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Average Cost of College & Tuition

Last Updated: June 26, 2021 by Melanie Hanson

Report Highlights. The average cost of college in the United States is **$35,720** per student per year. The cost has tripled in 20 years, with an annual growth rate of 6.8%.

- The average in-state student attending a public 4-year institution spends **$25,615** for one academic year.
- The average cost of in-state tuition alone is **$9,580**; out-of-state tuition averages **$27,437**.
- The average traditional private university student spends a total of **$53,949** per academic year, **$37,200** of it on tuition and fees.
- Considering student loan interest and loss of income, the ultimate cost of a bachelor's degree may exceed **$400,000**.

In this report, college refers to any postsecondary educational institution that offers an undergraduate degree program.

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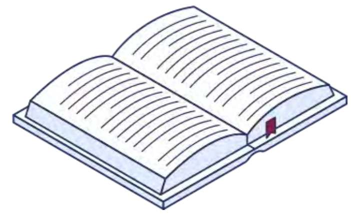


Annual Cost of College

Institution Type		Cost of Tuition		Additional Expenses*	Cost of Attendance
Public	4-year	In-State	$9,580	$16,284	$25,864
		Out-of-State	$27,437	$16,284	$43,721
	2-year	In-State	$3,372	$12,665	$16,037
Private	4-year	Nonprofit	$37,200	$16,749	$53,949
		For-profit	$13,475	$21,073	$34,548
	2-year	Nonprofit	$17,294	$17,262	$34,556
		For-profit	$15,974	$13,984	$29,958

**Additional expenses do not account for potential lost income nor student loan interest.*

Average Total Cost of College

The total cost of college includes more than the cost of attendance (COA), which refers to the total cost of tuition and fees, books and supplies, as well as room and board for those students living on campus.

The average cost of attendance for a student living on campus at a public 4-year in-state institution is **$25,864** per year or $103,456 over 4 years.

Out-of-state students pay $43,721 per year or $174,885 over 4 years; traditional private univeristy students pay $53,949 per year or $215,796 over 4 years.

While 4 years is the traditional period to earn a bachelor’s degree, just **39%** of students graduate within 4 years.

60% of bachelor’s degree earners graduate within 6 years, totaling an average of $155,184 for the cost of attendance.

Students unable to work full-time stand to lose **$39,676** in yearly income.

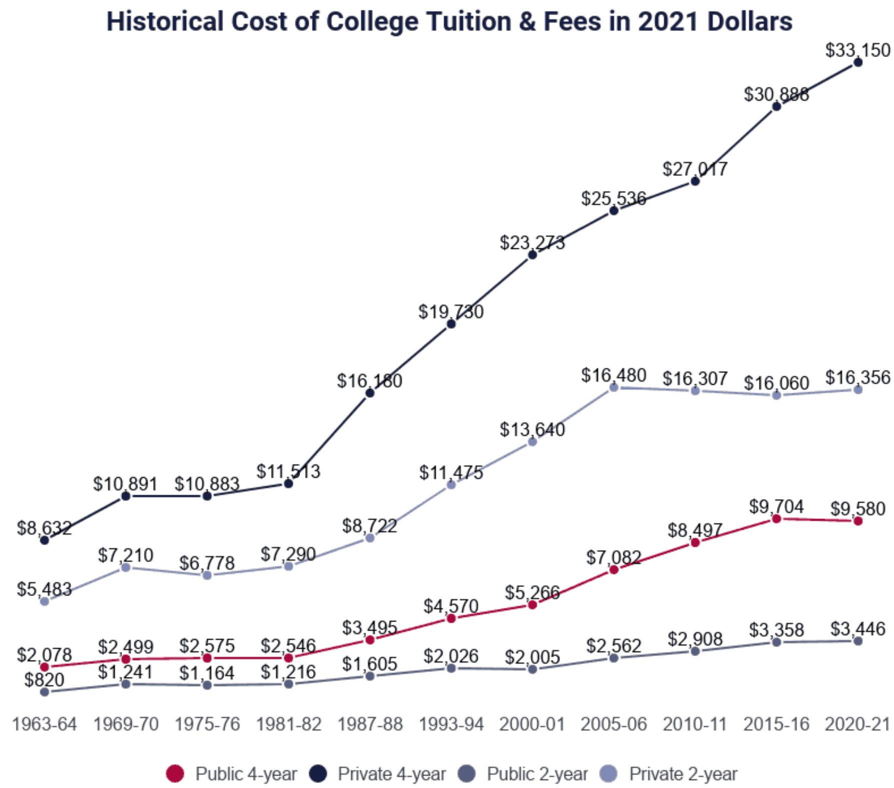
Student borrowers pay an average of **$1,898** in interest each year, and the average student borrower spends **20 years** paying off their loans.

Considering lost income and loan interest, the ultimate price of the average bachelor's degree may be as high as **$400,793**.

Total Cost of a Degree

Institution Type		Total Cost of Tuition		Total Additional Expenses*	Total Cost of Degree
Public	4-year	In-State	$38,320	$65,136	$103,456
		Out-of-State	$109,748	$65,136	$174,884
	2-year	In-state	$6,744	$25,330	$32,074
Private	4-year	Nonprofit	$148,800	$66,996	$215,796
		For-profit	$53,900	$84,292	$138,192
	2-year	Nonprofit	$34,588	$34,524	$69,112
		For-profit	$31,948	$27,968	$59,916

**Additional expenses do not account for potential lost income nor student loan interest.*



Average Cost of Tuition

Tuition and fees make up the bulk of most college students' educational expenses.

- The average cost of attendance at any 4-year institution is $25,362.
- The average cost of tuition at any 4-year institution is $20,471.
  - At public 4-year institutions, the average in-state tuition and required fees total $9,308 per year; out-of-state tuition and fees average $26,427.
  - At private 4-year institutions, the average tuition and fees at a nonprofit college total $35,801 annually; at for-profit institutions, tuition and fees average $15,156 annually.
- The average cost of tuition and fees at any 2-year institution is $6,379.
  - At public 2-year institutions, or community colleges, in-district tuition and fees average $3,412 annually; the

- average for in-state students is $4,444, while out-of-state students pay an average of $8,516.
- At private 2-year institutions, students pay $17,128 in annual tuition and fees to attend nonprofit schools; for-profit colleges charge $15,821.

Among the comparatively few institutions that offer programs of less than 2 years, the average annual tuition and fees are $12,735.

Most institutions designated less-than-2-year are private, for-profit schools.

There are not enough data available regarding these institutions to derive much statistical meaning.

Historical Average Cost of Tuition

In 1963, the annual cost of tuition at a 4-year public college was $243, which is $2,078 when adjusted for inflation.

Adjusting for inflation, the cost of tuition has increased by $7,502 or 361%.

Between 2010 and 2020, the average tuition increase at 2-year colleges was $1,005 or 41.2%.

For 4-year institutions, the average tuition increased 34.3% or by $2,448 at public 4-year institutions and 48.9% or $10,881 at private 4-year institutions.

From 1989 to 2016, college costs increased almost 8 times faster than wages.

In 1963, the cost of a 4-year-degree was $42,220 ($5,144 before inflation).

In 1989, the same degree cost $52,892; by Fall 2020, $101,584 was the price of a bachelor’s degree.

Average Cost of Books & Supplies

Some programs require more expensive materials than others, so the cost of books and supplies varies widely.

- At public 4-year institutions, students pay an average of $1,334 annually on books and supplies.
- Books and supplies at private, non-profit institutions average $1,308; at private, for-profit institutions, the average cost is $1,194.
- At public 2-year institutions, students pay an average of $1,585 each year for books and supplies.
- At private, nonprofit institutions, books and supplies average $1,061; at private, for-profit 2-year colleges, the average cost is $1,393.

Average Cost of Room & Board

The determining factor in the cost of room and board is whether the student lives on or off campus.

