

## College Financial Planning with Jack Wang

**Candace Dellacona:** Welcome to the Sandwich Generation Survival Guide. I am your host Candace Dellacona, and I'm happy to welcome today Jack Wang, who is a wealth advisor with Innovative Advisory Group. More importantly though, Jack is the host of a podcast called The Smart College Buyer. Welcome Jack.

**Jack Wang:** Candace, thank you so much for having me on. I really appreciate it.

**Candace Dellacona:** So let's tell our listeners, Jack, a little bit about your background and how you have gotten here. You are a commercial banker by trade, and from what I understand, you were in commercial banking for many years and you transitioned into wealth advisory which I think is the normal course of events and where you got your footing. So obviously we know you're a finance person and so you figured out something that you enjoyed obviously, and you sort of segued into the question of how to pay for college. Is that right? Can you give us a little bit of detail on that and how you got here?

**Jack Wang:** Yeah, absolutely. So my background is finance. It's it's actually what I went to school for and doing the work that I do today. Apparently I'm one of the few people who actually works in a field that's actually connected to their undergraduate major. So many people, I talk to parents like, oh yeah, I majored in X, but I really do Y today.

So I'm a kid who grew up in Massachusetts. But I actually went away to the University of Texas at Austin, so Texas Longhorns. That was a tremendous experience. It actually gives me a lot of material to talk about today with families about what it's like to go far away from home. And, yes, it's still the United States, Texas compared to Massachusetts, might as well be a whole nother country, a whole nother world. And I loved it and I absolutely loved it.

So graduating, I did start out in the commercial banking field for many years and did quite well on that. What ultimately led me down this path was, I was going through a couple of consolidations, it got laid off a couple times and, so that ended up leading me to one of the major investment firms, a name that everybody would recognize. And at that time they were hiring bankers to do lending business and not just the investments business.

So I went over there. What I did not know was that by the time I got over there, they had lent money to all of the different companies that traditional bankers would like never touch. So they were losing money hand over fist. But the takeaway from that was the introduction to financial services.

So if you work for this company, I joke that you could be the janitor and you're still getting all your licenses. That was just a rule, but it really gave me this view of this world. Coincidentally, I was actually going through a divorce at that time, and my kids were like junior high, young, high school age. And so of course at that time I got some training at that firm and, I knew as much about college savings and college financial aid as the average financial advisor, which is hey, start saving the day your kid's born. Shove enough money in there and pray that you have enough by the time your kid goes to college.

It's pretty much the extent of most advice. So just coincidentally, at that time I was playing on a men's baseball team in a men's baseball league, I should say. And one of my teammates, who is still a very good friend today, he, at that time was the financial aid officer at one of the major extremely well-known universities here in Massachusetts.

So literally in between innings, I'm peppering him with questions, not because I was trying to build a business out of it or anything, but I wanted to know for myself that was the whole point I want to know for myself. And he was very generous with his time, his knowledge. And so what I found was that, hey, if I needed to know this, other people probably need to know. And it's kind of complicated. So even though my official title I think is Wealth Advisor, I have focused my entire practice today exclusively on college financial aid planning, how financial aid works and then on the backend, managing student loans for those who have, let's say, gone to graduate school, law school, medical school, and now they have a lot of student loan debt that they need some help with. So that's what I do.

And in fact, just a short while ago I was actually at an event with many of the financial aid administrators, financial aid officers at Massachusetts colleges. There was an event, and actually coming up, I'm going to another event where 30 or 40 different colleges from around the country are presenting information on themselves. You know, when I say that, I'm deep into it. I am deep into it.

**Candace Dellacona:** So you're getting the information Jack, from the actual sources from the universities and the people making the decision in those offices. Is that accurate?

**Jack Wang:** Right. Absolutely.

**Candace Dellacona:** Jack, let's talk a little bit about how your role as a dad, as a financial person has intersected here. You've spent your entire career making sure that you're on the cutting edge of all these wealth advisory topics when you meet with your clients and you found a different niche that many financial advisors have not, and that is how one pays for college. Which, let's face it. As Americans, we are in a position where at least we have to pay something for our children to go to college. Whereas in Europe and in other countries, it's very subsidized and the responsibility doesn't fall to the parents necessarily, and even state schools here in New York where you are in Massachusetts, those price tags have continued to grow over the years.

