

## Monthly College Savings Strategies for the Holidays and Beyond

Finding the money to invest for college can be a challenge, but with careful budgeting and creative thinking it may surprise you how quickly a little savings can add up. Why wait until 2016 to get started?

The following are month-by-month ideas to help your family “make the grade” when it comes to saving and overall planning for college.



### **DECEMBER: *Unwrap College***



This holiday season, parents, friends and family will spend \$691 per child on gifts<sup>1</sup>. With more than half (57 percent) of parents saying their child will lose interest in their gifts by July, this is the perfect time to consider a life-long gift: a college education<sup>2</sup>. Encourage family and friends to contribute to your child’s college savings fund in lieu of, or as part of, a gift during the holidays. In fact, Fidelity research finds that 87 percent of parents would welcome contributions to their child’s college savings account instead of traditional gifts<sup>3</sup>. Giving has never been easier – you can even ask for contributions online. Check out [Fidelity’s college gifting service](#) to learn more.

### **JANUARY: *New Year’s Resolution – Create a Plan and Save Regularly in a Dedicated Account***



It’s New Year’s resolution time and saving for college is a good one to add to your list. Step one is to evaluate your finances, review college savings priorities and set goals that you can work toward throughout the year. Opening a dedicated college savings account – such as a tax-advantaged 529 plan – can help families save and stick to their goals. In fact, Fidelity research finds that 87 percent of 529 plan owners have a financial plan in place to meet their college savings goals<sup>4</sup>.

### **FEBRUARY: *Make Saving Automatic***



Discipline your savings habits. Check with your college savings plan provider to see if you can automate your college savings contributions so that regular monthly payments are transferred directly from your bank account<sup>5</sup>. Or consult the human resources office at work for help, as many companies offer direct deposit as an option to put part of your paycheck into a college savings account. The easier you make it to save, the less likely you may be tempted to skip a payment.

### **MARCH: *Spring Cleaning – Review Household Finances to Save More for College***



By cleaning out your closets as well as your budget this spring, you could uncover additional funds to boost college savings. Consider a garage sale, or consign clothes or items you no longer use to produce additional money to save for college. Another idea? Review your existing household budget to find new ways to cut back. For instance, packing a daily lunch for work rather than purchasing food could potentially save you \$100 or more a month – dollars that can be redirected to your child’s college savings account as a regular contribution.

### **APRIL: Tax-Time - Increase Monthly Contributions with Extra Tax Dollars**



Tax season could yield additional money to put towards college savings – if you don't use the extra funds to splurge! Consider using a portion of your tax refund check from Uncle Sam to increase regular monthly contributions to your child's college savings plan. Not expecting a refund this year? College dollars saved in a 529 plan can grow over time, and earnings can be used federal income tax free for qualified education expenses like tuition and books down the road.

### **MAY: Graduating from Day Care? Turn Monthly Expenses into Monthly Savings**



Shifting a regular payment toward an investment goal, like saving for college, is a painless way to turn a former expense into savings. Do you have a child starting school in the fall who will no longer require day care? Are you or your spouse changing jobs and eliminating a commute? Redirect money formerly spent on day care payments or transportation costs to college savings. Since the family budget is accustomed to that outflow, saving for your child's education could be an easy transition.

### **JUNE: Have a Summer Baby? Encourage Friends and Family to Help Kick-Start College Savings**



August and July are the two most common months for babies to be born in the U.S.<sup>6</sup> If friends or co-workers are throwing you a baby shower, why not spread the word that you would welcome contributions to your baby's college future? Chances are that gift-givers will appreciate the convenience of writing a check and not having to find a present. For those with older children planning birthday parties, consider asking friends and family to contribute to your child's future education. While it may seem early, college costs continue to rise, so starting to save as early as possible may be the best way to prepare for the cost of higher education.

### **JULY: Create Your Own Family College Savings Matching Program**



Put a little extra in your 529 account each month by taking advantage of cash back credit card rewards. In fact, parents who choose to save for a child's higher education with a Fidelity-managed 529 college savings plan can earn 2 percent back on all eligible purchases through the Fidelity Investments 529 College Rewards card. Cardholders can keep their rewards working for them by linking the card to an account with their Fidelity-managed 529 Plan. From gas fill-ups and groceries to vacations and day-care, families have another opportunity to add to their college savings.

