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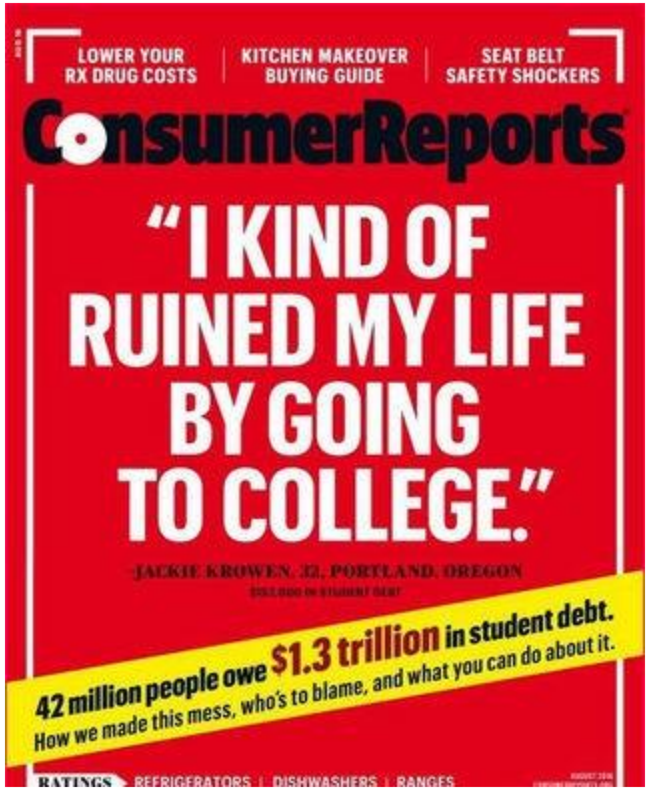

College To Career Planning

Creating economic value, while providing peace of mind

College Planning is a Series of Financial Decisions

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- The costs and consequences have never been higher:
  - Tuitions (not including fees) are up 300% in 30 years
  - The labor market outcomes are more demanding than ever
- Financial expertise is required to make good decisions, while avoiding costly mistakes
- Making the right decisions involves close collaboration, merging
  - The academic capabilities and interests of the student
  - The financial realities of the family
  - The hard realities of colleges, costs, and the job market
- A financial expert can help you generate a good ROI on an incredibly expensive series of college planning decisions

Think About College Differently

- Academic major is THE most important decision
- Think of college as an investment, because it is. Work towards ROI (return on investment)
- You have many good college options – a 4 yr college is one of them
- Getting into an elite college can set you up for costly challenges (more on this later)
- State colleges are excellent value- and you paid for it already in taxes

And always be asking - why are you going to college?

College Planning Goes Beyond ‘Getting in’

- Plan for ages 25 to 65 – learning years should fuel the earning years
- Most families spend 90% of time on choosing a college. We’ll show you why that is a mistake, and how to wisely choose a college.
- Focus on the academic major, emphasizing STEM curriculum
- 4 year college enrollments are trending down – use this to your advantage!!
  - Families have become more practical in selecting college and major
  - Many kids are going to 2 yr college or straight into workforce
  - There are plenty of empty seats at good schools
- Bottom line- your child will get into a good school – focus on them getting out, with a real career track for decades.

US College Outcomes – Will You Beat These Odds?

- For every 100 students enrolling in 10th grade
  - 82 graduate HS on time
  - 57 enroll in college
  - 29 don’t graduate college (15- 2yr, 14- 4 yr)
  - Of the 28 that do graduate
  - 12 land a job that requires a HS diploma
  - 16 land a job that utilizes their degree (28% of students going to college)
- Education community advocates ‘borrow and go’ to everyone

The EDU Ecosystem Advises the Same for Every Student

- Be wary of the *‘experts’*
- High School Counselor – ‘borrow money, go to a 4 yr college’
- ‘Personalized college planning programs’ used by HS counselor - ‘borrow money, go to a 4 yr college’
- Professional college consultant - ‘borrow money, go to a 4 yr college’
- College Admissions Officer - ‘borrow lots of money, go to my 4 yr college’
- If they are all correct, why then is:
    - Average 4 year graduation rate 28%?
    - Unemployment/under-employment rate of recent grads 55%?
    - $1.6 trillion in student debt, 25% of borrowers are non-performing?

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College Costs and Outcomes by Institution Type

Institution	Annual Tuition	Avg Years to Graduate	Total Tuition	Avg Starting Salaries
None	$0	0	$0	$20k - $25k
2 yr college/ Trade school	$2.5k to $5k	2	$5k to $10k	$25k - $40k+
2 yr, transfer to 4 yr public	$2,500, $6k to $15k	5.5	$25k to $55k	$25k - $40k+
4 yr public	$6k to $15k	5.3	$32k to $80k	$25k - $50k+
4 yr private (in state)	$20k to $50k	5.2	>$100k to $200k	$25k - $50k+
4 yr public (out of state)	$25k to $50k	5.1	>$100k to $200k	$25k - $50k+
4 yr private (out of state)	$25k to $60k	5.1	>$100k to $200k	$25k - $50k+

College Tuitions Are Completely Negotiable

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- All colleges have a sticker price (full price). That's the starting point.
- Some students pay $0, others pay full price. We'll show you why.
- 'Financial aid' comes in a variety of forms
  - Institutional aid, scholarships and other financial inducements are given out by the admissions office and you MUST ask
- ETC College Admissions Probability program shows the likelihood of a child being accepted at specific schools, with tuition. The 'user guide' for this program is incredibly insightful and will save $$$.
- Note that being accepted by a 'reach school' will put you at the bottom of your class, while paying the highest tuition.
- General negotiating preparation for the Admissions office:
  - Have a final list of 4 or 5 schools that meet your criteria
  - Arm yourself with values from Admissions Probability program