So let's start with the basics for our listeners. Where should a parent start and when your child is thinking about applying for college, is that where you should begin or is it already too late? Can you fill us in on the jumping off point?

**Jack Wang:** Yeah. And I'll tell you the answer to that is earlier than most people think. And so again, I don't mean, the day that your kid's born starts saving money, although that would ultimately be ideal. But I can tell you with, in all honesty, that when my kids were born, the last thing I was thinking about was saving for college, right?

I'm up to my eyeballs and like diapers and onesies and wipes. And I still remember those days where like you're just going to grocery store, but you're packing like you're leaving the country for a month. So I remember that still. My kids are much, much older now, but anyway, I say that it starts earlier than you think because the typical timeline, and by the way I should mention that what I do is late stage college plans.

So really when kids get to high school. What are the sort of the steps that they need to take at that point? But most students, most high school students, and most parents, quite frankly, don't think about the college planning process until about junior year, typically the second half of junior year.

And there's a number of reasons for that. But now college is close, right? They can kind of see the finish line to high school. They're thinking about what's next. And also high school guidance counselors, the

reason they talk to high school juniors is because in the fall of the school year, the guidance counselors are working with the seniors on their applications. And so by the time the spring semester rolls around, they're largely done with the seniors. So now those guidance counselors have time to talk to the juniors about getting ready for college. The summer in between junior and senior year is really the most popular time when all the families go on the different college tours and things, but it starts earlier than that.

And so because of the way the timing works in financial aid the first year of tax return that is looked at to calculate aid actually spans the spring of sophomore year through the fall of junior year, that's actually known as the base year. So as an example, just to put some dates around it.

As we're recording this, if your son or daughter is going to be a high school senior in fall of 2025, meaning that they're gonna go to college in fall of 2026 when you fill out the financial aid form in fall of 2025, the form is gonna look at the most recently completed tax return. So in the fall of 2025, your most recently completed tax return is tax return for 2024. But then if you work backwards and think about what grade was your kid in in 2024? It's the spring of sophomore year through the fall of junior year. And so then if you need to, let's say, move things around and there's all sorts of tax strategies and stuff that people can do, you need to not only start that, but also get it done before it hits that tax return, which really means in our example financial aid can be based on the 24 tax year. You really need to start doing this and finishing by, say, the 23 tax year so it doesn't hit the 24 tax return.

**Candace Dellacona:** So that's really helpful, Jack. So basically what you're saying is that there really is a window of time that parents really need to think about because we're going to have to provide almost a snapshot of our financial information as it relates to what need will be. So having those documents in place for that snapshot is really what we need to think about.

**Jack Wang:** Exactly. And so, what that really means is families should think about the financial aspect really as early as freshman year. And now the most common pushback is, wait, hold on, hold on. My kid just got to high school. My kids still like figuring out how to not get lost in the building, and you're telling me I gotta start thinking about college already.

It's well, yeah, that's just the way the timeline works. But also at the same time, college is such a big investment. The most expensive colleges these days are 90 to \$95,000 per year. So after four years, in most parts of the country, you're buying a house, the equivalent, right? Or close to one anyway. And so if you think about buying a house. You can go house shopping and you say I want a house like four bedrooms, two bathrooms, or whatever the case may be. But ultimately, when you buy that house, you're also looking at the neighborhood and what the yard is like, and maybe the commute to work and how far that is or how close the grocery store is, or what, there's other factors that are not necessarily specific to that one house. I often tell families that picking college is really the same thing. It's yeah, you might look at what majors they have or how big it is or whether or not their football team's any good or whatever. But really it's the stuff that's off campus, and whether it's far away from home or not like I went far away from home and all those other factors that makes a huge consideration because at the end day, what parents I think and students tend to forget about is that, like your kid has to live there for four years, right? Whether it's on campus or off campus, but they ultimately have to live there. And so if they have to live there, they better like it. A lot of kids when they don't start their search or really start thinking about it until junior year a lot of families are fixated on the name. I wanna go to this college because of this name, or all my friends are going there, or whatever. But just because your friends are going there doesn't mean that you actually like the place. And so what ends up happening is there's not an insignificant proportion of students. So roughly a quarter of all college students each year transfer schools. It's not because they flunk out or anything. Just they transfer all sorts of reasons. Too far from home, too close home, too big, too great, whatever.

