

# Four-year action plan to prepare for college

When preparing for college, parents and students face many financial and academic requirements and deadlines. This year-by-year guide can help keep you on track throughout the high school journey.

## Parents focus on:

- Calculating college costs
- Finding ways to save
- Researching loans, financial aid

## Students focus on:

- Visiting campuses and college fairs
- Taking SATs, improving GPA
- Completing the Common App



Getting ready for college can be a challenging process for parents and students. The number of parents saving for their child’s education has increased from 48% in 2015 to 57% in 2016. However, student debt was \$1.3 trillion at the end of 2016, an increase of about 170% from 2006. With so many things to consider as your child approaches college age, this year-by-year guide keeps you on track for both financial and practical matters related to college enrollment.

## Freshman year

Financial priorities for parents	Student action plan
<p><b>Saving and finances</b></p> <ul style="list-style-type: none"> <li>• Increase saving in a 529 plan. Encourage grandparents and other family members to get involved.</li> <li>• Explore prepaid tuition plans that lock in tuition rates at in-state public colleges.</li> <li>• Consider allocating some savings to other accounts such as custodial UGMA /UTMA for non-qualified 529 plan college expenses, such as transportation.</li> </ul> <p><b>Research</b></p> <ul style="list-style-type: none"> <li>• Research the affordability of college with Putnam’s College Savings calculator.</li> </ul>	<p><b>School-based goals</b></p> <ul style="list-style-type: none"> <li>• Set goals to achieve the honor roll and maintain a solid GPA throughout high school.</li> <li>• Participate in extracurricular activities. Admissions officers are increasingly looking for deeper involvement and leadership in a few areas (including work) rather than sporadic participation in many different clubs or activities.</li> </ul> <p><b>Research</b></p> <ul style="list-style-type: none"> <li>• Meet with a guidance counselor to discuss interests and learn how to research colleges.</li> </ul>

## Sophomore year

Financial priorities for parents	Student action plan
<p><b>Saving and finances</b></p> <ul style="list-style-type: none"> <li>• Continue saving in 529 plan and review asset allocation to ensure that the investments are on track with the time horizon.</li> <li>• Compare living expenses of targeted schools as costs vary by location.</li> </ul> <p><b>Financial aid</b></p> <ul style="list-style-type: none"> <li>• Consider tax-smart strategies and the impact of income on federal financial aid (FAFSA). Beginning with next year’s tax return, all income will be considered in the aid calculation. (See resources on last page.)</li> </ul>	<p><b>School-based goals</b></p> <ul style="list-style-type: none"> <li>• Begin standardized testing by taking the PSAT in October.</li> <li>• Consider a course schedule for junior and senior year to include Advanced Placement (AP) courses and postsecondary enrollment options.</li> </ul> <p><b>Research</b></p> <ul style="list-style-type: none"> <li>• Research colleges and include international colleges that may be more affordable, even after travel expenses.</li> <li>• Research academic requirements. It is important to start early especially when considering a military academy.</li> <li>• If pursuing athletics, complete online college recruiting forms, contact coaches, and register with the NCAA if required.</li> </ul>

## Junior year

### Financial priorities for parents

#### Saving and finances

- Explore a home equity loan as a potential source of funding.

#### Financial aid

- Determine the Expected Family Contribution (EFC) for financial aid. The EFC process factors income from the “prior prior” year. Note that increases in income — for example, from the sale of a stock or a Roth IRA conversion — may affect aid.
- The financial aid calculator (FAFSA4caster) on the FAFSA website can estimate potential financial aid. Review 529 account ownership to determine if changes are appropriate when considering financial aid.
- Research whether targeted colleges require the College Scholarship Service Profile (CSS Profile) application as part of their financial aid process.
- Start compiling information for FAFSA submission including: tax returns and information on savings, investments, and assets.

### Student action plan

#### School-based goals

- Keep a calendar of tests (PSAT in October; SAT, SAT subject tests, and ACT later in the year).
- Take a prep course or find a tutor for standardized tests.
- Make sure coursework, such as number of AP classes, reflects the academic requirement of targeted schools.
- Start building a resume and include summer employment, internships, and achievements.
- Meet with teachers, coaches, or mentors in person to request letters of recommendation.