Academic Major is More Important Than College Choice

- One does not preclude the other, however…
- Employers hire skill sets, not labels
- STEM majors pay 2.5 times higher starting salaries than soft majors
- No new philosophy jobs in 2000 years
- Nurses, healthcare, welders, programmers, accountants, teachers, sales reps, engineers, repair-persons, so forth- these are in-demand jobs in today's world- (see ETC College Buddy for real jobs and salary information)

The 'Soft Major' Problem – How to Deal With It

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- 'My kid isn't good in math'… parents are aware that math is a foundation for STEM, and those majors lead to the highest paying jobs
- Soft majors usually do lead to low paying jobs (see ETC College Buddy for real jobs and salary information)
- However, there are 'work arounds':
  - Study business administration in addition to 'following your passion'
  - Grads who double major (business or health & soft major) have 30% higher salaries 5 yrs after graduation than equivalent soft major grads
  - Exposure to business curriculum (accounting, marketing, operations) is entirely applicable to the real world
- If the student is committed to a soft major, add practical curriculum (like business) to improve their employability
- Control costs- don't borrow or go to a private school to get a low paying job

The College to Career Planning System

- This is where rational college planning comes to fruition!!
- Develop a personalized college to career plan for the family, with a budget that is based on realistic costs and timeframes!
- The System sequentially takes you through the key functions to develop the college plan
- A Checklist is included in the System and will keep the family in check and on track
- There is a ‘family’ version of this program. It is loaded with career planning information and advice. Encourage the parents to spend time on this with their kid.

ETC College Planning Checklist

- Dates, forms, applications, paperwork can be mind numbing
- Mistakes and missed dates can be costly
- Our Checklist is comprehensive as it includes the most meaningful functions for developing a college plan
- Serves as a ‘project management’ tool for you and the family
- Enables data and dates for up to 10 colleges to be included

Summary - following guidance from The System

- The benefits are significant:
  - Save $$ thousands each year in tuitions
  - Increase lifetime earnings: 40 yrs x increased earnings
- Peace of mind – reduce uncertainty, improve likelihood of successful outcomes, mitigate costs/student debt
- Realize the true benefits of college: improved employment opportunities and earnings
- Enable to student to begin their own successful life after college: buying a home, investing, starting a family, perpetuating that for the next generation.

