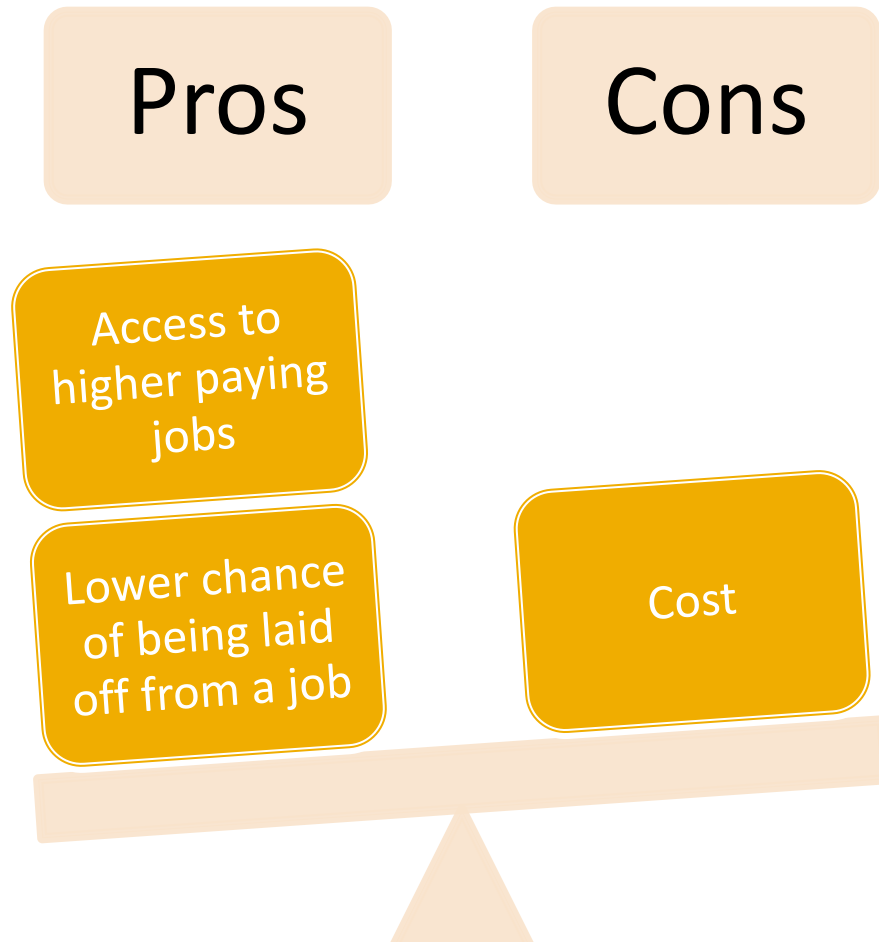


Advanced Level

# Paying for Higher Education

# Receiving a Higher Education



## Plan Ahead!

Eight times as many students drop out of degree and certificate programs due to finances and debt than grades!



What are other pros and cons of higher education?

# Reduce Costs by Planning Ahead

? What are ways you can reduce the total cost of higher education?

Start saving early!

Take advanced placement courses or pass college-level exams

Avoid needing remediation classes in college

Begin career pathway planning early

Live at home

Work part-time

Attend a community or junior college first

Consider in-state and public universities

Carefully evaluate the cost of attendance and financial aid packages

# Academic Advisors



Meet Imani:  
About to  
graduate  
from high  
school

Imani's  
Goal:  
Become a  
lawyer or  
politician

Imani has  
little  
saved to  
pay for  
higher  
education

Based on  
Imani's grades  
and college  
entrance  
placement  
scores she  
may need  
remediation  
courses

*Imani has learned that a bachelor's and professional degree to become a lawyer could cost as much as \$301,118*

Your mission: Explore ways to help Imani pay for her education



# Imani's Plan

1. Go **out-of-state** to earn a two-year associate degree, bachelor degree and professional degree

Anticipated total cost: \$241,458

2. Attend **in-state** schools to earn her associate and bachelors degrees *while* living at home; go to an out-of-state college for a professional degree

Anticipated total cost: \$178,294

3. Go to **in-state** schools for *all* degree programs

Anticipated total cost: \$95,536

# Imani's Total Anticipated Cost



“Through careful research, I’ve been able to get the potential cost of my dream career from \$301,118 down to \$95,536. That would make my debt-to-income ratio 11.7% if I take 20 years to repay loans. But this is still a LOT of money...”