- At 4-year institutions, the cost of room and board ranges from $10,216 to $11,945.
    - At public 4-year institutions, students living on campus pay an average of $11,451 annually for room and board; off-campus boarders pay $10,781.
    - At private, nonprofit institutions, on-campus boarders pay an average of $12,682 per academic year; students living off campus pay $9,762.
    - At private, for-profit institutions, on-campus room and board averages $10,654; students living off campus pay an average of $8,027.
- There is wider variation in room and board costs at 2-year institutions.
    - At public 2-year institutions, students living on campus pay an average of $7,165 for their annual room and board; students living off campus pay $9,316.

    - At private, nonprofit 2-year colleges, on-campus boarders pay $11,723 annually; off-campus boarders pay $9,429.
    - Private, for-profit institutions charge $10,369 on average for room and board; students living off campus pay $9,222.

Average Additional Expenses

Necessary living expenses, such as transportation, personal care, and entertainment, may be included in the final total cost of college attendance. These expenses vary according to the local economy as well as the student's housing status.

- Additional expenses at 4-year institutions range from $3,201 to $4,471.
    - Students living on campus at a public 4-year institution pay an average of $3,493 in additional annual expenses.
    - Students who live off campus may expect to pay $4,221 if they do not live with family; for students living with family, additional expenses average $4,253.
    - At private, nonprofit 4-year institutions, students living on campus spend an average of $2,758 on additional expenses.
    - Students living off campus alone or with nonfamily members spend $5,527 on additional living expenses; those living off campus with family spend $4,236.
    - At private, for-profit institutions, additional expenses average $4,748 for students living on campus.
    - Students who live off campus spend an average of $4,254; those who live off campus with family spend $4,497.
- At 2-year institutions, additional expenses average between $3,349 and $4,278.
    - Students living on campus at a public 2-year institution pay an average of $3,401 in additional annual expenses.

- Students living off campus pay $4,197 in additional expenses; students living off campus with family have an average of $4,271 in annual expenses.
- Students living on campus at 2-year private, nonprofit institutions pay an average of $2,650 in additional annual expenses.
- Students living off campus alone or with nonfamily members spend $4,642, while students living off campus with family members spend $4,726.
- Students at private, for-profit 2-year institutions spend an average of $3,773 on additional expenses if they live on campus.
- Students living off campus spend $5,039 if they do not live with family members; students who live off campus with family spend an average of $4,464.

Average Cost of Lost Income

One of the largest expenses for students enrolled in college may be the loss of potential income in time spent studying instead of working.

- The average weekly income for a high school graduate is $763, or $39,676 per year.
- In four years, the average worker with a high school diploma earns $158,704, or $108,649 after taxes.
- 17% of college students have been homeless within the last 12 months.
- 56% of students experience housing insecurity each year.
- Military veteran students are 61% more likely to experience housing insecurity and 23% more likely to experience homelessness.
- 45% of students experience frequent food insecurity.
- Over 50% of students from 2-year institutions and 44% of 4-year students worry about running out of food.

- Nearly 50% of students can not afford balanced meals.

Average Cost of Borrowing for College

Most students borrow money to attend college, later repaying the principal plus interest. All of this compounds the longer the student is in school.

- The average student loan debt is $37,584.
- Each year, 34% of students borrow money to pay for college.
- The average student borrows more than $30,000 to attend school.

See our reports on student loan debt and how to pay for college to learn more.

U.S. Map, Average Tuition at Public Universities

Average College Costs by State

The average cost of in-state tuition and fees varies state-to-state and year-to-year. The range of difference in tuition alone is over $11,000.

- The most expensive public schools are in the Northeast, in and around what is traditionally called New England.
- Many of the most expensive private schools are also in this region.
- The average tuition among the 10 most expensive states for public university is $14,297.
- The least expensive schools are in the South and Plains regions; the least expensive private schools are also predominantly in the South.
- The average tuition among the states with the most reasonably priced public universities is $6,988

Most to Least Expensive In-State Public University Costs

Rank	State	In-State Total	In-State Tuition & Fees	Room & Board	Out-Of-State Tuition & Fees
1	Vermont	$29,541	$17,102	$12,439	$41,145
2	New Hampshire	$28,989	$16,819	$12,170	$30,330
3	New Jersey	$28,305	$14,382	$13,924	$29,529
4	Massachusetts	$27,591	$13,685	$13,906	$31,895
5	Pennsylvania	$27,076	$15,256	$11,819	$29,383
6	Connecticut	$26,989	$13,348	$13,641	$34,720
7	Illinois	$26,233	$14,687	$11,545	$29,378
8	Rhode Island	$25,572	$12,953	$12,619	$30,898
9	Virginia	$25,227	$13,815	$11,412	$35,937
10	Delaware	$24,150	$10,925	$13,225	$31,317
11	Michigan	$24,077	$13,275	$10,803	$36,919
12	South Carolina	$23,806	$13,403	$10,403	$33,139
13	Arizona	$23,798	$10,986	$12,812	$27,174
14	New York	$23,745	$8,430	$15,315	$22,745
15	California	$23,344	$8,362	$14,982	$32,366
16	Oregon	$23,263	$10,595	$12,668	$31,857
17	Ohio	$22,818	$10,370	$12,448	$25,188
18	Maryland	$22,552	$9,807	$12,745	$27,689
19	Colorado	$22,523	$9,676	$12,846	$31,044
20	Hawaii	$22,521	$10,251	$12,271	$32,528
21	Kentucky	$21,952	$10,994	$10,958	$26,193
22	Minnesota	$21,486	$11,722	$9,764	$23,463

Rank	State	In-State Total	In-State Tuition & Fees	Room & Board	Out-Of-State Tuition & Fees
–	**National Average**	$21,216	$9,488	$11,728	$27,173
23	Maine	$20,801	$10,228	$10,573	$28,567
24	Iowa	$20,726	$10,265	$10,462	$25,257
25	Alabama	$20,581	$10,442	$10,139	$26,555
26	Indiana	$20,348	$9,502	$10,846	$29,965
27	Tennessee	$20,304	$10,083	$10,222	$26,850
28	Alaska	$20,150	$8,648	$11,502	$25,188
29	Nebraska	$20,138	$8,721	$11,417	$22,161
30	Washington	$19,850	$7,247	$12,603	$30,105
31	Louisiana	$19,782	$9,639	$10,143	$22,874
32	Texas	$19,342	$8,938	$10,404	$25,782
33	Kansas	$19,177	$9,209	$9,968	$24,001
34	West Virginia	$19,015	$8,256	$10,758	$22,656
35	Mississippi	$18,943	$8,590	$10,353	$20,540
36	Missouri	$18,665	$8,811	$9,855	$20,511
37	Georgia	$18,543	$7,539	$11,003	$23,434
38	Arkansas	$18,516	$8,643	$9,874	$21,450
39	Nevada	$18,028	$6,020	$12,008	$21,759
40	North Carolina	$17,821	$7,389	$10,432	$23,657
41	Wisconsin	$17,687	$8,958	$8,729	$25,815
42	South Dakota	$17,352	$9,035	$8,318	$12,839
43	Oklahoma	$17,234	$8,102	$9,132	$22,172
44	North Dakota	$17,168	$8,334	$8,834	$16,032

Rank	State	In-State Total	In-State Tuition & Fees	Room & Board	Out-Of-State Tuition & Fees
45	Montana	$17,102	$7,181	$9,920	$25,215
46	New Mexico	$16,744	$7,109	$9,635	$18,901
47	Idaho	$16,618	$7,814	$8,804	$24,566
48	Florida	$15,511	$4,576	$10,934	$19,010
49	Wyoming	$15,078	$4,734	$10,344	$14,696
50	Utah	$14,821	$6,933	$7,888	$22,204
51	District of Columbia	–	$6,065	–	$12,788

2019 values updated for 2021

Most Expensive Private Colleges

Least Expensive Private Colleges

Analysis: Room and Board On and Off Campus

Living expenses are the second-largest cost of college after tuition and fees. Whether it is less expensive to live on or off campus depends on local rental markets. At Stanford University – located at the center of the San Francisco and San José urban sprawl – students would pay over $24,350 for a shared, off-campus apartment; room and board on campus, however, would cost $19,796 for an academic year. Nearly *60 percent* of colleges do not accurately represent off-campus living costs. The University of California-Berkeley estimated a student would pay a median price of $14,360 per academic year (approx. 8 months) to live off-campus. In fact, it would cost a student $15,176 with a roommate in a two-bedroom apartment, adding $816 to their annual budget.

