



Saving and Paying for College

TIPS FOR PARENTS FROM THE CLARA ABBOTT FOUNDATION

Saving for College

Start Early

Any savings plan is better than none at all. When finances are tight, consider traditional and creative ways to save money.

Get Ready to Save for College

- » Don't ignore your retirement accounts.
- » Consider building an emergency fund.
- » Pay off your credit card debt.
- » Be the boss of your money (*see below*).

Traditional Ways to Save

- » State prepaid tuition/college savings plan.
- » Federal tax incentives (e.g., Coverdell Education Savings Accounts, Hope Scholarship Credit and more).
- » Visit www.savingforcollege.com for more ways to save.

Creative Ways to Save

- » Commit future raises to savings.
- » Look for expenses that will end, can be reduced or are seasonal. Then put that money into a savings account (for example, child care, uniforms/sports equipment, car payments, credit card debt).
- » Encourage family and friends to contribute to the college saving strategy that you have chosen when they give your children gifts.

Be the Boss of Your Money

Learning to take control of your finances — instead of letting your finances control you — is an important step to ensure that you can save and pay for college. The Foundation's financial education classes and personal financial consultants can help you develop a plan to reach your financial goals. Call (800) 972-3859 or visit <http://clara.abbott.com> for more information. All calls are confidential.



Top Five Things to Know When Saving for College

1. Saving for your own retirement is more important than saving for college. Your children will have more sources of supplemental money for college than you will have for retirement, so don't sacrifice your retirement savings.
2. The earlier you start saving, the better off you'll be. Through the magic of compounding, even modest savings can make a difference if you give them enough time to grow.
3. You don't have to save the entire cost of four years of college. You can get federal, state and private grants and loans to bridge the gap between your savings and the tuition bill.
4. Do your homework. There are new programs and incentives to help parents struggling to save money for college, but consider them carefully because participating in these programs can affect your child's chances of getting financial aid (*see "Traditional Ways to Save"*).
5. Tax breaks are as good as grants. Two federal tax credits allow you to cut your taxes by as much as \$1,500 in the year that you pay tuition (*see other side for more information*).

Call the Educational Help Desk at (866) 326-2240 for additional tips on saving and paying for college.

Take Note » Clara Abbott Scholarship Application Deadline — MARCH 15



Paying for College

Scholarships

- » **Abbott Work/Life Resources Scholarship Search** — Abbott employees can call Work/Life Resources at (888) 267-2183 for a free personal scholarship search.
- » **Clara Abbott Scholarship** — Need-based scholarships are awarded to children of Abbott employees and retirees. Visit <http://clara.abbott.com> or call (800) 972-3859 for more information.

Tax Credits

- » **The Hope Scholarship Credit**, a tax credit up to \$1,500 per student per year, can be claimed for qualified first-year and second-year students enrolled at least half-time.
- » **The Lifetime Learning Credit** is a tax credit up to \$2,000 for almost any college-level education and training.
- » Visit www.irs.gov for more information.

Loans

- » Never borrow more than you need. Remember, you are not required to borrow the full amount that your child has been offered.
- » The four most important variables to consider are interest rates, whether loans are subsidized or not, loan fees and repayment options.

Helpful Links

- » www.fastweb.com — Free scholarship search service.
- » www.studentaid.ed.gov — Federal student aid information from the U.S. Department of Education.
- » <http://clara.abbott.com> — Tools, links and articles to help families find scholarships and financial aid information.

Information provided on the Web sites listed are offered to you as a convenience. The Foundation does not endorse or recommend external organizations.

Know the Lingo

EFC (Expected Family Contribution)

The amount the student and family are expected to pay toward the student's cost of attendance, as calculated by a congressionally mandated formula known as Federal Methodology. The EFC is used to determine a student's eligibility for student financial assistance programs.



Federal Pell Grant

The largest government-sponsored grant program. Pell grants are intended to help students with the most financial need.

Subsidized Federal Stafford Loan

A need-based loan made by a bank, savings and loan or other lender. Interest does not accrue while the student is in school, and borrowers do not begin repayment until six months after graduation.

Unsubsidized Federal Stafford Loan

Similar to the subsidized Federal Stafford Loan, except that eligibility is not based on need, and interest accrues even while the borrower is in school.

Need Answers? We've Got 'Em!

EDUCATIONAL HELP DESK — A FREE RESOURCE FOR PARENTS AND CHILDREN OF ALL AGES

Who Uses the Help Desk?

Abbott employees, retirees and their children nationwide can call or e-mail a counselor about any type of education-related question or issue.

Who Are the Experts?

The Help Desk is staffed by leading educators, including former directors of admissions and financial aid at colleges from across the country.

Some Examples of Questions to Ask

- » What courses should my daughter take in high school to best prepare her for college?
- » When should I start saving for college?
- » How can my son improve his homework and study skills?
- » How can my daughter gain acceptance to a school that has wait-listed her?
- » How can my son access additional scholarship money for college?

Your Resource

The Clara Abbott Foundation has partnered with College Coach, the nation's leading provider of educational services, to offer this resource free of charge to Abbott employees, retirees and their children.

Ask the Experts

The Educational Help Desk can provide advice on:

- » Saving for college
- » Homework and study skills
- » High school planning
- » Extracurricular options
- » Identifying appropriate schools
- » Preparing for college entrance exams
- » Understanding the financial aid process



» To access the Educational Help Desk, call College Coach toll free at (866) 326-2240 or e-mail abbott@getintocollege.com.