

# WORTH A REED

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## Graduation Season is Upon Us!

**Amanda Lisachenko, Chief Operating Officer**

Planning for college education is daunting to say the least. Not only is the amount of money needed from day one jaw dropping but you are making plans for a child who at that time can't even sit up, crawl, walk, let alone talk. It is hard to say what a child will want to do or be passionate about in 18 years. So here are a few things to keep in mind about post secondary education and paying for it.

### Timing is Everything

An estimated 35% of first year students drop out of college, which can be an expensive experiment. Not every kid is ready for college right out of high school and there maybe benefits for them to take a gap year to work, travel or volunteer. Studies have found that a year off between high school and college can help some 18-year old's mature, save money for school or gain more focus on what they would like to study once they enter college. Maturity, money and focus are all keys to being successful in college.

### Not Just a Four-Year Plan

Most parents envision their children attending a four-year college. It is important to note that college savings plans, such as 529s, can be used for two-year associates degrees, trade schools, and vocational training. The pre-requisite is that the participant must be eligible for student aid programs offered by the Department of Education. These are great alternatives to traditional college. The average trade school degree is approximately \$33,000 and is normally a two-year program. By comparison, the average bachelor's

degree costs \$127,000. The demand for the technical skill set has grown as the median age of worker has now surpassed 45 years old, which mean looming retirements will create shortages. These training programs have recently come back into vogue and sometimes blend in college courses to add to the student's soft skills.

### College or Bust

Choosing a college can be a struggle. Keep in mind that roughly half of the students enter college as "undecided." Even if your child knows what they want to do, an estimated 75% of students change their major at least once. This is important to keep in mind when selecting a college to have a wide variety of programs available at the school. This changing of majors may also lead to changing schools, adding additional semesters, and subsequently adding to the cost.

Most of us are aware that in-state tuition is cheaper than out of state, by an average of \$12,000 per year, but did you know that there are regional exchange programs between states that can lower the cost of out of state tuition? The Midwest Student Exchange Program is one that includes Ohio and surrounding states. It is important to keep in mind that there are caps put on the number of students, majors and other criteria, but it is a great place to start.

The first several years after high school graduation are incredibly important formative years for young adults. Planning now for a child's post secondary future will provide them with the opportunity and budget to achieve their career path. ■

## Reed Financial Services Welcomes Cathleen Pegg!



Hello, I'm Cathleen. I joined the Reed Financial Services team this April and am very excited to be working with this great group of people. Everyone has been so welcoming and helpful since my

first day, and I am enjoying my transition.

I graduated from Kent State University with a Bachelor of Business Administration and minor in Accounting and have worked in the financial services industry for 13 years. I earned my Series 7, Series 63 and my Ohio Life, Accident and Health licensure and carry the Chartered Retirement Planning Counselor designation from the College for Financial Planning.

As the newest member of the team, I will be working closely with Janet Edwards and Amanda Hyland in assisting clients with their immediate needs, client services, distribution requests and any account updates. I will also be working and supporting on the investments side through investment research and client account monitoring. Additionally I will support and work closely with Jim and Amanda with client update meeting preparations.

I grew up in Pittsburgh, lived in Atlantic City, New York and Las Vegas while working in the performing arts, and currently live on the west side of Cleveland. I have definitely made Cleveland my home and love the museums, theaters, sports, food and diversity of this great city. I served for 4 years in the Ohio Military Reserve, the Disaster Relief Unit of the National Guard and try to volunteer whenever I can. In my spare time, I enjoy being with family and friends, taking walks, reading, painting pictures, listening to music and watching a good movie.

It will be such a pleasure to meet and get to know all of you, and I look forward to it! ■



## Rising Rates and Student Loan Debt Evan Watson, Investment Analyst

As we move toward the summer months, many want to forget about school. However, this is an important time for those students who just completed one large milestone of graduating from high school and are moving on to the next chapter of life. Some of these students will elect to move on to college for further education. These students will learn much about their selected field of study but will also gain an understanding about independence. One of those lessons has to do with loans and financial aid.

We are all aware of how college comes at a high cost to students and that most students must take out loans at some point in their college career to help pay for it. This trend has moved the outstanding student loan debt to \$1.48 trillion dollars. That figure is spread out between 44.2 million people averaging out to \$33,500 per person.

**It's no secret that the Federal Reserve plans to continue to raise interest rates.** Rates on federal student loans are fixed for life, and private lenders typically offer a choice of fixed-rate or variable-rate loans. If you have student loans, here is what you can do to protect yourself.

