

# College Aid: The Sooner You Start Planning, The Better Your Chances

CLTV interview with Joseph Orsolini, President, College Aid Planners, Inc.

Host: Bill Moller  
Broadcast on August 29, 2003  
Transcript edited for clarity

**Mr. Moller:** Now let's talk with Joe Orsolini, the president of College Aid Planners out of Glen Ellyn. Joe, the high school graduate we just interviewed has a loan, he has a grant, and he has work-study. It sounds like he and his parents planned ahead. Do a lot of families make the mistake of not planning ahead; they don't think about college costs until it's almost too late?

**Mr. Orsolini:** Bill that's right. In any area of financial planning, the sooner you start planning, the more options and opportunities you'll have, and the better your chances of achieving your goals. If you start planning for college expenses when your kids are very young, it's a much easier process to manage than if you wait until their senior year of high school.

Parents really need to make their *final* preparations during the student's junior year of high school, because that year's tax returns are going to be the basis for freshman year's financial aid eligibility. So if junior year in high school is the time for *final* preparation, they should start their initial preparations much sooner.

**Mr. Moller:** All right, Joe, what are the ABC's of college aid planning?

**Mr. Orsolini:** The most important thing is, if you think you're going to qualify for aid, keep money and all other assets out of the student's name. Colleges use a formula to determine how much aid you are eligible for, and the fewer assets that are in the student's name, generally the higher the aid eligibility. Some tax advisers might recommend putting money in the child's name to save on income taxes, but if you're looking for financial aid for college, you get much more benefit by having assets in the parent's name – or better yet the grandparents' – not the child's.

**Mr. Moller:** You have to sort of balance college aid planning with your tax planning, then. And we all know that some of those tax rules can be quite complex.

**Mr. Orsolini:** Exactly. An example of that is the educational tax credits that parents can take advantage of: the Lifetime Learning Credit and the Hope Scholarship Credit. The IRS allows up to \$2,000 of tax credit for individuals with incomes below \$41,000, or for couples with incomes below \$82,000.

Now this can get very complex, because of the popularity of Section 529 savings accounts and Coverdell IRAs. Those accounts are tax-free when the money is used to pay education expenses. But when it comes time to actually pay college tuition, to qualify for the education tax credits (i.e., Lifetime Learning Credit or Hope Scholarship Credit), you have to pay with money out of pocket first, and then use the 529 money or Coverdell money. If you withdraw the 529 or Coverdell money first, you will lose the ability to claim the tax credit.

**Mr. Moller:** It is kind of complicated. I mean you're a professional in this area. You have families who come to you because they can't seem to choose between all the different roads that you can go down.

**Mr. Orsolini:** Well, financial aid really has its own peculiar set of rules. Many people don't realize that, so it helps out to have somebody who knows how the system works.

**Mr. Moller:** And the government is there to help you as well. It can be kind of complex, but there is assistance.

**Mr. Orsolini:** Yes there is. There are many useful websites that offer information and guidance, and the Department of Education is very helpful.

**Mr. Moller:** But the bottom line is what: start planning early?

**Mr. Orsolini:** Plan early and plan often.

**Mr. Moller:** All right. Joe Orsolini with College Aid Planners, thank you so much.

**Mr. Orsolini:** Thank you, Bill.

###

*For more information, visit the College Aid Planners website ([www.notpayingforcollege.com](http://www.notpayingforcollege.com)), or call Joe Orsolini at 630-469-6776.*