NARRATOR: Roth IRAs, CDs, stocks, insurance, your 401K – what are the right choices for your financial future? "***Your Money: Your Choices***" will clear up the confusion surrounding these concepts with clear and concise information. You'll get tips and tools that you can put into action right now to help save your hard-earned income in ways that will protect your future. Whether you're a single mom or a father of five, "***Your Money: Your Choices***" will put your money back in your control where it belongs!

Now here's your host, Hank Coleman.

HANK COLEMAN: From Main Street America, this is the "***Your Money: Your Choices***" podcast. I'm Hank Coleman. Thanks for joining us today. You can find me on my website, MoneyQandA.com discussing all things personal finance. That's also where you'll find the show notes for today's show. Be sure to email me, at Hank@MoneyQandA.com with any comments or questions that you have from today's show.

According to a recent fidelity survey, the class of 2013's college graduates are going to have over $35,000 in college-related debt. This includes over $13,000 in personal and family loans, and over $3,000 in credit card debts.

As parents get ready to send their children off to college this fall, it's become apparent that we haven't done a good enough job communicating to our children. We haven't had the open, the honest communication that they need to be successful – financial conversations about credit cards, about how much money we're expected to pay for their education, whether or not we want them to have a job during this college semester. We just haven't had these honest and open communications with our children. And the problem really stems back for years, we haven't had conversations leading up to this point, now that they're almost ready to go off to college. So we've made a mistake – waiting too long to have these important financial conversations with our children.

So I'm pleased to have Jonathan Clements on the show with us today. He's the director of Financial Education for Citi Personal Wealth Management. Before joining Citi, Jonathan spent 18 years with The Wall Street Journal as the newspaper's personal finance columnist. He's also written 5 books including his latest, which is "***The Little Book of Main Street Money: 21 Simple Truths that Help Real People Make Real Money***". And, Jonathan recently released a report of his 5 top recommendations of conversations that parents must have, need to have with their soon-to-be college freshman. So I'm pleased to welcome Jonathan to "***Your Money: Your Choices***" today.

Well, thank you. I do appreciate your being on the show today. You wrote a great little piece about the 5 things that parents should talk to their children about. And obviously there are more than 5 things, but you felt that these were the 5 most important conversations that parents needed to have about money with their college-bound children. Is that right?

JONATHAN CLEMENTS: Yeah. These are the five things that you might want to talk about before your kid heads off to college. But clearly, if you wanted to raise a financially responsible kid, and you want to make sure that they make the right sort of choice when it comes to college given the huge cost involved, you should be having the conversation much, much earlier. I often tell parents that they should start talking to their kids about financial issues when the kids are five or six, and when it comes to issues of college choice, they should really be talking about that issue with their kids when they’re freshman in high school. Because the fact is, you don’t want your kid to be dreaming of Harvard, and frankly it just isn’t in the family budget.

HANK COLEMAN: Right.

JONATHAN CLEMENTS: If you can’t afford to send your kids to one of these expensive private schools, you should be telling your kids early to manage their expectations.

HANK COLEMAN: And that’s something that we’re not doing collectively as parents. Are we having those conversations early enough, or we’re not doing a good job with that?

JONATHAN CLEMENTS: If you go back a bunch of years, there used to be four big taboo topics: Money, Religion, Politics and Sex.

HANK COLEMAN: Sure.

JONATHAN CLEMENTS: Today, the only one that seems to be taboo is money. People will happily talk about everything else, but money is still off the table. I know so many people who won’t even talk to their kids about how much they have saved for retirement, what the state of their finance is in.

HANK COLEMAN: Right. Do you think it is the best because we, as parents, are collectively screwing it up ourselves, and we don’t want to be, maybe embarrassed to talk to them about it, or maybe we’re not as savvy as we need to be. Why…?

JONATHAN CLEMENTS: Yeah. The statistics tell us, that collectively we are not doing a good job when it comes to our finances. I mean, the amount of money that people have amassed by the time they approach retirement is really frightening. So yeah, people are doing a very poor job of managing their money. So it's not surprising that they're not talking to their kids about these issues.

