

NAVIGATING BACK-TO-SCHOOL EXPENSES

As the back-to-school season draws near, you might find yourself accumulating costs that go beyond just supplies and tuition. These annual expenses, like technology upgrades, extracurricular activities, and transportation, can significantly impact household cash flow if not planned for in advance.

Integrating Costs into Your Financial Plan

Instead of viewing these expenses as isolated items, consider them within the larger framework of your financial strategy.

August presents a perfect opportunity to:

- Evaluate discretionary spending
- Review education savings plans
- Ensure that short-term expenses align with long-term financial goals

If you have children nearing college age, this is also an ideal time to reassess your funding assumptions and check if your current savings efforts are on track.

Maintaining Financial Balance

Above all, it's crucial not to let seasonal expenses interfere with your retirement contributions, emergency savings, or investment goals. Effective financial planning involves balancing present obligations with future aspirations.

By approaching back-to-school spending with purpose and discipline, you can alleviate financial stress, maintain long-term progress, and set your family up for success throughout the academic year and beyond.

A BACK-TO-SCHOOL FINANCIAL CHECKLIST

As you prepare for a new academic year, use this checklist to help ensure seasonal expenses remain aligned with your broader financial goals.

☐ **Review Your Education Budget**

- Estimate expenses for tuition, supplies, technology, transportation, and extracurricular activities.
- Compare projected costs against your annual household budget.
- Identify any one-time purchases that may impact cash flow.

☐ **Evaluate Education Savings Accounts**

- Review balances and contribution levels for 529 plans.
- Confirm investment allocations remain appropriate for your child's timeframe.
- Consider increasing contributions if long-term funding goals have changed.

☐ **Assess Cash Flow and Spending Priorities**

- Determine whether upcoming school-related expenses will affect savings goals.
- Identify discretionary expenses that can be reduced if necessary.

☐ **Protect Long-Term Financial Objectives**

- Maintain retirement plan contributions.
- Replenish emergency savings if used during the summer months.
- Review investment and savings goals to ensure they remain on track.

☐ **Prepare Older Students for Financial Independence**

- Discuss budgeting and responsible spending habits.
- Review credit card use and debt management principles.
- Introduce basic investing and long-term savings concepts.

☐ **Schedule a Financial Review**

- Assess progress toward year-end goals.
- Confirm your financial plan continues to support both current obligations and future priorities.

UNDERSTANDING 529 PLANS: A POWERFUL TOOL FOR EDUCATION SAVINGS

If education funding is one of your family's financial priorities, a 529 plan could be an effective way to save for future educational expenses while benefiting from potential tax advantages. These state-sponsored investment accounts are designed specifically to help families like yours save for *qualified* education costs, including college tuition, fees, room and board, books, and certain K-12 educational expenses.

One of the primary benefits of a 529 plan is tax-deferred growth. Earnings within the account can grow free from federal taxes, and withdrawals used for qualified education expenses are generally tax-free.

529 plans offer flexibility as well. Account owners maintain control of the assets, and beneficiaries can often be changed if educational goals evolve. Recent legislative changes have also expanded the ways certain unused 529 assets may be utilized, providing families with additional planning opportunities.

Whether your child or grandchild is just entering elementary school or preparing for college, regularly reviewing your education savings strategy can help ensure you're making progress toward your long-term funding goals while maintaining balance with other important priorities, such as stewardship or retirement planning.

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