Determine if you have variable rate student loans -

- ◆ These are the student loans that are susceptible to interest rate changes. If you borrowed private student loans, you can check with your lender or student loan servicer to confirm whether you have variable rate student loan debt and what is the interest rate.
- ◆ Rates on federal student loans are fixed for life while private lenders typically offer a choice of fixed-rate or variable-rate loans. While people who are out of college still need to deal with their debt, at least those with fixed-rate loans have their interest rates are locked in.

Refinance your student loans-

- ◆ Student loan refinancing enables you to combine your existing federal student loans and private student loans into a single, new, private student loan with a lower interest rate. So, if you are concerned about rising interest rates, you can refinance your student loans with a private student loan lender and choose a fixed interest rate that will stay the same for the duration of your student loan.
- ◆ It may also be worthwhile to refinance student loans even if you have fixed rate student loan debt. When you borrowed your federal student loans, you received the same interest rate as every other borrower regardless of your credit profile. If you have private student loans with a fixed interest rate, your rate was based on your credit profile at the time you borrowed. Presumably you are working, have a stable income and have built a positive credit history. Your credit profile is likely stronger today than it was when you were a student. Therefore, your chances of receiving a lower interest rate today are likely higher.

Where we will likely see a larger impact, is for students who are looking to take on more debt. Given that the U.S. Federal Reserve has indicated it plans to continue to increase interest rates, it's likely that the cost to borrow from the federal government will continue to go up. Students enrolling for the first time this fall will likely have higher costs than people who are graduating.

As you look towards college, whether as a parent or a prospective student, there are things you can do to help minimize the amount of loans you have to take such as setting up a 529 early, shopping student loan companies and looking into scholarships. College is meant to be an enjoyable next step in life and we here at Reed wish all future and current students the best of luck in their aspirations, so please let us know if we can assist in the planning for it. ■

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# “YOU ARE THE AVERAGE OF THE FIVE PEOPLE YOU SPEND THE MOST TIME WITH.” - JIM ROHN

Janet Edwards, Director of Client Relations

Last week, I rode bicycles with a group of my friends and then grabbed some food afterwards with everyone. As I sat there and looked around the table between the laughs, I thought about how awesome these friends were and how much I genuinely liked and respected all of those smiling faces. I think it is fair to say that everyone there is a goal-oriented individual in their personal and professional lives. Additionally in our weekly rides, we push each other to work harder and ride faster, all while providing a positive experience for each other.

It reminded me of the quote that, “You are the average of the five people you spend the most time with.” Now maybe we could debate if the number 3 or 10 people, but I think ultimately the point is the people you surround yourself with and those who you interact regularly with can have a huge impact on you and can elevate you as much as they can bring you down.

If you hang out with a group of inspiring, motivating, encouraging, positive individuals, it will likely inspire you to be the same way. If you hang out with a bunch of pessimists who believe that the world is out to get them and there is nothing worthwhile, you will likely also find yourself feeling more negative at some point, even if you were initially a positive person.

When you are trying to achieve a goal, it becomes particularly important. If you want to lose 20 lbs. of weight, you need to think as your ideal end state — someone who makes good food and lifestyle decisions. But if you constantly surround yourself with people who eat a lot, you make it harder to eat a healthy diet. At this point, your ability to stay on track in your health goal will boil down to how grounded and resilient you are. Consider how much easier this task becomes if you are hanging out with like-minded people who share a similar goal, or even people who have already achieved this goal. There is a reason why Weight Watchers and fitness groups are so popular.

Similarly, if your goal is to save more money, it is helpful to make sure the people you spend time with also value the importance of making wise financial decisions...especially when sharing vacation costs or dinners out!

As an activity, think about your inner circle-

- ◆ **What kind of person do you want to be?** What are the values and things that embody what is important to you?
- ◆ **Who are the 5 people you spend the most time with currently?** What are they like and what are the top 3 qualities each of them represent?



- ◆ **Do they match who you want to be in the future?** Do they elevate you or bring you down?
- ◆ **Who are people that embody the qualities you desire?** Is there a way to increase contact with them?
- ◆ **Can you choose to spend more time with people who will enable you to become a better person?**

This brings me back to how it feels to spend time with the most awesome people in your life. When you are around awesome people, you want to be more awesome and often you feel more awesome!

Perhaps they are the people who watch how much money they save while still having fun and inspire you to do the same. Or, maybe these people motivate you to eat right and exercise just by spending time around them. Or, maybe they are passionate about what they do and inspire you with new ideas! Perhaps there is someone at work that you admire and you want try to spend more time learning from them.

So think about adding more awesome people to your life. Surround yourself with successful and inspirational people so you can succeed and be inspired. Talk to them, hang out with them, be around them and see if you notice that you feel better personally, professionally, financially and emotionally! ■

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