

Is College Still a Good Investment? By Katie Bryan

You may have heard that student loans now top a trillion dollars or that the total amount of student loan debt surpasses the total amount of credit card debt. These numbers can be off-putting and may have you questioning whether college is still a good investment.

But It's Not All Bad News

Last month the Federal Reserve Bank of New York wrote that attending college is still a good investment for your financial future, stating that over their lifetime workers with a bachelor's degree earn over \$1 million more than those with only a high school degree.

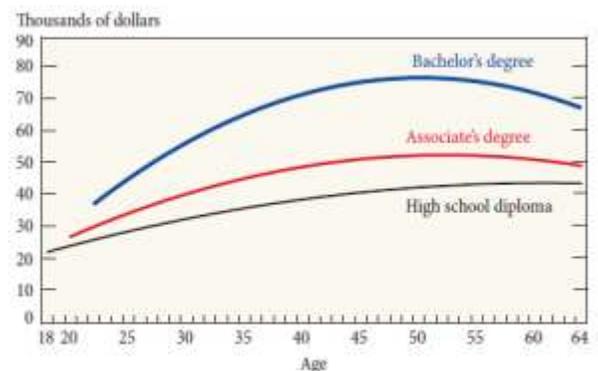
Additionally, students and their parents are increasingly turning to grants and scholarships to pay for college. On average this type of free money now pays for 30% of college costs, up from 25% four years ago, according to [Sallie Mae](#). But parents and students still carry the burden. In the 2013 Sallie Mae study parents covered 36% of college costs and students covered 29% on average. Since it is still such a great investment to attend college, the trick becomes building your savings and finding as much free money as you can to reduce the amount of your loans.

5 Tips for Saving for College

- 1. Start Saving as Soon as Possible** – Even small amounts of saving will build up over time and will reduce the amount of loans you have to pay back later. Two popular ways to save are through [529 plans](#) and [savings bonds](#). There is a lot to know when choosing a savings option, so visit the links to learn more.
- 2. Find Free Money** – This can be the key to saving you thousands of dollars in interest you would need to pay later. There are billions of dollars available to those who put in the effort to apply. Check out StudentAid.ed.gov, go.salliemae.com/scholarship, and <https://bigfuture.collegeboard.org/pay-for-college>.
- 3. Work While You're in School** – Remember that any money you can save or earn before and during college will reduce the amount of loans you need to take and save you money you would pay later.
- 4. Consider Your Options** – College costs a lot. You may have dreamt about going to that Ivy League school since you were young, [but can you afford it?](#) Compare the amount you will need to pay at the colleges you get into. You may find that one school offers you more grants than another.
- 5. Get Tips and Reminders to Save** – America Saves can help students and their parents keep college savings top of mind. Sign up for our [free text message](#) tips and reminders by taking the Pledge to Save and choosing "Education" as your savings goal.

Katie Bryan works for America Saves, managed by the nonprofit Consumer Federation of America (CFA), which seeks to motivate, encourage, and support low- to moderate-income households to save money, reduce debt, and build wealth. Learn more at americasaves.org.

Life-Cycle Wage Profiles, by Education 2013



Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics, Current Population Survey, March Supplement.

Note: Wages are adjusted to control for differences in worker characteristics.