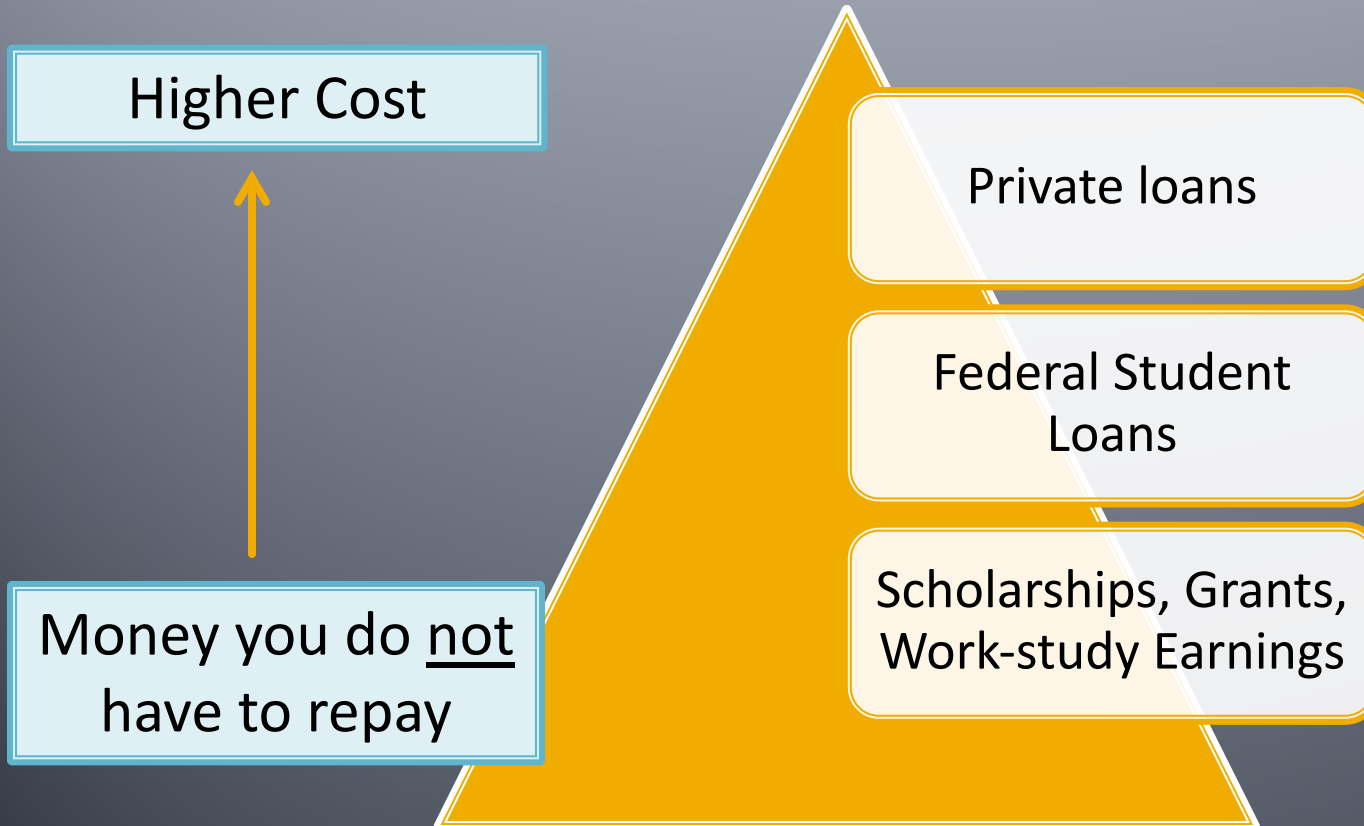


What can Imani do to lower her total cost even more?

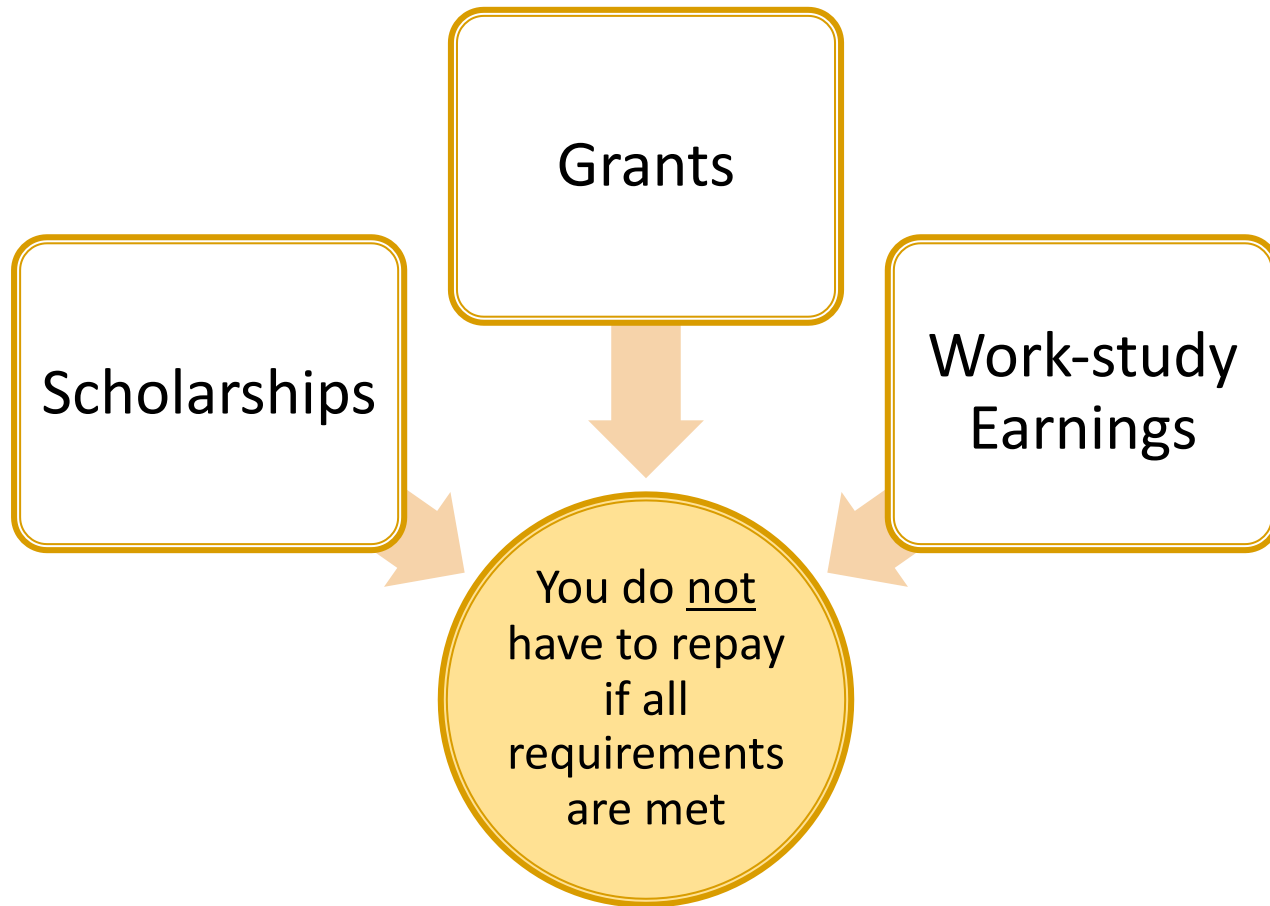


What methods can Imani use to pay for her education?

# Three Types of Higher Education Financial Aid



# Money You Do Not Have to Repay



# Scholarships

Typically an application process

May have requirements before, during, and after the scholarship is awarded

Can be based on...

