



How to Pay for College: Your Roadmap for College Funding Success

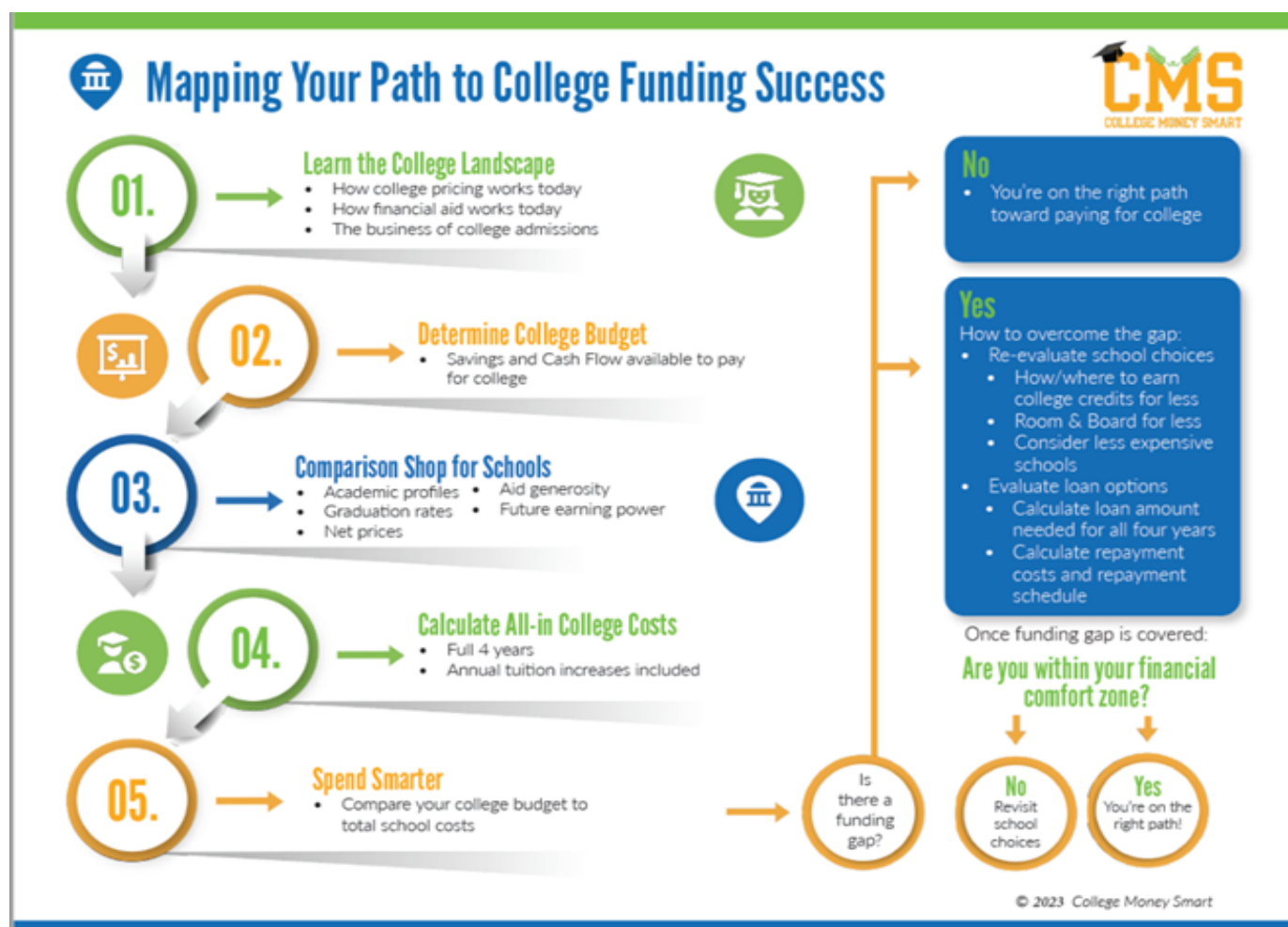
Hey parents, make your family's future college journey more affordable and less stressful.

Whether your kids are toddlers or teenagers, you can plan to save more now plus utilize cost-saving strategies to reduce your college expenses and avoid excessive debt.

Start here...

This roadmap is designed to help streamline your planning and guide your next steps so your family can save money, save time, and enjoy a brighter future.

(Click Here to enlarge the graphic to view or to print)





Step 1: Know how college pricing works today

Figuring out your college costs can be pretty challenging. The published prices (sticker price) are not what most families pay.

College prices are dynamic, not static or fixed, because price breaks and tuition discounts are the norm, not the exception. This variability in pricing is a starting point to understanding how you can lower your costs. A driving force in what families end up paying for college is related to financial aid received, which can be need-based and/or merit-based aid. Today, schools are providing the majority of available aid dollars.

