



# Taylor Financial Group's Monthly Planning Letter



## Back to School Month

### August is Back to School Month at Taylor Financial Group

We can't believe that the lazy days of summer will be coming to an end shortly. We hope that you have all been enjoying your summer with friends and family. Don't forget to share your fun adventures with us!

As summer draws to a close and we get ready to see our children (and grandchildren) go back to school, we have prepared this short newsletter to provide you with a few tips to get financially ready for the coming school year.

We hope that all of our friends and clients find this Monthly Planning Letter informative and helpful. Should you have any questions, please do not hesitate to contact our office.

Debbie

### Monthly Planning

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## Are your children or grandchildren headed off to college? In the event they require medical care, would the doctor speak with you?

The Health Insurance Portability and Accountability Act (HIPAA) sets strict privacy rules, which can make it difficult to get medical information about elderly parents, special-needs children, or any child over 18 years of age. Family members need to sign a HIPAA form titled "Authorization for Use and Disclosure of Protected Health Information" in order to speak with doctor's offices, hospitals, and even some colleges on behalf of someone else.

Should something happen without authorization to your child while away at school, it may be difficult to obtain information from doctors, and even the school. Don't be caught off guard. You should have a signed authorization form on file with your primary care doctor, or even have a blanket form signed in case of an emergency.

We attach a standard HIPAA release form to the end of this newsletter. You should have a signed form on file for your elderly parents, children over the age of 18, and any other adults for whom you may need to speak with a medical practitioner.

## Do you have young children? Do you have grandchildren who you would like to help with the cost of their college education? What better time to make a contribution to a Section 529 College Savings Plan than now?

Are you considering setting aside money and investing it for your children's future college education? Do you have an existing UTMA or UGMA account for your child that you are adding additional funds to? Aside from the tax deferral and control benefits of Section 529 Plans, assets in an UTMA and UGMA account can harm your child's ability to qualify for financial aid or subsidized loans. When applying for student loans and aid, 35% of assets held in UTMA and UGMA accounts are considered the student's while only 5.6% of assets held in Section 529 Plans are. This means that you can save almost 6 times as much in a Section 529 Plan than you can in a UTMA or UGMA account without affecting your child's loans or financial aid.

Look at some of these other potential benefits of a Section 529 Plan:

- 1) Though your contributions are not deductible on your Federal Return, any earnings accumulate tax-deferred, and distributions to pay for qualified college costs are Federally income tax-free!\*
- 2) Certain states do offer tax deductions for contributions and an income exemption on withdrawals, but New Jersey does not. However, the money grows tax deferred and can be withdrawn tax-free if used to pay for qualifying expenses such as college tuition or room and board.
- 3) You retain control of the funds so you don't have to worry about the funds not being used for college expenses!
- 4) Flexibility! If your child receives a scholarship, or does not go to college, the money can be transferred to another member of the family.

Delaying saving for your child's college education can be costly. Assuming a \$40,000.00 annual college cost growing by 4% per year, it would cost more than \$340,000 to educate a child born today. Assuming that you begin saving today and achieve a 7% rate of return,\*\* you can fund this education expense by saving \$799 per month. If you delay saving until the child is eight years old, you would need to save \$1,790 per month!

5)

\*Tax treatment at the state level may vary. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. Please consult with your tax adviser before investing. Prior to investing in a 529 Plan, investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. If withdrawals are used for purposes other than higher education, the earnings will be subject to a 10% federal tax penalty in addition to federal and, if applicable, state income tax. \*\*Returns are hypothetical and not indicative of any particular investment.

## Major changes to the FAFSA application process for 2017

For 2017-2018 applications, there have been significant changes to the FAFSA application process. One major change is that students can now submit their FAFSA earlier than before. Originally, the FAFSA could only be filed on January 1<sup>st</sup> of the application year, but a recent change will allow students to apply as early as October 1<sup>st</sup> of the previous year. For example, students have been able to submit their 2017-2018 FAFSA as of October 1<sup>st</sup>, 2016 where in the past, they would've had to wait until January 1<sup>st</sup>, 2017. For students depending on financial aid to make their commitment decisions, this will go a long way to speed up the process and ease their stress!

Another significant change that is being implemented this year is that students will now have to report earlier income information. In the past, students would have to provide the previous year's tax return when submitting the application, but with this change, students will provide tax returns from two years prior (which are more readily available) instead. For example, for 2017-2018 applications, students will need to submit their 2015 income tax return (and parent's, if appropriate) when completing the FAFSA. See below a quick chart to help summarize these two changes.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU WILL SUBMIT THE FAFSA	YOU CAN SUBMIT THE FAFSA FROM	USING INCOME AND TAX INFORMATION FROM
JULY 1, 2017 – JUNE 30, 2018	2017–18	OCT. 1, 2016 – JUNE 30, 2018	2015
JULY 1, 2018 – JUNE 30, 2019	2018–19	OCT. 1, 2017 – JUNE 30, 2019	2016

## Delay those large lump sum tuition bills!

Did you know that many schools offer tuition payment plans to help spread the cost of tuition over several months rather than one lump sum? These tuition payment plans typically are offered for a nominal processing fee and can help reduce the burden of large tuition bills. Rather than having to pay potentially tens of thousands of dollars upfront, the tuition can be paid off in monthly increments throughout the semester.

