

# Paying for College

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The  
**Princeton**  
Review®

# Cost of College

A college education is the **most** expensive purchase a family will make, 2<sup>nd</sup> only to a home.

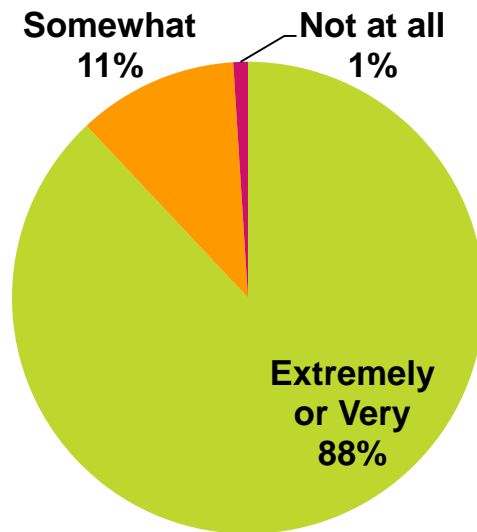


# College Hopes and Worries

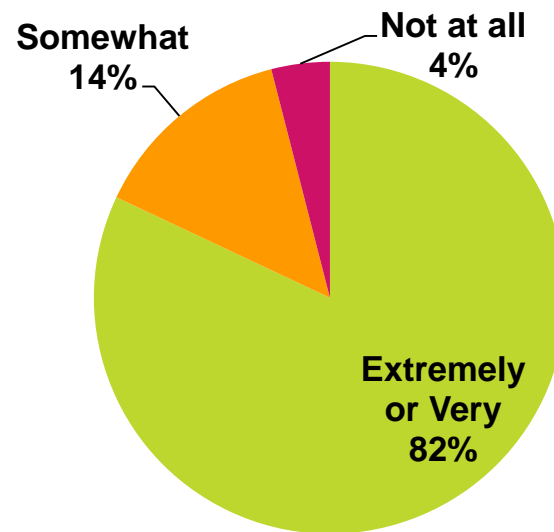
How **necessary** will financial aid (education loans, scholarships and grants) be to pay for your (child's) college education?

# College Hopes and Worries

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Students



Parents

\* Source: The Princeton Review, College Hopes and Worries Survey, 2011

# How much student aid is out there?



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Last year, over \$238  
**billion** was awarded.

# How many people receive aid?

21 million\* students  
attend college each year

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80 % (4 out of every 5) receive  
some form of financial aid



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These are **two** distinct processes.

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These are **two** distinct processes.

If you are accepted to a college,  
enroll, and do nothing else,  
You will **not** receive any financial assistance.

# The design of FSA

The first and most important contributor of money to pay for college is...

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The first and most important contributor of money to pay for college is...

...you and your family.

# The Goal of FSA...

To bridge the gap between  
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And how much your family can **afford**.

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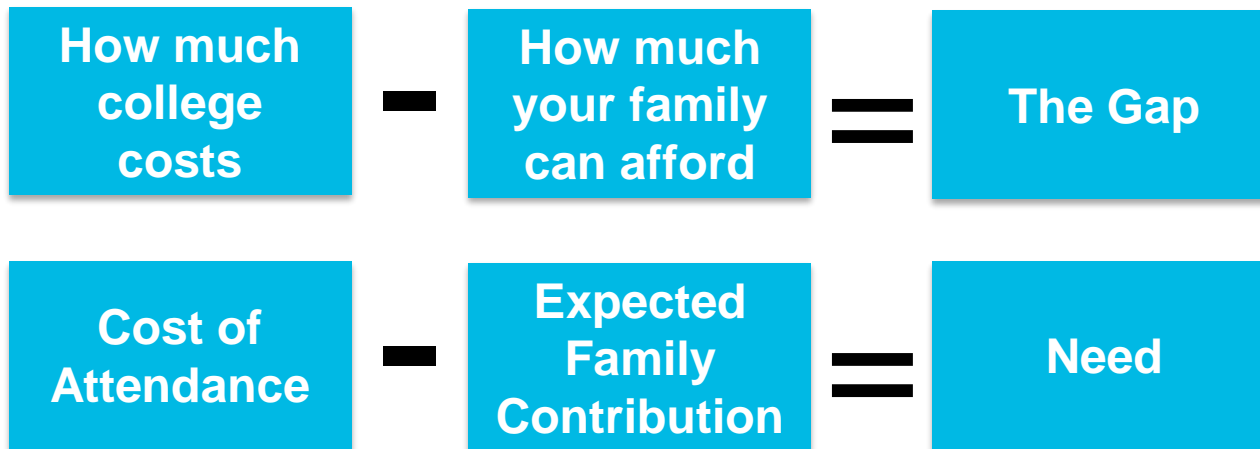
And how much your family can **afford**.

