HIGHTOWER

College Planning Starts Earlier Than You Think

A Parent's Roadmap by Grade Level

If you're a parent of an elementary or middle school student, you may feel like you have plenty of time before thinking about your child's future education. Many parents don't begin seriously considering college admissions or the cost of higher education until their child reaches high school. However, time passes more quickly than most families expect, making it important to start planning as early as possible.

The way you approach college planning will naturally evolve as your child grows. Depending on their stage of education, your priorities and planning strategies will look different. Below, we explore today's college landscape and provide a roadmap for what parents can focus on during each phase of their child's educational journey.

The College Landscape Continues to Change

Over the past few decades, the cost of college has consistently outpaced inflation. Tuition has increased by an average of approximately 8% annually[1], compared to the U.S. annual inflation rate, which averaged at 4.2% between 2020 and 2026.[2] Since 2010, public college tuition increased 36.7% while private increased 44.5%.[3] Those figures don't include additional expenses such as room and board, books, supplies, transportation, and other fees that contribute to the total cost of attendance.

For many families, paying for college can represent a significant financial commitment. Today, college costs can consume anywhere from 15% of the annual income for households earning between $119,200 and $217,100, depending on factors such as the number of children in college and other financial obligations.[4] While student loans can help bridge funding gaps, that debt often follows graduates well into adulthood. On average, borrowers spend 17.5 years repaying undergraduate student loans and 23 years repaying graduate school loans.[5]

For these reasons, starting early can make a meaningful difference. Building a college funding strategy, understanding the financial aid process, and helping your child position themselves for merit-based and/or athletic scholarships can provide greater flexibility and potentially reduce the amount that may need to be borrowed later. Below, we outline the different phases of a child's academic career and share suggestions on what to think about as a parent and also the conversations that you should bring your child into.

Elementary School: Building the Foundation

At this stage of your child's education, you likely aren't thinking about the specifics of college admissions, such as GPA, extracurricular activities, and scholarships—and that's perfectly normal. Instead, this is the time to focus on the bigger picture of college affordability and how you will eventually cover those costs once your child walks across the graduation stage. Below are three key areas to focus on during this stage.

Now is a great time to begin contributing to a tax-advantaged education savings account. The earlier you start, the more time your savings have to benefit from compounding growth, helping build a larger reserve by the time your child begins college.

There are several tax-advantaged accounts available to help families save for K–12 and higher education expenses, including 529 plans, Coverdell Education Savings Accounts (ESAs), custodial Roth IRAs, UGMA (Uniform Gifts to Minors Act) and UTMA (Uniform Transfers to Minors Act) accounts, and the newly created Trump Accounts. Each has different rules regarding eligibility, contribution limits, tax treatment, and how funds can be used. See the table below for a comparison of these education savings options.

Type of Account	Who This Is Useful For	Tax Benefits	Contribution Limits*	Qualified Uses	Important Factors to Consider
529 Plan	Most families saving for college	Tax-deferred growth; tax-free withdrawals for qualified education expenses	No annual federal limit (subject to gift tax rules); state lifetime limits apply	College, graduate school, certain K–12 tuition, apprenticeships, eligible student loan repayment	Flexible beneficiary changes; state tax benefits may apply
Coverdell ESA	Families wanting flexibility for K–12 and college expenses	Tax-free growth and qualified withdrawals	$2,000 per beneficiary annually (income limits apply)	K–12 and higher education expenses	Lower contribution limit and income restrictions
Custodial Roth IRA	Children with earned income	Tax-free qualified withdrawals in retirement; contributions may be withdrawn tax- and penalty-free	Annual IRA limit or earned income, whichever is less	Primarily retirement, but can help with qualified education expenses under certain rules	Child must have earned income; retirement savings should remain the primary goal
UGMA/ UTMA Account	General savings for a child	Limited tax advantages under kiddie tax rules	No annual contribution limit (subject to gift tax rules)	Any expense that benefits the child	Assets become the child's at the age of majority and may affect financial aid eligibility
Trump Account	Long-term savings for eligible children	Tax-deferred growth (subject to current law)	Annual contribution limits established by law	Long-term savings with education and other qualifying uses	New account type with evolving guidance; review eligibility and withdrawal rules before opening

**Contribution limits and tax rules are subject to change annually. Consult a financial or tax professional for current guidance.*

02 | BEGIN THINKING ABOUT LONG-TERM GOALS

As mentioned, it's difficult to predict which college your child will ultimately attend, unless, of course, you're planning on a legacy admission. However, this is still a good time to begin researching colleges and developing a general understanding of the costs associated with different options, such as attending an in-state versus out-of-state school or a public versus private institution.