Who you are

Examples: gender,  
race, military  
background

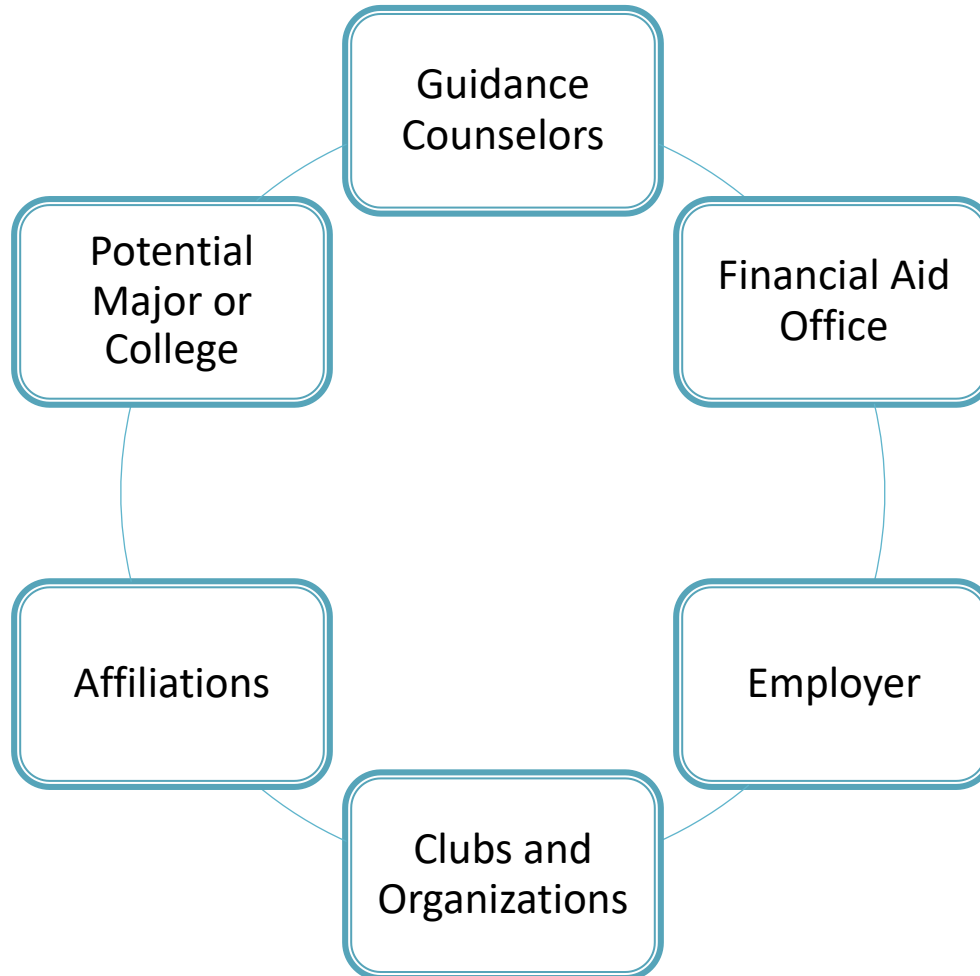
What you do

Examples: academic  
achievements,  
interests, community  
service

What your plans are

Example: your  
certificate or degree  
program

# Scholarship Sources



You should never have to pay for a scholarship - watch for scams!



What are sources of scholarships in your community?

# Imani's Potential Scholarships



**?** Your mission: work in small groups to identify at least three scholarships Imani is eligible for based on her special circumstances and extra-curricular activities

# Grants

## Tax-exempt financial aid

### Purpose

- For specific projects
- Reports typically required to donor

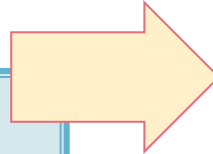
### Sources

- Non-profits
- Foundations
- Corporations

# Federal Student Grants

## Who

- Typically awarded to students with financial need



## How

- Complete the **Free Application for Federal Student Aid (FAFSA)**

## Examples:

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant
- Teacher Education Assistance

# Work-Study



Provides part-time jobs to students with financial need

Administered by the school (eligibility determined by FAFSA)

Earnings may be used to help pay educational expenses

# Low-Cost Financial Aid

## Federal Student Loans

Characteristics include:

Lower and  
fixed interest  
rates

Generous  
repayment  
plans

No prepayment  
penalties

No credit  
checks (except  
for PLUS Loans)

Eligibility determined by FAFSA application

# Types of Federal Loans

Highest  
Interest Rates



Lowest  
Interest Rates

## PLUS Loan

- Loan is unsubsidized (you pay all interest)
- Offered to graduate students and parents of undergraduate students

## Direct Unsubsidized Stafford Loan

- Financial need is not required
- Borrower is responsible for all interest costs

## Direct Subsidized Stafford Loan

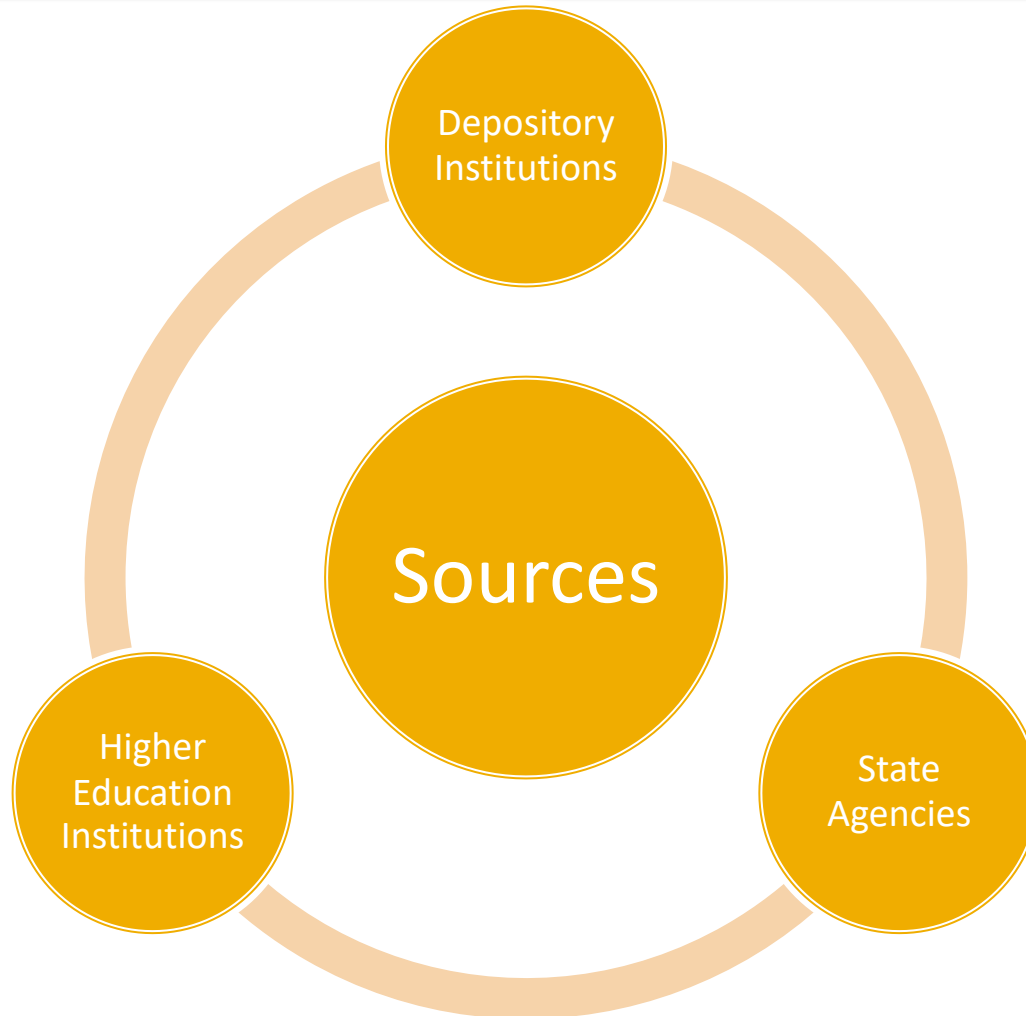
- Must demonstrate financial need
- U.S. Dept. of Education pays the interest while you are in school and during grace and deferment periods

