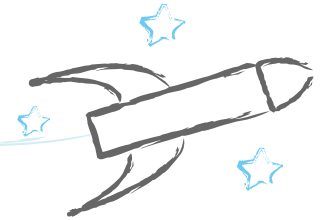


A Crash Course in Education Funding

*"The whole purpose of education is to turn mirrors into windows."
~ Sydney J. Harris*



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Five Step Guide

When	Determine how many years you have before your child starts college.
What	Estimate what it will cost to attend college when your child is ready to go.
How Much	Calculate how much you should contribute to a savings plan to help curtail the costs.
Where	Decide where you're going to invest your money. There are a variety of options available to you, as you'll see in the information that follows.
Who	For guidance on how to accomplish all of the above steps, contact your COUNTRY® Financial representative.



Learning is a treasure that will follow its owner everywhere.

-Chinese Proverb



Funding Options to Consider

The two most popular funding options are 529 Savings Plans and Coverdell Education Savings Accounts. Here are the advantages and disadvantages of each of these options:

529 Savings Plans

Pros: State-sponsored

college savings plans are popular because account earnings grow free of federal – and possibly state – income tax. And withdrawals for qualified expenses are not taxed. Another advantage is that parents retain control over these accounts. If your child never uses the money, you can name a new account beneficiary – a sibling, for example. One of the biggest pluses to these accounts is the high contribution limit – typically up to \$13,000 per year per beneficiary (\$26,000 for joint filers). This amount avoids gift tax; state plans may allow you to contribute more, though.

Cons: Investments can be changed only once each year or after a change of beneficiary. Money that isn't used for qualified higher education expenses – such as tuition, books, room, and board – will be subject to taxes and possible penalties. Another potential disadvantage is that many plans have limited investment choices. The account may affect the student's access to financial aid

Coverdell Education Savings Accounts

Pros: Formerly known as Education IRAs, Coverdell accounts also provide tax-free earnings and withdrawals for qualified education expenses. Unlike a 529 plan, a Coverdell can be used for elementary and secondary school expenses as well as for college. Like 529 plans, you can name a new account beneficiary. These accounts offer investment flexibility – you generally can invest in stocks, bonds, or mutual funds, and you can change investments as often as you like.

Cons: A disadvantage of Coverdells is the limit on contributions. The most that can be contributed each year is \$2,000 per child. That contribution limit is phased out for married-joint filers with an adjusted gross income between \$190,000 and \$220,000 and for single individuals with incomes between \$95,000 and \$110,000. And, as with 529 savings plans, money that isn't used for qualified expenses will be subject to taxes and possible penalties. An issue for some parents is that these accounts generally become the child's property at age 18. The assets must be used within 30 days after the beneficiary turns 30, and they will be subject to all taxes and penalties if not used for approved educational purposes. The account may affect the student's access to financial aid.

Other Funding Options

Trusts: Trusts established for the benefit of a minor are popular with grandparents who want to help with college expenses and potentially save estate taxes. One advantage is that the trustee has control over investments and distribution of the assets (in accordance with the trust's terms). If desired, the trust can be structured to take advantage of the \$13,000 gift-tax annual exclusion (\$26,000 for joint gifts by a married couple). Earnings are taxed, though generally to the trust or beneficiary instead of the donor, so proper planning can minimize the tax effects. The funds are not restricted to education needs. These assets generally become the child's property at age 18, depending on the terms of the trust.

Roth IRA: When you think of an IRA, you probably think of retirement, but a Roth IRA can be used to help fund a child's education. There are two options available – setting up a Roth IRA in the child's name if the child has earned income or setting up a Roth IRA in your name with the intent of paying qualified educational expenses with it. Withdrawals of contributions are tax- and penalty-free because you pay tax at the time you make the contribution. Withdrawals of earnings for qualified educational expenses will likely be taxed, but the ten percent penalty won't apply.



Ways to Cut the Costs

Community College

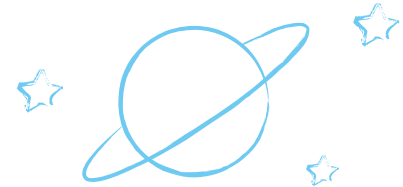
In many cases, students can transfer credits earned at a two-year community college to a four-year school. Tuition at a community college may be significantly less than a four-year university. By having your child start at a community college and then transfer after two years, you could save a bundle, and your child could still get a degree from his or her school of choice.

Grants

Federal and state grants may be a source of free money for your student. Usually, these grants are awarded based on need. Colleges often receive a fixed amount of federal grant money each year. So, the earlier you apply for aid, the better your child's chance of receiving a grant. Some colleges also offer their own grants to attract desirable students or supplement federal and state aid.