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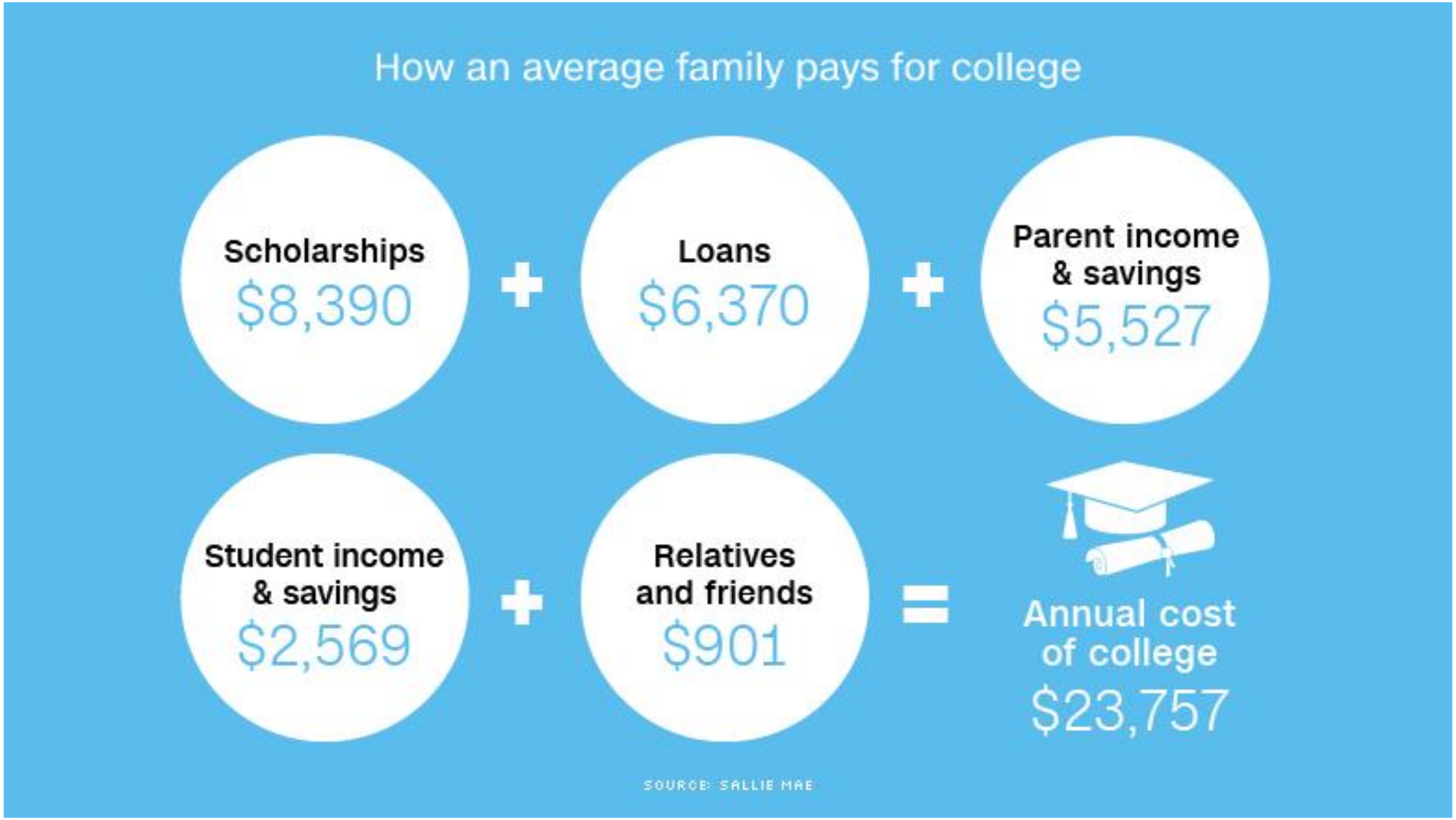
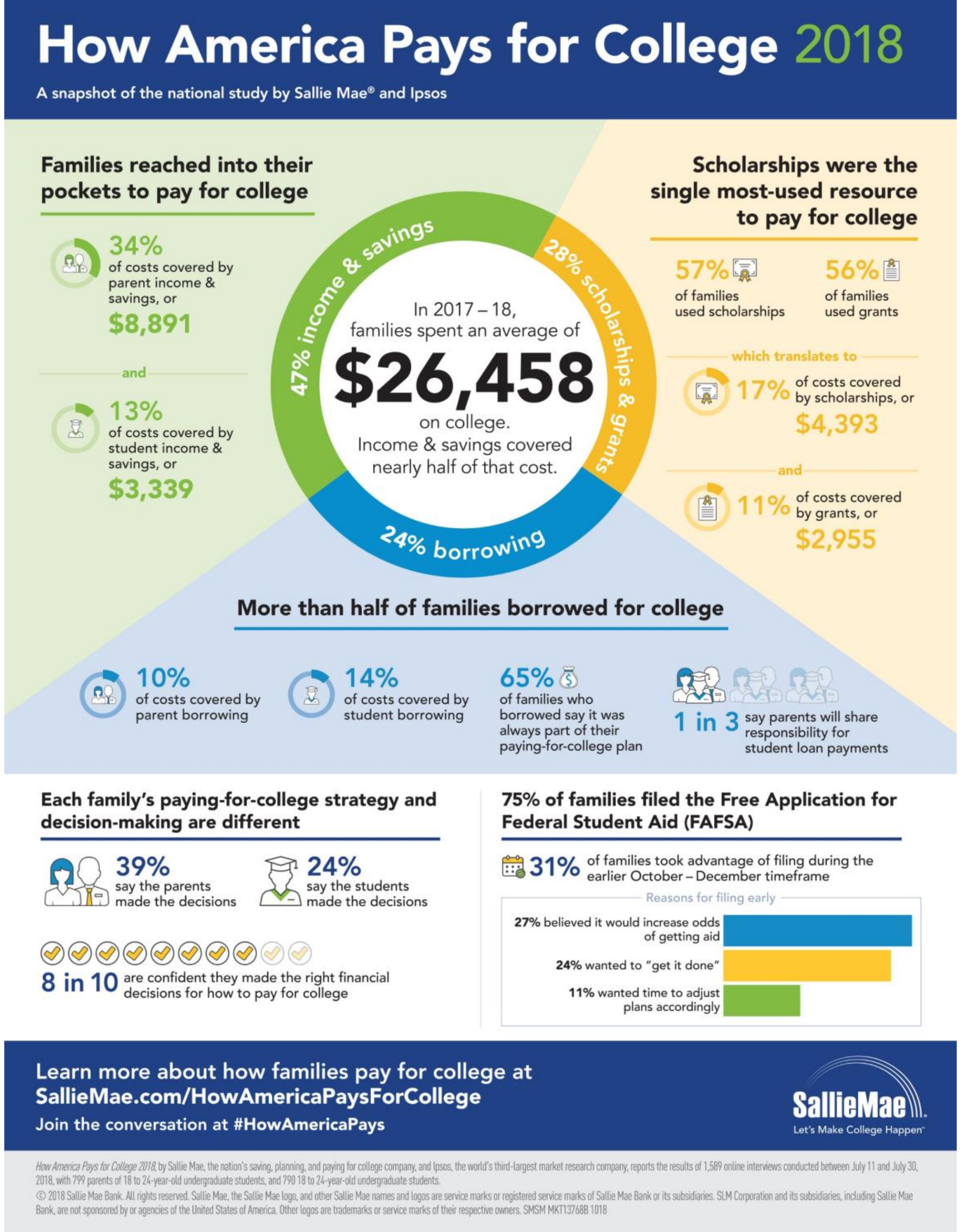


Average debt at graduation[1]

Class of 2019

Parental debt has **increased 38%** since 2015.[2]



Federal financial aid eligibility

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The Department of Education calculates the Expected Family Contribution (EFC) used to determine your financial aid eligibility.

TOTAL COLLEGE COSTS EACH YEAR – **EXPECTED FAMILY CONTRIBUTION (EFC)** = **FINANCIAL AID ELIGIBILITY**

WHEN TO APPLY

Apply as early as October 1 of the year before college, using income and tax information from two years before college.

HOW EFC IS CALCULATED[1]

A family's **annual income**, including the student's, **counts far more in the formula than savings and investments**, especially when held in the parents' names.

PARENTS

Income	Assets
22-47% of adjusted gross income above the protected amount[2]	Up to 5.64% of non-retirement assets above protected amount, including **529 plans, investments and savings**

\+

STUDENTS

Income	Assets
50% of income above protected amount of $6,660	20% of all assets in bank accounts, CDs, UGMAs/ UTMAs and any other savings

=

TOTAL EFC

EFC is not the amount your family will pay for college or get in federal aid. It's a number used to calculate how much aid a student is eligible to receive.

Families may be expected to pay more than their EFC.

GRANDPARENTS/OTHERS

0%

of income and assets considered in federal financial aid formulas. However, withdrawals for college by grandparents or others may be considered student income and must be reported on future financial aid forms. Such income can reduce the amount of aid by 50%, two years after distribution.

1. Based on federal methodology for 2019-20 school year. To learn more about how EFC is calculated, see https://ifap.ed.gov/efcformulaguide/attachments/1920EFCFormulaGuide.pdf.
2. Protected amount for parents is dependent upon a number of factors, including household size and number of students in college.