## Federal Perkins Loan

- Must demonstrate financial need
- Your school is the lender

# High-Cost Consumer Loans

## Private Loans



You pay 100% of the interest – often a higher rate than a federal loan

# FAFSA Forecaster

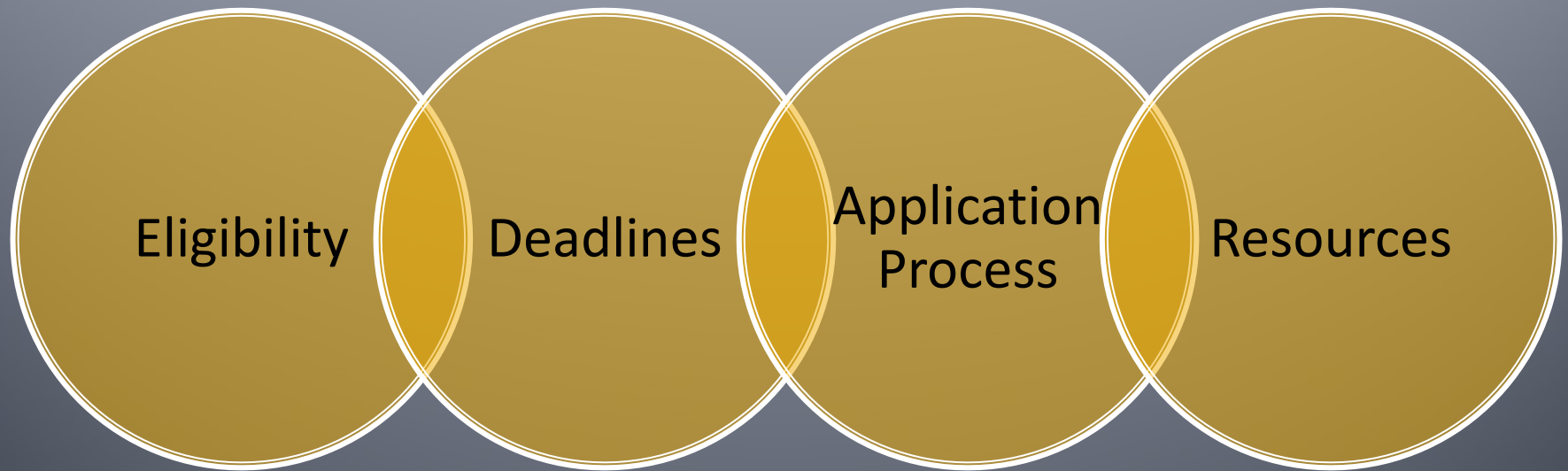


FAFSA Forecaster = free financial aid calculator that provides an early estimate of federal student aid eligibility

? Your mission: work in small groups using the FAFSA Forecaster to estimate Imani's potential financial aid and expected family contribution

# Free Application for Federal Student Aid

(FAFSA)



# Why Everyone Should Complete the FAFSA...

Gives you access to the largest source of financial aid!

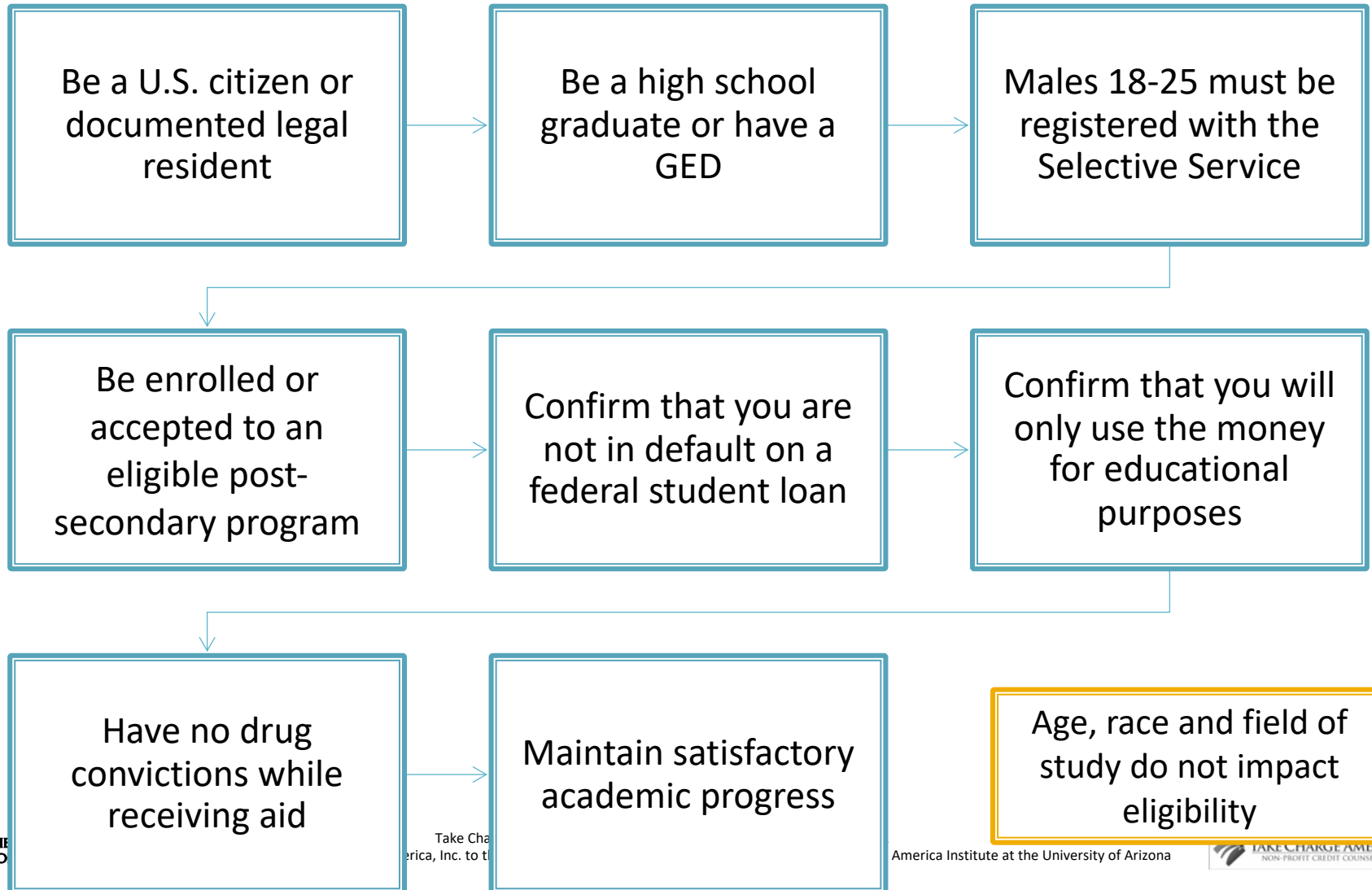
Determines how much your family can afford to contribute

