



## Special Educational Report

*“The Most Dangerous Christmas Gift to Avoid Giving a High School Senior”*

By Marc R. Hill, CCPS, RFC®, CCFC, CAFC



As the high school years wind down, parents begin contemplating the big picture of how they will pay for their children's college tuition. For those who are tackling this question for the first time, and for some who are tackling the question for the second, third, or fourth time, the mere consideration is enough to turn one's head prematurely gray. But, for those who receive good advice, gray hair can be postponed for a few more years.

Many parents turn to the U.S. government to help find supplemental money to help pay for college. To determine eligibility for this supplemental money, which can be in the form of either gifted aid or preferred loans, families are required to fill out the Free Application for Financial Student Aid or the FAFSA form. The FAFSA is used to determine the Expected Family Contribution (EFC), which in most cases is the minimum dollar amount a college anticipates a family to contribute toward their child's education in any given school year.

The EFC calculation is primarily based upon an assessment of parental and student income and asset values. The income and assets attributable to the student are assessed at a higher rate than those of the parents. Families with more money have a higher EFC than those families that are less well-off who are not expected to contribute as much.

A higher EFC also indicates a student does not need financial help in the form of scholarships and other types of gifted aid, which do not require repayment. Instead, the student may only qualify for loans and other forms of assistance that require repayment, which can result in thousands of dollars of interest charges.

Worried about skyrocketing college costs, parents of high school seniors often suggest that grandparents make donations to Junior's college fund in lieu of holiday gifts.

If they're financially able to do so, most grandparents happily comply. After all, one reason they've accumulated their wealth is to help younger generations achieve success, including going to college. Unfortunately, their generosity may devastate their family's finances.

What most parents and even their financial planners don't realize is the timing of financial gifts is critical in determining how much their family pays for college. Doing this incorrectly not only could cause your child to lose scholarship and other forms of gifted aid, but your family will also be expected to contribute more towards your child's educational costs.

When cash gifts are given to high school seniors for Christmas or Hanukkah, the money is in the child's name and bank

account when the family completes the Free Application for Federal Student Aid (FAFSA) in January. Hence, this gift is assessed at the child's higher rate.

The bottom line? Between the increased

Expected Family Contribution and lost gifted aid, the \$5,000 gift at Christmas given to your granddaughter during her senior year of high school could feasibly cost her a total of \$3,000 over the course of her college career. This reduces grandma's generous gift of \$5,000 to only \$2,000. The good news is that you can avoid these painful consequences by ensuring that your gift is given at the right time and in the right way.

Saving money is only one consideration when putting a child through college. To fully leverage your educational investments, you have to understand how the financial aid formula will be affected by how and when you use your investments. The choices you make could cost or save your family tens of thousands of dollars.

***REMINDER: Because we do not know your individual circumstances, we provide the information contained in this special report and all communication received from us as informative in nature only. The ideas and examples contained in this or any communication received from us may not be suitable for your particular situation. Therefore, it is understood that we are not providing financial recommendations or advice of any kind. For further consultation, please call us directly at 1-303-954-0200 or contact your CPA or qualified tax advisor, financial planner, trusted investment advisor, and your certified college planner to ensure current application specific to your situation.***



For more than a decade, Marc Hill, CCPS, RFC®, CCFC, CAFC has helped families achieve their “college dreams”.

With four children – two who have graduated college, one currently in college, and one in elementary school – Marc intimately understands both the financial and emotional concerns involved in sending a child to college. He transitioned into college planning after years of experience within a broader-based investment practice after encountering first-hand the ripple effect that improper college planning has on the financial lives of families.

As one of fewer than 1,500 Certified College Planning Specialists in the country, Marc now works -full time to help hard-working American families afford college. His company, Reduce My College Costs, LLC, offers objective college planning services and since we do not manage money, offer investment advice or sell insurance products, we gladly work in conjunction with your team of advisors to produce the best results for your family.