It's also important to recognize that your child may choose a different educational path altogether, such as a trade school or two-year program instead of a traditional four-year university. While you may have ideas about where you hope your child will attend or what they will study, staying flexible is important. As they grow, their interests, talents, and career goals may evolve, and your financial plan should be able to evolve alongside them.

03 | INCORPORATE COLLEGE INTO YOUR OVERALL FINANCIAL PLAN

If you're working with a financial advisor and haven't yet discussed your plans for your child's future education, now is a great time to start that conversation. Given the rising cost of college, education planning shouldn't be viewed separately from the rest of your household's financial picture. Instead, it should be thoughtfully integrated into your overall financial plan so you have a comprehensive view of your current savings, future obligations, and overall financial goals.

One of the most important considerations is making sure that saving for your child's education doesn't come at the expense of your own retirement. While it's understandable to want to minimize the amount your child may need to borrow for college, it's important to remember that they can borrow for their education, but you can't borrow for retirement. Finding the right balance between these competing priorities can help protect both your child's future and your own financial security.

Middle School: Expand the Conversation

When your child reaches middle school, college planning begins to shift from simply saving for the future to preparing both financially and academically. This is a good time to evaluate your progress, make adjustments as needed, and begin helping your child develop habits that can support their long-term educational goals.

01 | REVISITING YOUR SAVINGS PROGRESS

As a general rule of thumb, parents should aim to save enough to cover approximately 50% of their child's anticipated college costs. For example, if annual tuition is projected to be $31,800, you may want to plan to save approximately $63,600, assuming four years of tuition would total about $127,200. While every family's situation is different, establishing a target can help you measure whether you're on track.

Review your college savings at least once a year. Although it's difficult to predict exactly how much college will cost in the future, several resources can help estimate those expenses, including the Office of Financial Readiness's College Savings Calculator. If you're interested in projecting costs for a specific institution, you can also use an interactive College Savings Estimator.

As you review your progress, consider the following questions:

- Are my savings keeping pace with inflation and rising tuition costs?
- Will my current savings and contributions cover all, most, or only part of the anticipated costs?
- Am I contributing consistently each month?

02 | ENCOURAGING GOOD ACADEMIC HABITS

Middle school is also the time to begin laying the academic foundation for high school and beyond. If your child plans to attend a private high school, their performance during these years may influence their admissions opportunities. In turn, the rigor of the high school they attend can become one of many factors colleges consider during the admissions process.

Parents can support their child's success by helping establish strong study habits early, such as maintaining a consistent homework routine, creating a quiet, distraction-free study space, and developing effective study techniques. If your child struggles in a particular subject, additional support, such as tutoring, may help strengthen both their skills and confidence.

Beyond academics, encourage your child to participate in extracurricular activities, including clubs, athletics, leadership roles, and community service. While strong grades remain an important part of the admissions process, many colleges also look for students who demonstrate leadership, initiative, and meaningful involvement outside the classroom. These experiences can not only strengthen a college application but may also improve eligibility for merit-based scholarships.

High School: Put the Plan into Action

Once your child reaches high school, college planning becomes much more intentional. Each year presents new opportunities to strengthen their college applications, refine their school list, and prepare financially for the application process. Below are several milestones to focus on throughout high school.

Freshman Year

Freshman year is a time to establish strong study habits, become involved in extracurricular activities, and explore interests that may shape future academic and career goals. While college applications are still years away, the habits developed during freshman year can have a lasting impact.

Sophomore—Junior Year

Start Researching Colleges with Cost in Mind

Most students have started building a strong foundation through their GPA and extracurricular activities by the end of freshman year. During sophomore year, they should continue maintaining that momentum while also beginning to think more seriously about college and what they are looking for in a school.

If your student has already expressed career interests, they should begin researching colleges that offer those programs. Since this is still a relatively early stage, you and your student can start visiting local colleges and universities that offer majors in that area of study to get a feel for what they like and don't like about different campuses. Students can begin assessing factors such as whether they want to stay close to home or attend school out of state, whether they prefer larger or smaller class sizes, the type of campus life they're looking for, available recreational opportunities, and whether they envision themselves in a city or a more rural college town.

Once those questions are answered, your student can begin researching schools that fit their preferences. They don't need to have a finalized list at this stage. Instead, this is the time to identify what matters most to them and determine which schools are also financially realistic for your family.