Applies to a variety of types of post-secondary institutions

Determines what types of aid you qualify for

Used by states and post-secondary institutions to determine aid

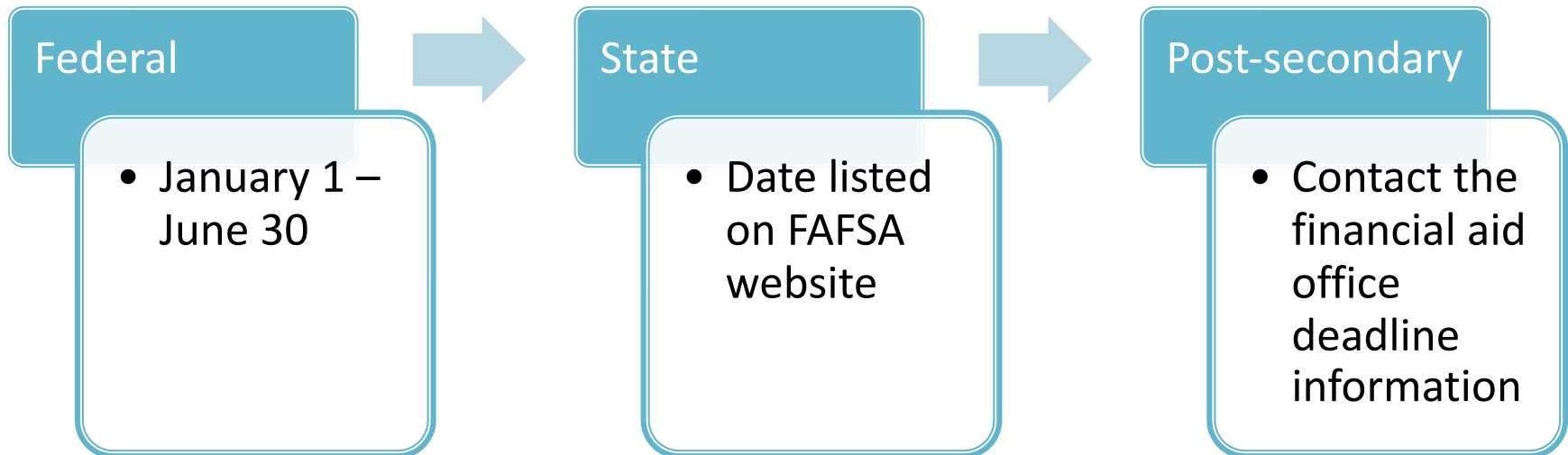
# To Receive Federal Student Aid, You Must...



# When Do I Fill Out the FAFSA?

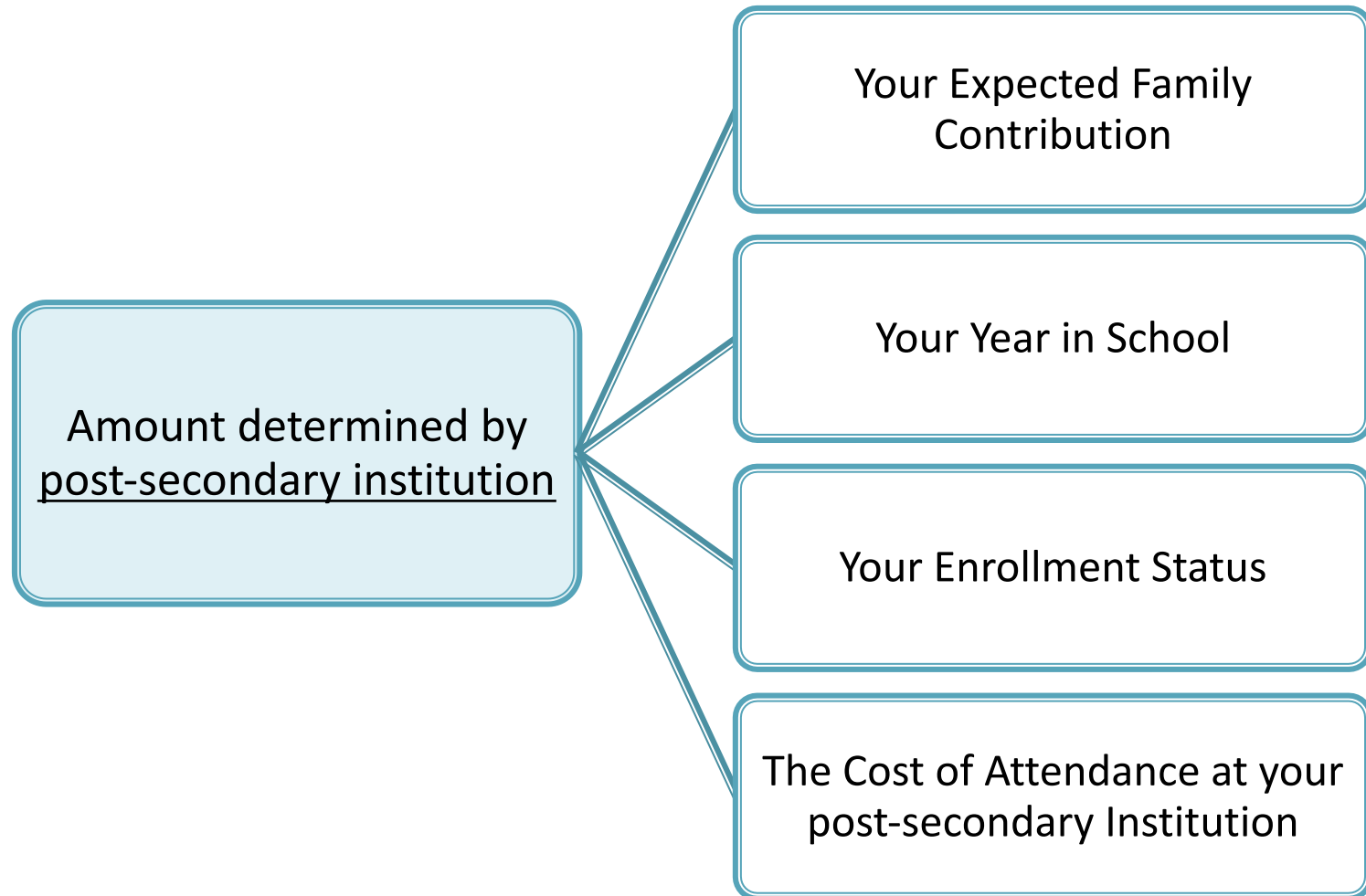
As soon as it is available!

*Some aid is awarded on a first come, first served basis*



The FAFSA Form must be completed each academic year!