87% of students live off-campus.

Room and board charges have doubled at four-year colleges even after adjusting for inflation.

In 1980, the average cost of room and board (adjusted for inflation) was $4,800 compared to $9,798 in 2014.

Between 2003 and 2014, increases for room charges at 4-year colleges outpaced the growth of rent prices.

In 2003 the average college room charge was 29% under median rent.

In 2014, the average college room charge was only 7% under median rent.

Cost of College to Taxpayers

Most public institutions receive funding from state and local governments. Colleges also receive federal funding through financial aid to students.

In 2017, local and state governments spent approximately 10% or $297 billion on higher education compared to 1977, when these expenditures were closer to $105 billion (after adjusting for inflation).

98% of state funding for higher education funding and 78% of federal higher education funding went to public institutions.

For most states, this was the third-largest expenditure, behind elementary/secondary education and public welfare.

88% of this spending went towards operational costs, and 12% went towards capital outlays (construction and maintenance).

In 2017, 85% of higher education spending occurred at the state level.

The number of FTE (full-time equivalent) students increased by 45% from 2000 to 2012.

Revenue per FTE student from federal sources increased by 32% compared to a decline in state revenue of 37%.

- Total federal revenue increased from $43 billion to $83 billion (adjusted for inflation).
- Federal loans increased by 375% between 1990 and 2013 compared to 60% enrollment growth.
- As many as 50% of students at 2-year institutions received enough financial aid and grant money to cover tuition and fees.
- Full-time students enrolled at 2-year institutions receive an average of $4,050 in financial aid and grant money.

Analysis: College Cost Variations

The significant difference between in-state tuition and out-of-state tuition at a public college or university is due to regional and state reciprocity agreements. These stipulate requirements for discounted or in-state tuition rates within the regions.

- The Southern Regional Education Board's ***Academic Common Market*** allows residents of 15 member states in-state tuition at any of the participating colleges in any of the other member states—provided the out-of-state school offers a degree program the student could not get in their home state.
- In New England, the ***Regional Student Program*** includes Vermont, Connecticut, Maine, Rhode Island, Massachusetts, and New Hampshire. Like the Academic Common Market, the school must offer a degree program not available in the student's home state.
- Other states offer a reduction of the out-of-state tuition for bordering or regional states, although students are still paying a higher rate than in-state tuition. These include the ***Midwest Student Exchange Program*** and the ***Western Undergraduate Exchange Program***. These programs don't typically require students to pursue a degree that's not offered in their home state.
- Active-duty servicemembers and members of their families may qualify to receive in-state tuition, regardless of whether

- they are permanent residents of the state they are currently stationed in.
- Eighteen states offer in-state tuition for undocumented students, along with other scholarships and financial aid options.
- Three states (Arizona, Georgia, and Indiana) have laws that prohibit colleges in their state from offering in-state tuition to undocumented students.
- Neither Alabama nor Georgia allows undocumented students to enroll in college at all.

***Note**: North Dakota participates in both the Midwest Student Exchange AND the Western Undergraduate Exchange.*

> Even with financial aid, 70% of universities are unaffordable for most working-class and middle-class students.

Analysis: Why is College So Expensive?

Some of the biggest contributors to the increasing costs of attending college include increased demand, increased availability of financial aid, and more amenities designed to attract higher-paying students.

- In 2017, there were 5.1 million more students attending college than there were in 2000.
- Increased availability of financial aid for students represents increased funding from federal sources for institutions.
- For-profit schools charge 75% more in tuition when students are eligible for federal loans.
- Students increasingly attend college away from home.
- Increasingly, colleges are spending more on administrative fees.

Student amenities can account for as much as $3,000 per student per year.

Between 1975 and 2005, the number of administrators had increased by 85% and administrative staffers by over 240%.

Between 1993 and 2007, instructional spending per student increased by 39% compared to 61% increase in administrative spending per student.

Colleges are increasingly hiring adjunct professors (non-tenure track and paid less than full-time professors) to save money.

Between 2003 and 2013, non-tenure track faculty (adjuncts) had increased from 45% to 62% in 4-year schools.

In 2018, 73% of all faculty positions were non-tenure track (adjuncts or yearly contracted).

In 2016, higher-ed institutions hired 21,511 full-time tenure-track faculty compared to 30,865 non-tenure track faculty.

Sources

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2 U.S. Department of Education's College Affordability and Transparency Center

3 Southern Regional Education Board, "Academic Common Market."

4 National Conference of State Legislatures, "Undocumented Student Tuition: Overview."

5 Parent Toolkit, "Public vs. Private Colleges."

6 Federal Student Aid, "Federal Pell Grants."

7 National Center for Education Statistics (NCES), Digest of Education Statistics.

8 NCES, Integrated Postsecondary Education Data System

9 The Future of Statewide College Promise Programs

10 Tuition and State Appropriations

11 Federal and State Funding of Higher Education

12 Many Colleges Miscalculate Off-Campus Housing Costs

13 Does Federal Student Aid Raise Tuition? New Evidence on For-Profit Colleges

14 Education at a Glance 2018: OECD Indicators

15 Federal Student Aid, “FSEOG Grant.”

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19 University of California – Berkeley, Student Budgets (Cost of Attendance)

20 Stanford University, Community Housing: Housing Types and Costs

by Jerilyn Klein Bier, originally posted at https://www.fa-mag.com/news/cash-value-life-insurance-could-be-a-secret-weapon-for-college-savings-51811.html?section=3

Cash Value Life Insurance Could Be A Secret Weapon For College Savings

September is Life Insurance Awareness Month and a wealth advisor with a specialty in college planning wants more nancial advisors and parents to understand how permanent life insurance policies (including whole life and indexed universal life) can help fund college expenses.

Beth Walker, a wealth advisor with Omaha-headquartered Carson Wealth Management and founder of the Center for College Solutions, a consulting rm in Colorado Springs, isn't suggesting parents abandon 529 college savings plans for permanent life insurance contracts (also referred to as cash value contracts) but thinks the strategy deserves a closer look.

According to Walker, almost every permanent life insurance contract includes loan provisions that enable the policyholder to borrow on the cash value that has accumulated. A parent is typically the owner and the insured on policies used to fund college, she said.

The cash value of permanent life insurance contracts is unlikely to sabotage nancial aid awards because it's excluded from the Free Application for Federal Student Aid formula and only a handful of colleges that require the CSS Profile application inquire about the cash value of policies, said Walker.

In addition, policyholders can generally borrow up to 90% of the cash value of their life insurance contracts
"with just the stroke of a pen", she said, without having to qualify or have an appraisal. Both of those steps are required when collateralizing a home equity line of credit to pay for college, she added.

"The flexibility of an insurance line of credit is a phenomenal tool during the college years," said Walker.

She also pointed out that the collateral in cash value contracts continues to compound uninterrupted when loans are taken and policyholders are permitted to repay the loans whenever they wish. Some parents wait until they receive a bonus or until their children graduate college, she said, and others may opt not to repay theloan. Outstanding loan balances are deducted from the payout beneciaries receive following the death of theinsured.

That being said, "I would never advocate that you don't pay it back", said Walker, noting there can be surrender charges and parents might need the payout to fund their retirement.

Putting Policies To Work

Walker has used cash value life insurance as a college funding strategy with more than 30 client families. She has also funded a life insurance policy to pay for her son's college education.

Starting to fund a permanent life insurance policy when the kids are in middle school or younger is "a complete no-brainer," she said, "provided the permanent policy is properly designed." At that stage, parents have many years to build cash value before they'll need to borrow the funds to fund college.

