

Family Funding Analysis

Prepared For

THE SMITH FAMILY



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March 22, 2012



The Smith Family Funding Analysis

Customized Reports:

Asset Detail Report
EFC Before & After Report
Aid Eligibility Comparison Report
College Overview Reports
“What-If” EFC Report
College Search Report
Family Funding Recommendations
Total Family Cost Projection Report

And also:

Financial Aid Basics
Student Preparation – Year by Year To-Do List
Best Practices for College Selection
Description of Education Tax Benefits
Private Sector Scholarship Websites
Glossary of Financial Aid Terms

**The Smith Family
Asset Detail
March 22, 2012**

	Before	After	
<i>Parent Assets</i>			
Checking	\$ 52,500	\$ 30,000	
CDs	\$ 150,000	\$ -	
529 - Student	\$ 32,500	\$ -	
529 - Sibling	\$ 26,700	\$ -	
Parent assets	<u>\$ 261,700</u>	<u>\$ 30,000</u>	\$ (231,700)
<i>Student Assets</i>			
Student Savings	\$ 8,000	\$ -	\$ (8,000)
	<u>\$ 8,000</u>	<u>\$ -</u>	

The custom reports reflect opinions and are not to be construed as factual data. The recommendations are based on reported data and are meant to be estimates/projections only. Actual results will vary.

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The Smith Family
EFC - Before and After
"10,000 foot view"
March 22, 2012

Income impact on EFC

Parent Income	\$	119,550
Less: Adjustments	\$	(25,348)
less: IPA	\$	(25,210)
Eligible income	\$	68,992
Parent Income Impact	\$	26,521

Student Income	\$	-
less: IPA	\$	-
Student Income Impact	\$	-

	Before	After
<i>Asset impact on EFC</i>		
Parent assets	\$ 261,700	\$ 30,000
less: APA	\$ (43,400) **	\$ (43,400)
	\$ 218,300	\$ -
Asset factor	5.6%	5.6%
Parent Asset Impact	\$ 12,225	\$ -
Student assets	\$ 8,000	\$ -
less: APA	\$ -	\$ -
	\$ 8,000	\$ -
Asset factor	20.0%	20.0%
Student Asset Impact	\$ 1,600	\$ -
Total EFC (income impact + asset impact)	\$ 40,346	\$ 26,521

\$ 13,825
x 4 years
\$ 55,299

- * Income Protection Allowance for a family of 4 with 1 student in college (from 2012 Princeton Review)
- * Asset Protection Allowance (from 2012 Princeton Review)

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The Smith Family
Family Funding Recommendations
March 22, 2012

Recommendation 1:	- Move \$239,700 savings into PLI MEC contract
Impact:	- Increases financial aid eligibility by reducing asset impact on EFC - Currently earning <1%, will earn 4 - 5% - Provides initial death benefit of ~\$725K for family protection
Recommendation 2:	- Consider bleeding \$13,000/year into nonMEC contract (from MEC)
Impact:	- Positions Joe & Jane for tax-free income stream in retirement - (According to Total Cost Projection, only ~\$152K will be needed for College)
Recommendation 3:	- Have Suzie complete the Birkman Analysis
Impact:	- Will help the student dial down on a major that is well-suited to her skill set and interests - Reduces likelihood of changing major or cahnging schools - Increases chances of graduating in 4 years
Recommendation 4:	- Reduce 401(k) contribution to match level (from 15% to 5%)
Impact:	- Increases cash flow by \$679/mo - Increased cash flow means fewer assets depleted on college expenses
Recommendation 5:	- Expand Target Institution List based on Birkman results and GPA/ACT scores
Impact:	- Choosing a school that has her major will reduce the likelihood of changing schools - Choosing a school where Suzie is in the upper echelon of applicants will increase her opportunity for Merit Aid
Recommendation 6:	- Consider an ACT/SAT Prep Class
Impact:	- Raising her ACT score will help her qualify for more Merit Aid

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The Smith Family
Total Cost Projection
 March 22, 2012

Current Year	2012
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	EFC	Self-Help	Eventual Cost
Suzie chooses Duke	\$ 19,599	\$ 3,724	\$ 23,323
When Tommy goes, EFC splits in half	\$ 9,800	\$ 3,724	\$ 13,524

Rate of Inflation for Expenses	6%
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Student	Grad Yr	Yrs in Sch	COA today	1st Yr COA
Suzie	2013	4	\$ 23,323	\$ 24,722
Tommy	2014	4	\$ 13,524	\$ 15,196

26206

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Suzie		\$ 24,722	\$ 15,196	\$ 16,107	\$ 17,074							\$ 73,099
Tommy			\$ 15,196	\$ 16,107	\$ 17,074	\$ 31,211						\$ 79,588
	\$ -	\$ 24,722	\$ 30,391	\$ 32,215	\$ 34,147	\$ 31,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,687

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