But the reason that's a financial issue is because then you introduced something called transfer leakage, which is, Hey, Candace, you know that math class? You took at the first college? That doesn't transfer to the math class at the second college. You have to retake it. And as a result, you end up lengthening out the time to graduation.

And the longer you go, the more it costs you. So what I tell parents is, look, the earlier you can start this, and even if you start by figuring out what your kid does not like, okay, that's okay. And the earlier you start that, then you're just that much farther along the process and now you can find the school that's right for them and where they're gonna truly love it and thrive and make friends.

**Candace Dellacona:** So Jack, one of the first things it sounds like you're saying is that your family and the student should really think seriously about where they wanna be and what it's going to look like, so that you're not part of that statistic of a 25% group of students who transfer. And so maybe you find the handful of schools that your child says I want this particular major and I wanna have a great sports team, or I wanna be close to the city or on the East coast.

You come up with a group of schools that you're ready to apply for. So what are the next set of rules in terms of paying for those colleges that you would share with your clients? Where do they go after they have that list of schools?

**Jack Wang:** So as most families go through this process it's very much a find the list of colleges to apply. Then think about the money, then hope for a lot of aid. And so really as they're going through the process, they're trying to answer the question of what schools will accept your student?

Or what do you need to do to be accepted by x, y, z University? That's what the vast majority, 99% of the world does. But if money actually matters right now, again, when I say money matters, you can have a very poor family or you can have a very wealthy family. And just because you have wealth doesn't mean you wanna give it all the way to the college, right? Because you probably worked hard for it. Families really should focus on a different question. This is a different question with a completely different answer, and that is finding colleges that will give your kid the most aid. So here's a very important distinction is most families focus on getting accepted, but that does not mean that the college wants them.

**Candace Dellacona:** Okay. Makes sense. So when you talk about aid though, Jack, you're not talking about need-based aid necessarily. Not financial aid in the traditional sense. You're talking about any number of sources of aid, whether it's merit-based or need-based particular scholarship.

**Jack Wang:** Exactly. And in all honesty a lot of families think that need and merit are two completely separate buckets and there's a wall in between and they shall never cross. That actually is not true at the vast majority of schools. A lot of merit programs have a need component. A lot of need programs have merit component, but here's really what it comes down to. At the end of the day, colleges are businesses like any other. It's actually a fallacy to think that colleges need students. Yes, they need students, but what they really want is particular types of students. And so like any business, colleges have certain goals. If they could be looking to start a new major and expand a major, they might need more boys or more girls, or they might need more kids from a particular geographic region or a particular ethnicity or a combination of all the above. So what happens is for families going through the process they think about, Hey, college, you should accept my kid because my kid gets straight A's and got a high score on the SAT. And they also do all these extracurricular activities and that's how families and students think about it. But if you really wanna maximize aid, you gotta think about it from the college's perspective, is who do they actually want? And the bottom line to that and how it translates the aid is the more a student helps the college achieve its goals, the more aid you're going to get, whether it's merit, need based or otherwise. And it's literally as simple as

that. And the best analogy I can think of for this and almost fits it to a T is the NFL draft, the professional football draft, so teams take turns picking players. And so the first round draft pick, if you're picked first, you get a lot bigger contract than you get if you're seventh round draft pick, right?

So the seventh round draft pick still got drafted by the NFL, which is still a great achievement because not everybody can say that, but comparatively they get no money. But you can't just be the best player because teams, when they draft, they draft for positions, right? Well, if I need a quarterback, I take a quarterback. If I don't need a quarterback, I don't take one.

So again, colleges see it as like majors and all the other factors I named before. So it really comes down to, for a particular student, are you viewed as the first round draft pick there, or are you viewed as the seventh round draft pick? The kids who are, let's say first and second round, are the kids who are wanted, they're the ones who get big aid packages, even if the family's really wealthy. The seventh round draft picks are the kids who are accepted but not necessarily wanted, and it reflects in their admissions offers. I see it all the time. And so that student might say yay, I got into X, Y, Z University, but. But they didn't gimme any aid, and it's yes, congratulations on getting in, but what does that really tell you?

