

ECONOMY

A HENRY aiming to save \$100,000 for his kids' futures hasn't had to contribute any of his income — because he lives in Alaska

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- **Cimarron Beckstead plans to save up a combined \$100,000 for his two kids' college funds.**
- **He's so far funded the savings accounts using Alaska's annual oil dividend checks.**
- **Whether his kids choose college, trade school, or something else, Beckstead wants them to have financial freedom.**

Cimarron Beckstead, 39, has put over \$20,000 into his two kids' college savings accounts — and he didn't have to put any of his own money aside. Instead, he thanks the state of Alaska for annual oil dividend checks.

"We wanted to put it into an investment account for their future rather than just spend it on a new TV or whatever else we want right now," Beckstead, a father of a five- and seven-year-old, told Business Insider. "We're going to recalculate everything as they start getting a little bit older and see if we need to start adding more ourselves. But as of right now, we have not actually put any of our money in there."

Beckstead is referring to Alaska's Permanent Fund Dividend. The state's revenue department allocates an annual payment to Alaska residents from the investment earnings of oil and minerals revenue. The amount of the check varies based on the fund's performance. The 2024 dividend amount was \$1,702, up from \$1,312 a year prior.

Beckstead and his wife both work for major telecommunications companies, and he said their combined income is in the low six figures. He identifies as a HENRY — or high earner, not rich yet — a group that typically makes a six-figure income but, due to cost-of-living, student-loan debt, or a mortgage, must be cautious in order to live within their means.

Are you a HENRY (a high earner, not rich yet)? How are you thinking about big financial decisions, like college sav-

ings, housing, or childcare? Share your story with this reporter at asheffey@businessinsider.com.

Beckstead said that he wants to ensure his sons are aware of all the postsecondary options they have, like trade school, when they get closer to college age. Neither Beckstead nor his wife had to take out student loans for their educations due to their jobs paying for their degrees; Beckstead said his degree in IT business management has not yet furthered his career, but he's grateful to have pursued his degree because he believes "knowledge has more value than just career prospects."

His goal is to have a combined \$100,000 saved for both of his children, allowing them the same financial freedom that Beckstead said he was grateful to have.

"We feel very fortunate that we both ended up with companies that paid for our college, but by no means is that guaranteed," Beckstead said. "So we wanted to give our kids an opportunity in life where we kind of felt like we got lucky."

"Trade school is a really good option"

Beckstead puts Alaska's yearly dividend checks directly into the state's 529 accounts. These are state-sponsored investment accounts that allow money to grow tax-free and can be used to cover education expenses. Alaska offers one of the top 529 plans due to its low expense ratio and benefits for future University of Alaska students.

If his kids express interest in a college route that's more expensive than costs at a state school, Beckstead said he would likely withdraw some money from his savings or 401(k) to help supplement any additional expenses.

"I think we should be okay," Beckstead said. "We should be in a good enough financial position to pay for college within reason, as long as it's a public school within in-state, or a trade school, or something like that."

The higher education sphere is rapidly changing as more young people are questioning the value of a college degree, and there's a growing interest in alternative postsecondary routes like trade school or directly entering the workforce. President Donald Trump's administration has even joined the trade school push — Trump recently suggested that federal funding for Harvard should be redirected to trade schools, an area of investment which he said is "badly needed."

Still, college continues to be the primary route that students take after high school. The New York Federal Reserve recently found that college graduates continue to earn more than those without a four-year degree; the median worker with a college degree earned about \$80,000 a year, compared to \$47,000 for a worker with just a high school diploma.

"I'd like to give them their options," Beckstead said. "I'm really going to try to push them to do something in-state because it's more economically feasible, but honestly, if I had to push them in any direction, I think trade school is a really good option."

While some Americans are able to pay off their student loans if they are able to find a steady-paying job after graduating, BI has previously spoken to dozens of older borrowers who have been paying off their student loans well into retirement with no end in sight, and regret pursuing their higher educations.

The future of Alaska's yearly checks is uncertain. Some

state lawmakers have introduced legislation to lower the annual dividend amount to a flat rate of \$1,000 and would eliminate the dividend for anyone making over \$50,000 a year — or \$100,000 a year for a married couple — which would make Beckstead ineligible, if passed.

Beckstead knows that the annual checks might not last forever, and he still wants to ensure his kids will have the funds they need for whichever path they choose. He said that he will plan to supplement with his savings if the dividends go away, and that, regardless of where the contributions are coming from, the 529 accounts will continue to grow.

"I'm hoping they'll have enough, depending on what they do, that there would be plenty to pay for the whole thing if they decide to go to college," Beckstead said. "And if it's going to cost more at that point than we have money saved, then we'll just hopefully be able to help them pay for whatever the remainder is."

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