$$\begin{array}{|c|} \hline \text{How much} \\ \text{college} \\ \text{costs} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{How much} \\ \text{your family} \\ \text{can afford} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{The Gap} \\ \hline \end{array}$$

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# Cost of Attendance

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Is Cost of Attendance  
the same thing as **tuition**?

Tuition

Insurance

Books

Room & Board

Transportation

Fees

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You?  
The college?  
The government?

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~~You?~~

~~The college?~~

The government.

# Applying for Aid

- \* Applying to a school does not automatically mean you are applying for financial aid
- \* Not only do you need to fill out the FAFSA and additional aid applications, but scholarships may have their own separate applications.
- \* CSS Profile

# Timeline for Applying for Aid

## Class of 2017 and beyond

- Senior Year
  - » Summer and Fall – look for and fill out Scholarship applications
  - » October – fill out the FAFSA using taxes for previous year (e.g. class of 2017 will use 2015 taxes, filed in 2016)
  - » December – priority deadline for submitting FAFSA for some institutions
  - » March – likely regular deadline to file FAFSA for some institutions
  - » Fall/Spring – Financial Aid decisions are released following admissions decisions

# FAFSA

- Free Application for Federal Student Aid
- Department of Education
- FAFSA.ed.gov



The screenshot shows the FAFSA website homepage. At the top, it says "Federal Student Aid" with the tagline "AN OFFICE of the U.S. DEPARTMENT of EDUCATION". To the right, it says "PROUD SPONSOR of the AMERICAN MIND™" and "Free Application for Federal Student Aid" with the FAFSA logo. Below this is a navigation bar with icons for Home, About Us, PIN Site, StudentAid.gov, and Help. There is also a search bar with a "SEARCH" button and language options for "English" and "Español". The main heading is "Get help paying for college" with the subtext "Submit a Free Application for Federal Student Aid (FAFSA)". Below this is a banner image showing four diverse students. The page is divided into two columns: "New to the FAFSA?" with a "Start A New FAFSA" button, and "Returning User?" with a list of options: "Make a correction", "Add a school", and "View your Student Aid Report (SAR), and more..." followed by a "Login" button.

Federal Student Aid  
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

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Free Application for Federal Student Aid

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SEARCH

English Español

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**Login**

# FAFSA

- Roughly **100** questions
  - » Student and family's income and assets
  - » Size of household
  - » Family members who attend school



# FAFSA

- Roughly **100** questions
  - » Student and family's income and assets
  - » Size of household
  - » Family members who attend school
- Families submit only **one** FAFSA
- Submitted: After **October 1<sup>st</sup>** of Senior year of HS and submitted **every year** for each year of college the student attends.

# FAFSA

- Filling out the FAFSA qualifies students for
  - » Work-Study
  - » Grants
  - » Subsidized loans
- Who qualifies for financial aid?
  - » Seniors who are a U.S. citizen or eligible non-citizens
  - » Will have earned a H.S. diploma or GED by the time funds will be used
  - » Register for selective service if male and between 18-25
  - » Not ineligible because of a drug conviction

# Who is my “parent” on the FAFSA?

Dependent students are required to report parent information on the *Free Application for Federal Student Aid* (FAFSA).<sup>1</sup> For reporting purposes, “**PARENT**” means your legal (biological or adoptive) parent or stepparent, or a person that the state has determined to be your legal parent.

Are your parents married to each other?



Yes

No

Do your parents live together?



Yes

No

Did you live with one parent more than the other over the past 12 months?



Yes

No

Report information on the FAFSA for the parent who provided more financial support over the past 12 months or in the last year you received support.



Has this parent remarried?

No

Yes

You do not need to report additional parent information.

Also report information for your stepparent on the FAFSA.

Report information for both parents on the FAFSA.



Report information for both parents on the FAFSA, *even if they were never married, are divorced, or are separated.*



Report information on the FAFSA for the parent you lived with more.