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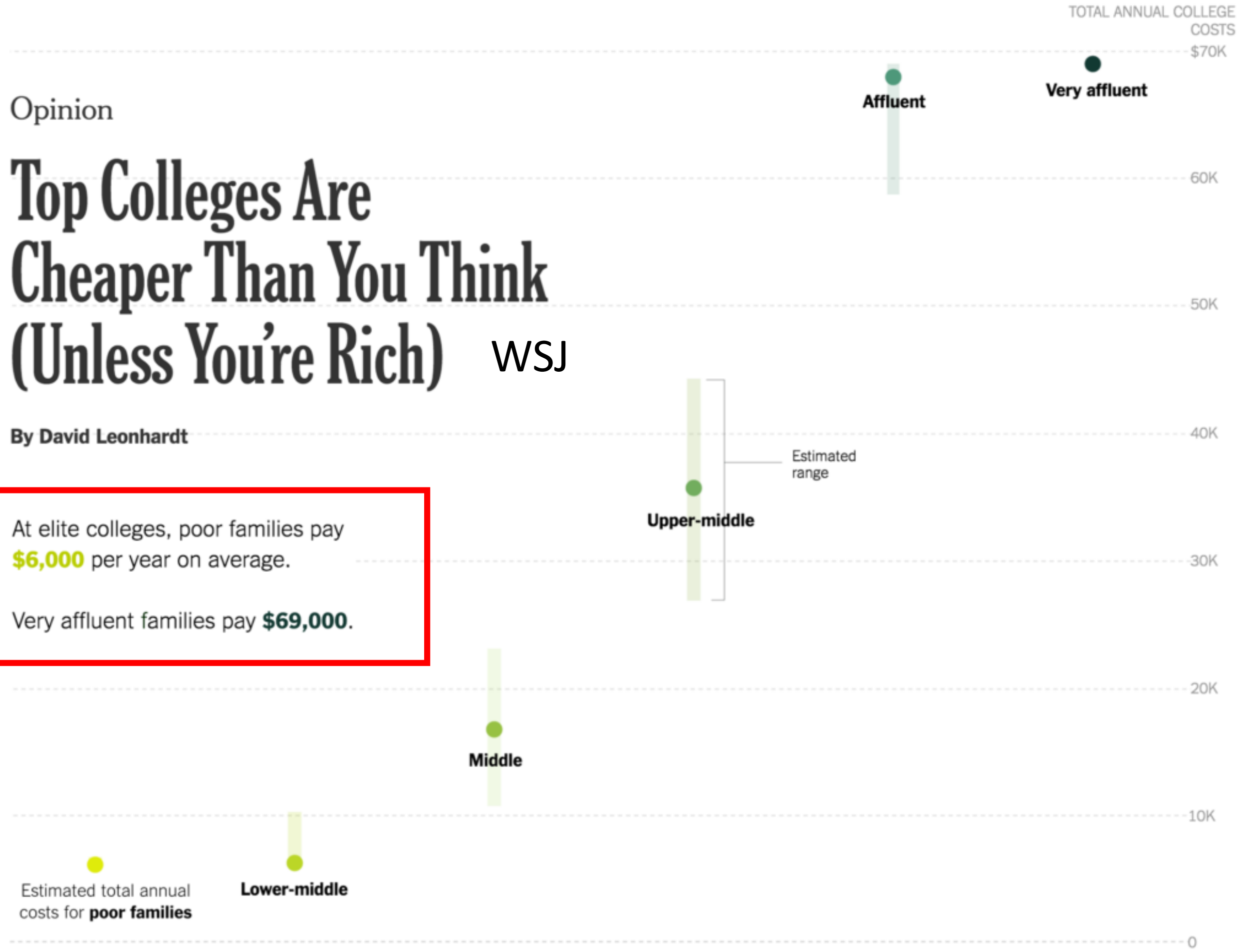
	Poor	Lower-Middle	Middle	Upper-Middle	Affluent	Very Affluent
INCOME:	$20,300	$40,000	$75,000	$122,700	$186,000	$246,000
HOME EQUITY:	$0	$0	$35,000	$115,000	$300,000	$500,000
CASH:	$0	$500	$5,000	$15,000	$75,000	$150,000
INVESTMENTS:	$0	$7,000	$25,000	$90,000	$375,000	$1.1 million
PERCENTILE:	10th	25th	50th	75th	90th	95th



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Estimating Expected Family Contribution

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Use this chart to estimate your Expected Family Contribution, the amount used to determine federal financial aid eligibility.

Annual Expected Family Contribution (EFC)

Examples based on income and assets

Income has a much bigger impact than assets.

ASSETS (EXCLUDING PRIMARY RESIDENCE AND RETIREMENT ACCOUNTS)

COMBINED INCOME	$0	$25,000	$50,000	$100,000	$150,000	$200,000	$250,000	$300,000
$50,000	$2,241	$2,740	$3,400	$4,856	$6,684	$8,925	$11,672	$14,492
$75,000	$7,734	$8,197	$9,406	$12,226	$15,046	$17,866	$20,686	$23,506
$100,000	$15,880	$16,946	$18,356	$21,176	$23,996	$26,816	$29,636	$32,456
$125,000	$23,676	$24,742	$26,152	$28,972	$31,792	$34,612	$37,432	$40,252
$150,000	$32,005	$33,071	$34,481	$37,301	$40,121	$42,941	$45,761	$48,581
$175,000	$40,409	$41,475	$42,885	$45,705	$48,525	$51,345	$54,165	$56,985
$200,000	$48,689	$49,755	$51,165	$53,985	$56,805	$59,625	$62,445	$65,265
$225,000	$56,403	$57,469	$58,879	$61,699	$64,519	$67,339	$70,159	$72,979
$250,000	$64,116	$65,182	$66,592	$69,412	$72,232	$75,052	$77,872	$80,692

Example: If you earn $150,000 in income and have $200,000 of savings, your estimated EFC is **$42,941**.

CALCULATE YOUR PERSONAL EFC
Use the U.S. Dept. of Education's online calculator to get an estimate.

