

Returning to School as an Adult? How to Fund Tuition

Millions of Americans in the workforce are heading back to school to further their education. According to the National Center for Education Statistics, college students over the age of 25 are projected to increase 11% by 2026. These adult learners are enrolling for a variety of reasons – to train for a new career, satisfy an urge to expand their knowledge base, or earn an MBA or master's degree to improve their growth in their current job. If you decide additional education is the right option for you, be aware that tuition costs are on the rise. How will you pay for it? Here are some options to contemplate:

- **Your savings.** Consider what savings you may have available to put toward tuition. If your return to school is still a semester or two away, start setting aside specific savings you can use for this purpose. Be sure to account for the cost of books, technology and other fees your school of choice may require. Resist the urge to tap into your retirement accounts. While it may be tempting, you have other sources of funds to pay for school that are not available to pay for your retirement.
- **529 Plans.** A tax-advantaged 529 college savings plan is typically used as a savings vehicle for future education needs of children or grandchildren. But you can also establish a 529 for your own education or tap unused assets you established in a child's account for your own expenses.
- **Tuition reimbursement.** Returning to school is particularly attractive if your employer offers a tuition reimbursement program. In practical terms, this means you could further your education and potentially improve your job and career prospects at a reduced cost to you. Important caveats may be tied to the reimbursement, such as only covering tuition for coursework in an area relevant to your current role or requiring you to remain with your employer for a period



Christopher Malmstrom, MSFP, CRPC, APMA, CAP, AEP is a Financial Advisor with Point to Point Wealth Planning, a private wealth advisory practice of Ameriprise Financial Services, LLC in Wilmington, DE. He specializes in fee-based financial planning and asset management strategies and has been in practice for 16 years. To contact him, visit his website www.ameripriseadvisors.com/christopher.malmstrom or call 302-995-7526. His office is located at 5195 W Woodmill Drive, Suite 27, Wilmington, DE 19808-4067.

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of time after completing your education. Check with your human resources department to see what benefits are available to you.

- **Grants and scholarships.** There is no age limit to qualify for federal financial aid. Financial need dictates the ability to qualify for grants at the federal level, which may limit your opportunities. However, you may also be able to find scholarships from other sources that apply specifically for older students. Your school's financial aid office may be a helpful resource.
- **Loans.** Adult students are eligible to take out traditional student loans. If you do, be thoughtful about the amount you borrow and diligent about repaying them quickly after graduation. You may be able to deduct a portion of the student loan interest from your gross income, subject to certain limitations.
- **Tax credits.** There may be opportunities to reduce your tax bill if you qualify for education-related tax credits. For example, the Lifetime Learning Credit is a tax credit of up to \$2,000 per tax return for qualifying higher education expenses (income limits apply).

Which option – or combination of options – is right for you? Enrolling as a full-time student means higher upfront costs and a bigger time commitment. Yet, it can result in a degree or certification faster, which may be ideal if you are eligible for a higher-pay-

ing position afterward or if you are funding your schooling through scholarships and loans.

If you choose to complete a class at a time, your education will take longer. Financially, this could allow you to absorb tuition and fees into your regular budget or pull the funds from a 529 account that is earning investment income in the meantime. Additionally, doing so may maximize your tax credit and reimbursement options.

No matter how you fund higher education, consider how the cost fits within your overall financial strategy. A good place to start is to sit down with a financial advisor to discuss how you can prioritize school amid your other financial goals. ■