In addition, Marc serves as an advisor to other financial professionals who don't have the time or desire to stay current on the ever-changing regulations that govern financial aid and tax laws concerning tuition deductions and education credits.

For more information about how Reduce My College Costs can help your family afford college, contact Marc directly at [mhill@reducemycollegecosts.com](mailto:mhill@reducemycollegecosts.com) or call 1-303-954-0200

## Financial Certifications

### Certified College Planning Specialist (CCPS)

A professional designation focused exclusively on college financial planning and is awarded to those financial advisors who can meet the high standards of education, experience, and professionalism that are required of all its members.

Pre-Qualifying Criteria is met by one of the following:

- Professional financial designation (CFP, CPA, RFC, ChFC, CLU, CEP), or
- Professional financial license (securities, state registration RIA, IAR), or
- A combination of education and experience deemed satisfactory by the NICCP Advisory Council

Marc is uniquely trained to identify the best strategies that lessen the financial impact of saving and financing college far beyond the use of financial aid. As a CCPS, Marc is adept in identifying the most economically advantageous strategies for saving and paying for college.

### Registered Financial Consultant (RFC®)

This designation is bestowed upon financial professionals by the International Association of Registered Financial Consultants (IARFC) who have met rigorous membership requirements including but not limited to the following:

- 1) Experience: Applicant must have a minimum of four years experience as a full-time practitioner or educator in the field of financial planning or financial services.

- 2) Education: Applicant must have earned a baccalaureate or graduate degree in financial planning services with strong emphasis in subjects relating to economic, accounting, business, statistics, finance, and similar studies; or have earned one of the following professional degrees or designation: AAMS, CFA, CFP®, ChFC, CLU, CPA, EA, JD, or completed a CFP® equivalent or IARFC approved curriculum at an accredited college or university. The new Financial Planning Process™ course curriculum qualifies.
- 3) Examination: The educational curriculum must have included a written examination process. If not, an experienced candidate must pass an RFC challenge examination.
- 4) Integrity: Applicant must have a clean record of personal and business integrity with no suspensions or revocation of any professional licenses.
- 5) Ethics: Applicant must subscribe and continually adhere to the RFC Code of Ethics.
- 6) Continuing Education: Each year the RFC® must complete a minimum of 40 units (hours) of professional continuing education. This may include college courses, educational symposiums, credential courses, distance learning programs and practitioner conferences.

Many RFCs are instructors at colleges, universities and professional conferences.

### Certified Cash Flow Consultant (CCFC)

This certification gives financial advisors the education on how to help families with cash

flow and tax issues when it comes to paying for college or other financial issues. This program is approved for professional development credit for all school administrators in the states of Kentucky, Indiana, South Carolina and CPAs nationwide.

### **Certified Athletic Financial Consultant (CAFC)**

This certification gives financial advisors the knowledge to help address marketing and financial issues for student athletes that have the ability to play intercollegiate athletics. The advisor helps with athletic scholarship issues as well as showing families how to pay for college costs if the student-athlete does not get a full athletic scholarship. This certification is also approved for professional development credits for school administrator and athletic directors/coaches that are in an administrative position in the state of Kentucky.

### **General Securities Representative Exam (Series 7 Exam)**

The exam is a six-hour, 260 question test (250 of which count towards the final score) that is owned, maintained and administered by the Financial Industry Regulatory Authority (FINRA), which covers a broad range of investments including stocks, bonds, options, limited partnerships, and investment company products (e.g., open and closed-end funds). A candidate must answer 70% of the questions correctly in order to pass. Upon passing the test, one is granted a Series 7 / General Securities license. The series 7 license is the most comprehensive of several securities licenses that permit an agent to communicate with retail investors.

Although Marc holds the series 7 license, Reduce My College Costs ***does not*** engage in asset management nor do we offer investment recommendations or advice.

We focus strictly on reducing your college costs and happily work in concert with your trusted advisors in assisting you in meeting this goal.

*All the best to you and your family!*

Marc

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