



Saving Money for College

This is the VOA Special English Economics Report.

How much does a college education cost? In the United States, the College Board releases yearly reports on prices at colleges and universities. The group bases its findings on "published" tuition and fees, meaning the prices officially listed by the school. Students might pay less -- for instance, if they receive scholarships.

Nationally, tuition and fees at public four-year colleges and universities rose more than eight percent during the academic year that just ended. The increase was seven percent if you exclude California. California has about ten percent of the nation's full-time students in public four-year colleges.

In-state tuition and fees averaged more than eight thousand dollars nationally. The average total charge -- which includes housing and meals -- was seventeen thousand dollars. The total charge for students from out of state was thirty thousand dollars.

Tuition and fees increased four and a half percent at private nonprofit four-year schools. That was still higher than the inflation rate. The average was twenty-eight thousand five hundred dollars.

For-profit schools charged an estimated fourteen thousand dollars in tuition and fees. That was up 3.2 percent from the year before.

One way for parents in the United States to start saving for college when their child is still very young is called a 529 plan. The plans are named for the part of the federal tax law that created them in nineteen ninety-six. All fifty states and the District of Columbia offer them.

Private investment companies operate most of these plans, and each state has its own rules. Many plans are open to families from other states.

Five twenty-nine plans offer different investment choices. Families must decide how aggressively they want to put money into stocks, bonds or other investments that can rise or fall in value. There are limits on how much families can put into 529 plans.

Another choice is called a prepaid tuition plan. Parents can pay for an education at a public college or university in their state while their child is still growing up. But what if the child decides to go to school out of state, or not at all? The money can go to educate another family member, or the parents can withdraw it and pay taxes on the gains.

There are other ways to save for college while also saving on taxes. One way is to put money for a child into what is called a custodial account until the child becomes an adult.

And that's the VOA Special English Economics Report. I'm Faith Lapidus.