



Educational Material: Saving for College

Introduction

Saving for college is an important step toward ensuring you can afford higher education without accumulating a large amount of debt. By starting early and understanding the various ways to save, you can build a financial foundation for your future.

Why Save for College?

- 1. Reduce Debt:** College can be expensive, and saving money now can help reduce the need for student loans.
- 2. Financial Freedom:** Having savings gives you more options and financial freedom when choosing a college and major.
- 3. Peace of Mind:** Knowing you have money set aside for college can reduce stress and help you focus on your studies and personal growth.

Ways to Save for College

- 1. Open a Savings Account:**
 - **Purpose:** A basic savings account is a good starting point. It's safe and your money can earn interest over time.
 - **How:** Visit a bank with your parents to open an account. Set up a habit of depositing money regularly from allowances, gifts, or part-time jobs.



Financial Fitness Facts

2. Open a 529 Plan:

- **Purpose:** A 529 plan is a tax-advantaged savings plan designed specifically for education expenses.
 - **Benefits:** Earnings grow tax-free, and withdrawals for qualified education expenses are also tax-free.
 - **How:** Talk to your parents about setting up a 529 plan. They can contribute to the plan on your behalf, and you can add to it as well.
- For more information about 529 plans please visit [What Is a 529? | The Education Plan](#)

3. Look for Scholarships:

- **Purpose:** Scholarships are financial awards that don't need to be repaid.
- **How:** Start researching scholarships early. Many are available for high school students based on academics, sports, arts, and community service.

4. Get a Part-Time Job:

- **Purpose:** Earning your own money can significantly boost your savings.
- **How:** Find a job that balances well with your school responsibilities. Save a portion of each paycheck specifically for college.

Saving Strategies

1. Set Goals:

- **Short-Term Goals:** Set smaller, achievable goals, such as saving \$500 in a year.
- **Long-Term Goals:** Plan for the total amount needed for your first year of college or even all four years.

2. Make a Budget:

- **Track Income and Expenses:** Keep track of how much money you earn and spend each month.
- **Prioritize Savings:** Set aside a specific amount of money for your college fund before spending on other things.

3. Automate Savings:

- **Direct Deposits:** If you have a job, set up direct deposits to transfer a portion of your paycheck into your savings account automatically.
- **Automatic Transfers:** Arrange for automatic transfers from a checking account to a savings account to ensure regular contributions.

4. Avoid Unnecessary Spending:

- **Needs vs. Wants:** Focus on spending money on needs rather than wants. This can help you save more money for college. Also, look for lower cost goods when possible.
- **Smart Choices:** Make conscious decisions about spending and look for ways to save, such as buying used textbooks or cooking at home.



Financial Fitness Facts

Resources for Saving

1. Financial Aid Office:

- **Purpose:** Most colleges have a financial aid office that can help you understand your options for funding your education.
- **How:** Visit the financial aid office or check their website for information on scholarships, grants, and loans.

2. Online Tools:

- **College Savings Calculators:** Use online calculators to estimate how much you need to save and track your progress.
- **Scholarship Databases:** Websites like Fastweb and Scholarships.com, or the [Albuquerque Community Foundation Scholarship Page](#) can help you find scholarships suited to your interests and qualifications.

3. Family Support:

- **Discuss with Parents:** Have open conversations with your parents about college savings. They can offer guidance and might be willing to contribute to your savings.



Conclusion

Saving for college is a smart and important goal that requires planning and discipline. By understanding the different ways to save, setting clear goals, and making wise financial decisions, you can build a strong financial foundation for your future education.



Financial Fitness Facts

Quiz: Saving for College

1. Why is it important to save for college?

- A. To buy a car
- B. To reduce the need for student loans
- C. To travel around the world
- D. To have spending money for fun activities

2. What is a 529 plan?

- A. A bank account for everyday expenses
- B. A tax-advantaged savings plan for education expenses
- C. A type of scholarship
- D. A loan you need to repay after college

3. Which of the following is NOT a benefit of a 529 plan?

- A. Earnings grow tax-free
- B. Withdrawals for qualified education expenses are tax-free
- C. Guaranteed acceptance to any college
- D. Contributions can be made by family members

4. How can having a part-time job help you save for college?

- A. It provides you with money to spend on entertainment
- B. It allows you to earn money that can be saved for college
- C. It reduces the amount of time you have for studying
- D. It automatically enrolls you in a 529 plan



Financial Fitness Facts

Quiz: Saving for College

5. What is a good strategy for saving money from a part-time job?

- A. Spend all of it immediately
- B. Save a portion of each paycheck specifically for college
- C. Use it to buy the latest gadgets
- D. Loan it to friends

6. Why is it important to distinguish between needs and wants when saving for college?

- A. To ensure you have enough money for fun activities
- B. To focus on spending money on necessities and save more for college
- C. To make sure you buy the latest fashion trends
- D. To impress your friends with your spending habits

7. What is one way to automate your savings?

- A. Manually deposit money into your account every month
- B. Set up automatic transfers from a checking account to a savings account
- C. Spend all your money and save what is left over
- D. Write down your savings goal and hope you remember to save

8. What should you do if you want more information on scholarships?

- A. Visit the financial aid office at a college or check their website
- B. Spend more time watching TV
- C. Avoid talking to anyone about it
- D. Buy lottery tickets to fund your education



Financial Fitness Facts

Answers:

1. **B)** To reduce the need for student loans
2. **B)** A tax-advantaged savings plan for education expenses
3. **C)** Guaranteed acceptance to any college
4. **B)** It allows you to earn money that can be saved for college
5. **B)** Save a portion of each paycheck specifically for college
6. **B)** To focus on spending money on necessities and save more for college
7. **B)** Set up automatic transfers from a checking account to a savings account
8. **A)** Visit the financial aid office at a college or check their website



Financial Fitness Facts

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