



## **Paying for College**

If your child will be entering college soon or is currently attending college, this tax tip may save your child some money and just may make affording college a little easier.

Many parents elect to claim their child as a dependent on their tax return while the child goes to college. Although this election allows the parent to take a \$3,650 exemption on their tax return there is a cost to this decision.

First, if the parents' combined income is \$180,000 or greater, the parents will not receive a dime of the HOPE Scholarship credit. However, if the child claims themselves, the child may qualify and receive up to a \$2,500 credit.

The second advantage of your child claiming themselves is that with the child's lower income level, the child may be eligible for more financial aid.

The third reason your child could claim themselves has to do with out of state tuition. If your child attends school in another state, they are paying a higher price for tuition than their peers who are originally from that state. If your child is not claimed by you, they may be able to qualify for residency and be subject to in state tuition rather than out of state tuition.

If this tax strategy is of interest to you or you are interested in any other tax planning strategies, please feel free to call The Ruboyianes Company.