Source: J.P. Morgan Asset Management and fafsa.gov. Based on two-parent household with one child attending college, one child living at home, all are residents of New York. Assumes no income or assets for each dependent and age 49 for eldest parent. Protected amounts for assets vary based on age and income. These are estimates provided for illustrative purposes only, and they may not be representative of your personal situation and circumstances.

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Tracking progress toward goal (existing investors)

See how much you should have invested today, based on a child's current age and the percent of total college costs you plan to pay.

	PUBLIC COLLEGE				PRIVATE COLLEGE			
	Total four-year cost	Current investment to be on track to pay:			Total four-year cost	Current investment to be on track to pay:		
Child's current age		50%	75%	100%		50%	75%	100%
3	$196,682	$41,034	$61,551	$82,068	$446,857	$93,229	$139,843	$186,458
6	$169,901	$42,218	$63,327	$84,436	$386,012	$95,918	$143,877	$191,836
9	$146,767	$43,436	$65,153	$86,871	$333,452	$98,685	$148,027	$197,370
12	$126,783	$44,688	$67,033	$89,377	$288,048	$101,531	$152,297	$203,063
15	$109,520	$45,977	$68,966	$91,955	$248,827	$104,460	$156,690	$208,920

BELOW YOUR NUMBER?

- **Start or increase monthly investments** and gifts from family and friends.
- **Invest extra money** from tax refunds, bonuses, raises or paying off debts.
- **Enhance after-tax return potential** with a 529 plan.
- **Consult an advisor** about your specific situation.

Example: If you plan to pay 75% of public college costs for a current 9-year-old, you should have **$65,153** invested today.

Source: J.P. Morgan Asset Management. Based on average tuition, fees and room/board costs for 2019-20 school year, The College Board, 2019 *Trends in College Pricing*. Costs estimated to inflate 5% per year. This hypothetical example illustrates the future values of lump-sum contributions with no additional contributions for different time periods and assumes an annual investment return of 6%, compounded monthly. This hypothetical example does not represent the performance of any particular investment. Different assumptions will result in outcomes different from this example. Your results may be more or less than the figures shown. These figures do not reflect the impact of fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

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The benefits of compounding

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The sooner you start saving, the more time you have to grow your college fund through the power of long-term compounding.

Start early, accumulate more

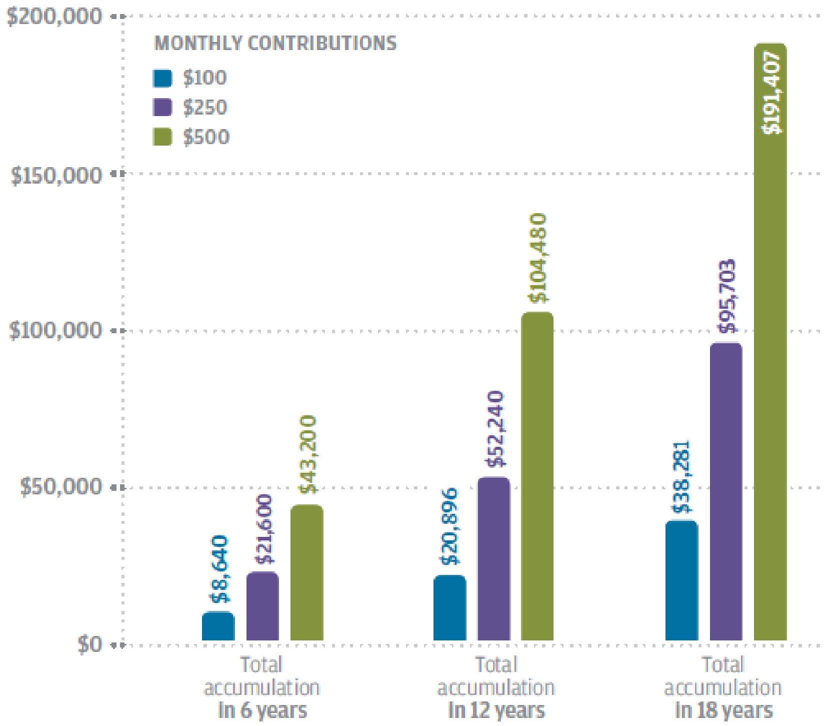
If you start saving $500 per month when a child is born, you'll earn

$86,927 more

than if you start at age 6.

Start early, small savings add up

Total amounts accumulated over 6, 12 and 18 years



Source: J.P. Morgan Asset Management. This hypothetical example illustrates the future values of different regular monthly investments for different time periods. Chart also assumes an annual investment return of 6%, compounded monthly. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Such costs would lower performance. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. A plan of regular investment cannot ensure a profit or protect against a loss in a declining market. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.

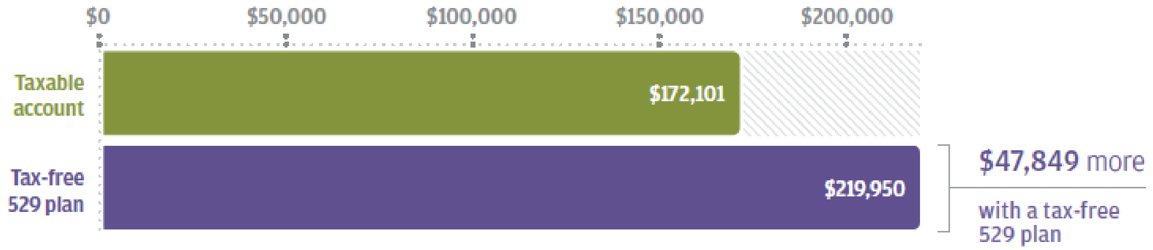
J.P.Morgan
Asset Management

Tax-efficient investing

A tax-advantaged 529 plan has the potential to grow more quickly than a taxable investment earning the exact same returns.