Permanent life policies can still be an attractive way to help parents whose kids are in high school manage cash flow challenges, she said, but at that point the policy will likely be earmarked for retirement.

One of her client families bought a house at the height of the real estate market but has no equity in it because property values subsequently crashed, she said. The parents—highly compensated with good jobs and maxed out on their 401(k) contributions—haven't been able to save much for college for their two children who are now in middle school.

According to Walker, the couple is starting to set aside $1,500 a month for college costs through a permanent life insurance policy. The couple will be able to borrow $30,000 a year from the policy and she has factored in a 4% annual inflation increase during the years the clients' children will be in college. "The rest they'll have to get through student loans and merit-based scholarships," she said. The clients plan to repay the loan to their policy by the time they retire.

When Walker comes across clients who inherit money upon the death of their parents, she often encourages them to put the inheritance into a permanent life insurance policy instead of taking a distribution that could disqualify the grandchildren from receiving financial aid.

Cash value life insurance isn't the college funding answer for everyone with cash-flow challenges, said Walker, noting, "A confident practitioner would need to run scenarios."

She cautioned that permanent life insurance is a long-term commitment that shouldn't be taken lightly. "You really have to spend time educating parents," she said. Consumers often don't know enough to ask the right questions, she said, and even people with a license to sell insurance also may not be educated on how it can be used to fund college.

"Because it's a complex tool, with a lot of moving parts, " said Walker, including yearly fees and one-time fees, "you have to really understand what you're doing."

College funding with permanent life insurance

Help your clients gain financial protection and help pay for college

Agent guide

North American Company
for Life and Health Insurance
Since 1886

A financial shield against the unthinkable & a way to help pay tuition costs

The primary purpose of life insurance is to provide a death benefit to beneficiaries. It can be designed to meet your clients' changing needs with features such as a flexible death benefit and flexible premiums. The death benefit protection can make life insurance an attractive choice for establishing a self-completing plan to help fund a college education.

Earning a college degree today can now cost a significant amount—and that amount continues to rise faster than the rate of inflation.** With the spiraling costs of earning a diploma, your clients should review their options. An option to consider is permanent life insurance. Permanent life insurance provides death benefit protection and a way to potentially accumulate tax-deferred cash value growth.[1]

Two big drivers are creating an interest for using life insurance for death benefit protection and as a possible source for college funding. The first is lack of death benefit protection for many families, and the second is the rising costs of tuition. Consider these facts:

> *Four in 10 households without any life insurance would have immediate trouble paying living expenses if their primary wage earner died.**
>
> *Over the past decade, published tuition and fees for in-state students at public four-year colleges and universities increased at an average rate of 3.1% per year beyond the rate of general inflation.***

With the lack of death benefit protection and the continuing rise of tuition costs, families today need a solution to these two problems. In this guide you'll discover how to help your clients financially protect against the unthinkable while helping supplement their college savings plans with the potential cash value of permanent life insurance.

*2019 Insurance Barometer Study (Life Insurance and Market Research Association [LIMRA] and Life Happens)

**Trends in College Pricing. © 2018 The College Board. www.collegeboard.com.

What's inside

A close look at college funding

Research shows that six in ten Americans are covered by individual life insurance, however 30% know they need more.* Combine this with rising tuition costs, and many families are faced with a challenge.

Life insurance can give families protection should the insured die. His or her family will receive funds to continue their lives. The life insurance in this case may be described as “self completing” with respect to the family’s college savings goal, meaning that the death benefit can be used to complete the college savings plan and help pay for college.

Additionally, with permanent life insurance, cash values may be accessed for other emergency needs if they arise, giving families a comprehensive financial protection strategy.

*Life Insurance and Market Research Association (LIMRA), Life Insurance Awareness Month, September 2015.

Understanding the concept

The first thing to remember is that life insurance provides death benefit protection. The cornerstone of a solid financial plan begins with life insurance. The college funding strategy using life insurance typically includes three parts.

1. Should a premature death occur, the life insurance death benefit could be used to complete the insured’s college savings goal and help pay for college.
2. The second part of the strategy is tax-deferred[1] and potentially tax-free income through policy loans to help supplement your clients’ other saving sources for college.[2]
3. After helping to pay college tuition, your clients can repurpose the policy and use it to help supplement retirement income while continuing to protect the family with the death benefit.

Why life insurance for college funding?

Key advantages

Let's take a look at several advantages of using life insurance for college funding.

- **Immediate death benefit protection.** Your clients can gain immediate death benefit protection from the start. Plus, the proceeds from the policy can help the family pay final expenses, plus help pay for college.
- **Parental stewardship.** The policyowner has control of the policy's potential cash value. Should plans change, the cash value may be used for purposes other than college funding without tax consequences.[2] This same flexibility may not be available with other financial vehicles.
- **Income tax-free death benefit.** When the insured passes away, the death benefit passes generally income tax-free to beneficiaries.[2]
- **Tax-efficient access to potential cash values.** Parents may access funds in a life insurance policy to pay for college expenses on a tax-free basis through loans or withdrawals as long as the policy is not a modified endowment contract (MEC).[3,4]
- **Diversification.** Life insurance offers a way to help clients allocate funds outside of other options, providing a way to spread any potential risk.
- **Tax-deferred growth.** With life insurance, any cash values grow on a tax-deferred basis.[1]

Items to consider

There are many ways to help pay for college tuition costs, and it's important to review several options. A thorough needs-based analysis will help your clients decide on a direction appropriate for their situation.

- **Avoid modified endowment contract (MEC)[4] status.** Weigh the MEC status with other benefits and considerations in the policy. In some circumstances, a policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[3]
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.
- **Insurance charges.** Permanent life insurance policies require monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy.
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Maintaining the death benefit.** Additional premiums may be necessary to continue the desired death benefit, depending on funding.

How it works

Your clients should use personal savings as the main source for college funding. However, a key challenge with personal savings is that if the family's primary breadwinner passes away unexpectedly, personal savings plans may come to an abrupt end. Life insurance can help ensure the funding amount is available to pay for college tuition costs.

Additionally, a client's death doesn't have to be the key trigger event. Permanent life insurance with the opportunity to accumulate cash value may be used to help pay for college costs. A policy such as indexed universal life insurance may generate cash value growth while protecting against downside risk.

The fundamentals of the strategy are quite basic.

- The client purchases a permanent life insurance policy that provides death benefit protection and a way to help accumulate cash value.
- Potential cash value growth is accumulated on a tax-deferred basis.[1]
- Should the client die prematurely, the death benefit may be used to help pay college tuition costs. This event would complete the strategy.
- Alternatively, when it comes time to help pay tuition costs, the client may access the policy's cash values through generally tax-free loans or withdrawals.[3]
- After helping to pay tuition costs, clients may repurpose the policy for other possible needs, like helping to supplement retirement income, while still providing death benefit protection.

Client profile

There are potentially many clients in need of financial protection and a way to help fund the costs of a college education. The typical client profile may include:

- Those with a need for death benefit protection.
- Young families with children up to age 13.
- People concerned about college tuition costs.
- Those who are possibly looking to help supplement income in retirement years.

Why North American?

