If you’re not as far along as you’d like to be in saving for a child’s college education, take heart. These tactics may help get you back on track.

If your child is close to college age and you haven’t saved as much as you’d hoped, the education savings program team at Merrill Lynch offers some strategies to help you catch up. Consider these tactics to help you manage college costs without breaking your budget or taking on too much debt.

**Haven’t saved enough? You’re not alone.**
More than half of the parents surveyed by the College Savings Foundation said they had less than $5,000 saved for their child’s college education.

24% of parents have saved less than $5,000
28% of parents have saved nothing

Source: College Savings Foundation: 2015 Executive Summary

**Set realistic expectations for what you’re willing to pay.**
You may need to realign your expectations with how much you can afford to pay, says Richard Polimeni, director, education savings programs, Merrill Lynch.

For instance, if your child wants to go to a school that has a price tag of $40,000 per year, you’ll need to look at whether that’s a realistic option right now. Going there may require that the student get a part-time job, live at home or consider a work-study program at the school he or she is thinking of attending.

**Key Points**
- It’s never too late to find solutions to cover college expenses; many options are available.
- Even if your student is only two or three years away, you can build a realistic college funding plan.
- Get your child involved in sharing the costs and see if your family is willing to help.

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Students take steps to control college costs

Parents aren’t the only ones taking steps to make college more affordable, students are just as involved.

Tap into the generosity of family and friends.

Polimeni says he and his team also are seeing more grandparents who want to help fund a child’s education in one of two ways: Each grandparent can gift $14,000 a year to a grandchild’s 529 college savings plan and not incur a federal gift tax or affect their lifetime unified credit for estate planning. Or they can pay their grandchild’s tuition bill directly to the college or university.

“For grandparents who have the means to give money to their grandchildren, what better way to do it than to help put them through school?” he says. “At least they know it’s going to a good cause and it’s a wonderful legacy.”

“Other family members and friends might like to be involved in the process too,” says Polimeni. Instead of spending money on holiday, birthday or graduation gifts, it all can go right to a 529 account.

Consider a community college for the first two years.

One strategy parents are increasingly using to reduce current college costs is sending their children to less expensive public schools or community colleges for the first two years and then having them transfer to four-year schools for their bachelor’s degrees. “Because most of the credits from the basic two-year community colleges will transfer — and you’re paying a fraction of the cost for them — this can cut the cost substantially,” says Polimeni.

Explore grants and scholarships.

While some parents may qualify for needs-based financial aid, it usually covers only a relatively small portion of the overall cost of college, Polimeni says. But there also are thousands of private scholarships available to help fill the gap. You just need to know how to find them and apply for them.

He suggests going to sites like collegescholarships.org or finaid.org to simplify the discovery process.

Have a frank discussion about cost sharing.

“Changing the focus from ‘How do I cover all of it’ to ‘How much can I afford to cover’ allows you to get your student involved in looking at ways to supplement what you can afford to pay by sharing costs,” says Polimeni. Having this conversation also can give you a better sense of what your child is willing to contribute and what options he or she can consider, he says.

“While the trend today is for parents to save more and save sooner, they also expect their kids to pick up some portion of the cost,” Polimeni says. “They don’t want them to be burdened with debt, but they do want them to have some skin in the game.”

Fortunately, most high school students are just fine with that. More than 82% say they believe it is their responsibility to pay for at least part of their higher education.1

Another option for students who are cost sharing: taking a “gap year” between high school and college so they can work to save money toward college expenses. Many colleges will allow students who are accepted to defer entry for a year, so this might be a possibility for some college-bound seniors.
Apply for financial aid.
If you have a higher income or own more assets, you may not think that you’ll be eligible for financial aid. But you may still want to apply for it, just in case, says Polimeni.

The calculation of the amount you qualify for is based on the information you provide on the government’s Free Application for Federal Student Aid (FAFSA) form. It’s a complex formula based on a lot of factors, Polimeni explains. “So it’s not only how much you have saved and how much you make, but how much the school that your child wants to go to costs and how many children in the household will be in school at the same time,” he says.

Use loans if you must, but cautiously.
“The reality is that for many people at least some portion of their educational costs are probably going to be borrowed, whether the student is borrowing or the parents,” Polimeni says. “The goal is to use loans to the extent absolutely necessary as a last resort.”

Getting a late start on planning and saving for college means you and your student may need to make some hard decisions about how much you can afford to spend and do some work to discover what resources, people and programs you can tap to fill the gap. But the end result — a nearly debt-free, self-reliant college grad who is ready to meet the world’s challenges head on — is worth the extra effort.

How Merrill Edge® can help
Visit merrilledge.com/collegesavings to learn about:

• Saving and investing methods trending with parents
• How most Americans pay for college
• Hidden benefits of 529 college savings plans

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