

## State's prepaid college tuition plans remain a big bargain for the future



**Q:** We want to save for our kids' college expenses. Their wonderful grandparents started 529 savings plans last Christmas. Should we consider the Florida Prepaid?

**A:** If you want to save for your kids' college tuition and fees, this goal can be definitely achieved by buying Florida Prepaid plans. These plans are priced annually based on the age of the child and their future college expenses are paid at today's prices. Given the history of college inflation, that's a deal.

These plans are guaranteed with a contractual obligation by the state of FL. Tuition and local fees, and an optional dorm plan are available and priced based on today's rates.

If you looked at the FL Prepaid before and were shocked at the cost, look again. There was an historic price rollback this year and the cost of these Prepaid Plans were reduced by as much as 50% with some plans dropping to levels not seen since 2007.

There are five Prepaid Plan options that cover tuition and

most mandatory fees at Florida's twelve state universities and 28 colleges. The contract cost for a newborn plan in 2014 was approximately \$54,000 and it dropped to \$27,000 this year. Woo hoo!

These plans were designed primarily for Florida students, but they are flexible enough to be used at schools nationwide including technical schools and private institutions. And if your little Brainiac qualifies for a full ride scholarship, the plan may be transferred to a family member or refunded.

Don't miss the enrollment deadline of February 28th. And if you don't have ready cash, check out the payment options; lump sum, a 55-month schedule, or a monthly plan. Payments start April 20<sup>th</sup>; details are available at [www.myfloridaprepaid.com](http://www.myfloridaprepaid.com).

And thank those practical grandparents. Even with a FL Prepaid Plan, kids also need books, computers, supplies, room and board. The 529 Savings Plans can be used to cover these qualified educational expenses.

The big difference between 529 plans and Florida Prepaid is the guarantee by the State of Florida on the Prepaid while 529 plans are invested in (the occasionally volatile) financial

markets. You're also paying for college based on today's tuition rates with the Prepaid.

Starting this year, there is a federally approved new type of 529-ABLE for Americans living with disabilities. The 'Achieving a Better Life Experience' Act can be used by families for future disability expenses to supplement private insurance and public benefits. Watch for Florida to enact this.

Don't neglect your retirement savings while you're planning for your children's college. Your kids may not want a roommate if your retirement funds dry up.

*Mary Ellen Baldwin, CFP® is an independent, fee-only registered investment advisor at Baldwin and Associates, located in Melbourne. You can contact her at 321-722-0511 or [Mary@MEBaldwin.com](mailto:Mary@MEBaldwin.com). Send your financial questions to [Business@floridatoday.com](mailto:Business@floridatoday.com).*