**Candace Dellacona:** Yeah, it's an interesting way to frame the question about where you should be applying. Because there's this focus on the name of the school and getting into the quote that school that you can get into, and I think there's a lot of pressure among parents as well, trying to make sure that their kids are in the best possible school or the named school that other people will recognize.

So what you're talking about really is redefining what that means and being wanted. It's actually a really nice way of looking at the problem. And so once you determine these schools, there are gray areas or leeway within the various financial aid offices, I think is what you're pointing out. And there are certain universities that may offer aid for particular types of students and so it sounds to me is that you can provide these kinds of tips or insights to our listeners so that they know what those universities are looking for.

**Jack Wang:** Yeah. Absolutely. So what everybody focuses on and frankly incorrectly because of how most people approach this process is essentially, hey, is there a secret code like when filling out the FASFA, I can get more? Do I have to blink twice and do a jumping jack or something? I automatically get a lot more aid or something, right? And no, that's not the trick. That's not the game.

And also in understanding where aid comes from. So if you look at the universe of where aid comes from, the largest source is the federal government, but the vast majority of those dollars come in the form of loans. And nothing wrong with loans per se, but I'd rather have scholarships and grants I don't have to pay back. When you look at the pool of dollars, that is scholarships and grants or what we call gift aid, the vast majority of that money comes from the colleges themselves, their own pockets.

And so what that means is because it's their own money, they get to set the rules. And so this is when I talk to different schools, I visit different schools, I talked to their financial aid staffs and their admission staff. This is where all these little details come out and you would not believe the range of variability.

All the different ways schools look at this. So a couple of examples. One example right now that really on the admission side a lot of schools do not require test scores to get in. So it's a huge stress relief for students and parents and great. The vast majority of those schools still use test scores to set scholarship amounts.

So yeah, you can get in without them, but you might not get any money. And so many colleges, no test score, no impact on dollars. Great. Another college, I know. No test scores, no money unless you set up an

admissions interview. But the admissions interview isn't required and they don't really tell you that. So if you never bothered to accept the interview, you can get accepted, but you're left wondering why you didn't get any money. Another school, no test scores, you can still be considered for all the scholarships, but the biggest one available at the school, you're out of consideration. And then another school, just as an example, you're eligible for all the scholarships, but every scholarship is \$5,000 less per year than if you did submit a test score. So there's all these different variations. And it's not just private schools too.

If you really know to ask the question, and I'll be honest, even though I tell schools I'm coming, I tell them who I am and my background, all that stuff, so they're prepared. I'm not trying to sandbag anybody. I'll ask questions and it's a little bit like asking for the secret recipe to Coca-Cola. They don't always tell you.

**Candace Dellacona:** So that's what I ask you, right? So your child gets into school and let's say the test issue is really out the door. We know now that Ohio State and a number of other universities, for example, have decided that tests are back in. And the reason that they have provided is because the numbers were just too high.

And Ohio State, for example, didn't actually have the people in the admissions office to actually review the applications. So let's say you get your admittance and you're now looking at the price tag and what it's gonna cost. Can a student really call a financial aid office at that school and say, Hey, can you share with me what sort of aid is available, whether merit based or financial aid based on need?

What do I have to do as a parent? Or what should the student do? And are those financial aid officers in the schools willing to share that information? Do they just tell you and how do we go about finding out that information if it's all treated like a secret?

**Jack Wang:** Yeah it's simply asking the question. Most schools will share that kind of information that I just shared, but I can tell you in sitting in hundreds of information sessions, I think I've only heard now when I, by the way, when I go to these as a professional I sit back and I'm just listening, observing, right?

I don't, because I could really sandbag the presenter if I spoke up but I'll tell you that I've only, I can count the number of times on one hand where someone actually asked Yes, but if you don't submit test scores, you still can serve all the scholarships, right? I can count that on one hand and I won't even need all my fingers. Most schools will tell you if you know to ask, but most people don't ask because they're focused on the getting in and not the money. Now, other examples of where where it comes into play. So there's some schools that can consider the value of your home equity, right?

