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Ask the Biz Brain

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What is College Tuition Insurance, and is it worth it?

-- Matriculated With jumbo-sized college bills facing so many parents and students, it's no wonder there's a type of insurance to cover them.

These policies generally cover most of your costs if a student withdraws from college under certain circumstances.

One plan, offered by A.W.G. Dewar for students at Moravian College in Massachusetts, covers 100 percent of the insured's tuition and fees, less any credit you get back from the college, for what it calls "injury and sickness withdrawals." The student's illness must be certified by a doctor, and the illness must force the student to completely withdraw for the remainder of the semester. It also covers 60 percent of tuition and fees, less any refunds you get back from the school, for some psychological illnesses.

Terrific to get your money back, but do you really need the protection?

"This is a real esoteric type of insurance," says Reed Fraasa, a certified financial planner with Highland Financial Advisors in Riverdale. "It is a little like buying accidental death insurance in that the probability of using it is very low."

Before considering any policy, make sure you know what's not covered. Hospitalizations because of non-prescription drug use, for example, aren't covered.

Marnie Aznar, a CFP with Aznar Financial Advisors in Morristown, says you may have enough protection from the college itself.

"Most colleges will provide a partial refund depending on when the sickness or injury occurs, though you may not get as good a refund if the sickness occurs late in the term," she says. "It is possible that the insurance will provide a fairly small incremental benefit depending on when the illness occurs."

-- Karin Price Mueller