# Who Decides How Much Aid I Will Receive?



# Need-Based Aid

Awarded if you have financial need and meet other criteria

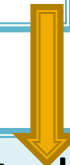
**Cost of Attendance** –  
amount it will  
cost you to go  
to school



**Expected Family Contribution** –  
estimate of the  
parents' and/or  
student's ability to  
contribute to post-  
secondary expenses



**Financial  
Need**



Does not change between  
post-secondary institutions

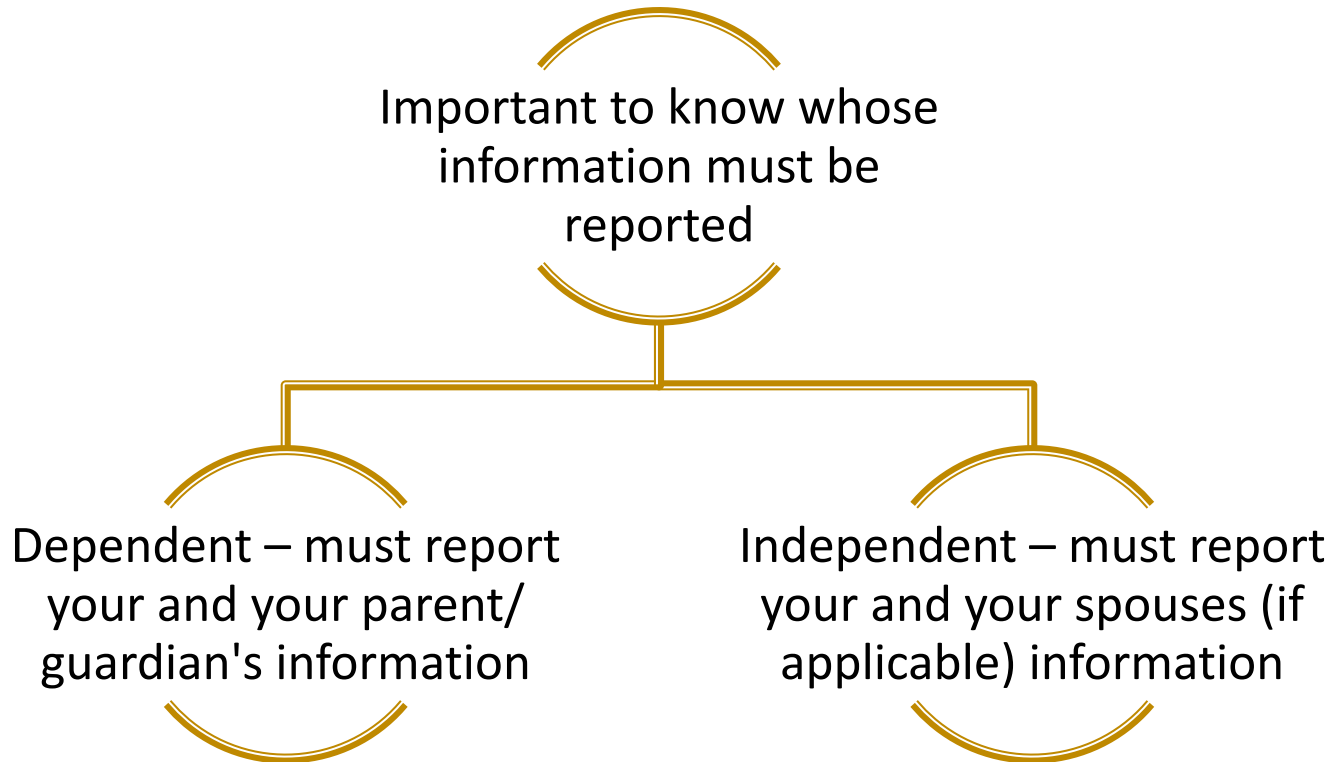
# Non-Need-Based Aid



Examples: Direct Unsubsidized Loan and Federal PLUS Loan

# FAFSA Application Process

## Determine Dependency Status



FAFSA website has a checklist to help you determine your dependency status

# FAFSA Application Process

## Create a Personal Identification Number (PIN)

### What it is

- Four digit number used to identify you on the FAFSA website

### How it is used

- Used as your electronic signature (legally binding)

### How to get one

- Created online at [www.pin.ed.gov](http://www.pin.ed.gov)

If filing as a dependent – student and parent/guardian need a PIN

# FAFSA Application Process

## Gather Required Documents



### Identification Documents

- Social Security Number, Drivers License, Alien Registration Card (if not a U.S. Citizen)



### Federal Tax Information from Previous Year

- W-2s, Federal 1040 Forms, Foreign Tax Return



### Records of Untaxed Income from Previous Year

- Child support, interest income, veterans benefits, etc.



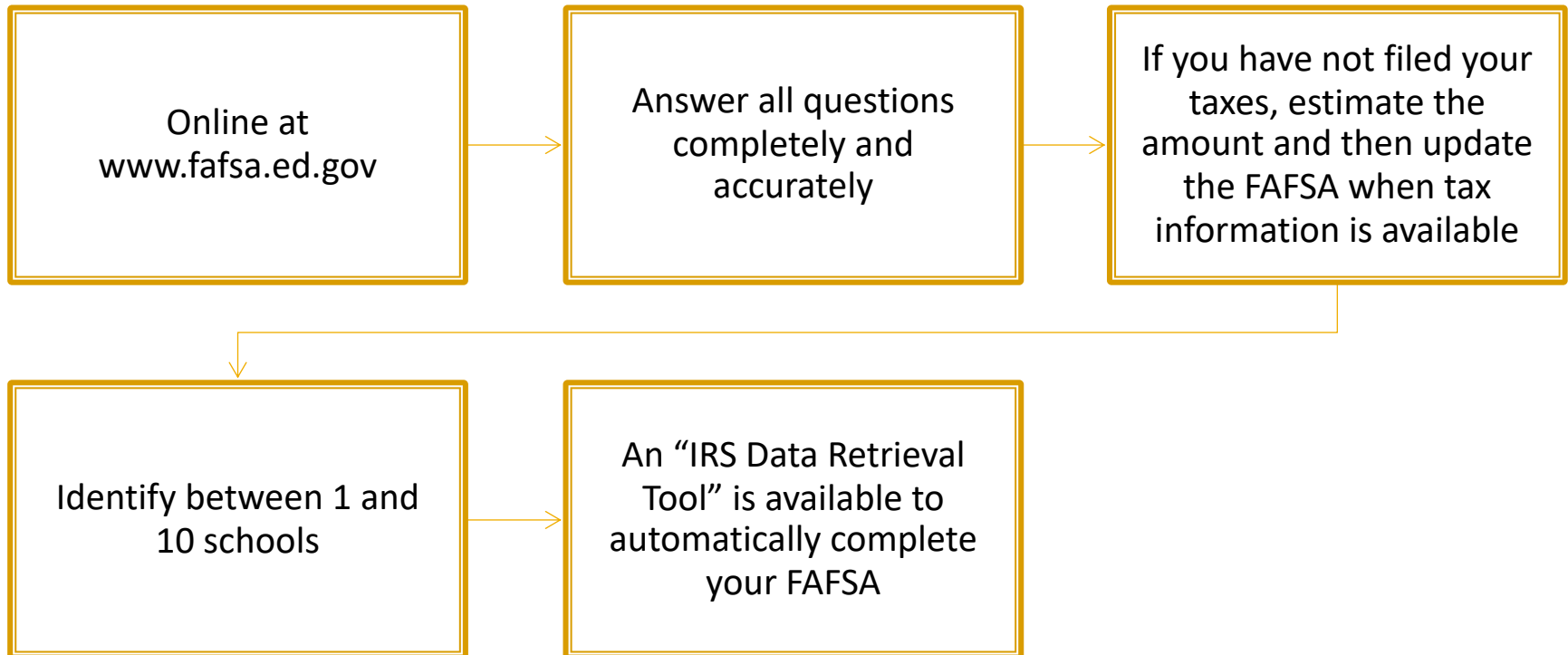
### Current Asset Information

- Bank statements, investments, real estate, etc.

