PAYING FOR COLLEGE – MINNETONKA HS

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- How many schools do students apply to?
  - 2 or fewer
  - 3-4
  - 5-6
  - 7-8
  - 9 or more

VALUE

On average, students apply to four schools and are accepted at three

Top considerations when picking a college to attend

77% Cost

73% Academics

66% Personal preference

- **7 in 10** students and parents say the price of college is a good value—either appropriately priced, a bargain, or worth every penny.

Source: SallieMae How America Pays for College 2019

COLLEGE SEARCH PROCESS

- Student-Centered
  - Student applies for admission
  - Student applies for financial aid
  - Expectation that a family contributes to their child's undergraduate educational expenses
- It's not a question of "if", but "when"
  - 90% of schools accept more than 50% of applicants (national average is ~70%)
- Financial Aid arrives with or after an offer of admission

BE ORGANIZED

- Pandemic has and will continue to disrupt the college search and admission process
  - 100’s of additional schools are now Test Optional
  - Schools have added New Decision Rounds & Dates
  - Virtual/Digital Visit is likely here to stay

BE ORGANIZED

- Most financial aid deadlines follow admission deadlines
  - *Meet Deadlines!!!!*
- Understanding Financial Aid:

https://studentaid.gov/h/understand-aid

DETERMINING COSTS & AID

Cost of Attendance

- Direct Costs
  - Tuition and Fees
  - Room & Board
- Indirect Costs
  - Books & Supplies
  - Transportation
  - Personal Expenses

TYPES OF FINANCIAL AID

Institutional Grants & Scholarships

- Money that does not have to be paid back!!

Self-Help Aid

- Work-Study
- Direct Loans - Student

Additional Resources

- Outside Scholarships
- Parent PLUS or Private Loans

MERIT SCHOLARSHIPS

Typically Admissions Office determines eligibility for merit scholarships

- High School GPA
- ACT and/or SAT Scores
- Recommendations
- Extracurricular Activities
- Leadership
- Community Service

BE PREPARED

- Who would like to share….?
- Information you will be asked to provide:
  - Salary
  - Investments / Other real estate
  - Cash, Savings, Checking balance
  - Untaxed Income
  - Taxes Paid

FINANCIAL AID APPLICATIONS

- FAFSA – Free Application for Federal Student Aid
  - Determine eligibility for many federal, state and institutional aid programs which can include scholarships, grants, work-study and student loans
- CSS PROFILE – College Board
  - Determines eligibility for institutional financial at some private colleges and universities.
  - $25 application fee, $16 for each additional school
- Both applications available now!

FINANCIAL AID APPLICATIONS

Items needed to complete FAFSA? (Parent and Student)

- Federal Student Aid ID (FSA ID)
  - https://fsaid.ed.gov/npas/index.htm
- Social Security Numbers
- Federal Income Tax Returns (2020)
- W-2 Forms (2020)
- Untaxed Income and benefits
- Savings and Checking Balances
- Schools you are applying to
- **Want to simplify the process, use the IRS Data Retrieval Tool**

EXPECTED FAMILY CONTRIBUTION

- Amount a family can reasonably be expected to contribute
- Stays the same regardless of college
- Student and Parent contribution amounts based on:
  - Income
  - Assets
  - Allowances are given for living expenses, taxes, emergency reserves, college savings, number of children in college

DETERMINING COSTS & AID

Financial Need Formula

Cost of Attendance

- Expected Family Contribution (EFC)

Financial Need

- Need varies based on cost
- Most colleges are unable to meet 100% of financial need with scholarship and grant aid