Turn to North American for help with your college funding cases. In addition to our knowledgeable Sales Development team, you'll gain several benefits including:

- Competitive products. A robust product portfolio that meets your clients' needs for death benefit protection. For clients looking for solutions for college funding in addition to death benefit protection, consider products within our portfolio that can help generate cash value, like indexed universal life insurance (IUL). Here's why to consider IUL:
  - Interest credit is never less than zero percent, subject to cap on interest credits.
  - Clients can choose from several index selections, for cash value growth potential.
  - Our products guarantee that the account value has earned at least a 2.5% average per year calculated from policy issue every ten years.
  - Accelerated death benefits are available to help with living needs should certain conditions be met.
- Fair and consistent underwriting. You can depend on North American to provide fast turnaround times on your submitted business.
- Competitive compensation. Your time and commitment can be well-rewarded with our generous compensation. Plus, we take a collaborative approach to help grow your business and are here to answer your questions and provide guidance along the way.
- Financial stability. Our financial ratings are sound, and private ownership means we're focused on long-term value.[5]
  - A+ (Superior) A.M. Best (2nd of 15 categories)
  - A+ (Strong) Standard & Poor's (5th of 22 categories)
  - A+ (Stable) Fitch Ratings

Resources

Sales development

Phone: 800-800-3656, ext. 10411

Email: salessupport@nacolah.com

Hours: 7:30 a.m. – 5 p.m. CT, Monday through Thursday;
7:30 a.m. – 12:30 p.m. Friday

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

1 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for the client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

2 Neither North American Company for Life and Health Insurance nor its agents give legal or tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

3 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

4 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

5 A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to policyholders. Rating shown reflect the opinion of the rating agency and are not implied warranties of the company's ability to meet its financial obligations. a) A.M. Best rating affirmed on August 2, 2018. For the latest rating, access www.ambest.com Standard & Poor's rating assigned February 26, 2009 and affirmed on September 10, 2018. Awarded to North American Company for Life and Health Insurance® as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company. The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to encourage your clients to make personal savings the cornerstone of your clients' college funding program. However, even a well-conceived savings plan can be vulnerable. Should your clients die prematurely, their savings plan could come to an abrupt end. For detailed information about these companies, their ratings, and to learn more about North American's financial strength, please visit the About Us section of www.NorthAmericanCompany.com. Fitch Ratings, a global leader in financial information services and credit ratings, on April 17, 2019, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings report.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your clients' college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

Products, features, riders, endorsement or issue ages may not be available in all jurisdictions. Restrictions or limitations may apply.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Life

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College Funding with Permanent Life Insurance

Case Study

Help Your Clients Reach Their Goals

QUICK LOOK

The primary purpose of life insurance is to provide a death benefit to beneficiaries. It can also be designed to meet your clients' changing needs with features such as a flexible death benefit and flexible premiums. Death benefit protection can make life insurance an attractive choice for establishing a self-completing plan to help fund a college education. The college funding strategy using life insurance typically includes three parts.

1. Should a premature death occur, the life insurance death benefit could be used to complete the insured's college savings goal and help pay for college.
2. The second part of the plan is tax-deferred[1] and potentially tax-free income through policy loans to supplement your clients' other saving sources for college.[2]
3. After helping to pay college tuition, your clients can reposition the policy and use it to help supplement retirement income while continuing to protect the family with the death benefit.

THE SITUATION

Paul and his wife Molly are proud parents of a six-month-old girl. The couple is eager to start planning for the future and want to put together a strategy to help them meet their future financial needs.

With the added responsibility, they realize that should something happen to Paul, the family's primary source of income, it would be a challenge for Molly to keep up with expenses. With a mortgage, car loans, outstanding student debt, and all of the other household expenses, the couple currently feels financially vulnerable.

Both Paul and Molly are big supporters of a good college education. The couple has decided that they would like to help their daughter through college when the time comes. The couple is well aware of high tuition costs, having student debt themselves. They worry that the costs of a college education will only continue to rise.

A SOLUTION

Paul and Molly meet with a life insurance agent to discuss their need for death benefit protection. Their first priority is life insurance protection. The agent asks several questions and takes a thorough look at the family's finances. The agent presents an option that offers financial protection plus a way to help fund their daughter's education with permanent life insurance.

Is there a way to help Paul and Molly financially protect their family now while helping to fund college for their daughter when the time comes?

A SOLUTION

Life insurance was an unexpected source of college funding for the couple, and they were happy to know they could both financially protect their family now and help provide for their daughter's future later.

Here were the key points covered by their agent:

- **Immediate death benefit protection.** The couple can gain peace of mind from the start with death benefit protection. The money from the policy can help Molly pay expenses and also help with college tuition costs should Paul die prematurely.
- **Parental stewardship.** Paul has control of the policy's potential cash value accumulation. Should his daughter's plans change, the potential cash value accumulation may be used for purposes other than college funding without tax consequences.[3] This same flexibility may not be available with other planning vehicles.
- **Tax-efficient access to potential cash values.** The couple may access funds in their life insurance policy to pay for college expenses generally tax-free through loans or withdrawals as long as the policy is not a modified endowment contract (MEC).[2,4,5]
- **Tax-deferred growth.** With life insurance, cash values can grow on a tax-deferred basis.[1]
- **Diversification.** Life insurance offers a way to help the couple allocate funds outside of other options, providing a way to spread any potential risk. Additionally, permanent life insurance offers protection from downside risk by guaranteeing a minimum credited interest rate.

CONSIDERATIONS

- **Avoid Modified Endowment Contract status (MEC).**[5] Weigh the MEC status with other benefits and considerations in the policy. In some circumstances, a policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[2]
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated. We encourage you to look at a variety of scenarios to see how the life insurance policy performs under different assumptions.
- **Insurance charges.** Permanent life insurance policies require monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy.
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.

Need help with your college funding cases?
Contact Sales Development today at **(800) 800-3656** ext. **10411**
or email **salessupport@nacolah.com.**

1 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for the client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

2 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

3 Neither North American Company for Life and Health Insurance nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

4 Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to encourage your clients to make personal savings the cornerstone of your clients' college funding program. However, even a well-conceived savings plan can be vulnerable. Should your clients die prematurely, their savings plan could come to an abrupt end.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your clients' college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

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Life

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College funding

Client profile

Name: ______________________________ **Agent code:** ______________________

Email: ______________________________ **MGA:** ______________________

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Death benefit protection can make life insurance an attractive choice for establishing a self-completing plan to help fund a college education. Permanent life insurance that can accumulate cash value may be used to help pay for college costs.

Help your clients gain financial protection and help pay for college

If your clients…

- Need life insurance protection
- Have young families with children up to 13 years old
- Are concerned about college tuition costs
- Are possibly looking to help supplement income in retirement years

… College funding with permanent life insurance may be the answer.

List the names of five clients who fit the above profile and whom you would like to help meet their life insurance needs and financial goals.

Client name: ______________________ **Age:** ______ **Gender:** **Tobacco:Y/N** **State:**
Premium amount: ______________________ **Child age:** ______ ______ ______ ______

Client name: ______________________ **Age:** ______ **Gender:** **Tobacco:Y/N** **State:**
Premium amount: ______________________ **Child age:** ______ ______ ______ ______

Client name: ______________________ **Age:** ______ **Gender:** **Tobacco:Y/N** **State:**
Premium amount: ______________________ **Child age:** ______ ______ ______ ______

Client name: ______________________ **Age:** ______ **Gender:** **Tobacco:Y/N** **State:**
Premium amount: ______________________ **Child age:** ______ ______ ______ ______

