

Navigating the Next Chapter: Paying For College



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Congratulations! Your student has been admitted to college... now it is time to pay for it.

This is an exciting time of year when soon-to-be graduating seniors are finding out which schools they have been accepted to and what the next four years of their lives will look like. For parents, there will be a change to the family dynamic, whether you are becoming empty-nesters or if you will now have a table for four versus a table for five. This is an emotional, logistical and economic change that is most successfully navigated when properly planned.



In this guide, we are going to explore strategies to pay for college while balancing your overall financial plan. With thoughtful planning, you can reduce some stress and embrace the excitement of this time in your child's journey.

Choosing A School

Students apply to schools for a host of reasons, anywhere from location, size, programs offered or even the football team. Some families send their children to school for the experience, some send them for specific training to be ready for a career. Assuming your student is choosing between a few options, there are many things to weigh. At Breakwater Capital Group, we believe that Cost of Attendance of one school versus another should certainly be part of the decision-making process. When our clients are faced with the decision of how exactly to pay for school, that is where we help them develop a customized strategy. Some clients will use loans and others might consider diverting money away from retirement as a means to help their students' educational dreams come true. It really comes down to "the math" and also prioritizing what is most important to the families. Some questions to consider:

- Who is taking on the debt and what might the payments look like post-college?
- Does taking on debt prevent the student from achieving other financial goals like saving for their retirement or building up a downpayment for a home of their own?
- Does taking on debt limit the parent's ability to retire or negatively impact options in retirement?
- Could we divert current retirement savings toward college and still retire on time and in style?
- How much can we pay out of pocket or from what we have saved?
- How should we use 529 savings to pay tuition?
- How much can parents really pay vs. what will the student have to pay?
- Does it make sense to take on significant debt at a private school if a likely major will lead to a lower paying job?



Impact on Family Finances

Funding college is a goal that many strive for, but it is often poorly planned and not adequately prepared for financially. At Breakwater Capital Group, we believe that college savings need to be incorporated into a broader financial plan. According to [NerdWallet](#), U.S. student loan debt totals \$1.77 trillion, and the average undergraduate borrower owes \$29,300. While every family would love a full athletic or academic scholarship, there are relatively few awarded on a year-to-year basis. Some families planned ahead and have fully funded accounts enabling them to pay from 529s, investments and savings and others will need to rely on some combination of the options below. Our goal is to help families meet this financial challenge head on and in a way that best suits their needs and allows them to be well informed as they make this investment in their student's education.



“Most student-athletes do not receive a full-ride scholarship—in fact, only 1 percent do. Still, full-ride scholarships are the goal for many athletes, as they typically cover tuition and fees, books, room and board, supplies, and sometimes even living expenses.”

-NCSASports

Ways to Pay for College



Some of the options below are more favorable as they are either more available, don't have to be paid back or may have options to be forgiven after a period of time. Usually, it's not a single option, but a customized combination of the options that make up a successful family financial plan. Financial planning should help families identify the available options and determine how to manage them effectively to maximize the benefits.

1. Scholarships (Money that does not have to be paid back)

- *Merit-based*: Awarded for academic, athletic, artistic, or other achievements.
- *Need-based*: Given to students with financial need.
- *Identity-based*: Provided by organizations supporting specific demographics (e.g., first-generation students, minority groups).
- *Career-based*: For students pursuing certain fields (e.g., STEM, teaching, nursing).
- *Local scholarships*: Offered by community groups such as Rotary, chamber of commerce, businesses, or high schools.

2. Grants (Money that does not have to be paid back)

- *Federal Grants* (e.g., *Pell Grant*): Based on financial need.
- *State Grants*: Offered by state governments, often for in-state students.
- *Institutional Grants*: Provided by colleges and universities based on need or merit. These can be found at both public and private institutions.

3. Work-Study Programs (Earned Money)

- A federal program allowing students to work part-time jobs (on or off campus) to help pay for tuition and living expenses.

4. Savings & Personal Funds

- *529 College Savings Plans*: Tax-advantaged savings plans for qualifying educational expenses.
- *Custodial Accounts (UTMA/UGMA)*: Savings accounts, often set up by parents or grandparents for children.
- *Regular Savings*: Personal or family savings and investments.



5. Federal Student Loans (Borrowed Money)

- *Direct Subsidized (Stafford) Loans*: Need-based loans where the government pays interest while in school.
- *Direct Unsubsidized (Stafford) Loans*: Available to all students, but interest accrues immediately.
- *PLUS Loans*: For parents or graduate students, with higher borrowing limits.

6. Private Student Loans (Borrowed Money)

- Offered by banks, credit unions, and online lenders.
- Often require a co-signer and may have higher interest rates than federal loans. These loans are not eligible for any Federal loan forgiveness programs.

7. Employer Assistance

- Some companies provide tuition reimbursement or assistance for employees pursuing higher education.
- Loan repayment programs have also emerged as one of the most sought-after benefits that a company can offer a recent graduate.

