

Do You Need a Financial Adviser?

If, like most people, you wonder how you'll manage, the right expert can help you slash your tab significantly. **By Meryl Davids Landau**



BRANDON THIBODEAUX—MUR FOR USNEWS

DePaul University freshman Daniel Whitaker with his parents Cathy and Paul

The average 2011 college graduate who took out loans is likely to owe \$27,000 in debt—a record, notes Mark Kantrowitz, publisher of the college financial aid website FinAid.org. As costs continue to outpace inflation, families are increasingly turning to specialists for advice on how to cope.

What these experts can do depends on a family's financial situation and the stage of the child's high school career. Since the key financial disclosure forms used to determine aid, the Free Application for Federal Student Aid and College Scholarship Service Profile, are based on annual tax returns, "before a student's junior year, some families can reallocate money in a way that income or assets that would otherwise be on the tax return won't be on the form senior year," says John Convery, president of the Educated Wealth Center, a financial aid consulting firm in West Palm Beach, Fla. For example, Convery recently advised the owner of a veterinary practice to keep more money in the business and take a smaller profit distribution. The less income reported, the less schools expect a family to provide, "and the more aid you will receive," he notes.

Paul Whitaker of Sugar Land, Texas, sought help when he was laid off as a vice president at a food manufacturing company in June 2010. The Whitakers' son Bradley, a sophomore, studies in-state at Sam Houston State University in Huntsville. Their second son, Daniel, set his sights

farther afield. "Some of the private schools he was interested in were very expensive, and, given my financial situation, I was concerned," Whitaker says.

He approached College Financial Advisors in the Houston area. The aid team suggested that Daniel's high ACT score and excellent grades could earn him merit scholarships. The company matched the then high school senior's interests and aptitude with 11 colleges. These included several private schools where he ended up getting offered substantial aid, including DePaul University in Chicago, which he is attending this fall. With grants and scholarships totaling \$28,000 to offset a total price tag (tuition plus room and board) of roughly \$41,000, Whitaker's costs will be no higher than if Daniel had stayed in-state.

Some clients enlist professionals simply to help fill out the forms. Getting the information right is important, says William Schilling, director of financial aid at the University of Pennsylvania. Information provided on the FAFSA, for example, determines eligibility for federal grants and loans. "We have seen quite a few cases of retirement assets erroneously included" as an asset on FAFSA, Schilling says.

Flat fee. Of course, outside advice doesn't come cheap. Whitaker paid a flat fee of \$3,500 for the variety of services he received. (The firm offers a full refund if the student doesn't get scholarships and grants worth twice that amount, says company President Brannon Lloyd.) Other clients shell out several hundred dollars for assistance with the forms. Some believe it's not worth the

money. "The main benefit of a financial aid consultant is in hand-holding," Kantrowitz scoffs, noting that parents can call a free hotline (800-4-FED-AID) operated by the federal government if they have questions about the FAFSA.

But Roberta Levy, a widow whose daughter, Jennifer, is a junior at a public university in Florida, says having Convery fill out her FAFSA is a worthwhile investment. Levy had contributed to a prepaid plan, years ago, to cover tuition, but needed help with the additional fees. "I tried to do it myself, and I couldn't figure out what they wanted for some of the sections," she says. State and federal aid now covers Jennifer's extra costs.

To identify an adviser, tap your personal and professional network for recommendations and check whether your prospective candidates are accredited by at least one major industry group. Both the Certified Financial Planner Board of Standards (www.cfp.net) and the CFA Institute (www.cfa-institute.org) list certified professionals on their websites. You can also check a financial planner's disciplinary history on the websites of the CFP Board or the Financial Industry Regulatory Authority (<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/index.htm>). Most planners offer a free initial consultation. You can use that meeting to confirm that the adviser has significant experience working with families looking for financial aid for college. If you get any advice you're not comfortable with, then seek a second opinion. ●