But the fact, talking to your kids about these issues can in fact make you, the parent, a better manager of your own money. The fact is, when you start talking to your kids about how to handle credit cards, how much they should be saving once they're in the workforce – important issues like that, that serves to make you think about your own financial habits, whether you're doing the right thing. So yeah, you should talk to your kids about these issues, and probably because it will make you a better manager of your own money.

HANK COLEMAN: That's a great point. Well, let's jump right into it and talk about the 5 financial topics that you highlighted, that are really critical for parents to talk to their children about before we shipped them off to college. And the first one – in no particular order – the first one is, "What you'll pay for?" As a parent, what you'll pay for your child's college experience. And you know, I had to just actually send my wife a text message a few minutes ago, to try and pick her brain. Because we – to give you a little bit of our background story – we were college sweethearts. Dated from the time we were freshman and actually got married a week before we graduated at seniors -- dated all through college. And our 2 college experiences were quite different, because I had a full scholarship to go into the Army, so my cost out of pocket, and my parents' and my mothers' cost were significantly less than my wife's parents' cost.

So I had to ask, I had to pick her brain a little bit. And she was saying that she wasn’t really given too much of a guidance on what she was going to be responsible for, and what her parents were going to be responsible for. Is that how you see it normally? I mean, obviously it’s not how it should be, but is that kind of where we’re messing up?

JONATHAN CLEMENTS: I think it’s hard to generalize because everybody…

HANK COLEMAN: Everybody’s situation’s different. Sure.

JONATHAN CLEMENTS: Yeah. Everybody is in a different financial situation. Some people don’t struggle to pay for college. For other families, it really is financially difficult to pay for those four years. But yeah, you should be talking to your kids about what part of the bill you’re expecting to put. And early on, we’re talking three or four years from college, you should be talking about whether you’re going to be expecting them to pay part of the tuition and room and board. And, then once they approach college age, you should be talking about how much of the everyday spending that they’re going to encourage during their time at college.

You’re going to be expecting to pick up on how much spending money you’re going to give them. Kids should be able to sit down and say, “All right, I have X number of dollars per week to spend on food, entertainment, billing out whatever it is, so that they know what their budget is, they know what portion of that budget is going to come out of their pocket. And one of the reasons you want to have this conversation early is because, if you’re going to be expecting your kids to put a lot of money towards everyday expenses of college, that may influence what they do with the summer before they head off.

I mean, if they’re going to have to have a lot of money coming out of pocket, that’s going to be a big incentive to go and get a job that summer before they head to college.

HANK COLEMAN: That’s a good point. It sounds just – it’s expectation management. How much, in setting the groundwork and the boundaries that parents, right? And setting that expectation is really what it comes down to.

JONATHAN CLEMENTS: And one thing – you know, going back to you and your wife talking about your different college experiences -- you as a parent should talk to your kids about what your college experience was like when it came to money, because most of us during college, did struggle financially. Many of us did end up with credit card debt that we couldn’t pay off. So we were carrying that balance and paying interest charges. So you should talk to your kids about your experience and the things that you did wrong.

HANK COLEMAN: Yeah. There’s sure enough of them. Yeah. Now you…

JONATHAN CLEMENTS: A great lecture on the virtues of being a responsible spender, but that lecture is not going to be nearly as powerful as a couple of good stories about your own experience.

HANK COLEMAN: Right.

JONATHAN CLEMENTS: Learning through the generations in the stories that we tell. You tell your kid a good story about how you messed up financially, and they will never forget the lesson.

HANK COLEMAN: You know, that’s a great point, and you mentioned the different experiences and I didn’t even think about it before about just how different – even my wife's and I – our experiences were at college. And going on to your second point that you wrote is, how much should your children work while they're in college? And you're not talking about school work. Obviously you're talking about employment during the semester. And you know, I did not work during the college semester, because in my opinion I'm there to go to school, and so school is my job 9 to 5, 24/7, that's all I'm doing is going to school.

But my wife took a different approach to it, and she worked. Especially – I don't remember – at least during her junior and senior year, I know for sure she worked at least 20 or more hours a week in a part-time job. So what do you recommend about, should a child work while they're in school, or should they not? Or is it just having that conversation and laying down those expectations again?

