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By Linda Stern

WASHINGTON (Reuters) - If you really want some clever college financing strategies, ask an accountant. They do the math, and they don't sell investment products.

It's even better if you find one who's been there and done that. Like Rick Darvis, a Plentywood, Montana, certified public accountant who is also a college planning specialist and a father of five - one college student, one high school senior and three future college students.

Darvis boasts that he "didn't save a dime" to put his kids through school, but that's not the part you should emulate. What he did do was thoroughly learn the ins and outs of financial aid and income tax law, and then make the most of them. His aim: To maximize aid eligibility, minimize taxes, and maintain flexibility, 'lest life throw a surprise or two at you.

He has made maximum use of that creativity in his own family: He hires his children to work in his business. That enables him to deduct their salaries from his income and add it to theirs. Because his income tax rate is higher than that of his children, there's tax savings in that move.

But it gets better. He has the kids open Individual Retirement Accounts with the money they earn, and they get a tax deduction for that. When they are applying for college financial aid, those IRAs usually aren't considered as assets that will be held against them for purposes of figuring out their aid eligibility.

There's still more: Because the kids don't earn significant amounts of money during their college years, he creates an advantage by making them responsible for their own school bills. (So far, he has only one son on this plan, but more will follow.) Darvis' son uses money from his IRA to pay for college. His income is low enough to qualify him for federal tuition tax credits, so he's effectively taking money out of his tax-deferred IRA tax free.

Most of that plan is available to anyone. Even parents who don't own businesses can hire their kids to perform household tasks. They can't take a tax deduction for their salary, of course, but they can use that money to get their kids set up with an IRA which can fund school later.

Darvis, who now works as a consultant to other financial planners, has posted many of his ideas at his Web site, www.solutionsforcollege.com.

Here are some of his strongest points:

-- IRAs are better than 529 plans. Darvis likes IRAs because colleges tend to not count them as college savings when figuring out aid packages. And because they offer greater flexibility: The kid

who gets the full scholarship or opts out of college doesn't have to find an education-linked way to spend the money, he can just save it for retirement. He also likes IRAs because they give you greater control over investments and can be found at lower fees than many 529 plans.

-- Try to get an early handle on aid eligibility. If you make more than \$75,000 a year, your child probably won't qualify for federal financial aid. If you make more than \$120,000, you probably won't see much private aid, either. If you're relatively certain that your income will be above or below those levels when your child is ready for college, you can plan accordingly.

-- High-earning families, for example, can give their kids stocks and mutual funds. The kids will sell them and most likely pay a mere 5 percent capital gains rate on the gains that the family earned in those securities. Then the kid can use that money to pay for college, again picking up the federal tax credits.

-- Low-earning families should load up whatever savings they have in retirement accounts, which are often off limits to the financial aid offices. They can have their kids fill gaps with loans and then pay off those loans with extra retirement savings.

-- Timing isn't everything, but it's a lot. Buy the computer and the car (if you were going to buy it anyway) before filling out the aid forms.

Keep big financial gifts, tax refunds and retirement account contributions and payouts to a minimum in the years when your child is applying for aid.

-- Consider an underfunded 529 plan. Darvis doesn't love the 529 plans, but they can serve a purpose, because they offer a way to save tax-free for college. Families who don't expect to qualify for aid can come out the best if they save a moderate amount in a 529 plan and couple it with the child's IRA. They'll get those 529 tax breaks, save enough money tax-free for part of the bill, but be assured of using it up without having money left over that could create a new tax burden.

-- Don't ever short your retirement fund to pay for college. Big mistake, says Darvis, who laments that he will be 73 when his youngest child graduates college. That wouldn't leave him enough time to amass his own retirement savings. And the last thing he (and most other parents) would want to do is hit up those kids for retirement bailouts.