If you're not sure whom to report as a parent, you can visit [StudentAid.ed.gov/fafsa/filling-out/parent-info](https://StudentAid.ed.gov/fafsa/filling-out/parent-info) or call 800-4-FED-AID (800-433-3243).

# Dependent vs Independent

In order to be declared an “independent” on his/her FAFSA, a student must meet at least one of the following requirements:

- Be 24 years of age or older by December 31 of the award year
- Be a graduate or professional student
- Be married or separated, but not divorced
- Have children or other legal dependents other than a spouse for whom you provide more than 50% of the support
- Be an orphan (both parents deceased), ward of the court, or was a ward of the court until the age of 18
- Be declared an emancipated minor by the court
- Be an active duty member or veteran of the Armed Forces of the United States for purposes other than training
- Be a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

# FAFSA 4caster

- FAFSA 4caster is a free tool from the Department of Education for families of students who are not yet old enough to fill out their FAFSA
- Allows you to find an estimated EFC based on current tax information so that you can plan and save for college
- <http://studentaid.ed.gov/fafsa/estimate>

# Meeting your need

Colleges create award packages from a single pool of federal funds.

They decide how much a family receives.

They decide what types of aid they will receive.

If you have **unmet need**, who makes up the difference?

Answer: You and your family.

# Types of Aid

Scholarships

Grants

Work study

Student loans and parent loans

# Scholarships

Most scholarships **come from colleges**

Most scholarships are awarded for **academic merit**

Very **few** scholarships pay the whole way

No scholarships go **unclaimed**

Competition for national scholarships is **fierce**

Scholarships can be **renewable or non-renewable**



# Scholarships

## Tips for Scholarships

- \* Work closely with the **counseling office**
- \* **Apply for** scholarships that require a little work
- \* Seek out scholarships from **organizations** close to you and your family

# Grants

Can be government or institutional

**Government grants** are awarded based on financial need.

**Institutional grants** are distributed at the discretion of the school.

# Loans

Subsidized Loans – Perkins, Stafford/Direct

Unsubsidized Loans – Stafford

PLUS Loans – Parent loans

Private Loans?

# Work Study

## Pros for Work Study:

- \* On campus – no extra transportation costs
- \* Guaranteed hours
- \* Create relationships on campus

## Cons for Work Study:

- \* Potential for more hours/money from offsite job

# The Financial Aid Award



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# When cost (is / is not) a factor

When a student is deciding to which schools they will **apply**, cost can take a back-seat (for now).

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When a student is deciding to which schools they will **apply**, cost can take a back-seat (for now).

Only when a student is deciding which school to **attend**, should they consider the cost.

# Sticker Price & Financial Aid

The *Government* determines your EFC

The *Financial Aid Office* determines your  
Award Package



# Sticker Price & Financial Aid

## College 1

COA: 10K

EFC: 9K

Your Need: 1K

## College 2

COA: 20K

EFC: 9K

Your Need: 11K

## College 3

COA: 40K

EFC: 9K

Your Need: 31K

# Sticker Price & Financial Aid

## College 2

COA: 20K

EFC: 9K

Your Need: 11K

Award package = \$11,000

## College 3

COA: 40K

EFC: 9K

Your Need: 31K

Award package = \$25,000

Which college offered the bigger package?

Which is the better package?

# Sticker Price & Financial Aid

## College 2

COA: 20K

EFC: 9K

Your Need: 11K

Award package = \$7,000

## College 3

COA: 40K

EFC: 9K

Your Need: 31K

Award package = \$31,000

Which college offered the bigger package?

Which is the better package?

# Appealing for more Aid

Money becomes available in late spring when students have made commitment decisions.

## Reasons to **appeal**:

- \* Change that would effect your EFC
- \* Unmet need
- \* Loan amount too high
- \* Better offer from other schools

# Appealing for more Aid

## Tips for the **appeal**:

If you have a better offer, be prepared to **show it**

**Divorce, job loss, even medical bills** could influence the appeal

Get to know the **financial aid officer** early in the process

**Don't** use terms like negotiate, which have a negative connotation

Instead, use words like **reconsider or reevaluate**

# Cracking Financial Aid

## Resources:

Paying For College Without Going Broke, Kalman A. Chany

[In.PrincetonReview.com](https://www.in.princetonreview.com)

[FastWeb.com](https://www.fastweb.com)

[Finaid.org](https://www.finaid.org)

[FAFSA.ed.gov](https://fafsa.ed.gov)

# Q & A

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