JONATHAN CLEMENTS: Well, ideally your child doesn't have to work. But not every family can afford that, so what you want to make sure is if your child has to earn money during the course of the semester, you need to make sure they're not working so much that it defeats the purpose of the exercise. I mean there's no point in putting out all that money for tuition, room and board if your kid is going to be working so much to earn money that they have a miserable college experience, and even potentially fail academically, right? There's no point in that.

So you need to make sure that your kid doesn't end up working too many hours. And you're going to be the best judge of your kid. You know how disciplined they are about academic work, whether they can really juggle working on their studies and holding down a job at the same time, and how many hours it's reasonable for them to be working for money during the course of the semester.

HANK COLEMAN: Yeah.

JONATHAN CLEMENTS: But knowing your child, you should guide them because you do not want them failing academically.

HANK COLEMAN: No, yeah. That's a great point.

We're talking with Jonathan Clements who's the Director of Financial Education for Citi Personal Wealth Management. Before joining Citi, he was the personal finance columnist for The Wall Street Journal for over 18 years. He's also written 5 books including his latest book, "***The Little Book of Main Street Money: 21 Simple Truths that Help Real People Make Real Money***".

You know, I was a little saddened by the third bullet in the article about how to handle a checking account. And I guess I was saddened because in my mind I was hoping that we were beyond that, about how to handle a checking account. I would hope every high school student should know how to write checks and reconcile a checking account, but I guess that's not true. And I guess it's those fees and the overdrafts that kind of made me think after – maybe it's not true. And so that's a conversation, that's another conversation parents need to have with their children before they go off to college?

JONATHAN CLEMENTS: Absolutely. You need to talk about how you can trigger an overdraft, and that will depend on the account you have. I mean, if people have signed up so that they have the overdraft protection, where the – you can overdraw an account with a debit card, or you can overdraw an account with an ATM card. You should be telling your kid about that so that they don't end up charged from the $3

Starbucks coffee and ending with a $35 overdraft fee.

You know, you should also be talking about where they can use their ATM card. I mean, can they use it at other banks and not get a service charge, or should they only be using the ATM card at the bank that they have an account with. These are all important things to talk about. And when you talk about it, you may also suggest they sign up for text message alerts, or email alerts if the account starts to get low or they trigger an overdraft, so that the first sign of trouble or the approach of trouble, they can do something about it.

HANK COLEMAN: Credit cards. The credit cards are a huge issue for college students and their families. What type of conversations should parents have with their children about credit cards?

JONATHAN CLEMENTS: I think a lot depends on whether the credit card is in the child’s name only, or whether it’s a joint card, where say you as the parent are the name on the account, and the child is probably an authorized user. If it’s the second situation where it’s a joint account, you should be talking about what can be charged the account. You know, maybe it’s okay to charge groceries, maybe it’s okay to charge emergency expenses, maybe it’s okay to charge textbooks, on the other hand, maybe it’s a no-no to charge the tab at the club that you go to.

HANK COLEMAN: McDonalds…

JONATHAN CLEMENTS: You know, and if you feel that your child is going to go crazy with the credit card, a simple thing you can do is ask for a lower limit on that credit card. You want to make sure that too much doesn’t get charged. Maybe you’ll ask for a $500 credit limit so that they get cut off at some point.

HANK COLEMAN: That’s a great idea. I hadn’t thought of that before.

JONATHAN CLEMENTS: Yeah. Well there is a down side to that though, Hank – if you have a low credit limit, what you can end up doing is using a very high percentage of the credit limit on the credit card. And as you know, using a high percentage of the credit limit on your credit card on a regular basis can make it look to the credit bureaus like you’re financially stressed. And so it’s not great for your credit score, but on the other hand it’s better than ending up with too much credit card debt.

HANK COLEMAN: Sure.

JONATHAN CLEMENTS: If your child gets a card on their own, you may want to talk about all of these issues plus the importance of paying the bill on time, making sure you don’t charge more than you can comfortable pay when the bill arrives. One of the suggestions I make to a lot of people is, when you make a charge on a credit card, deduct the amount from the balance on your checking account. That way, when the credit card bill arrives, you know you’re going to have enough money to pay the bill.