If filing as a dependent - documents are needed for student and parent/guardian

# FAFSA Application Process

## Complete the FAFSA



Organize information in advance by completing the "FAFSA on the Web" worksheet

# FAFSA Application Process

## Sign and Submit

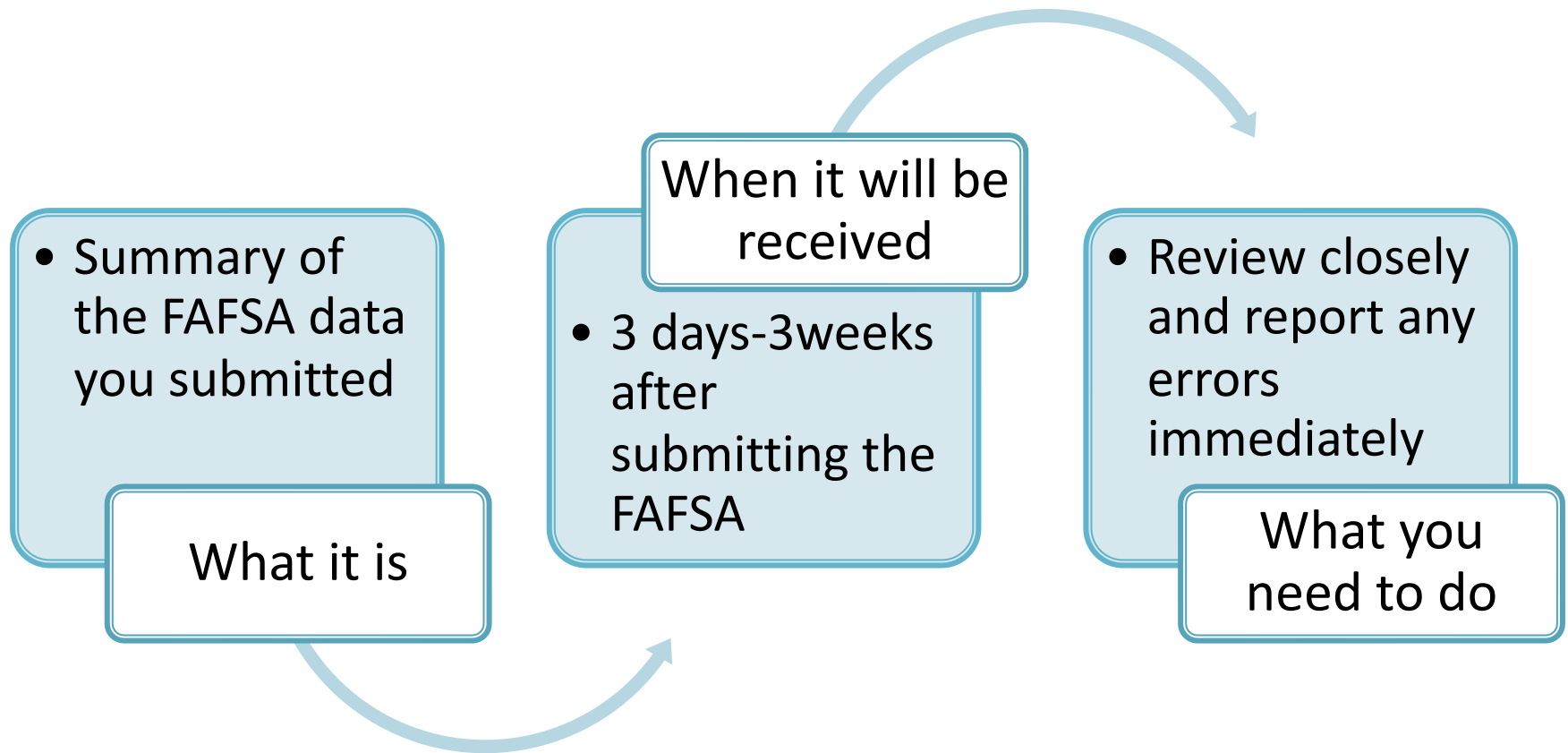
Sign using your  
PIN

If you are a  
dependent,  
your  
parent/guardian  
must also sign

Application not  
submitted until  
the  
confirmation  
page appears

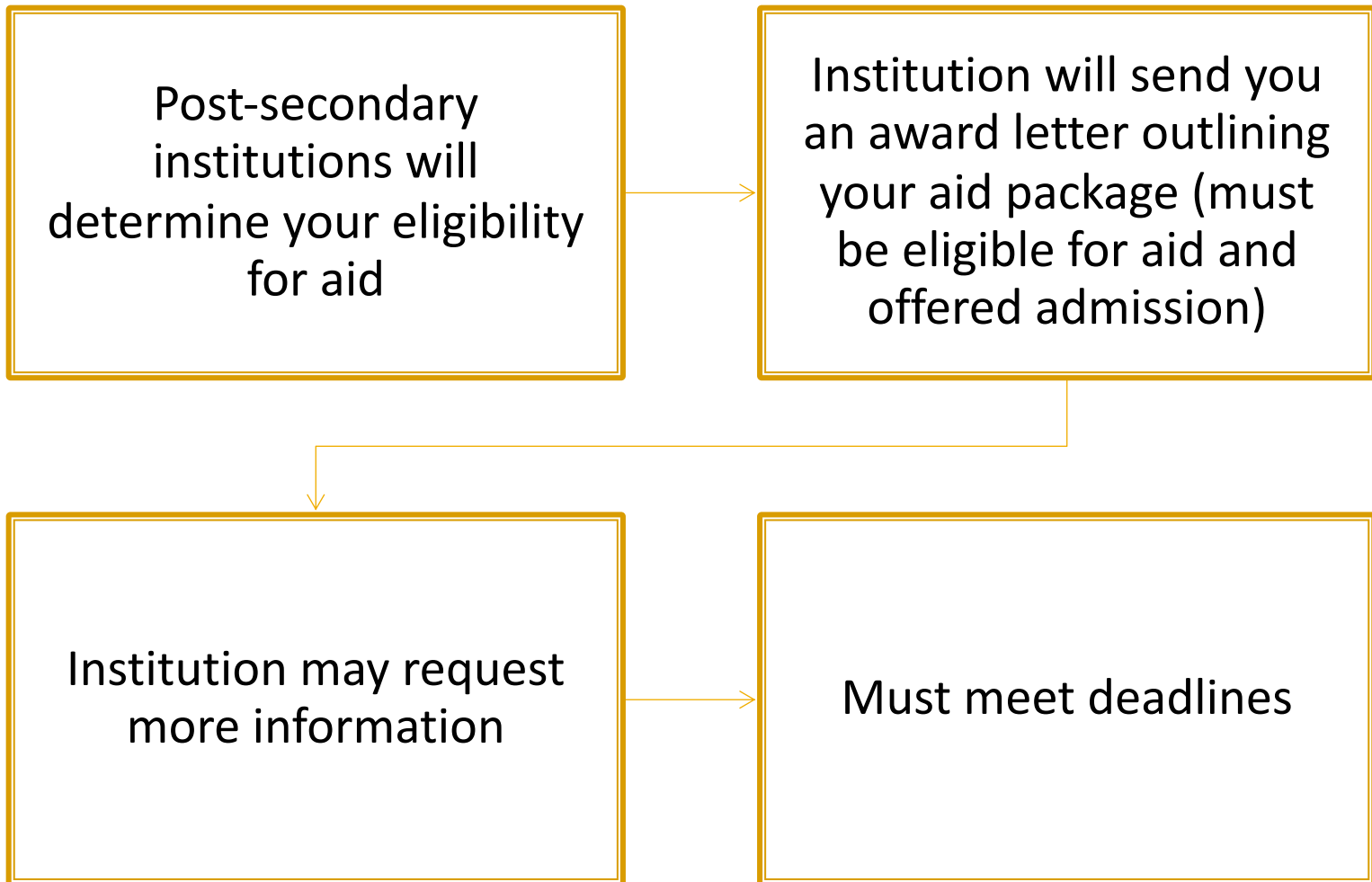
# FAFSA Application Process

## Review Your Student Aid Report



# FAFSA Application Process

## Determine Your Aid Eligibility



# FAFSA Application Process

## Compare Aid Packages

Evaluate aid offered by each school to determine which is the most affordable

### 1. Determine the Net Price



### 2. Evaluate student loans

- Understand what you are responsible for paying and by when

### 3. Only accept what you really need

# FAFSA Application Process

Support is available!

**Free Application for Federal  
Student Aid**

[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

**Post-secondary Institution  
Financial Aid Office**

**College Goal Sunday**  
[www.collegegoalsundayusa.org](http://www.collegegoalsundayusa.org)

**Federal Student Aid**  
<http://studentaid.ed.gov>

# FAFSA: Agree or Disagree

Do you agree or disagree with the following statements?

**AGREE**



*Or*

**DISAGREE**



Filing the FAFSA is only for students that will receive scholarships. Besides, my parents make too much money for me to qualify.

AGREE



*Or*

DISAGREE



**The FAFSA only has to be filled out when you start your post-secondary education.**

**AGREE**



*Or*

