



COLLEGE FINANCE GUY

TIM LENAHAN, C.P.A., M.S.

(925) 586-7605 — Tim@CollegeFinanceGuy.com — www.CollegeFinanceGuy.com

Important Financial Aid Information to Know

College is a Consumer Purchase

- College is Now the Second Largest Purchase a Family Makes
- Financial Concerns now govern College Decision-Making for nearly 8 in 10 families

Sources Expected to Pay for College: Parents' Contribution; Student's Contribution; Financial Aid from Federal and State Government, College, and Private Sources

What is Financial Aid Made up of?

- **Gift Aid (Free \$\$\$):** Grants (usually "Need-based" aid) & Scholarships ("Merit & Need-based" aid)
- **Self-Help Aid (NOT Free \$):** Federal Work-Study & Student Loans

Net Cost of College

- Cost of Attendance
- Less: Grants & Scholarships
- Net Cost of One Year of College

Merit Aid: Often awarded based on a student's talents, skills, activities, academics, and other attributes.

Main sources for Scholarships:

- Colleges and local, regional, & national private scholarships.

Scholarship Awards from College's Vary by Institution:

- California Public Universities
- Private Colleges
- Out-of-State Public Colleges

Need-based Aid: Awarded if your family's resources are determined to be *insufficient* to cover the cost of one year of college. **Caution: Need Based Aid may include Federal Work-Study & Student Loans (NOT Free \$)**

Financial Need: Cost of Attending College (COA) less Expected Family contributions (EFC)

Expected Family Contribution (EFC): the amount of money the college expects your family to contribute to the cost of one year of college

Net Price Calculator: **Required to be on each college's website**

Net Price: Estimated cost of attending college *less* the estimated amount of your grants & scholarships.

- It gives a family an estimate of the net cost, after grants & scholarships, for one year of college
- Net Price calculators that ask for the exact amount of your income and assets will be more accurate.
- One way to find it is to google "the name of your college and net price calculator"
- Example: Santa Clara University net price calculator
- Choose the result with the school website: <https://www.scu.edu/financialaid/net-price-calculator/>

Financial Aid Forms

FAFSA (Free Application for Federal Student Aid): Federal Financial Aid Form.

- Create your FSA ID at <https://fsaid.ed.gov/npas/index.htm>
- Complete the FAFSA at <https://studentaid.gov/h/apply-for-aid/fafsa>

CSS Profile: Financial aid form used by about 250 mostly private schools in addition to the FAFSA.

Who Should File Financial Aid Forms?

- Anyone wanting to receive a federal student loan with a low interest rate. Every family qualifies for this loan. Anyone wanting to apply for the federal parent PLUS loan.
- Anyone wanting to receive need-based aid and believes their family might qualify
- Anyone who expects to have two or more children in college at the same time, which significantly lowers the threshold for need-based eligibility.
- Anyone who may attend a California Community College.
- Anyone applying for merit aid at institutions that require either the FAFSA or CSS PROFILE for consideration for such awards.

Self-Help Aid is money that you work for (work study) or money that must be repaid (loans)

- Federal Work-Study
- Federal Direct Subsidized and UnSubsidized Student Loans
- Federal PLUS (Parent) Loan

How do you Determine the *amount* your family is *willing* to pay for college?

Prepare a College Budget for Your Family

- Determine the financial resources available to you that you are willing to use to pay for college.
- **Plus:** the total amount of debt that you and/or your child are willing to take on, if needed.
- **Equals:** Your Family's College Budget for your student *and siblings*.

Example of a Simplified Family's College Budget

Most of the time spent on a college budget is deciding how much debt you can afford to take on.

College Budget for Family with Two Children		Total
Family's Resources for College		\$150,000
Debt (Parents & Students)		\$110,000
Family's College Budget		\$260,000
Annual Budget based on 5 Years at a 4-Year College (for Each Child)		\$ 26,000
Monthly Debt	Parents for both children	\$ 594
Repayment	2 Students (Each Amount)	\$ 273
for 10 Years	Entire Family	\$ 1,140

Caution: If you are not comfortable with the amount of debt in your college budget, please consider having your student attend a community college first and then transfer to a four-year college.

What do you need to do?

- Prepare your College Budget
- Use the net price calculator to estimate the amount you will have to pay for colleges on your list
- Determine if the Colleges on Your Students List are a "Financial" Fit