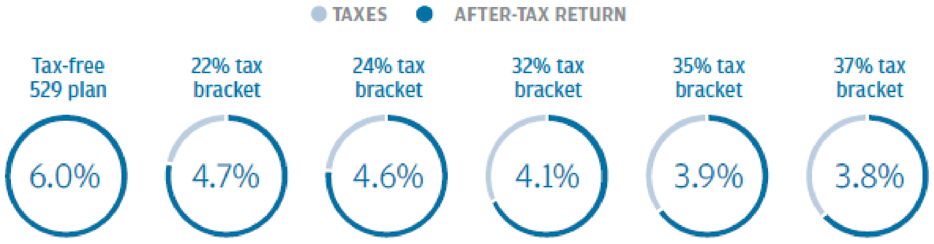
Lower taxes equal a larger college fund

Investment growth over 18 years[1]



How taxes erode investment returns

After-tax returns on a 6% investment gain



STATE TAX BENEFITS

Many 529 plans offer state tax benefits in addition to federal tax-free investing.[2] See the Appendix on **page 44** for more information.

1. J.P. Morgan Asset Management. Illustration assumes an initial $10,000 investment and monthly investments of $500 for 18 years. Chart also assumes an annual investment return of 6%, compounded monthly, and a federal tax rate of 32%. Investment losses could affect the relative tax-deferred investing advantage. This hypothetical illustration is not indicative of any specific investment and does not reflect the impact of fees or expenses. Each investor should consider his or her current and anticipated investment horizon and income tax bracket when making an investment decision, as the illustration may not reflect these factors. These figures do not reflect any management fees or expenses that would be paid by a 529 plan participant. Such costs would lower performance. This chart is shown for illustrative purposes only. Past performance is no guarantee of future results.
2. Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes.

The 529 plan advantage

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Morningstar Top 529 Plans: https://www.morningstar.com/articles/950079/rating-the-top-529-college-savings-plans

BENEFIT	WHAT IT MEANS
Tax-advantaged investing	• **Tax-deferred compounding** of contributions and earnings • **Tax-free withdrawals** for qualified higher education expenses[1] • **Tax-deductible contributions** in some states
Estate planning benefits	• Contributions and investment gains **removed from taxable estate** • Option to make **five years of tax-free gifts in a single year** – up to $150,000 per beneficiary from couples and $75,000 from individuals[2] • **Only completed gift that can be revoked** under current laws
Control and flexibility	• Account owner retains **full control over assets** • **Can change beneficiaries** or transfer unused assets to certain other family members • Covers **any qualified expense** at accredited schools throughout the U.S. and overseas, including vocational and trade schools[3] • **Minimal impact on financial aid eligibility** when owned by parents
Accessible	• **No income limits** on contributors • **No age limits** on beneficiaries or contributors
Affordable	• Very **low investment minimums** make it easy to get started • **High contribution limits**, often $400,000 or more per beneficiary