For parents paying college tuition costs from Section 529 Savings Plans, or their own savings and investments, paying in one lump sum comes with an opportunity cost. For example, if you need to pay \$20,000 for tuition and decide to use a payment program, the money you didn't have to use immediately can stay in your savings and investment account(s) for longer and potentially grow. It is important to remember that college payment programs vary in cost and length of time based on the institution, so be sure to call the finance office of the college and don't hesitate to contact our office should you have any questions.

## Financing College? Look for the best rates!

A popular option for financing tuition costs is to file the FAFSA and get federal subsidized loans (if eligible). The Stafford Direct Unsubsidized and Subsidized loans are a great resource to access low-interest loans. However, these loans don't always cover the full cost of tuition. One popular option is to cover the remaining expense with Federal Plus Loans which have an 8% annual interest rate. However, using a private loan, or even a home equity loan, can provide much more competitive interest rates. Students and parents should also be aware that student loans can also be consolidated and refinanced. Popular companies such as SoFi and Citizen Bank specialize in loan refinancing and can be a great resource for lowering interest rates for graduates on their existing loans.

## How does your school stack up?

Each year Money Magazine ranks colleges and universities on a number of criteria including the quality of education, affordability, and outcomes (i.e. post-graduation job placement). How does your college or university measure up? Click [here](#) to learn more about Money Magazine's methodology and to see the rankings.

## Buying Textbooks? Save Money by Purchasing Used Books!

One of the easiest ways to reduce the cost of textbooks is to purchase used books. When purchasing textbooks, be sure to check eBay and half.com for deals.



Buying used textbooks is a great option, but sometimes textbook rentals may be an even more cost effective route to take. Websites such as Textbookrentals.com and Chegg.com can not only save you hundreds of dollars up front, but can also save your student from having to try to sell their textbooks back after classes have finished, only to find out that they aren't being repurchased.



## Back to School Shopping?



Frustrated by how much you spend on school supplies? You would be surprised how much less you will find yourself buying when you take a few moments to take stock of what school supplies you have in inventory, write a list of what you need, and stick to it! And as the back to school craze starts, there are bound to be deals posted on websites such as Groupon and Living Social.

## Are you a Veteran with a College-Aged Child?

Effective July 1, 2015, a new law expands public institutions' in-state tuition rates to dependents of veterans living out of state. These benefits can be extensive as in the 2016-2017 school year the average in-state tuition bill was \$9,583 compared to \$24,326 for out-of-state residents (College Board).

## Always apply for Merit-Based Aid and Scholarships!

Merit-Based Aid and Grants are uneven. Some states grant awards entirely based upon financial need while others grant awards entirely on the merits of the applicants' grades and achievements. The cost of applying is nothing more than the time it takes to write an essay and fill out an application. Your children should always apply for Merit-Based Aid! Click here to check Money Magazine's college rankings to see what percentage of students receive merit based awards at each college and university.

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## HIPAA Privacy Authorization Form

### \*\*Authorization for Use or Disclosure of Protected Health Information

(Required by the Health Insurance Portability and Accountability Act, 45 C.F.R. Parts 160 and 164)\*\*

#### \*\*1. Authorization\*\*

I authorize \_\_\_\_\_ (healthcare provider) to use and disclose the protected health information described below to \_\_\_\_\_ (individual seeking the information).

#### \*\*2. Effective Period\*\*

This authorization for release of information covers the period of healthcare from:

a. ☐ \_\_\_\_\_ to \_\_\_\_\_.

**\*\*OR\*\***

b. ☐ all past, present, and future periods.

#### \*\*3. Extent of Authorization\*\*

a. ☐ I authorize the release of my complete health record (including records relating to mental healthcare, communicable diseases, HIV or AIDS, and treatment of alcohol or drug abuse).

**\*\*OR\*\***

b. ☐ I authorize the release of my complete health record with the exception of the following information:

☐ Mental health records

☐ Communicable diseases (including HIV and AIDS)

☐ Alcohol/drug abuse treatment

☐ Other (please specify): \_\_\_\_\_

The sample HIPAA form is provided as a courtesy and all individuals should consult the appropriate professional prior to use.

4. This medical information may be used by the person I authorize to receive this information for medical treatment or consultation, billing or claims payment, or other purposes as I may direct.

5. This authorization shall be in force and effect until \_\_\_\_\_ (date or event), at which time this authorization expires.

6. I understand that I have the right to revoke this authorization, in writing, at any time. I understand that a revocation is not effective to the extent that any person or entity has already acted in reliance on my authorization or if my authorization was obtained as a condition of obtaining insurance coverage and the insurer has a legal right to contest a claim.

7. I understand that my treatment, payment, enrollment, or eligibility for benefits will not be conditioned on whether I sign this authorization.

8. I understand that information used or disclosed pursuant to this authorization may be disclosed by the recipient and may no longer be protected by federal or state law.

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Signature of patient or personal representative

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Printed name of patient or personal representative and his or her relationship to patient

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Date