Q. I have three children with three 529 Plans. The oldest will go to college in two years, and she doesn't have enough in her account to cover all the bills. Does it make sense to make her the beneficiary of the other kids' 529 plans too, and then the younger ones will go back on the accounts if there's any money left? We hope to pay in full for all three kids – it's just a question of putting off the borrowing as long as possible!

A. Deciding exactly how to fund college, and in what order to access different funding sources, is a common question, and there's lots of consider.

First off, typically, 529 plans permit a change in beneficiary one time per year, so as long as you are the account owner, you are permitted to make this change, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

"The beneficiary can be changed to the sibling of the original beneficiary without any negative income or gift tax implications, so you should have no issues from an administrative perspective," she said.

But there are some items to consider before you make this decision.

You suggest you want to treat all of your kids the same. If you make the change now, there's always the possibility your oldest ends up with a fully funded education while the others may end up having to work during their college years and take student loans, Aznar said.

And when it comes to financial aid, any assets that you or the beneficiary own — not just 529 plan assets — can affect your eligibility for need-based financial aid.

"With 529 plans, your account is considered to be an asset of the account owner," Aznar said. "Assuming the account owner is the parent, approximately 5.6 percent of the value of the account is considered in determining the Expected Family Contributions (EFC)."

The EFC is the amount the family of the beneficiary is expected to pay toward that beneficiary's higher education.

With other savings vehicles, such as a custodial accounts or assets that are in the name of the student, 20 percent of the value of the assets is considered in determining the EFC.

Also keep in mind that the majority of need-based financial aid is in the form of student loans.

There’s more to your financial situation than just the 529 plans, though, and that’s an essential consideration.

“The first obligation to yourself and children is to ensure that you can live out your days with dignity and independence,” said Peter McKenna, a certified financial planner with Highland Financial in Riverdale. “This means making sure your retirement is secure, your emergency fund is adequate and that your income stream is protected against death or disability.”

He said while there are no certainties in life, if you are confident that all of these are reasonably covered, you are in better shape than most of us and fully funding college is a viable option.

“Students can borrow for college but we can’t borrow for retirement and other things life may throw at us,” he said.

As you know, the cost of a college education has skyrocketed in the last decade. Over the same time, many families have seen their income stagnate or decline, making college even less affordable.

With that in mind, McKenna said, he likes to break funding the expense into thirds: parent’s earnings, parent’s savings and the student.

“The student can meet their third with grants, loans, scholarships and earned income,” he said. “While this may seem to place a burden on the student, they now have `skin in the game.’”

He said studies have found that students who work between 10 and 20 hours per week during school have better grades than those who work less or more.

If the student has some payment responsibility, it provides an incentive for the student to pursue grants or scholarships, which would be a dollar-for-dollar reduction in their burden.

“This approach isn’t something you can spring on the student at enrollment, but having this discussion with a high school junior or senior is very reasonable,” McKenna said. “Don’t make promises, but if your financial position is secure when they are all out of school, you can offer assistance with loan repayment at that time.”

Looking at your specific 529 question now, McKenna said the answer depends on the ages of your other children, how the funds are invested and what interest you’ll pay on the loans. The first two are related.

“If your children are close in age, the 529 plan assets should be invested conservatively as you don’t have much time to recover from a market setback,” he said. “If there is a lengthy period until No. 3 would graduate, the investments can be a little more aggressive, emphasis on a `little’ more.”

The last factor is the rate at which you are borrowing. McKenna said if you can borrow money at low rates, possibly tax-deductible for the parent or student, it may make sense to borrow some along the way and have the potential for the savings to grow at a faster rate.

“Should you decide to deplete savings first and fully fund the first child’s education, ensure there are adequate resources, or insurance, to ensure the same for the younger ones should something happen to the stream of income,” McKenna said.

Email your questions to Ask@NJMoneyHelp.com.