Scholarships

When your child is in high school, you may want to begin searching for scholarships. There are thousands of scholarships, and you might find some that are appropriate for your child.



Scholarship Tips

No Bounty Limits

You can apply for, and win, as many scholarships as possible. Since the average scholarship ranges between \$500 and \$2,500, your child may need more than one to offset the high cost of tuition. However, keep in mind that scholarship money may decrease the amount of financial aid your child is eligible for. Check to see what impact scholarship money has on financial aid packages at your child's college.

"Private" Doesn't Mean "No Trespassing"

"Private scholarships" refer to money offered by companies and organizations other than colleges and universities. Don't assume that your child has to be a star athlete or an honor roll student to qualify — many scholarship committees look for well-balanced students and students with particular interests.

The Hunt Has Gotten Easier

Before the Internet, searching for private scholarships was often a tedious process. Now, there are free websites that provide scholarship databases, making it much easier for students and parents to find appropriate and available scholarships. In addition to the Internet, check with local churches, civic groups, and small businesses to see if any of them offer scholarships.

Some Internet databases of scholarships are:

The College Board

http://apps.collegeboard.com/cbsearch_ss/welcome.jsp

Peterson's

<http://www.petersons.com/finaid>

FinAid

<http://www.finaid.org/scholarships/>

Student Aid

You have nothing to lose by applying for financial aid. You'll need to complete the Free Application for Federal Student Aid (FAFSASM). You'll find it at www.fafsa.ed.gov. It must be submitted by June 30 of the year your child is attending college, but you can submit as early as January 1.

There are three basic categories of federal student aid: Grants, Work-Study, and Loans. The chart on the following page outlines some of the particulars of these three types of aid.

Federal Student Aid Programs

Program	Type of Aid	Annual Amount
Federal Pell Grant	Grant; does not have to be repaid.	2008-2009: \$400-\$4,731
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grant; does not have to be repaid.	\$100-\$4,000
Academic Competitiveness Grant (ACG)	Grant; does not have to be repaid.	1 st year: up to \$750 2 nd year: up to \$1,300
National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)	Grant; does not have to be repaid.	Up to \$4,000
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant; does not have to be repaid unless student fails to carry out service obligation, in which case student must repay TEACH Grant as Direct Unsubsidized Loan with interest accrued from date grant was disbursed.	Up to \$4,000 a year; total amount may not exceed \$16,000. Graduate student: total amount may not exceed \$8,000.
Federal Work-Study	Money earned while attending school; does not have to be repaid.	No annual minimum or maximum amounts
Federal Perkins Loan	Federal Perkins Loan. Loan; must be repaid.	Undergraduates: up to \$5,500 Graduate and Professional students: up to \$8,000
Subsidized Direct* or FFEL** Stafford Loan	Federal Perkins Loan. Loan; must be repaid.	\$3,500-\$8,500, depending on grade level
Unsubsidized Direct* or FFEL** Stafford Loan	Federal Perkins Loan. Loan; must be repaid.	\$5,500-\$20,500 (less any subsidized amounts received from same period), depending on grade level and dependency status
Direct* or FFEL** PLUS Loan (loan to parent of student)	Federal Perkins Loan. Loan; must be repaid.	Maximum amount is cost of attendance minus any other financial aid student receives; no minimum amount.

*This type of loan is from the William D. Ford Federal Direct Loan Program. The loan is known as a Federal Direct Stafford (or PLUS) Loan.

**This type of loan is from the Federal Family Education Loan (FFEL) Program. The loan is known as the FFEL (or Federal) Stafford (or PLUS) Loan.

Source: U.S. Department of Education

Other Ways You Can Contribute

Even after savings, scholarships and grants, many families still have to borrow to pay college costs. In general, students shouldn't have debt payments of more than 10% of their monthly gross income once they graduate. And, in most cases, parents should make sure their total debts don't exceed 35% of their gross income.

On the PLUS Side

Parent Loans for Undergraduate Students, or PLUS loans, are funded by the federal government and allow qualified parents to borrow up to the full amount of a child's college education. Unlike student loans, which are based on family income and assets, PLUS loans are based on the parents' credit history.

PLUS loans generally need to be paid back over a 10-year period beginning 60 days after the

college receives the funds. You may postpone repayment while the beneficiary student remains enrolled at least half time and for an additional six months afterward. Tax-wise, up to \$2,500 in student loan interest is deductible per year, depending on your income.

Home Sweet Equity

Borrowing against your home's equity — the difference between how much you owe on your home and how much you could sell it for — is another possible source of cash for college. In most cases, the interest on loans of up to \$100,000 is tax deductible. Any downside? Yes. As with your mortgage, if you can't repay the loan, you could lose your home.