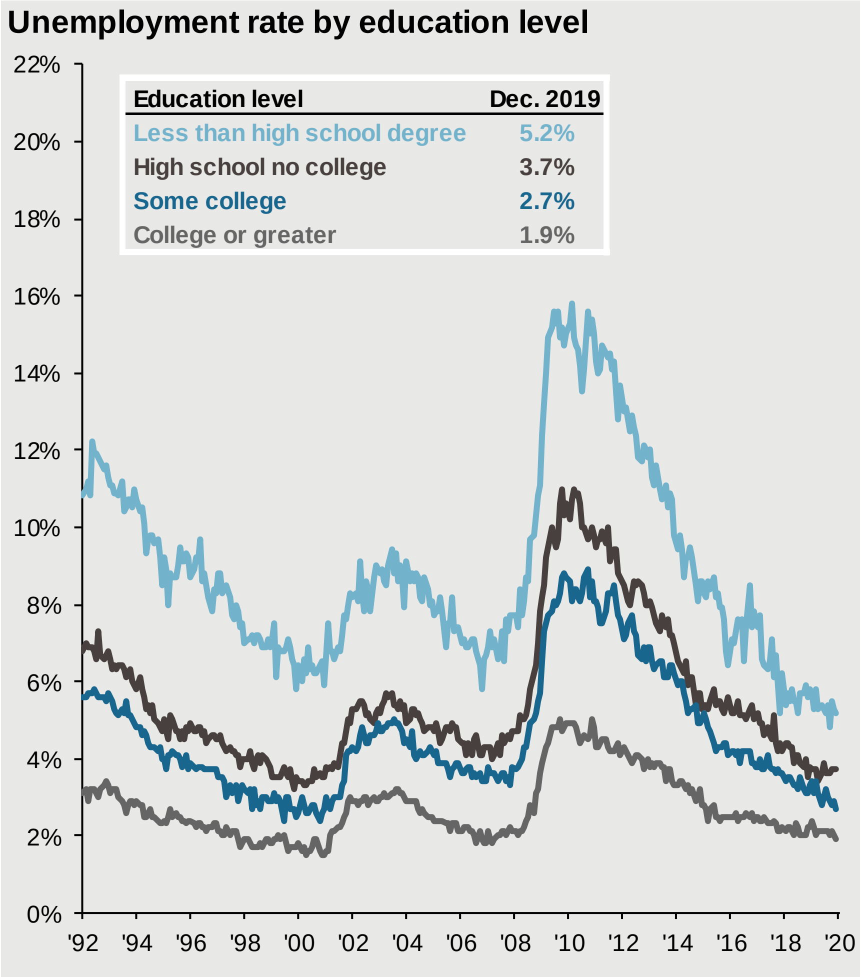
QUALIFIED HIGHER EDUCATION EXPENSES

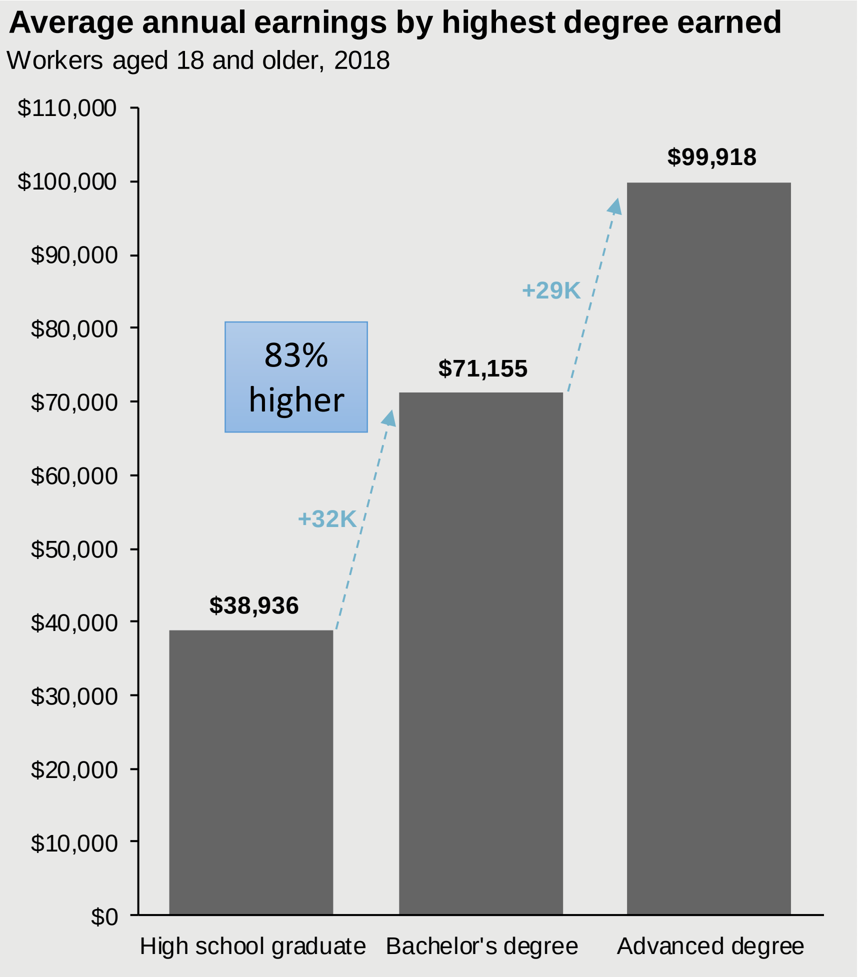
- Tuition & fees
- Room & board
- Books & supplies
- Special services
- Computers & related equipment

Source: Internal Revenue Service.

1. Earnings on non-qualified withdrawals may be subject to federal income tax and a 10% federal penalty tax, as well as state and local income taxes. Federal law allows distributions for tuition expenses in connection with enrollment or attendance at an elementary or secondary public, private or religious school ("K-12 Tuition Expenses") of up to $10,000 per beneficiary per year. Under New York State law, distributions for K-12 Tuition Expenses will be considered non-qualified withdrawals and will require the recapture of any New York State tax benefits that have accrued on contributions.
2. No additional gifts can be made to the same beneficiary over a five-year period. If the donor does not survive the five years, a portion of the gift is returned to the taxable estate.
3. To search for accredited schools, visit https://fafsa.ed.gov/spa/fsc/#/SEARCH.