Another thing that parents may want to advise their kids on, is the type of credit card that they get. So you’d rather get them in – it’s just a plain – you may want to get one that gets cash back, gets you airline miles, some sort of other rewards so that you can get something in return for all your spending.

HANK COLEMAN: Okay. Yeah. Well, we got time for just one more question, and I wanted to talk of finally about the last point, about when to call for help – when the child should call the parents for help. Well, I guess when should they call for help, first?

JONATHAN CLEMENTS: When do they call for help?

HANK COLEMAN: Yeah.

JONATHAN CLEMENTS: Earlier rather than later.

HANK COLEMAN: Right. Like bad news never gets better with time.

JONATHAN CLEMENTS: Absolutely. And we're not just talking about overspending – probably that's the primary issue. Kids may miss a payment on their credit card, or they may have missed a payment on the utility bill and they're late. It could be that they're renting an apartment and they're having trouble with their landlord. Whatever it is, whatever the problem is, you should encourage your kids to call you earlier rather than later because the earlier they call you, the more likely it is you can fix that problem without it getting too much worse. If they wait too long, then it could be a whole fistful of trouble.

HANK COLEMAN: Sure. Real quickly, can you tell us a little bit about what you do at Citi?

JONATHAN CLEMENTS: I'm Director of Financial Education. I probably spend 90% of my time overseeing a slew of written content that we put out a couple of different newsletters. We have a bunch of evergreen educational content much of which is available on Citi.com. In addition, I do a set amount of public speaking at client events. By background I am a financial writer. I spent 18 years at The Wall Street Journal before I came to Citi, and when I was there I was the personal finance columnist. So that's a little bit my background.

HANK COLEMAN: That's a good gig.

JONATHAN CLEMENTS: Yeah. Well, like any job on this world, after 18 years I got a little old.

HANK COLEMAN: Sure. There's only so many times you can write about getting rid of credit card debt and that kind of stuff.

JONATHAN CLEMENTS: Yeah. You know, my joke on this used to be, there are only 20 personal finance stories, and by the time I left the Journal, I've written each of them 50 times.

HANK COLEMAN: Right.

All right. Well Jonathan I really appreciate you taking the time to talk to us today. Thank you so much.

JONATHAN CLEMENTS: It's my pleasure Hank.

HANK COLEMAN: We've been talking with Jonathan Clements who's the Director of Financial Education for Citi Personal Wealth Management.

Up next, we'll be talking to Tim Higgins. Tim Higgins a certified financial planner and the author of the book, "***How to Pay for College Without Sacrificing Your Retirement***". Tim, welcome to the show.

So your book is "***How to Pay for College Without Sacrificing Your Retirement***". So I guess the real question is, so how do I pay for college without sacrificing retirement? I mean, the book's geared towards parents' perspective, or is it geared towards the child going into college?

TIM HIGGINS: Well there's overlapping topics there, but yeah, it's really, I'm talking to the parents.

HANK COLEMAN: Okay.

TIM HIGGINS: I think, I have had students read the book and they do get valuable information out of it, but financial literacy, for a 17-year old, is just probably not there, and their interest level may not be there. So yeah, it's for the parents.

HANK COLEMAN: Okay.

TIM HIGGINS: And really, what I'm trying to stress is, the most efficient way to actually work through this financial problem is to work backwards.

HANK COLEMAN: What do you mean?

TIM HIGGINS: So the way most people approach this is they say, "Let's just get admitted to the most 'prestigious' school we can, then we'll figure out how to pay for it." And typically what they mean by that is, how are they going to pay the first year? They're not even thinking about second, third, or fourth year –

HANK COLEMAN: Or fifth.

TIM HIGGINS: Or, their second and third child. So, what I try to do is provide perspective to my clients or the readers and say, "Let's look at retirement first, because that's going to determine if you're on track or off track. Should you really be saving for college, or taking out loans? If you're not even close to hitting your mark?"

HANK COLEMAN: So that's the long pole in the tent, so to speak. I mean it's, retirement is more important than saving for college?