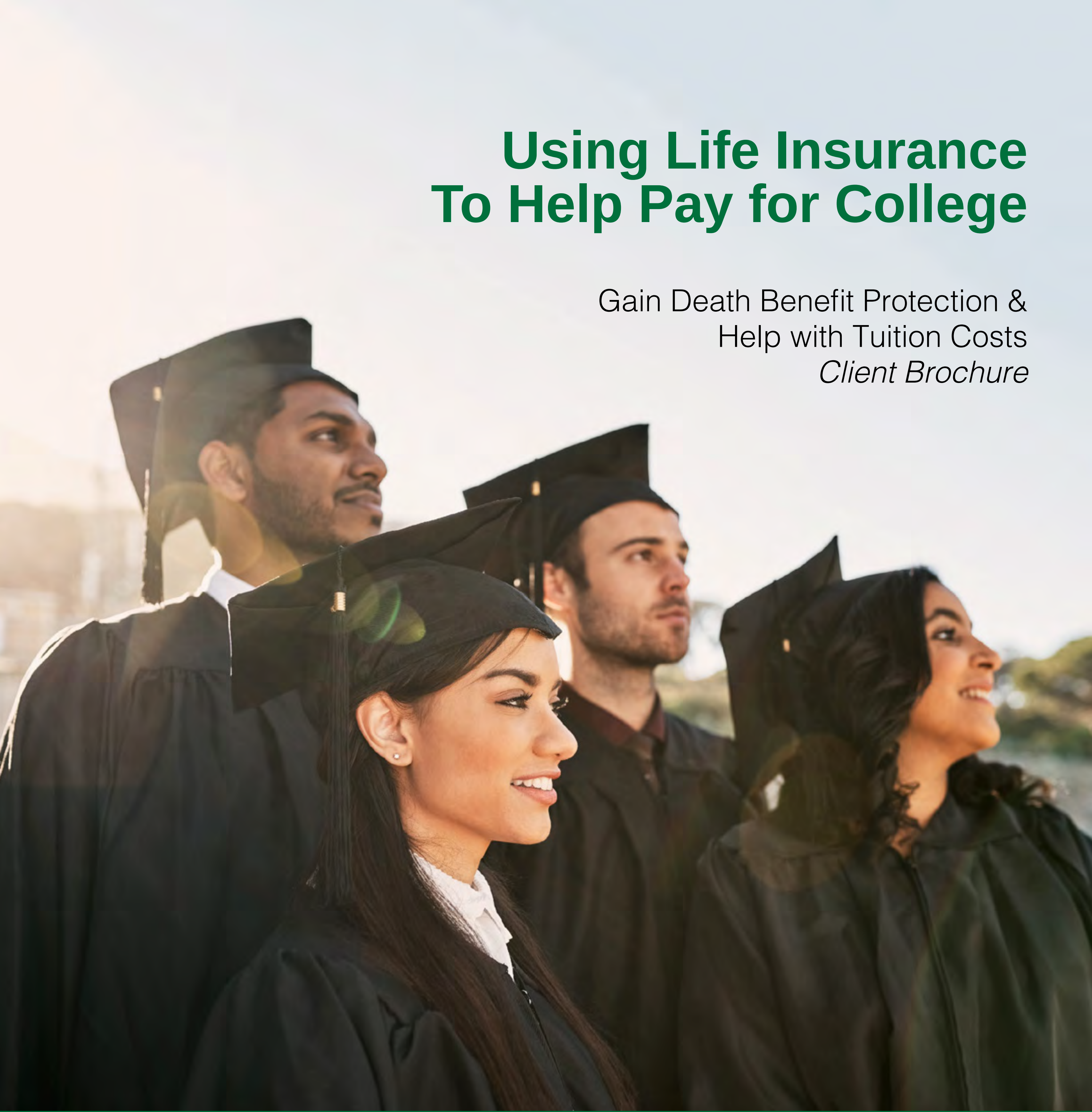
Client name: ______________________ **Age:** ______ **Gender:** **Tobacco:Y/N** **State:**
Premium amount: ______________________ **Child age:** ______ ______ ______ ______

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to encourage your clients to make personal savings the cornerstone of your clients' college funding program. However, even a well-conceived savings plan can be vulnerable. Should your clients die prematurely, their savings plan could come to an abrupt end.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your clients' college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

Using Life Insurance To Help Pay for College

Gain Death Benefit Protection &
Help with Tuition Costs
Client Brochure



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Life

Achieve financial protection and help pay for the increasing costs of college tuition.

The primary purpose of life insurance is to provide a death benefit to beneficiaries. This death benefit protection can make life insurance an attractive choice to help fund a college education.

While many people are aware that the cost of a college education has been on the rise, many underestimate just how large this cost has grown. According to the 2016 Trends in College Pricing published by The College Board, over the past decade, the published in-state tuition and fees for four-year public colleges and universities grew at an average rate of 3.5% per year beyond the rate of inflation.* At the same time, many families lack life insurance protection, which many consider to be the cornerstone of financial protection. Recent studies show that four in ten U.S. households have no life insurance coverage at all,** which leaves them vulnerable should the primary breadwinner die unexpectedly. What many people may not realize is that with the right life insurance policy, you can secure needed death benefit protection while gaining a way to help pay for college education.

* Trends in College Pricing. © 2016 The College Board. www.collegeboard.com.

** Life Insurance and Market Research Association (LIMRA) 2016 Insurance Barometer Study.

KEY QUESTIONS	ITEMS DISCUSSED
Why life insurance?	Learn how life insurance can meet death benefit protection needs and help pay for college education.
Who can benefit?	Explore whether using life insurance to help fund college tuition costs is right for you.
How does it work?	Discover the steps to financially protect what's important while fulfilling the desire to help pay for college.

WHY LIFE INSURANCE?

Your personal savings should be the primary source for college funding.[1] However, that comes with a challenge: if the family's primary breadwinner dies prematurely, the personal savings plan typically comes to an abrupt end. In this situation, a life insurance policy can help. The policy's death benefit could be used to help pay college tuition costs.

A key benefit of permanent life insurance, is that it has the potential to accumulate cash value on a tax-deferred basis.[2] Those funds can then be accessed while you are living to help pay for college costs.

Some of the advantages of a permanent life insurance policy include:

- **Parental stewardship.** The policyowner has control of the policy's potential accumulated cash value. Should plans change, the accumulated cash value can be used for other purposes without tax consequences.[3]
- **Tax-deferred growth.** Cash values within a life insurance policy generally grow tax-deferred.[2]
- **Policy loan options.** Different loan options are available to help you access the potential cash values within your policy.[4]

WHO CAN BENEFIT?

There are a few items to consider before using life insurance for death benefit protection and a way to help pay for tuition costs:

- Are you in need of death benefit protection to help ensure your family is financially protected?
- Do you have a child or children up to 13 years old?
- Are you concerned about college tuition costs?

Life Insurance Considerations

It's important to explore your options and to work with your life insurance representative to gain a clear picture of your needs. There are costs with life insurance. Permanent life insurance policies require monthly deductions to pay the policy's charges and expenses, some of which will increase as you get older. These deductions may reduce the cash value of the policy. Additional premiums may be necessary to continue the desired death benefit, depending on funding. Withdrawals may be subject to surrender charges and the amount available for policy loans.

HOW DOES IT WORK?

After a thorough needs-based discussion with your life insurance representative, you select a life insurance policy that matches your needs. The basic steps typically include:

- Purchase a permanent life insurance policy. The policy provides death benefit protection and a way to help accumulate cash value on a tax-deferred basis.[2]
- If the unexpected happens and you die prematurely, the life insurance death benefit would be paid generally income tax-free[3] to beneficiaries.
- Alternatively, when it comes time for you to pay tuition costs, you may access the policy's potential cash values through generally tax-free loans or withdrawals.[4]
- After helping pay tuition costs, you may reposition the policy for other possible needs.

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Get started today. Contact your North American representative and financially protect what's important now, while helping to fund a college education.

North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our Website at www.NorthAmericanCompany.com to find out more about our company.

1. The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to make personal savings the cornerstone of your college funding program. However, even a well-conceived savings plan can be vulnerable. Should you die prematurely, your savings plan could come to an abrupt end.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

2. The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing a policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3. Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

4. Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy. Current cost of insurance rates and current interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. For costs and complete details, refer to the policy or call 877-872-0757 or write North American Company for Life and Health Insurance, One Sammons Plaza, Sioux Falls, SD, 57193.

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Since 1886

Life

Financial objectives discussion guide

Confidential

Date: ______________________________

1. PERSONAL OVERVIEW

	Client 1	Client 2
Name		
Gender		
Date of birth		
Address		
Home phone		
Work phone		
Cell phone		
Email		
Preferred contact method and time		
Occupation		
Business owner?		

Please provide me with a general overview of your financial situation and experience including any disappointments and achievements.

____

____

____

List any recent events in your life related to you, your loved ones or your financial situation. Examples include: change in marital status, death of a family member, health concerns, change in employment, change in income, new investments, etc.