### **AUGUST: Head Back-to-School Early and Do Some Homework of Your Own**



Since most families do not cover 100 percent of college costs with savings alone, it's never too early to start your homework on the [funding options](#) that are available to help finance the difference. Parents of older kids in particular need to take time to understand the ins-and-outs of the financial aid process, as well as the differences between Federal and private loans, scholarships and grants. Familiarize yourself with the Free Application for Federal Student Aid (FAFSA), as well as informational websites such as [FidAid.org](#) and [studentaid.ed.gov](#). Fidelity's [Student Loan Guide](#) can help you get started.

## SEPTEMBER: *It's College Savings Month - [Are You On Track?](#)*



To better understand total college costs and monthly savings needs, take advantage of online planning tools and calculators. By inputting your specific savings goals and projected contributions into a [college planning tool](#), like our [College Savings Quick Check](#), you can get a sense of what your savings plan will require and if your current savings habits are keeping you on track. Other tools are available that compare the benefits of college savings options, looking at features like tax advantages, account maximums and impact on financial aid. Also, consider looking into educational workshops and seminars offered by organizations that specialize in college saving and planning.

## OCTOBER: *Make College a Family Affair - Have 'The Talk' with Your Kids*



As children approach college age, have detailed discussions about the total cost of college and the implications of college choices. The [College Conversations Checklist](#) is a good resource to kick-start these discussions. It's important that teenagers understand how their college-related choices may affect their own financial future, including the potential student loan debt they may face. Seventy-eight percent of families with older children (age 15+) who had conversations about how college can effect earning potential, job prospects and future student loan debt, took action to implement a savings strategy.<sup>7</sup> Asking kids to save some of their own earnings toward future college expenses can get them more engaged and accountable in the college planning process.

## NOVEMBER: *Revisit How You've Invested Your Child's College Savings*



If you have a 529 college savings account, or other investments dedicated to college savings, take this time to revisit your investment strategy to make sure you are properly allocated, factoring in risk tolerance and investing time horizon. Your 529 plan manager or other financial professional can help review your accounts and situation, and work with you to make any adjustments needed to maximize savings and keep you on track.

Remember, how you choose to save for college can be as unique as your child. But, whatever strategies you adopt, starting a savings plan now and saving regularly should increase your chances of meeting this important goal in the future.

### **Need assistance in your college planning? Fidelity can help.**

- ◆ Call us at 1-800-544-1914 for complimentary access to dedicated college planning representatives
- ◆ Get our Viewpoints on college planning at [www.fidelity.com/viewpoints/college-planning](http://www.fidelity.com/viewpoints/college-planning)
- ◆ Access our College Savings Resource Center at [www.fidelity.com/saving-for-college/overview](http://www.fidelity.com/saving-for-college/overview)
- ◆ Find a Fidelity Investor Center near you at [www.fidelity.com/branchlocator/](http://www.fidelity.com/branchlocator/)
- ◆ Ask friends and family to contribute to your child's college savings fund at [www.fidelity.com/529-plans/college-gifting](http://www.fidelity.com/529-plans/college-gifting)

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<sup>1</sup> 2015 Holiday Gifting Snapshot, Fidelity Investments, December 2015

<sup>2</sup> 2015 Holiday Gifting Snapshot, Fidelity Investments, December 2015

<sup>3</sup> 2015 Holiday Gifting Snapshot, Fidelity Investments, December 2015

<sup>4</sup> [2015 College Savings Indicator Study](#), Fidelity Investments, September 2015

<sup>5</sup> Periodic investment plans do not assure a profit nor protect against a loss in declining markets.

<sup>6</sup> [Provisional data from the National Vital Statistics System, National Center for Health Statistics, Centers for Disease Control and Prevention](#), June 2013.

<sup>7</sup> [2015 College Savings Indicator Study](#), Fidelity Investments, September 2015