TIM HIGGINS: Yeah, because you know what, there's colleges out there of all different price points. Even if somebody was to tell me that they can't pay anything for college, I would tell them that there are schools we can still consider. And just a quick example is, and I'm sure you're familiar with it, is Community Colleges. In my area they cost $4,000 to $5,000. And if someone spends $4,000 on college expenses, the government currently gives you $2,500 back in an American Opportunity Tax Credit. That's paying at least half of that expense. Then you're left with just over $200 a month if you wanted to break it up over 12 months.

And, just that's a quick example of it.

HANK COLEMAN: Sure.

TIM HIGGINS: We can make this work no matter how you want to do this, and I can go on to a bunch of studies.

HANK COLEMAN: Is that the holistic approach that you talk about? Like in the book, you talk about looking at it as a holistic. Is that's what you mean?

TIM HIGGINS: Exactly. And ultimately, what I'm trying to do is, I'm not trying to tell people that one thing's better than another, or that there's a right and a wrong. What people are doing is making a buying decision, and I simply want to make sure that they're aware of all their options and the implications of their decisions. Once they've weighed all that, you choose.

HANK COLEMAN: It’s funny that you mention it as a buying decision. I think, a lot of times that I guess it’s the fault, maybe it’s the fault of the parent, but I don’t think the children do much to help the situation. You know, I see the choice of college majors as one of the biggest problems facing parents and students alike of how they pay for college and how much they can afford to pay back in their student loans in a relatively easily. So I mean, do you see the college age folks out there making some horrible choices, it seems, especially with respect to return on investment for some of the majors they’re choosing?

TIM HIGGINS: That’s bingo! I mean that’s the hot button. So if somebody is – there’s a great book out there by Bonnie Snyder [called…. “***The Unemployed College Graduate's Survival Guide: How to Get Your Life Together, Deal with Debt, and Find a Job After College***”], who went to Harvard and she majored in English. And one of the quotes, I’m going to paraphrasing off the top of my head is that; “I thought the impact of my college major would have no impact on me getting a job afterwards, but I was wrong.” And, that’s somebody coming from an elite Ivy League school.

Major has everything to do with it. I don’t know if you’ve read the book that was just put out by the former Secretary of the Education. And he basically said, you know, if you get into Yale or Stanford, that’s probably a good investment. After that, everything is off the table.

HANK COLEMAN: Well, that kind of goes into my next question. I mean, not only is it the choice of majors, but it’s probably the choice of the institutions as well. I mean you’re right, the top-tiered have a great return on investment, but those middle ground, the upper middle, it seems like – especially depending on your major, you’d struggle to get that return on investment. And, it seems like a lot of parents and children, like you said, aren't looking at it as a buying decision and are just looking at it as the next life step that they have to go through.

TIM HIGGINS: What I find fascinating is if you talk to students and inform them how different majors equate to different salary position. Not that that's what college should be entirely about, but at this point, with this price point, it has to be a major influence. And, when you talk to the students and show them what average salaries are for different majors, it's eye opening. And, the more you inform the students – this is just my personal experience – is the more they're onboard, the more they're part of the team, and they're not looking to bankrupt the family, believe it or not. If you don't bring up price, then and you just go on tours, of course they're going to love the campuses with the most amenities, bells and whistles. It's just like buying a car. If you test-drive a Mercedes, you're going to like it.

HANK COLEMAN: Right.

TIM HIGGINS: So it's a perfect analogy with automobiles because the big question is, do you get to your destination faster? And there isn't really any proof that you do. Either cars and private colleges have more bells and whistles, more amenities? Absolutely. You can't argue that fact.

HANK COLEMAN: But we should look for the college that gets us from point A to point B.

TIM HIGGINS: That's right. And, that you can afford as a family. And that's what I'm trying to get people to do.

HANK COLEMAN: Sure. And do you see a lot of children in families that are struggling with – you know, I like to call it, on the 5 and 6-year plan. The super seniors as we used to call them at my college, those who are changing their majors, who are just kind of floundering around. I mean, parents aren't having the conversations that they should with their children about how much, going five or six years, changing majors, is hurting the family finances. Is that right?