DETERMINING COSTS & AID

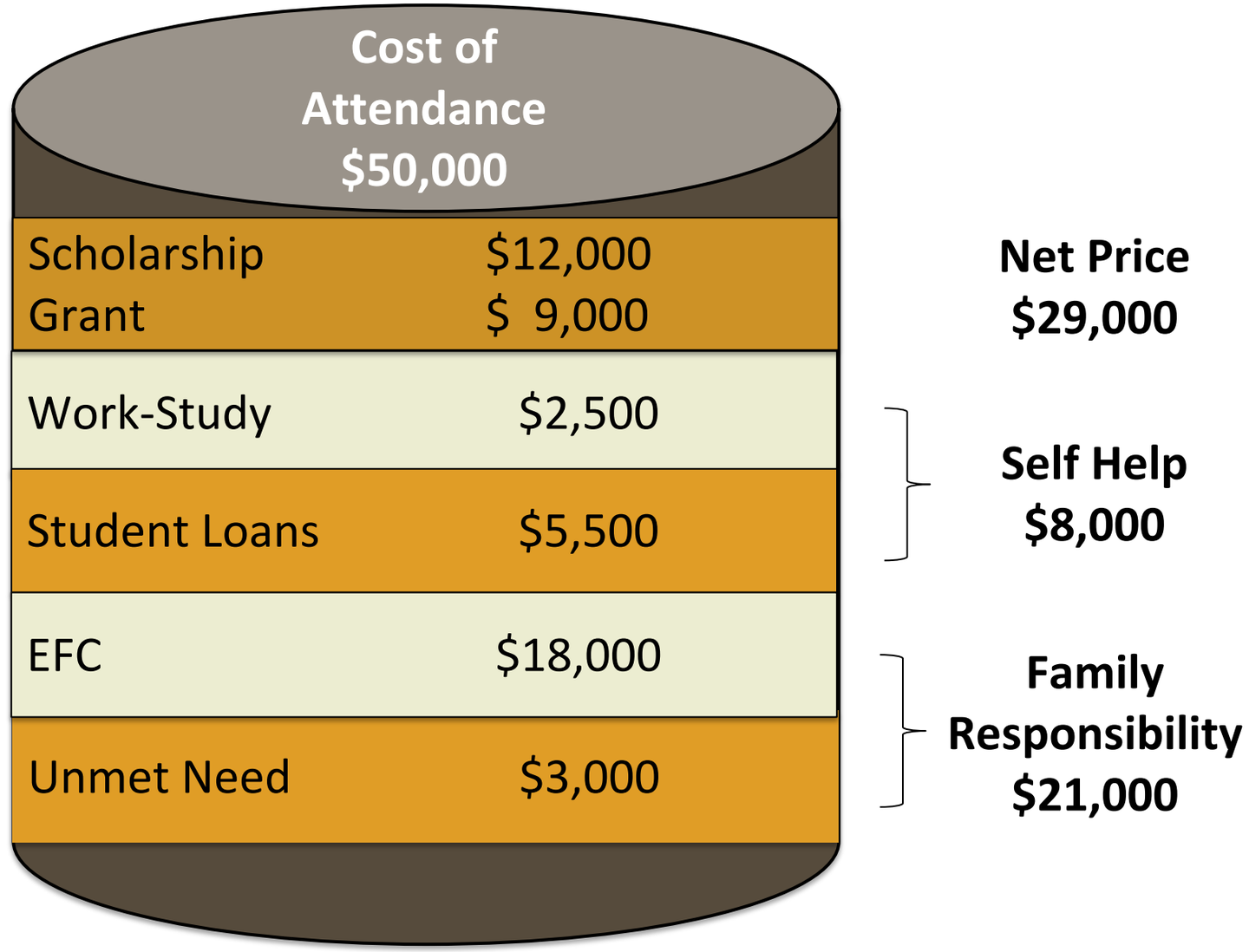
- Family of 4, 1 going to college, income of $100,000 a year:
- EFC: ~ 18,000

	UW River Falls	U of MN – Twin Cities	St. Olaf College	Macalester College
Cost of Attendance	$21,050	$29,684	$66,570	$74,060
Average % of Need Met	50%	75%	100%	100%
Average Net Price: $75K - $110K	$16,739	$18,938	$21,334	$23,609

DETERMINING YOUR COSTS

Unmet need and EFC is the FAMILY's responsibility

- ✓ Parent PLUS / Private Loans
  - ✓ Time to Graduation
  - ✓ Tuition increases



FINANCIAL AID APPLICATIONS

- Estimate of EFC?
  - FAFSA4caster: https://studentaid.ed.gov/sa/fafsa/estimate
  - Seniors – just complete the FAFSA now
- Want an estimate from a college?
  - MyIntuition Quick Cost Estimator (60+ schools)
  - Use a college's Net Price Calculator
    - http://nces.ed.gov/collegenavigator/
    - Search for the college
    - Look under General Information for link

LOANS - ARE THEY EVIL?

- No, but excessive borrowing is!
- How much will your payment be?
  - Loan Balance of $10,000
  - 3.73% interest rate
  - Standard 10 year Repayment Plan (120 payments)

- How much will you payment be?
  - $100
  - $108
  - $122
  - $135

SMART BORROWING

Don’t borrow more than your first year salary

What do teenagers think their salary will be?

- What do teenagers think their salary will be?
  - $38,000
  - $59,000
  - $73,000
  - $108,000

SMART BORROWING

TEENAGERS EXPECT TO EARN TRIPLE THE AVERAGE SALARY BY THE TIME THEY TURN 30

Independent – UK, Feb 13 2019

Source: Charles Schwab – Teens & Money Survey 2011

SMART BORROWING

$40–$59K

is the expected median starting salary range for new grads

SallieMae How America Pays for College 2015, How America Values College 2018

TIPS ON WINNING A SCHOLARSHIP

- Use multiple **FREE** scholarship search sites
  - finaid.org
  - bigfuture.collegeboard.org
  - scholarships.com
  - raise.me
- Search and apply to scholarships as soon as possible
- Meet deadlines
- Tailor your application to sponsor’s goals
- If you have to pay to get money, it’s probably a scam

SPECIAL CIRCUMSTANCES

- What if our Financial Situation looks different than what we reported on the FAFSA / our taxes?
  - Changes in income
  - Change in employment status
  - Change in parent marital status
  - Unusual health care expenses or dependent care expenses

SPECIAL CIRCUMSTANCES

- Inform colleges about special circumstances that can't be documented by a financial aid application
  - Provide written explanation and documentation to financial aid office at each college.
  - Each college reviews information and may offer additional support.

WHERE DO I GO FROM HERE?

- Talk about what the family can afford
- Utilize Net Price Calculators
- Understand dates and deadlines for both admission and financial aid
- Investigate and apply for private scholarships
- http://studentaid.ed.gov

THANK YOU

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