

Heading Back to School? Make a Plan First

It was the physicist Rosalyn S. Yalow who said, “The excitement of learning separates youth from old age. As long as you're learning you're not old.”

A July/August 2006 story in *AARP Magazine* by noted workplace and career expert Rosabeth Moss Kanter pointed out that retirement-phobic mid- or late-career types might retreat to college campuses instead of the golf course to prepare for the next phase of their life. Why? They want to train for completely new careers in all-new professional fields or public service. According to the piece, “Traditional volunteering is not what leading-edge boomers have in mind. They want to be leaders and to help improve the world.” Education will be a part of that movement.

The back-to-school movement for older Americans is an interesting one, but it goes beyond purely financial considerations. It makes sense to discuss your ideas with a tax professional and a financial expert such as a CERTIFIED FINANCIAL PLANNER™ professional before you make a move:

Do you really need the degree? Depending on the field, many employers will look at an experienced worker and take their particular work and life accomplishments into consideration when hiring. An MBA or other advanced degree may be personally fulfilling, but you have to consider whether your future plans really require it and whether the degree will pay for itself in the end in salary, opportunity or both.

Are you planning to attend school while working or will you take time off? Going for an aggressive degree program while working full-time can be financially, mentally and physically draining. Obviously, if you plan to take a sabbatical and go to school full-time, that's a more complex set of financial issues you need to consider well in advance, and you should get help planning for it. Beyond finance, you need to be prepared for the demands of school on your time with family, friends and your personal relaxation. Time is an opportunity cost you can't get back.

Check your qualifications for federal and state tax credits: Both the federal Hope Credit and the Lifetime Learning Credit are among options you may consider to help cushion the tuition blow if you qualify – discuss these credits and other ways to afford college with your tax expert as well as your planner.

How prepared are you to take on debt? It would be wonderful to pay cash for a college degree, and with time and planning you might be able to do it. But if you need to take out debt to pay for your coursework, make sure your credit cards and other debt are paid off first. You'll put yourself in the best position to afford any student debt you take on.

Will your company pay? Take advantage of every educational break you can take before you leave your company. If they require you to stay a certain amount of time after attaining your degree, work that into your plan.

Check scholarships and grants: See if there are sources of grants and scholarships not only in your community, but also within your industry. Go online and do a general search for such aid.

How's your retirement and health plan? It might seem like a good idea to raid the retirement plan or milk the home equity to go back to school, you need to research whether that makes sense for you. Despite your current energy and determination, no one has a guarantee of perfect health through the last half or third of their lives. You can't forego retirement or healthcare planning simply because you need the money for school.

Consider a functional degree. All sorts of colleges – even the nation's most prestigious schools – are considering abbreviated graduate and post-graduate programs that give students exactly the amount of education to upgrade their skills and head back into the workforce. If one year of college will do, why pay for three or four?

Are your school choices friendly to older students? It's your money. Make sure you're attending an institution that considers its older students a valuable addition to its campus and makes you welcome.

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This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by a local member of FPA