The value of the equity in your house. There's one school in particular depending on how much they like you, whether your first round draft pick or seventh round draft pick, this school will either count all of your home equity in the financial aid formula, or they'll cap it at two times your income. Or they won't count it at all, but they have discretion to decide what to use and I have so many examples there.

**Candace Dellacona:** So how do you know what their formula is? If every school has a different formula and you have two houses that are worth \$500,000 each, and home A has a home equity. And let's say there's no mortgage on one of the houses, is there a possibility that, this sort of configuration would render your child to receive more financial aid or even having a larger mortgage would entitle your child to more financial aid?

**Jack Wang:** Yeah, so even though that's particular school told me that they obviously don't tell me where the cutoffs are. What students go into one category versus the other. But there are ways to guesstimate. And

again, a lot of parents, a lot of students think, oh, it's just all based on test scores and SAT scores or whatever.

And it's really not. Obviously those are important, but those other factors, if a school's trying to expand a major and you happen to be a student who wants to go into that major, all of things being equal, you're probably gonna get more aid than if you were a student going into some other major. There's a college in the Northeast where it's about 70% male, and most of that's engineering, but the school also has a phenomenal business program. And so I tell my clients if you're a girl who wants a major in anything other than engineering, you should consider this place because again, they're trying to balance out the student body, so you're probably gonna get more money than if you were a male student, let's say, going to business or whatever.

The problem is that schools are not always forthcoming with this information, and they're not, and they're not always forthcoming with me. Even though I ask, but, and there's some ways to try and figure it out. But even public schools do this, for example, the public schools in Florida, Virginia, North Carolina, Texas, and California. Those particular states limit out-of-state enrollment. And so as an out of stater, A, it's harder to get in because they limit out of state enrollment, but B, you get relatively little financial aid or any kind of aid if you did make it in. And so my alma mater, University of Texas says, right on their website, if you're an out-of-state student and you qualify for need based aid, you're not getting a dime from us. You might qualify for some aid from the federal government based off your fafsa, but any what we call institutional aid, we're not giving you a thing. Just zip. Now, the flip side is there are certain states that love out of state students. University of Maine is one of 'em. And so they're very generous with aid to out state students. And so you might get, you might get so much aid that it may even cost less than your in-state alternative, depending again, how they view you. So there are these little nuances, but again, families don't think about it initially.

They're just like what do I need to do to get into the University of North Carolina Chapel Hill? Then they find out, oh my goodness, we didn't get any aid. And then that's when I get a panicked email like, Hey, my deposit's due next week. The bill's coming after that. I don't have the money. What do I do?

And it's like.

**Candace Dellacona:** Alright, so for our listeners, that's exactly why we talk about starting this process earlier, right Jack? You don't want it to be a fire drill. You don't want it to be a matter of urgency and crisis planning. So look, you can listen to Jack's podcast, The Smart College Buyer, and he's going to provide you with all of these tips and tricks and insider information.

So when we're talking about aid and making sure you're advocating for yourself to make sure that you're getting all of the aid that you're possibly entitled to and being the right student for that university, that's gonna give you money. You know when you get to the point where you do all of the math and it's still not enough.

Jack, what about loans? What's the advice? You can give to families about student loans and whether or not they should consider taking the loans or whether they should not, and perhaps pick another university.

**Jack Wang:** Yeah. Several tips here. The loan system does work very differently than back when you and I were in college. One of the things I commonly hear from parents today, especially those in the sandwich generation, is that, hey, I'm willing to chip in X dollars, but if my kid wants to go to a more expensive school, they're gonna have to figure out, they're gonna have to borrow. In the old days and the old days, that was, there were mechanisms for that. That does not exist today. And so your 18-year-old high school



graduate, no lender other than federal government, but no private lender is gonna touch an 18-year-old with no full-time work history, no credit history, right?

They're not gonna lend them 90 grand to go to New York University or something. It's just never gonna happen. So if the family needs to borrow. It is on the parents either as a, what we call a parent plus loan, which is only on the parents or a co-sign private loan, but it is on the parents. And so because of that, parents really need to think about their own finances because whatever loans they take is gonna show up on their credit report, they're gonna be legally responsible. So that can have an impact on their ability to refinance a mortgage if they wanted to, or to get a car loan or whatever. And the one piece of advice that I often hear from many financial advisors who don't specialize this and just drives me bananas, is the well you can borrow for college, but you can't borrow for retirement.

