

# The “Daily Plan-It™”

Law Office of Robert Sample

Volume 7, Issue 5

3/10/2005

## **Grandparents Paying for College**

Times have changed from the days when grandparents used to chip in a few hundred dollars for their grandchildren's college books and expenses. The spiraling cost of tuition has resulted in many grandparents having to take a more substantial role in contributing to college expenses. A recent AIG SunAmerica Mutual Fund survey found that 54 percent of grandparents surveyed were – or planned on – contributing to their grandchildren's college education.

When questioned further, one-quarter of the grandparents surveyed indicated that they expect to pay as much as 25 to 50 percent of these costs. Twenty percent of those surveyed will pay as much as 75 percent.

### **Advisors Not Advising**

Clearly, these numbers indicate a need to provide grandparents with advice on college funding and savings vehicles. However, many advisors are unaware of these statistics and limit their advice strictly to the estate planning and retirement needs of the grandparents. As a result, a growing opportunity to provide additional assistance to their clients is overlooked.

### **529 Plans and Other Options**

Although grandparents have started absorbing an increasing brunt of college costs, many are still unaware of their options. By remaining uninformed about the various ways to plan for college, grandparents aren't taking advantage of effective tools that are at their disposal. For example, according to a survey by Alliance Bernstein Investment Research and Management, 65 percent of grandparents surveyed are not familiar with 529 college savings plans. When advisors overlook higher education funding vehicles as part of the financial planning process, their clients are not being shown the best way.

Naturally, 529 plans are not the answer to all college planning; but as a strategy, they can open some doors.

## **How Are Your Grandchildren Paying for College?**

In our experience, a discussion with our clients who are grandparents about helping their grandchildren with their education opens up enriching conversations. While there are significant financial benefits gained by using strategies such as 529 plans, the biggest benefit from our viewpoint may be the emotional one. A grandfather may not be “wealthy” in his mind; but when he can help his granddaughter with her college savings goals, *he feels very wealthy indeed!*

If planning for a grandchild's education is not already a part of your financial planning procedure, we encourage you to add it to your process. As a result, you can help spread the emotional wealth around and demonstrate that where financial wisdom is concerned, grandparents often know best.

## **Your Personalized Info Here!**

This area of the Daily Plan-It newsletter is used by subscribers to provide information about their firm, upcoming workshops or any other information you would like to include.

### **Upcoming Workshops**

#### **Estate Planning Workshop**

❖ October 16, 2004 at 7:00 p.m.

#### **Medicaid Planning Workshop**

❖ October 24, 2004 at 2:00 p.m.

### **Biographical Information**

Robert Sample limits his practice to the areas of Estate Planning and Business Law. Our offices are conveniently located just minutes away from...

Perhaps you will include a photo or clip art!