**DISAGREE**



If I file my FAFSA online, someone could potentially steal my identity so I will do it by hand and mail it in.

**AGREE**



*Or*

**DISAGREE**



If someone's parents can't read English and they don't have a Social Security Number they can't file a FAFSA.

**AGREE**



*Or*

**DISAGREE**



The FAFSA is only for universities. If I am considering a trade school or community college then I don't need to file a FAFSA.

AGREE



*Or*

DISAGREE



**The FAFSA is not due until June 30.  
Therefore it's not a rush to fill it out.**

**AGREE**



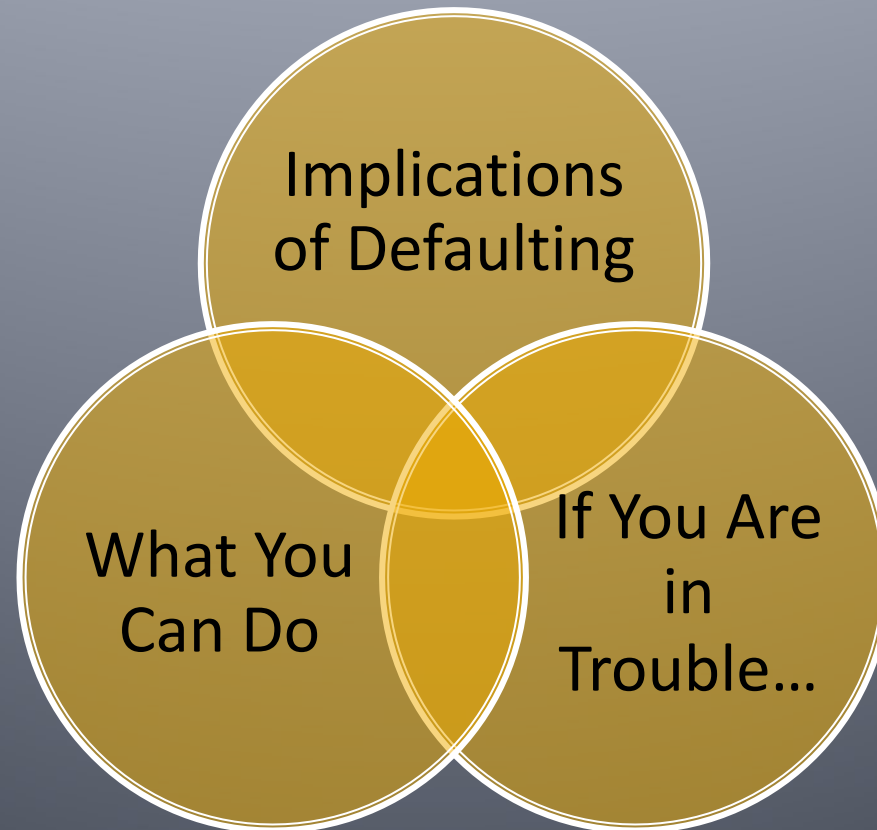
*Or*

**DISAGREE**



# When It's Not Free Money!

Student loans must be repaid!



# If You Default on Your Student Loan...

Your loan balance will be due in full, immediately

You may be sent to collections and pay fees

Your wages may be garnished and tax refunds seized

Lose deferment and forbearance options

Lose future eligibility for aid

Your credit report will be negatively impacted affecting other financial areas

# If You Find Yourself in Trouble...

## Defer

- Many lenders offer a grace period before you must begin paying

## Consolidate

- Consolidate several loans into one loan that has a lower interest rate and monthly payment

## Renegotiate Repayment Terms

- See if options are provided such as lower payments that increase over time or income-based payments

# Your Goals:

Complete  
the FAFSA to  
be eligible  
for financial  
aid

Apply for as  
many  
scholarships  
as possible

Never  
borrow  
more than  
you need

Be sure you  
can afford to  
pay back  
your loan