So you should, which is technically true, right? It is technically true, but if you have to borrow money, a bunch of money for your kids' college, and again, it has to be on the parents, right? This is not on the student. If you're borrowing 90 grand a year for your kids undergraduate you are not gonna have the retirement that you think, okay. In fact, there's a family that they started working with me, but after their oldest daughter went to school where their original financial planner said, Hey, max out your 401Ks because the family told them they wanna retire early. But, they were borrowing, I think like 60,000 plus a year to send their kid to school, and they still have a second kid to go. And so I kept telling 'em like, I know your regular financial planner's telling you like, oh yeah, the numbers, your projectile and this and that, and you're gonna be able to retire at 60, or whatever it is that they're trying to do. There is no chance that that's gonna happen. Or you'll retire, but the bulk of your retirement savings is gonna be going to pay off the loan and you're gonna have to go to back to work or. Or live under bridge or something. I don't know what, but something.

**Candace Dellacona:** Okay. Fair. But back to your original point then, right? You have. To look at the entire process from a holistic perspective because your finances are applied and you have to think about what is the sort of investment I'm making in college? What am I buying here? And all of that factors into the overall financial health of the entire family unit, especially if the parents are the ones who are on the hook for the college loan.

**Jack Wang:** Right. And yeah, I mean it really is the holistic view and we as people tend to, segment our finances, right? I think the term is mental accounting. So we think about this is our emergency fund and this is our vacation fund, and this is for retirement. We think about in those terms, but reality, it all has to work together. So there's only so much money to go around. So the more you spend in one place, the less automatically they have for something else. And there's also a lot of ego involved, getting caught up on the name or if mom and dad, went to Stanford, then they really want little junior, little Sally, little Johnny to go to Stanford, let's say.

Or the grandparents, went somewhere. And. There's no, there's a relatively big part of just the ego. Like you want people to sit down at Thanksgiving dinner with the big family and be able to say haha, my kid goes to blah, blah, blah. People don't necessarily admit that, but that does happen.

**Candace Dellacona:** So you also see your kids working really hard, right? And maybe even harder than you did. Certainly in my case. So there is a part of you that probably feels like, Hey, they deserve this. They deserve to go to the educational institution that they've chosen. So I understand where that piece is coming from.

But let me ask you a question before we wrap up here. Since we are The Sandwich Generation Survival Guide and we do have older generations grandparents and other loved ones listening to this podcast.



So when you think about maybe even outside the parental unit, the nuclear family. And you have grandparents or aunts or uncles and other loved ones that may wanna contribute to the cost of college, what is your best tip for the way in which someone outside of that parental unit should contribute to the cost of college. Is it a 5 29? Is it a gift straight to the child? Is it a gift to the parent? Should they pay the institution directly for tuition?

**Jack Wang:** So I'm glad that we have another three and a half hours to go on this recording. I can answer that for you. And actually I do run into this a lot. Hear from the parents as their work families. Oh, grandma and grandpa would chip in X dollars for little Johnny, or little Sally's college, which is great, right?

If they're able to do that, that's phenomenal. My first question back always is, what do they actually mean by that? And what I mean is do they want to save that money in advance and maybe they can use a 5 29 or something, or do they wanna pay as they go? Or do they want to pay sort of afterwards? So like, perhaps leave a bequest that'll pay off student loans for the student or whatever. All those are grandma and grandpa are helping pay for college, just depends on when they do it. But that actually has implications on the chances for aid as well as where the student may or may not want to apply. And at the same time you run into some IRS rules with regard to the annual gift tax exemption limit and things like that.

So just give you a quick example, let's say grandma and grandpa want to chip in \$50,000 a year, right? That's great. If the student, applies to what we call a FAFSA only school, which is the majority of colleges around the country. That contribution does not hurt the family's chances for aid. And it does not appear anywhere on the financial aid form, but if they apply to, let's say, one of the Ivy League or one of the near Ivy League or for the national brand privates and certain publics also, that contribution is considered untaxed benefit or untaxed income as if the student earned that \$50,000 at a job. So it actually has a huge impact on aid. Not only that, if you're thinking about gifting let's say it's \$50,000. The annual gift limit is not \$50,000, but if you donate, if you pay for it directly at the college, there's an unlimited exemption.

