

Financing a Return to College

You've advanced on the job, but you think that finishing or enhancing your college degree would help you go further. Or maybe you were laid off and are seeking skills for a new career. No matter the reason, if returning to school is on your horizon, you're not alone. There are nearly 9 million college students who are 25 and older, according to the National Center for Education Statistics. They represented 42% of all students in 2011, up from only 28% in 1970. If you're considering a return to college to finish a degree or enhance your skills, the Massachusetts Society of CPAs offers ideas and tips to help get you on your way.

Consider the Value

If you're not sure whether or not more school is worth your time and money, the answer is usually a resounding yes. Recent college graduates who work full time made roughly \$17,500 more than employed young adults with only a high school diploma, according to a Pew Research Center study, which also found that a college degree was an asset to workers of any generation.

File Your FAFSA

The first step to being considered for financial aid is to fill out the Free Application for Federal Student Aid, known as the FAFSA. It's used by most colleges to determine eligibility for financial aid. If you have questions about the form and financial aid in general, be sure to turn to your CPA for help.

Scrutinize Subsidies & Scholarships

Federal student loan programs, such as Stafford loans for students enrolled at least half time, are open to students of any age. And since you are most likely not dependent on your parents, you may be able to qualify for a higher Stafford loan amount. If you can prove financial need, you may be eligible for a subsidized Stafford loan for up to \$5,500 annually, depending on your grade level, and the federal government will pay the interest for you until you leave school. If you can't establish financial need, you can apply for an unsubsidized loan for up to \$12,500 annually, but instead of the federal government paying the interest while you're in school, interest will accrue and be added to your loan balance. The interest rate for either kind of loan for 2014-15 is 4.66% for undergraduate students. In shopping for scholarships, keep an eye out for those specifically intended for older or other nontraditional students.

Tap the 529

Many parents spend years accumulating savings for their children in the tax-advantaged 529 savings plan, which allows you to rack up dividends and interest on your savings tax free. What happens if your child gets a full scholarship to college or decides not to go? The good news is that you can change the designated beneficiary for the account and name yourself. Remember that in order to avoid tax consequences, the money you withdraw must be spent on qualified education expenses. Those expenses include tuition, fees, room, board, and required books, supplies, and equipment.

Cash in on Credits

If you qualify, the aptly named Lifetime Learning Credit provides a credit of up to 20% of your qualified education expenses, up to a maximum of \$2,000. It can even be used for just one class at an eligible college or university. In addition, the American Opportunity Credit will cover up to 100 % of the first \$2,000 of qualified education expenses you pay and 25% of the next \$2,000 of qualified education expenses you pay. With the AOC, you must be enrolled at least half-time in a qualifying institution. While there are no age restrictions for either credit, note that your income could affect your eligibility and what you receive.

Your CPA Can Help

Seeking help to assess the financial pros and cons of college after 25? Consult your local CPA for insights and advice. He or she can help you address all your financial concerns.

To find a CPA in your area, contact the MSCPA at 617.556.4000 or

www.mscaonline.org/findcpa.

About the Massachusetts Society of CPAs:

The Massachusetts Society of Certified Public Accountants, Inc. is the state professional association of certified public accountants, representing over 11,000 members in public accounting practice, industry and business, government and education. The Society works to develop and maintain high professional standards and offers a wide array of legislative, technical and referral services to its members.