Junior Year

Pursue Scholarship Opportunities

Many students don't begin applying for scholarships until the beginning of their senior year. However, many professionals in the college admissions field recommend beginning the scholarship search for colleges and drafting scholarship essays earlier during junior year. Starting early can help students avoid missing scholarship deadlines while balancing the demands of college applications during senior year.

Junior year is also a good time for students to assess their GPA, academic achievements, extracurricular involvement, leadership experience, and community service to better understand which scholarships they may qualify for. Students can find scholarship opportunities in many places, including national scholarship databases such as the College Board, local businesses, community foundations, employers, and the colleges they plan to apply to.

Senior Year

Complete Financial Aid Applications

If it's determined that your child will need financial aid to help cover education costs, completing the FAFSA® (Free Application for Federal Student Aid) should be a top priority. While families typically have several months to submit the application, it's generally recommended to complete it as early as possible. Although federal aid is largely based on eligibility, many state and institutional aid programs are awarded on a first-come, first-served basis until available funding is exhausted.

One way to streamline the process is to create your FSA ID before the application opens. Doing so gives the Social Security Administration time to verify your information, which can help prevent delays when it's time to file. It's also important to remember that both the student and each contributor (such as a parent) must create separate FSA IDs in order to access, complete, and sign the FAFSA form.

Develop a Responsible Borrowing Strategy

Many high school students enter college without fully understanding how student loans work. Although the U.S. Department of Education requires first-time borrowers to complete Entrance Counseling before receiving federal student loans, that education doesn't occur until after you've completed the FAFSA® (Free Application for Federal Student Aid).

To help make informed financial aid decisions, you and your child should familiarize yourselves with key financial aid terminology, such as cost of attendance, gift aid, federal work-study, and the different types of federal student loans. From there, compare the total cost of attendance with the scholarships, grants, and college savings available to your family to determine whether there is a funding gap. If there is, federal student loans may be an option to help bridge the difference.

Before taking that step, however, education is essential. It can be difficult to fully understand the long-term impact of student debt before it's taken on. Fortunately, the U.S. Department of Education provides a Federal Student Aid Estimator that can help students project their monthly loan payments and better understand how borrowing today may affect their finances after graduation.

when to seek professional advice

College planning becomes increasingly complex as your child moves through high school. Between evaluating savings, understanding tuition costs, comparing financial aid packages, and making borrowing decisions, many parents wonder whether they're on the right track. If you're feeling that way, you're not alone.

Starting the conversation with a financial advisor early in your child's academic journey can help ensure your college savings strategy is aligned with your broader financial plan. An advisor can help you evaluate education savings options, estimate future college costs, balance education funding with retirement goals, and understand how scholarships, financial aid, and student loans fit into the overall picture.

If your child is already in high school, it may also be beneficial to bring a college admissions consultant into the conversation. An admissions consultant can help students navigate the application process, understand the requirements for selective schools, prepare for standardized testing and essays, and provide guidance throughout the admissions timeline. For students pursuing athletic recruitment or other specialized opportunities, they may also be able to provide additional support based on the student's goals.

Whether your child is just beginning elementary school or preparing to graduate from high school, it's never too early or too late to have a conversation about college planning. Our team can help you develop an education funding strategy that supports your child's goals while keeping your family's long-term financial future in focus. Reach out to learn how we can help you get started.

HIGHTOWER

200 W MADISON, 25TH FLOOR
CHICAGO, IL 60606

(312) 962-3800
HIGHTOWERADVISORS.COM

[1] Estes, J. (2025, August 14). How college tuition inflation has impacted college costs. Bankrate. https://www.bankrate.com/loans/student-loans/college-tuition-inflation/

[2] US Inflation Calculator. (2026, June 10). Current U.S. inflation rates: 2000-2026. US Inflation Calculator | Easily Calculate How the Buying Power of the U.S. Dollar Has Changed From 1913 to 2026. Get Inflation Rates and U.S. Inflation News. https://www.usinflationcalculator.com/inflation/current-inflation-rates/

[3] Hanson, M., & Hanson, M. (2025, November 30). College tuition inflation [2025]: Rate increase statistics. Education Data Initiative. https://educationdata.org/college-tuition-inflation-rate

[4] Hinrichs, P. (2026, June 29). College affordability crisis hits American families in different ways. W.E. Upjohn Institute For Employment Research. https://www.upjohn.org/research-highlights/college-affordability-crisis-hits-american-families-different-ways

[5] DeMatteo, M., & Avery, D. (2026, April 16). How long does it take to pay off student loans? CNBC. https://www.cnbc.com/select/how-long-it-takes-to-pay-off-student-loans/