Financial aid or student aid may be identified by various names including scholarships, institutional grant aid, tuition waivers, tuition discounts or whatever name a school chooses for the gift aid they provide. But how much aid your family is offered is not just tied to your income or for a student having the highest grades.

Many schools offer families more or less financial aid based on how well it helps the institution attract more students to apply and actually attend. This is a business decision for schools, managing enrollment and financial aid simultaneously, so they can fill their seats and generate tuition revenue.

For really popular schools or selective schools with low admittance rates, more than enough students apply so filling seats and generating revenue is easier and in-turn, such schools focus more on providing need-based aid and less on providing merit based aid. For most families, you'll be expected to pay full price at those schools.

Don't shy away from learning more about how financial aid works, including finding more generous schools. And definitely plan to apply for financial aid for every year of college.

Your Money	Free Money	Borrowed Money
Family Resources	No Repayment Required	Repayment Required
- Current income and cash flow - Savings accounts Educational savings accounts 529 plan - Prepaid tuition plan Tax credits (if applicable)	Need based financials aid - Grants Non-Need Based Financial Aid - Merit awards - Tuition waivers/discounts - Institutional scholarships - Private scholarships - Work study Sources - Educational institutions - Federal/state government - Corporations/businesses - Charitable organizations	Federal Loans - Direct subsidized - Direct unsubsidized - Parent PLUS - Graduate PLUS Private loans Sources - Federal Government - Corporations



Step 2: Determine Your College Budget

Your personal savings and cash flow make a difference. Whether college is several years away or just around the corner, create a college budget or spending plan, where you simply identify the assets and amounts that your family can dedicate toward paying college expenses.

To get an estimate of future values for your current savings and investment accounts, use free online compound interest calculators that show how your accounts may grow over time.

Your assets may include college savings accounts like 529 plans. But, also includes cash flow from your then current income, for both parents and students, so you'll fund college as you go along (pay as you go.)

Also, during the college years, instead of paying annual lump sums, you may be able to stretch payments over a few months each semester by utilizing school tuition payment plans.

The more you can save for college and/or contribute from your current income, the less you'll have to rely on expensive debt (loans, draining home equity or raiding retirement accounts) to get through the college years, which in the long run will save your family a lot more money.

Step 3: Comparison Shop for Schools

There's more to choosing a school than just picking a name you already know.

Finding a good fit school for academics, personal experiences, family finances and future employment opportunities, may be challenging, but it is the key to getting the best return on your college investment.

Let go of assumptions and attachments you may have for any schools. Get the facts first and build your college list with a focus on:

Choice of major

Net prices

Admissions requirements

4-year graduation rates

Location and school size



You may need to gather additional information by visiting schools and/or talking to current students and professors. Learn more about class sizes and who teaches, housing options, and work and extracurricular opportunities.



Step 4: Calculate All-in Costs

Being able to affordably pay for college starts with understanding what the full costs are for each school on your list, not only for the first year of college, but for all four years, and including annual cost increases.

Unfortunately, you will not know how much a school really expects you to pay for the first year until several weeks/months after applying, that's when acceptance letters and financial aid award notifications are sent out. Then you're expected to pretty quickly decide which school to select. That's a very stressful way to handle this major consumer purchase and gives your family little time to consider other options if financial aid is not enough and your costs remain too high.

Make life easier by doing an early calculation of your potential costs and financial aid estimates, before even applying to any schools. Then you'll have a better sense of whether you're on the right track toward considering schools that are a good financial fit for your situation.

For each school on your list review the Cost of Attendance (COA) which includes:

Tuition and fees

Room and board

Books and supplies

Travel and personal expenses

Subtract an estimated financial aid amount from the cost of attendance to determine what your family could be expected to pay for each year of school:

Cost of Attendance – Estimated Need/Merit-based Financial Aid = \$\$\$ due to a school

Check out resources like College Navigator and College Transitions to find detailed estimates of cost of attendance and net prices for the schools on your list.





Step 5: Spend Smarter

Now is the time to bring all your information together, including comparing your college budget and the projected costs for schools on your list.

Will your family's college budget support the projected costs due?

How can you fill any gap between your family college budget and the estimated out-of-pocket costs for each school?

Working through these calculations and thinking through how you'll manage these costs, sooner rather than later, can make all the difference between reasonably paying for college versus the overpaying and overspending that leads to taking on excessive college related debt.

There are steps you can take today to save more as well as reduce your future college costs, including revisiting your list of schools in order to consider less expensive schools as well as more financially generous schools.

And if student or parent loans are needed to cover some costs, follow responsible borrowing strategies like keeping debt proportional to potential future income, prioritizing federal student loans before private loans and making loan repayments during the college years.

Stay focused on keeping your family spending in check and consider other options that can be more financially comfortable and help you protect your family's financial well-being.

Boost Your College Funding Success!

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