8. Military & Government Benefits

- *GI Bill*: Covers education costs for veterans and active-duty military members.
- *ROTC Scholarships*: Provides funding in exchange for military service after graduation.
- *Public Service Loan Forgiveness (PSLF)*: Forgives federal loans for those working in qualifying public service jobs

Financial Aid Offer

A financial award letter (or financial aid offer) is an official document from a college or university outlining the financial aid package a student has been awarded based on need and/or merit. It details the types and amounts of financial assistance available to help cover the cost of attendance. These letters can be appealed after being accepted to a school, if the award is insufficient and does not allow the student to attend.

Here are some tips on what to include in your appeal:

- **Be polite and professional** – You're asking for help, not demanding it.
- **Clearly explain your need** – Provide specific reasons for your request.
- **Show your commitment** – Emphasize your desire to attend the school.
- **Include supporting documentation** – If required, attach proof of financial hardship.
- **Mention competing offers (if applicable)** – Some schools may match or beat offers from other institutions in an effort to attract top talent.

There is no guarantee that a change in family finances or even a more competitive offer from another school will get the college to increase the award, but it absolutely does not hurt to try! If you would like assistance on how to write one of these letters, please reach out.





Investing in Your Education

While it is true that not all majors and all schools offer the same opportunities or outcomes, there remains substantial evidence—despite the disruptions caused by the COVID-19 pandemic—that individuals who are able to attend college and, more importantly, complete a four-year Bachelor's degree continue to experience significantly higher lifetime earnings compared to those without a degree. Even in the face of an evolving job market and economic shifts, the long-term financial benefits of a Bachelor's degree remain compelling. Graduates tend to secure higher-paying positions, enjoy greater job stability, and have more opportunities for career advancement, all of which contribute to a stronger financial foundation over the course of their lives. This trend holds true across a range of industries and professions, demonstrating that the value of completing a degree extends far beyond just the academic experience—it is a critical factor in shaping future economic success and upward mobility.

*Return on Investment:
Lifetime Earnings by
Level of Education*

HIGH SCHOOL
DIPLOMA \$1,600,000

SOME COLLEGE \$1,900,000

ASSOCIATE'S DEGREE \$2,000,000

BACHELOR'S DEGREE \$2,800,000

Source: The College Payoff, Georgetown University Center on Education and the Workforce, 2021.

Investing in Your Education

The graphs below are from payscale.com and are a list of top majors and top colleges/universities making many of them the best Return on Investments (ROIs) when it comes to schooling post high school. By no means is the list below comprehensive, it is only meant to illustrate averages. These are not meant to be all encompassing or capture outliers at the top of one's field. College attendance is not solely a "business decision" but it should be considered as a factor. Can you get a quality education for less? Is it worth going to a mid-tier private school for double what you would have to pay at a strong state school? Beyond the emotional desire to attend one school versus another, there is also the Return on Investment (ROI) to consider. If there is a great reputation, alumni network, or program that will make a larger investment in a degree. Consider the data below with regard to top earning careers and also top earning colleges.

Rank ▲	Major ▼	Degree Type	Early Career Pay ⓘ ▼	Mid-Career Pay ⓘ ▼	% High Meaning ⓘ ▼
1	Petroleum Engineering	Bachelors	\$98,100	\$212,100	60%
2	Operations Research & Industrial Engineering	Bachelors	\$101,200	\$202,600	21%
3	Electrical Engineering & Computer Science (EECS)	Bachelors	\$128,500	\$192,300	45%
4	Interaction Design	Bachelors	\$77,400	\$178,800	55%
5	Building Science	Bachelors	\$71,100	\$172,400	46%
6	Applied Economics and Management	Bachelors	\$81,200	\$169,300	47%
7	Actuarial Mathematics	Bachelors	\$71,200	\$167,500	48%
8	Optical Science & Engineering	Bachelors	\$81,500	\$166,400	73%
9	Quantitative Economics	Bachelors	\$78,400	\$165,100	43%
10	Operations Research	Bachelors	\$94,900	\$164,900	56%



What's Next

The college process is a complex one that requires patience, diligence and planning. Getting accepted is a major hurdle but it is not the final hurdle in the educational race. Creating an individualized plan that works for your family is not an easy task, especially if it is not an area of expertise. Engaging with a planner to create an effective and sustainable strategy can help ensure that both students and parents make informed financial decisions. At **Breakwater Capital Group**, we work with families to navigate this process, balancing the cost of education with long-term financial health. Whether it's optimizing savings, managing loan repayment, or appealing financial aid offers, we aim to provide clarity and confidence in this significant investment. With the right planning, paying for college doesn't have to feel overwhelming—it can be a well-executed step toward a brighter future. Taking proactive steps now with a trusted financial planner can make a significant difference in securing the resources needed to help your child achieve educational success without unnecessary financial strain.



Thomas J. Mullen, CFP®, CFSLA
Partner, Chief Operating Officer, Sr. Wealth Management Advisor

Tom has been a Certified Financial Planner, CFP® since 2005 and also attained the College Funding & Student Loan Advisor, (CFSLA). The CFP® is foundational to the broad based planning that Tom and Breakwater Capital Group provide. The CFSLA allows Tom to specialize in an area that proves to be a financial challenge for many families and young professionals.

✉ Thomas.Mullen@breakwatercapitalgroup.com
☎ (339) 502-4200

Disclosures:

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