TIM HIGGINS: Right. And, furthermore, this is tying back into your major discussion, a lot of the planning, believe it or not. Yeah, there is some financial numbers that need to be crunched. Then, financial aid may come into it, and that's all part of it. But, a lot of it is student planning. And, now these high schools and even college boards, they have these great tools that I see very few families utilizing, but there's the Naviance program that works with the student to figure out their strengths and weaknesses, potential career options that they would be good at and they would like, which leads you into different majors to choose, and then…

HANK COLEMAN: Is that a web-based program or stand-alone program through the like the guidance counselor?

TIM HIGGINS: Naviance is thorough guidance. So, you will purchase that, but it's almost identical to College Boards. It must be the same company that produces that because I've seen mirror images on these screen, but College Board is a web-based program.

HANK COLEMAN: Okay.

TIM HIGGINS: So the student does more work in terms of thinking this through, what they'd like to do. They're not going to be flip-flopping on majors as much when they get into school, and yeah, you have to have that conversation.

HANK COLEMAN: Yeah. You know, I was really lucky. I don't know if it's blinders or just a steadfast vision, but I fell in love with the movie "Secret of My Success" with Michael J. Fox when I was about 12 years old. And ever since then, I knew I wanted to be a business major. I thought I wanted to go to Wall Street being an investment banker, those kinds of things. So, I was really lucky in my personal life to know exactly what I wanted, and did that, never changed my major, etc. It worked out well being a business major, and I went on to get a Masters Degree in Finance. But, I never made it to Wall Street, though.

You know, one thing that I liked about your book, or I was curious that I hadn't really heard before, was about cash flow planning. And I was wondering if you can kind of talk about how cash flow factors into paying for college, or how it should factor into it.

TIM HIGGINS: It's the number one question for anything, whether it's a household, a business or a country, government. So simple: We have assets and liabilities, and we have income and expenses. And if you were to have a CFO of a business, the number one thing they want to know is cash flow. So really what I'm talking to parents about is, and everybody just at the top of their head, 50% will say, "I have no idea. Nothing's left over," because everybody just kind of spends up what they make, and I see that across all different income levels.

But, sometimes people have a general idea that, "Yeah, there's something left over, I don't know what it is." Well if you don't know what it is, you can't harness it. The most efficient way either if you're going to save for college, you need to know what's left over. If you're going to borrow for college, how much can you borrow? That's all part of your cash flow. And I actually like the fact that the most efficient way to pay for school, if it's possible, is just out of cash flow.

HANK COLEMAN: Sure.

TIM HIGGINS: Meaning, you're not selling anything. There's no tax consequences. And, it's a very efficient way to do this. So the first number that needs to be crunched to answer all these other questions, I believe, really revolves around understanding that family's cash flow.

HANK COLEMAN: And now, does that tie into the family. I mean it ties into the family's budget, so are these families, they don't have a written budget so they have trouble telling what the cash flow is or where they could harness the excess cash flow? Do you think it's a budget question that we're struggling with, in a way?

TIM HIGGINS: Well, budgeting isn't a fun exercise to go through.

HANK COLEMAN: No.

TIM HIGGINS: And, I've rarely… maybe 5% of the families I work with really have some sort of budget. Most people don't.

HANK COLEMAN: We're talking with Tim Higgins who's the author of the book "***How to Pay for College Without Sacrificing Your Retirement***." Tim has his own financial planning practice for 14 years, and is also a certified financial planner. The book goes into detail about ways to cut down on the cost of college, and emphasizes a holistic approach to paying for school. It talks about choosing the type of school you can afford, determine the types of savings plans you can utilize, and many other great helpful tips. It helps families decide more efficiently, prepare for future college and retirement expenses to a holistic financial planning process. Bring your financial logic to what ultimately often becomes an emotional decision. You can find out more about Tim and his book at this website, CollegePlusRetirement.com.

Tim, where should 529 Plans fall in our plan for paying for college?

TIM HIGGINS: So, 529 Plans, whenever I give a talk at a high school, I love asking people, just to get some feedback or reaction, because typically it's silence when I say what is the only benefit to this plan? And people – they're scratching their heads because they're thinking, "Well…"

HANK COLEMAN: You can transfer the beneficiaries.

