

These Big Three Financial Priorities Come Before Paying for College

CFP Board Ambassador offers tips to help families avoid heavy college debt.

This year's federal financial aid forms became available October 1, 2017., opening the door for parents and students to take advantage of \$120 billion worth of federal grants and low-interest loans, according to CFP Board Ambassador Marty L. Reid, CFP®.

"Parents should have a sober conversation about how college is important for their children, but so is graduating without crushing debt, states Marty Reid, CFP®. "Parents also need to set limits and be careful not to destroy their own financial futures by tapping into retirement funding."

Parents who sacrifice their retirement savings for their children's schooling may unintentionally be creating a financial burden for their own children later. If parents don't have enough to retire, they may end up relying on their children to meet their own financial needs.

An increasing number of Americans are on the hook for the younger generations' educations. Older Americans are the fastest growing segment of student loan borrowers, according to a [Consumer Financial Protection Bureau report](#) released this year. From 2005 to 2015, the number of Americans age 60 or older with one or more student loans quadrupled from about 700,000 to 2.8 million, and average debt load owed by an older borrower roughly doubled from \$12,000 to \$23,500. About three in four older borrowers used the loans to finance children's or grandchildren's college educations.

Parents should make sure they have taken care of "the big three," before they turn to college funding, according to Marty Reid. In the latest contribution to [LetsMakeaPlan.org](#), CFP Board lists those priorities:

1. Paying down consumer debt.
2. Establishing an emergency reserve fund.
3. Funding retirement.

[LetsMakeaPlan.org](#) also offers links to help parents find free and low-cost college funding, such as by filing a Free Application for Federal Student Aid.

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