This Is Your Life

You can also borrow against the cash value of any whole life insurance policies you and/or

your spouse have. The rate may be attractive and the loan easy to obtain. But keep in mind that the death benefit will be reduced by any unpaid amount.

The Last Resort

Barring another alternative, you might consider raiding your retirement savings. Most 401(k) plans allow participant loans, and you can withdraw money from individual retirement accounts to pay for college without penalty. However, doing so could jeopardize your future financial security.

Loans - Lighten Their Load

Getting started in the "real world" can be challenging for college grads burdened with hefty student loans to repay. However, some college graduates may find unexpected help — and gain valuable experience at the same time.

Opportunities Vary

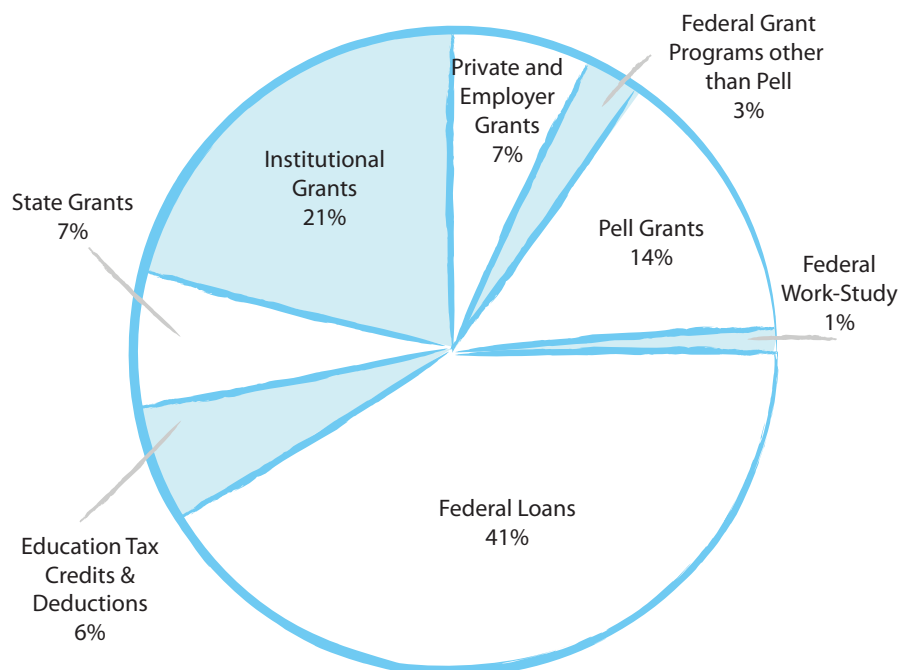
Graduates who are willing to accept public-interest jobs in underserved areas may be eligible for federal government programs that provide loan repayment assistance. Many state governments use loan assistance programs to fill critical shortages in areas such as health care. And some federal agencies and private companies offer loan assistance programs to attract skilled graduates.

So Do Benefits

While public-interest jobs generally pay lower salaries than comparable jobs in the private sector, loan assistance benefits help compensate. Benefits vary from program to program, but there's one common theme: Students must fulfill their work contract to receive full benefits.

What's the breakdown of financial aid? This chart shows how money was allocated among financial aid recipients.

Undergraduate Aid



Count on COUNTRY

You probably want to make your child's life as easy as possible. There are ways to cut costs, and you can generally count on some loan assistance. But having your child start a career with debt isn't a very cheery prospect. And, considering the volatility of the economy, no one knows how much federal and state money will be available for grants and loans in the future.

All things considered, planning today is your best bet for a more pleasant tomorrow. Deciding how you're going to fund a child's future education can feel overwhelming. What are your options? Which one is right for your situation? What are the rules? How do you set up a plan?

Answering those questions and more is where your COUNTRY Financial representative can help. Backed by a team of experts, your financial representative will give you the guidance to select the right option, keep you informed of the regulations as they affect you and help keep you on track so you're ready when the goal of college becomes a reality.

Education Pays

Below are the 2007 earnings and unemployment rates for people 25 years and older with different levels of educational attainment.

Level of Education Completed	Unemployment Rate	Median Earnings
High School	4.4%	\$31,408
Associate's Degree	3.0%	\$38,480
Bachelor's Degree	2.2%	\$51,324
Master's Degree	1.8%	\$60,580
Doctoral Degree	1.4%	\$77,844

Source: U.S. Department of Education

Investors should consider the investment objectives, risks, charges and expenses associated with municipal fund securities before investing. There are investment risks associated with investing in municipal fund securities. More information about municipal fund securities is available in the issuer's official statement. The official statement should be read carefully before investing.

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Are you ready to get your future education funding needs off the ground?
Contact your COUNTRY Financial representative today to find out how.