____

____

____

Tell me about your current retirement plan.

What would your retirement look like if we worked together? Think about where you'd live during the various stages of your retirement, how you'd spend your typical days, what activities or hobbies you'd be involved in, etc.

Who have you relied on for financial guidance?

	Insurance professional	Broker or Financial advisor	Accountant	Attorney
Name				
Firm name				
Phone				
How did you meet?				
How long have you been associated?				
When did you last meet?				
Rate satisfaction Level from 1 – 5 with 1 being poor and 5 being excellent				

Your financial concerns

I'd like to understand your current financial concerns and know about the relationships in your life that may be impacted by these concerns. First, let me know if any of the following items are of concern to you and, if so, how they rank in order of importance.

Concern	Level of importance – Check appropriate column				
	1 None	2 Minimal	3 Somewhat	4 Very	5 Urgent
A. Income protection for my family					
B. Funding children's education[1]					
C. Outliving your assets in retirement					
D. Leaving a legacy for heirs					
E. Providing for extended family and/or dependents with special needs					
F. Estate planning/wealth transfer					
G. Charitable giving					
H. Concern about market volatility					
I. Concern about yields on savings or other fixed vehicles					
J. Affording to retire					
K. Business continuation					
L. Executive benefits for employees					
M. Loss of key employee or partner					
N. Affording in home health care or nursing home care					
O. Other:					

Additional comments: ____________________

Your relationships

Based on your concerns, list others who you are supporting or plan to support financially. When identifying your relationship with these individuals, be as specific as possible from a legal perspective (i.e. "daughter of previous spouse" vs. "step-daughter", "son-in-law's child from a previous marriage" vs. "grandchild", etc.).

Name	Relationship	Gender	Date of birth	Social security number*	Concern (use letter from previous chart)

*Will be required if a life insurance transaction results from this conversation.

Now that we've discussed your personal situation, I'm going to ask you for a lot of data. Before we move on though, is there anything else that you'd like to share?

2. CURRENT FINANCIAL SITUATION

Pre-retirement earnings and benefits	Client 1	Client 2
Annual salary		
Bonus		
Other income		
Annual value of employer paid benefits/ contributions		
Health insurance		
Life insurance		
Disability insurance		
Other:		

General assets

Description	Current value	Owner (Client 1, Client 2 or J – joint, T - trust)	Plan to use for retirement?	Plan to pass on to heirs?
Residence				
Other property				
Automobiles				
RV/other				
Savings account				
Certificate of deposit				
Bonds				
Mutual funds				
Stocks				
Business interest				
Other:				
General assets total				

Note: A separate chart for Retirement Assets follows.

Retirement assets

Description	Current value		Annual contributions			
	Client 1	Client 2	Client 1	Client 1's employer	Client 2	Client 2's employer
401(k)						
403(b)						
Pension plan						
Employee stock plan						
Traditional IRA						
Roth IRA						
Annuities						
Life insurance						
Other:						
Retirement assets totals						

Liabilities

Description	Amounted owed	Duration
Mortgage 1		
Mortgage 2		
Home equity loan		
Credit cards		
Student loans		
Line of credit		
Business loan		
Other:		
Liabilities		

Net worth

(Assets ____________ + Retirement assets ____________ = ____________) – Liabilities ___________ = Net worth ___________

Taxes

	Current	Expected at retirement
Federal tax bracket		
State tax bracket		

3. COLLEGE FUNDING NEEDS[1]

Current college funding sources

Saving vehicles	Current value
529 Plan	
Savings accounts	
Certificate of deposit	
Sources from family (grandparents, etc.)	
Future potential sources (scholarships, grants, loans, student aid, other?)	
Life Insurance	
Other:	

Expenses	Estimated cost
Tuition	
Housing	
Food	
Books	
Supplies (computer, pens, notebooks, other?)	
Fees (activity, parking, other?)	
Transportation	
Other:	

4. INSURANCE REVIEW

Do you currently have coverage under any of the following types of insurance policies? Indicate the number of policies if you have more than one of any type.

Type	Client 1	Client 2
Life insurance		
Disability insurance		
Long term care insurance		

How did you purchase this coverage? (i.e. from the same representative, multiple representatives, on-line, other)

How did you come to a decision on the amount of death benefit coverage you currently have.

What life changes have occurred since you bought these policies? (i.e. marriage, children, mortgage, other?)

When was the last time you reviewed your beneficiary designations?

Let’s review the insurance policies that you current have as well as any annuities that you referenced earlier.

NOTE: Use additional sheet(s) for multiple policies/contracts.

Life insurance coverage

Current coverage	Client 1 (insured)	Client 2 (insured)
Owner*		
Beneficiary(ies)*		
Issuing insurance company		
Policy issue date		
Product type		
Death benefit		
Annual premium		
Underwriting classification		
Riders (type and reason for having them):		
For permanent life insurance:		
Death benefit guarantee		
Cash accumulated value		
Cash surrender value		
Surrender charge period		
Guaranteed interest rate		
For term life insurance:		
Level term period		
Years remaining of initial level term period		
Years remaining for eligible conversion privilege		

*Be sure to list trusts if appropriate.

Disability insurance coverage

Current coverage	Client 1 (insured)	Client 2 (insured)
Issuing insurance company		
Annual premium		
Monthly benefit		
Inflation adjustment?		
Offset by social security?		

Long term care insurance coverage

Current coverage	Client 1	Client 2
Issuing insurance company		
Annual premium		
Daily benefit (in-home)		
Daily benefit (care facility)		
Maximum lifetime benefit		
Inflation adjustment?		

Annuity contracts

Current coverage	Client 1	Client 2
Issuing insurance company		
Current value		
Cost basis		
Growth rate		
Other:		

5. DISCUSSION SUMMARY

Is there anything that we haven't discussed that you feel is important for me to know?

Next appointment

Date: ______________________________

Time: ______________________________

Place: ______________________________

The content of this material is not intended sell, discuss the risks, recommend, or provide any type of advice relative to securities. Nor is it intended to recommend the liquidation of specific securities, or identify specific securities that could be used to fund a life insurance product.

Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

1 The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to make personal savings the cornerstone of your client's college funding program. However, even a well-conceived savings plan can be vulnerable. Should your client die prematurely, your client's savings plan could come to an abrupt end.

To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your client's college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

Next appointment

Date: ______________________________

Time: ______________________________

Place: ______________________________

NOTES

PROPERTY RECEIPT

This receipt should be left with the client should the financial representative obtain copies of the client's insurance policies.

The following policies have been provided by the client(s) to the financial representative for review. Those policies will be returned to the clients by _______________(date).

Issuing company	Policy number	Insured	Policy owner

Client #1 printed name — Client #1 signature — Date

Client #2 printed name — Client #2 signature — Date

Financial representative printed name — Financial representative signature — Date

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Life

North American Company
for Life and Health Insurance
Since 1886

We're Here For Life®

How to Benefit From Your Life Insurance Policy During Your Lifetime

If you have whole life insurance, universal life insurance, or another type of permanent life insurance policy, it could help with college cost

Your life insurance policy benefits aren't always limited to being used after you pass on. If you have a permanent life insurance policy, you may be able to tap into your benefits now for numerous reasons, including college tuition.

For many families, college is a common and signicant cost. The College Board reports[1] in the 2018-2019 school year, the average college cost for in-state bachelor's degree students at a public four-year college is $10,320. For out-of-state students or students who choose to attend private universities, the costs rise from there.

When you want to ensure a loved one has access to education so their future looks bright, you might want to consider using your life insurance to help pay for college costs. Here's what you should know:

Which Type to Use: Term or Permanent Life Insurance?

More than half of American adults are unaware or don't believe that they are able to tap the cash value of an insurance policy to fund college, MarketWatch reports.[2] However, those who are permanent life insurance policyholders may indeed have the option to use life insurance to help pay for college.

It's important to be aware that this option is not available to term life insurance policyholders. Term life insurance covers the policyholder for a set amount of time and does not accrue cash value.

