

# PAYING FOR COLLEGE

Is college right around the corner and you haven't saved enough? Don't fret. Fortunately, there are many other sources of money available to you and your child.

Free money is better than borrowed money, so look hard for grants and scholarships before turning to federal and private loans.

Whether your family receives financial aid depends on your Expected Family Contribution (EFC), which is the amount of money the government expects you to be able to pay for your education. The calculation is based on the income and assets of parents and students.

If your family's income is too high to qualify for federal or state aid, you may be eligible for another U.S. Department of Education loan program or other loan sources. Before borrowing from a private lender, talk to a financial aid counselor at your child's school, or to your financial advisor.

## GENERAL ELIGIBILITY REQUIREMENTS FOR FEDERAL AID



Demonstrated financial need (for most programs).



U.S. citizenship or eligibility as non-citizen.



Valid Social Security number.



Male applicants must register with Selective Services between the ages of 18 and 25.



Must be enrolled or accepted for enrollment as a regular student in an eligible degree or certificate program.



Applicants must maintain satisfactory academic progress.



You and/or your child will have to sign statements on the Free Application for Federal Student Aid (FAFSA) stating that you are not in default on any other federal student loan, do not owe money on a federal student grant, and federal student aid will only be used for educational purposes.



Students must show they are qualified to obtain a college or career school education by having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate.



# FINANCIAL AID

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There are a variety of financial aid tools available to students today, including scholarships, student loans, needs-based awards and work-study employment.

There are two basic types of aid:

- » Merit: These dollars are given to those who've demonstrated exemplary academic performance.
- » Need-based: These awards are based on a family's ability to cover the costs of the college a student plans to attend.

## FAFSA

To be considered for government financial aid, you must first complete the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA). It's a lot of work to fill out all the financial information required, but it could really pay off.

You can complete the FAFSA online at [fafsa.ed.gov](https://fafsa.ed.gov), or do it on paper with a form you download, get from your high school guidance counselor, or request by calling **800-4-FED-AID**.

Though you may be eager to submit it, you cannot file your FAFSA before January 1 of the year your child will begin college. Generally, funds are assigned by July 1 of that same year, so you should complete it promptly in January.

## CSS Profile

The College Scholarship Service Profile is a different financial questionnaire that's distributed by the College Board. It is primarily used by private colleges for making their own financial aid determinations.

The CSS Profile is more detailed than the FAFSA, and requires the payment of an application fee. You can get started on this one earlier, typically on October 1 in the year before your student starts college. Learn more at [collegeboard.org](https://collegeboard.org).



# STUDENT LOANS

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**Federal Student Loans** charge lower interest rates than loans from private institutions.

- » Repayment does not start until you graduate, leave school or change your enrollment status to less than half-time.
- » The interest rate is fixed.
- » Some are subsidized, which means the government pays the interest on the loan while you're in school.
- » They offer more flexible repayment terms than private loans, and can even be partially or fully forgiven in some circumstances.

## Types of Direct Federal Loans

- » **Subsidized Loans** are made to students who demonstrate financial need.
- » **Unsubsidized Loans** don't require you to demonstrate need.
- » **Plus Loans** are made to graduate or professional students and parents of dependent undergrads.
- » **Consolidation Loans** let you combine all your eligible federal loans into one easier-to-manage loan.

**The Federal Perkins Loan Program** is for undergraduate and graduate students who have exceptional financial needs. Here, the school acts as the lender.

**Private Student Loans** are offered by non-government institutions such as banks, credit unions and colleges. They're usually more expensive and less flexible when it comes to repayment, so they should be your last resort after exhausting all other options.