#### Research

- Research colleges and attend college fairs. Think about an area of interest to pursue; this will help drive the list of colleges.
- Begin college visits in the fall. Get advice from older friends and family who have recently gone through the process.

## Senior year

### Financial priorities for parents

#### Saving and finances

- Ask employer if scholarships are available for children attending college.
- Make sure you have enough liquid assets for college-related expenses. This may require investment transfers within college savings accounts to more conservative options.
- Consider allocating funds within a custodial account (i.e., UGMA or UTMA) or regular savings account for travel costs, which are not considered “qualified expenses” for 529 plans.
- Identify which savings accounts to tap into first for expenses based on investment, tax, or financial aid considerations.
- Research tax credits and deductions to help with college costs.

#### Financial aid

- Attend a college aid workshop or meet with a professional college counselor.
- Complete the FAFSA form (between October 1 and June 30). Bear in mind that many states and colleges request FAFSA submission as soon as possible after October 1.

#### Key documents

- Have student complete a health-care proxy when turning 18 and before going to college.

### Student action plan

#### School-based goals

- Take the SAT/ACT in the fall.
- Review social media accounts to make sure profiles and posted content would not jeopardize an admissions decision.
- Establish a professional presence by creating a LinkedIn profile.

#### Application process

- Over the summer before senior year, start working on Common Application and college essay.
- Research application options, including early decision, early action, regular admission, and rolling admission.
- If opting for early decision, apply to colleges as early as November.
- Research and apply for local scholarships from schools, towns, and relevant organizations.

#### Campus visits

- Find out which schools offer interviews and set up meetings. Schedule campus visits when school is in session to experience daily life on campus. Trim your college list to a few safety, match, and reach schools.
- If pursuing athletics, contact coaches to schedule official on-campus visits in the fall.

For students, planning for college is an exciting time to think about the future. It also involves many important actions and deadlines that need to be met during high school. Staying organized will be key to take advantage of opportunities as you prepare for college. For parents, the window to save may have narrowed, but there is still time to optimize financial decisions.

It is important for families to consider potential tax advantages and liabilities. Assets outside of college savings accounts may add to the complexity. Parents must be mindful of account ownership and income that can affect their child's eligibility for financial aid. Having a plan to make withdrawals for college expenses is as important as planning to save. Read Putnam's investor education piece, "Strategies to make the most of college savings," to consider guidance on saving as well as selecting accounts to draw on when the first tuition bill arrives. At all stages of planning for college, it is important to meet with a financial professional.

### Putnam resources:

#### Putnam.com

- Putnam college savings calculator
- "Strategies to make the most of college savings"
- "Why a college student needs a health-care proxy"

[Learn more about college savings at putnamwealthmanagement.com.](https://www.putnamwealthmanagement.com)

### Additional resources:

- Federal Student Aid (fafsa.gov)
- *U.S. News & World Report* best colleges list
- Scholly — information on scholarships (myscholly.com and mobile app)
- College Board — information on standardized tests (collegeboard.org)
- IRS publication 970, "Tax Benefits for Education" — information on college savings accounts, tax credits, and tax deductions (irs.gov/publications/p970)

This information is not meant as tax or legal advice. Please consult with the appropriate tax or legal professional regarding your particular circumstances before making any investment decisions. Putnam does not provide tax or legal advice.

Putnam 529 for America is sponsored by the State of Nevada, acting through the Trustees of the College Savings Plans of Nevada and the Nevada College Savings Trust Fund. Anyone may invest in the plan and use the proceeds to attend school in any state. **Before investing, consider whether your state's plan or that of your beneficiary offers state tax and other benefits not available through Putnam 529 for America.** If you withdraw money for something other than qualified higher education expenses, you will owe federal income tax and may face a 10% federal tax penalty on earnings. Consult your tax advisor.

**You should carefully consider the investment objectives, risks, charges, and expenses of the plan before investing. Ask your financial representative or call Putnam at 1-877-PUTNAM529 for an offering statement containing this and other information for Putnam 529 for America, and read it carefully before investing. Putnam Retail Management, principal underwriter and distributor. Putnam Investment Management, investment manager.**