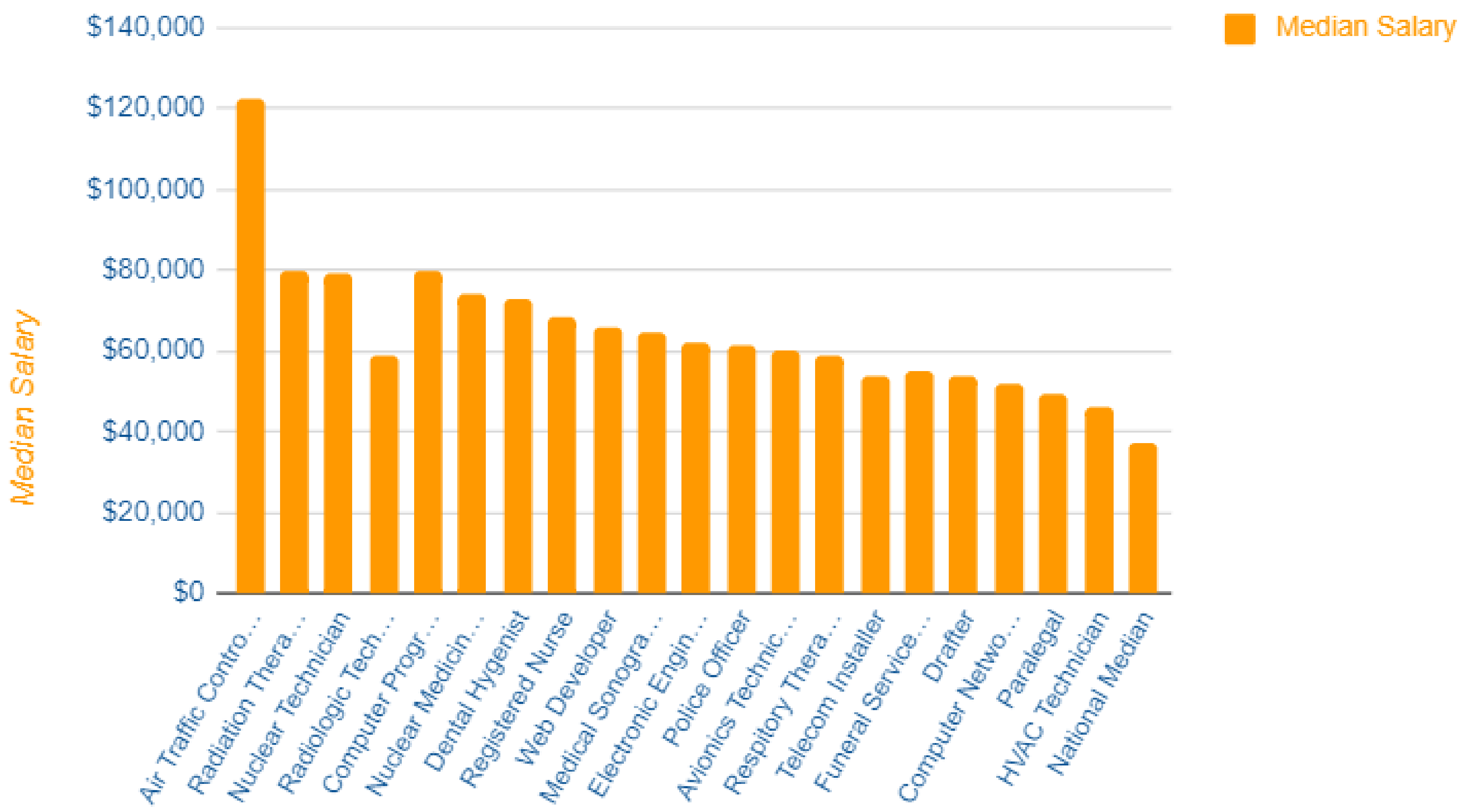
J.P.Morgan Asset Management





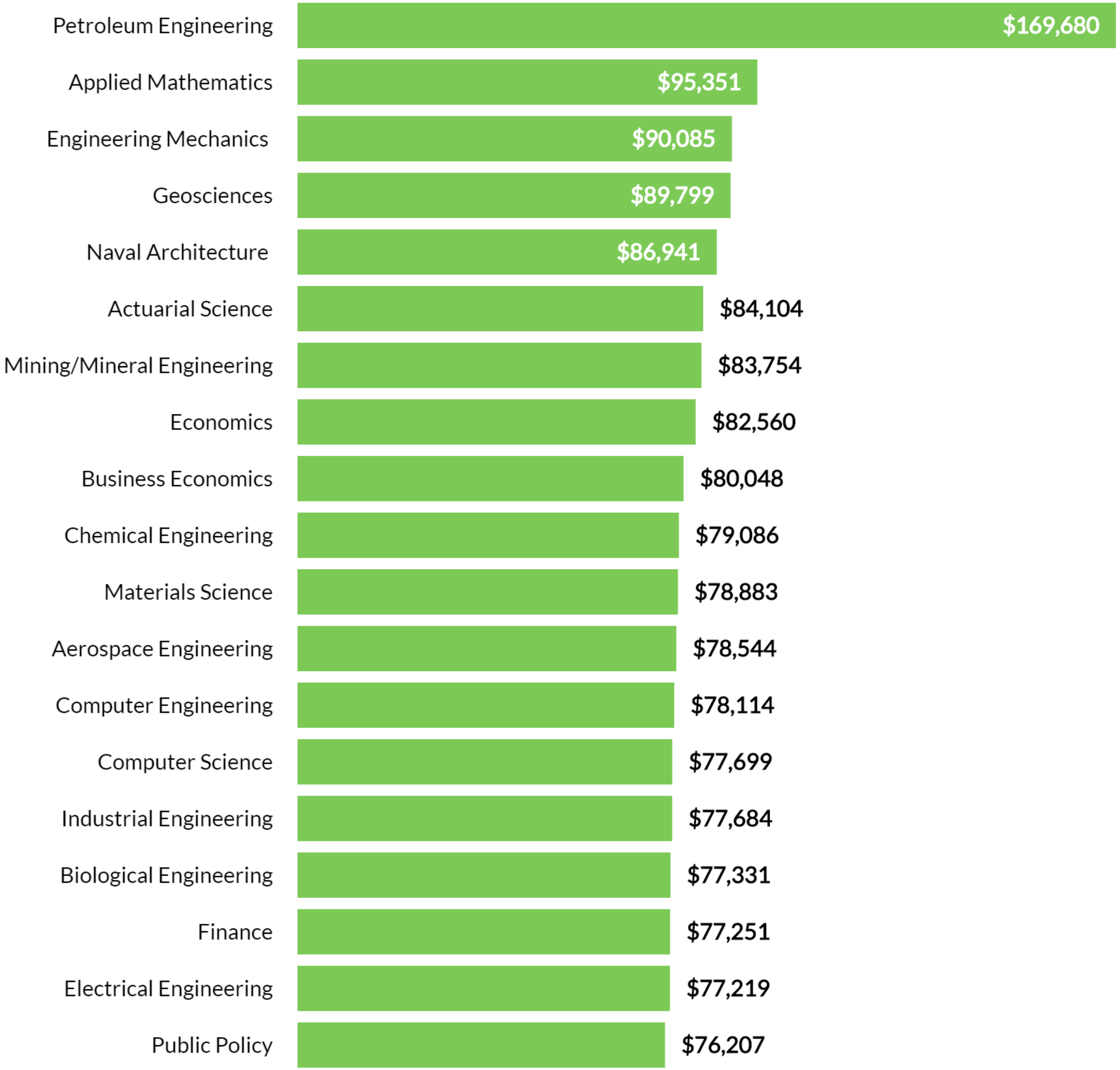
- Source: J.P. Morgan Asset Management; (Left) BLS, FactSet; (Right) Census Bureau.
- Unemployment rates shown are for civilians aged 25 and older. Earnings by educational attainment comes from the Current Population Survey and is published under historical income tables by person by the Census Bureau.
- *Guide to the Markets – U.S.* Data are as of February 6, 2020.

Highest Paying Jobs with an Associate's Degree (2 years)



https://www.geteducated.com/careers/highest-paying-associate-degree-jobs/

Highest Paying Majors for 2019



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PUMS American Community Survey

About Educate To Career

- Non-profit founded in 2013
- In strategic alliance with Job Search Intelligence (JSI), the leading college data analytics firm
- The guidance offered by ETC programs is informed by JSI’s actuarial work for student lenders. If a private sector lender wouldn’t fund a college plan, you probably shouldn’t pursue it. Everything we do is grounded in this logic.
- Our goal is to see young people make practical decisions regarding college that enables them to be: career happy, debt free, home buying, life enjoying, wealth building, members of society.