TIM HIGGINS: Well, if they're so well marketed, there's got to be tons of benefits. And really, now the only benefit is tax-deferred growth. So number one, you need to have growth. Number two, you need the time to grow it. If you have a sophomore in high school, and you put money into this plan, you don't expect it to do much because most people will use this age-based investment, they get more conservative, and it's going to be almost all short-term bonds in cash as they're approaching college age. So the benefit really isn't as impactful as they probably had hoped. But I think every family should have a 529 Plan, and the reason being is, not like to label it the "Family 529 Plan."

HANK COLEMAN: What do you mean?

TIM HIGGINS: They've taken the place of these Double E bonds for gifting, and it was a real eye-opening experience. So I opened up a 529 Plan for my son who's 11 months old, and at his christening, some people gave us money. But my wife's brother said, "I want to put this into his college plan; I don't want to give you the money."

HANK COLEMAN: I love it. That's a great idea.

TIM HIGGINS: Yeah. It's a good exercise. And they give you coupons, so it's very easy for anybody to contribute to these plans. So they've taken the place of Double E bonds for gifting and they're very efficient in that way. So I do like the idea of having one setup.

Having said that, I would say, if a family's going to be able to save, it makes no sense to be putting money into a college savings plan if you're not on track for retirement. So the first thing you need to do is, if you get a match at work, you got to be putting into that retirement plan. Number 2, I love Roth IRAs, and I think it's one of the best vehicles out there – excuse me – that can be applied to college, it also would be tax-free for retirement, you can invest it any way you want. Now, you can only put so much into those, but if you're doing a 401K and a Roth IRA, you're off to a great start. Then you can start to consider some other options like a 529 Plan. So it's farther down the pecking order than most people think.

HANK COLEMAN: Okay.

TIM HIGGINS: Because most families want to compartmentalize. "Oh, we got to save for college, let's open up a college savings plan." "We got to save for retirement, let's put it over here." I don't really want to put labels on these different things, I just want to choose the best vehicles and be it as efficient as possible for all of your…

HANK COLEMAN: So one pool of money and we're drawing it however we see fit as a family.

TIM HIGGINS: That’s right, yeah.

HANK COLEMAN: Okay. We just got time for just about one more question, and I wanted to ask you, basically your best tip – your best tip for keeping the cost of college down, or saving for college. If I saw you in an elevator and we only had 60 seconds, what’s the one thing that I need to know about keeping my college costs down?

TIM HIGGINS: Well, I’d say three things. Number one, you got to apply for a financial aid. Colleges would be willing to give Bill Gates and Donald Trump financial aid. They want that student. And, it’s not so much how much need you’re showing, it’s how needed your student is on that campus. Number Two, don’t ignore safety schools. Safety schools want your student numbers. So, they think that’s for merit aid, and merit aid is not hundreds of dollars, it’s thousands – guaranteed all four years. That’s the number one way to cut down on costs.

And, then number three, it’s all about communication and education. Communicate with your child about majors, what school choice means. And, talk about finances because they don’t do that in the high schools, for the most part, and they don’t do that for the most part, in colleges as well. So…

HANK COLEMAN: Or, across the dining room table either.

TIM HIGGINS: Exactly. Or with family members, it’s all hush-hush, and it’s the elephant in the room.

HANK COLEMAN: Okay. Well Tim, we’ll leave it there, I appreciate it. Thanks for being on the show today.

TIM HIGGINS: Thanks Hank, that was great.

HANK COLEMAN: I want to thank my guests on the show today, Tim Higgins and Jonathan Clements. You can find out more about their books and more about them in the show notes for today's show, which you can find on MoneyQandA.com. Be sure to follow me on Facebook and Twitter, and thanks again for listening. I really appreciate it.

NARRATOR: Want to connect with Hank online? You can find him at: Facebook.com/MoneyQandA. On Twitter: @MoneyQandA or on his website MoneyQandA.com. Thanks for listening this week and don't forget to recommend this program to anyone you know who's thinking about their financial future.

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