plan your choice in career major, or college. A good "College Plan" could save you thousands of dollars in time and money!

The Answer IS??

Do I have to declare a major?

Please check individual school websites or call admission office. Some, yes you have to declare. For Cal Poly SLO, you have to declare and may **NOT** CHANGE MAJOR!!

When do we file the FAFSA?

Not until January 1, 2011. You need to start gathering estimated info now, so we can confirm the information and be ready to file early. Please watch your e-mail for info and renewal forms coming soon.

If you have a question you'd like addressed, chances are others have the same question too! Send your questions to leslie@educationalfundingsolutions.com, and we will publish them in the next Newsletter.



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