What Is a Permanent Life Insurance Policy?

A permanent life insurance policy is designed to stay in place for your entire life, whereas term life insurance provides short-term coverage for a specified number of years. As you pay premiums toward permanent life insurance, you also grow a tax-deferred cash value, which can come in handy if it needs to be used while you're still alive. You may be able to take out a loan against the cash value balance and would then pay back the loan with interest.

There are a few types of permanent life insurance:

- **Whole Life Insurance** covers you for as long as you live, granted you pay premiums on time. It can build up cash value, which you can borrow against for costs you have now, like college.
- **Universal Life Insurance** is a type of whole life insurance from AIG Direct that provides policyholders with the flexibility to increase or decrease the coverage amount. It also builds up cash value that the policyholde can borrow against.

If you want to have the option to access cash value from your life insurance policy while you're still alive, consider getting one of these types of life insurance policies. You might even be able to use yours to help pay a loved one's college costs. Learn more about the differences between term life insurance and whole life insurance.

How Do You Use Permanent Life Insurance to Help Pay for College?

If your permanent life insurance policy has enough cash value for your needs, you can borrow against this accrued value through a policy loan. Policy loans, in most cases, are income tax-free.

When they're used to help pay for college, these loans do not count against a student's eligibility for . nancial aid[3] or other assistance. A permanent life insurance's cash value can help supplement other nancial aid fund student has or help pay the bulk costs of college.

Be aware that if you pass on before the loan is repaid, the death benets meant to be paid to your beneciarie will be decreased. Since college can help to make your dependents' future more prosperous through better job potential, you may be ne with this situation. When you use a cash value loan to help pay for your child or children's future through something like college, the benets in the here-and-now may make sense.

You may be comparing life insurance for college versus a college savings plan, like a 529 plan. Money in a 529 plan is factored into financial aid calculations. It's always important to weigh current needs with future needs but having the option to access cash value if needed for costs like college can be comforting and useful.

Peace of Mind for the Future

Life is constantly changing and that includes your nancial needs. Life insurance helps you provide for your family in the future, and it can also be used for the here-and-now. A life insurance policy that offers exibility through built-up cash value may be the right choice for you and your family

If you want life insurance that includes the option to borrow against the cash value, look into permanent life insurance. Products like universal life insurance enable you to save for whatever your needs are. When your goal is to give your family a secure future, paying for college with the help of life insurance may be an ideal solution.

1. https://trends.collegeboard.org/college-pricing/figures-tables/average-published-undergraduate-charges-sector-2018-19

2. https://www.marketwatch.com/story/how-to-use-life-insurance-to-pay-for-college-2018-09-24

3. http://www.finaid.org/savings/lifeinsurance.phtml

How to Pay for College | Gerber Life Insurance

Planning for college can be daunting, but it doesn't have to be! There is no "right" way to save and prepare. It's all about finding what works best for your family and financial situation.

We're here to help.

Check out the various savings alternatives below, which families often combine to pay for college expenses.

Bank Savings Account

This is a traditional method for growing your child's savings through regular deposits. Remember that interest rates on these accounts are very low, so it will be hard to build wealth beyond what you contribute. Also, the interest earned on bank savings accounts is taxable.

Coverdell Education Savings Accounts

Also known as ESAs, these accounts allow you to save up to $2,000 each year for each child. This is a tax-free account, and the funds don't have to be used for college. Savings can be used to pay for college or any K-12 expenses. Contributions can be made until your child reaches age 18 and must be spent before the child turns 30.

529 Plan

This tax-free college savings plan offers two types of options: a college savings plan and a pre-paid tuition plan each with its own requirements, benefits and limitations. The money can be invested in a choice investment options. Although the 529 Plan has tax advantages, there are penalties for withdrawing funds for a non-eligibl college expense or for claiming non-education related tax credits. The 529 Plan may be subject to the fluctuations that occur in the stock market, meaning there is greater financial risk.

Stocks and Mutual Funds

These investments are more aggressive ways for growing your child's college savings. They can increase in value quickly but are subject to changes in the stock market, and there is no guarantee of a payout.

Gerber College Life Plan

The Gerber Life College Plan is an individual endowment policy that provides adult life insurance and matures in 10 to 20 years. The money grows over time, without risk. Since you'll know from the start the amount that your child will receive at the end of the term, planning for college will be easier

The payout money can be used for funding higher education or for anything else, such as starting a business, technical training, or the down payment for buying a home. In the unthinkable event that you pass away before the policy matures, your child as beneficiary will receive the full payout amount.

What's Best for My Family?

Think about what you're most comfortable with. Are you okay with taking on a little risk, or do you want something stable? Would you like to limit funds to college use only?

Whatever you decide, it’s best to start early. You’re protecting and preparing your child for his or her future in every other way, so it makes sense to take the final step and make sure that your child will be financially prepared as well.

Please consult with your legal, financial, tax and/or other professional advisors for advice concerning your particular situation

Start Your College Planning Today | Gerber Life Insurance

In today's economy, paying for college is something that many families worry about. We're here to help you get a head start.

College Plan is a simple way to guarantee funds for your child's higher education needs. At the same time, it provides adult life insurance protection for your family now.

Getting help from Gerber Life is just one piece of the college-planning puzzle. You'll also want to explore ways to save money and keep your child on track academically.

Starting early is key, so let's jump in!

Focus on financial planning while your child is still young

There are several ways families pay for college, including scholarships, grants, and loans. First, find out which of those options may work for your family and then determine how much money you'll need to fill the gaps. Due to the rising cost of higher education, it's important to put money aside as soon as possible.

Unlike a traditional savings account or an investment account which don't guarantee a payout, you can secure guaranteed payout of $10,000 to $150,000 with an endowment life insurance policy such as the Gerber Life College Plan. Once the policy matures, you can use the payout money to help cover college expenses – or anything else your child needs for a successful future. The College Plan places no restrictions on how the money is used.

While you're building a financial plan for college, you can work on taking an active role in your child's education Read, play, and talk with your child about schoolwork. Encourage participation in extracurricular activities. Help your son or daughter to grow and and develop talents and passions.

Focus on academic goals as your child gets older

Things can get busy for you and your child in high school, so follow this tried-and-true timeline for staying on track:

- 9th Grade: Ask your child about favorite interests and how they could play into potential career options. Challenge your child to take Advanced Placement classes for college credit. Continue reminding your child of the importance of maintaining a high GPA.

- 10th Grade: Make plans for your child to take the Preliminary SAT. Begin attending college planning workshops for parents. Encourage your child to meet with the school counselor to discuss whether a 4-year college, or a technical school or college, best suits your child's abilities and needs.

- 11th Grade: Make sure that your child registers for the SAT and/or the ACT exams. Begin visiting colleges and start researching scholarships, since some deadlines occur before senior year.

- 12th Grade: Remind your child to ask for letters of recommendation. Begin the college or school application process, and compare acceptance and financial aid packages. Repeatedly tell your child how proud you are of his or her hard work.

Help start your child off right in college

Remember that Gerber Life College Plan you bought when your child was young? When your policy's term ends, you will receive a guaranteed payout for your child of the amount pre-selected by you. Your child could use it for textbooks, tuition, transportation, or any other expenses that may come along.

PINNEY
INSURANCE

Providing All the Tools for Your Success[sm]

Pinney Insurance

Founded in 1972 as a Transamerica branch office and later incorporated as Pinney Insurance Center, Inc., we are headquartered in our own building in Roseville, California. We provide a small local agency feel with the power of a major national firm.

Pinney has expanded into a national distributor with thousands of contracted agents and offices in California, Illinois, Maryland, North Carolina, Oklahoma, Pennsylvania, Texas, Washington, and Mississippi. Pinney represents over 100 life, annuity, disability, and long-term care companies with the intent of providing our clients & partners with the best possible product solutions at the lowest possible costs. Email Brokerage Sales Support or contact one of our Brokerage Directors today at 800-823-4852.

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