

# College Financial Planning

The consideration of financing higher education is one of the most important in the postsecondary application process. There are several key steps in securing financial assistance. Once parents and students understand the process, the financial aid maze may seem less difficult and confusing.

## DEVELOP A FINANCIAL AID PLAN

- Determine college costs (Total cost of attendance, including tuition, fees, housing, meal plans, books, transportation, etc.)
- Consider all possible resources
  - Parents
  - Student Savings
  - Federal Financial Aid
    - Scholarships
    - Grants Loans
    - Work Study
  - Other sources and community-based scholarships
  - Secure necessary forms and note deadlines
  - Apply for financial aid as early as possible (after October 1<sup>st</sup> of the senior year and every year thereafter)

## TYPES OF FINANCIAL AID

- Merit-Based
  - Academic Excellence
  - Special Talent
    - Music
    - Drama
    - Art
    - Debate
    - Athletics
    - Leadership
    - Community Service
- Need-Based
  - Need is determined by completion of one or more special forms
    - **FAFSA (Free Application for Federal Student Aid)**
    - Provided free by the federal government
    - Used by all two-year and four-year colleges and vocational centers/colleges
    - Send after October 1<sup>st</sup> of senior year
    - Requests information about parents' (until the student is 24 years of age) and students' incomes
    - Completion of tax returns is needed
    - It is best for students and parents to link their income tax information to their FAFSA by using the Data Retrieval Tool (DRT)

- Federal Student Aid Report (SAR) will be sent to selected colleges, four to six weeks after completion

#### PROFILE (CSS FINANCIAL AID)

- Additional form that may be requested by many private colleges and universities
- More detailed financial information is required

#### INSTITUTIONAL FORM

- Generated by each college or university financial aid office
- Must be completed and sent to college before aid award is sent

#### FINANCIAL AID PACKAGE

- “Package” is award letter from college or university
- Any, all or none of assistance offered may be accepted
- Package could consist of grants, scholarships, work-study or loans

#### GRANTS

- Gift-aid that does not need to be repaid
- Pell Grant is federal assistance to be used at an eligible institution (based on significant financial need)

#### SCHOLARSHIPS

- Gift-aid offered by college, community organization, or employer
- Usually administered by the financial aid office to be used for tuition and fees
- May be one-year or renewable

#### WORK-STUDY

- Federal program that helps subsidize college tuition
- Up to 20 hours per week of an on-campus employment

#### LOANS

- Least desirable of financial aid package
- Student Loans:
  - Federal Stafford Loan (subsidized) students begin repayment six months after graduating or leaving college (need-based)
  - Unsubsidized – student may defer or pay interest while in school (not need-based)

#### PARENT LOANS

- Federal PLUS Loans – parents begin repayment within sixty days of loan disbursement (not need-based)