**Candace Dellacona:** So, Jack, what you're really saying here is that every year, every person has the ability to gift to each person \$19,000. So for our listeners, that is the limit in 2025 that everyone can make a gift. The total is 19,000 without any gift tax consequence. So if you're married. You can double that. So 19,000 times two is \$38,000.

So that's a lot of money. And so what Jack is saying is that you would make those gifts of \$19,000 for your annual exclusion gift, or 38,000 if you're married, and you can pay the educational institution directly. You can pay even more than that in certain circumstances. So for those grandparents who are trying to move money out of their estate.

**Jack Wang:** Right.

**Candace Dellacona:** Then this is an opportunity for them to do two things, move money out of their estate, and also help their grandchild with college. So it's killing two birds with one stone. And what you're really doing is you're reframing the way that you can move a lot of money out of somebody's estate and still help with college.

On the flip side though, and to Jack's point, if you're applying to, let's say Wake Forest, Wake is gonna know about the gift that the grandchild received, and so if you'd otherwise qualify for financial aid, having money paid on behalf of that child will definitely have an impact on any aid that they would otherwise receive.

**Jack Wang:** Yeah, exactly. And it also really what are the grandparents' intentions, right? Is it really for college or is it really to benefit the child in some way? So as an example, one of the ways that grandparents can get a lot of money outta their estate is they make that the five year forward gifting. So they can give up to five years worth of the gift exemption all at one time into a 5 29 plan, which is great, right? If they have the money, that's

**Candace Dellacona:** So that's called front loading, audience.

**Jack Wang:** Front, front loading. Yes. Thank you.

**Candace Dellacona:** You take 19,000, you multiply it times five. Instead of giving a contribution in dribs and drabs \$19,000 year after year, you can actually gift it all at once. You have to file a gift tax return, but once you do that, it's all pushed out of your estate, including the gain that you would've otherwise made on that gift.

**Jack Wang:** You know, for as much as I do this and talk about this I had the term in my head, I'm like, no. It's overfunding. I'm like, nah, that's not right. No Superfund, nah, that's not right. I'm trying to like, so thank you Candace. But if the grandparents are really intending to help that student just in general, then that may not be the best way to go because I know a lot of times grandparents say okay, if you need it for college, it's there, but if you don't need it for college, if you eventually need as a down payment for a house or something, we want that money to help you too, which is great, except a 5 29 would not be a great vehicle for that because 5 29s are meant for education. And so there's a lot of factors that go into what are you really intending? Do you want the grandparents still have some access to the money if they, if they need it?

Or they trying to really get outta their estate now as quickly as possible. Or do they want to perhaps leverage up that gift with some life insurance and pay for it after the fact? The, all these factors come to play. So every time I hear. Oh, grandma and grandpa are gonna chip in some money for college, we gotta have a whole discussion about this

**Candace Dellacona:** Yeah, maybe several discussions

**Jack Wang:** you know Yeah. What do you actually mean by this? And by the way, if they wanna adopt me too, or my kids, we're available.

**Candace Dellacona:** Look, we could talk for hours on this topic, which is actually really fortunate for you because you have this amazing podcast again called The Smart College Buyer because you really are buying this experience and you should be smart about the way that you're spending your money on college, and Jack is the resource.

There are so few people in this country who know this level of detail and are actually this in the weeds with financial aid folks and financial aid offices at universities across the country. So I really encourage you to take a listen to Jack's podcast. We're gonna put all of Jack's information in our show notes so that it is available for all of our listeners.

And Jack, I cannot thank you enough as a parent of three teenagers. One of whom is already in college, one of whom is about to head off, and one who is likely to follow. You are an incredible resource, so I really thank you so much for your time today.

**Jack Wang:** Thank you so much Candace. I appreciate being on. Yeah, we could talk about this forever, but I appreciate all that you do in sharing information, because a lot of parents are in that sandwich generation. I get it. Which makes paying for college even harder because you're trying to balance sort at two ends, right?

But thank you so much. I had a great time.

**Candace Dellacona:** Thanks, Jack.