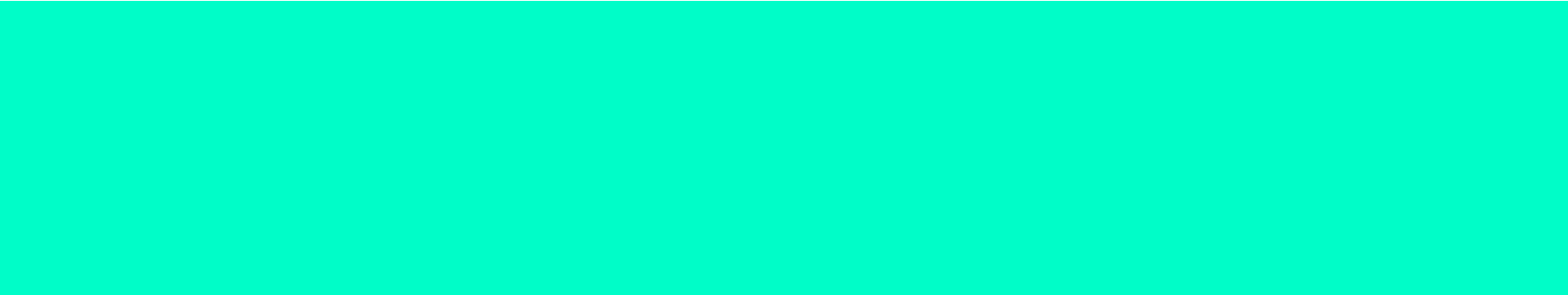


Debunking the My Financial Aid



Myth #1: Only Students with the Best Grades Qualify for Financial Aid

Facts:

- Some scholarships are “merit-based,” that is, they are awarded based on a student’s academic performance
- However, most financial aid is “need-based,” that is, awarded based on a family’s ability to pay for college

What does “~~Based~~ Need” Mean?

- All colleges use a basic equation to determine financial need:
 - *College costs* (tuition, fees, books and supplies, room and board, transportation, miscellaneous expenses) **minus** *Expected Family Contribution* (the amount the Federal Government determined you and your family can contribute = student's financial need
- If the result is positive (college costs more than you can contribute), then you have demonstrated “financial need”

What's the Difference between Merit-based and Need-based Aid?

● Examples of need-based aid:

- Federal and state grants do not have to be repaid (some state grants require a certain GPA)
- Work-study (money earned by the student through on- or off-campus jobs)
- Subsidized student loans (low-interest and interest deferred until six months after graduation)
- Parent loans (low interest)

● Examples of non-need-based aid:

- Some colleges and state-funded scholarships and most private scholarships
- Unsubsidized student loans (low interest and interest accrues while still in school)

How Much is Expected from Pa

- The amount expected from parents varies from family to family according to the ability to pay derived from information submitted in the FAFSA, and is called the Expected Family Contribution

Myth #2: Since We Haven't Saved College, Community College is My

Facts:

- Families who have not been able to save will likely find that their expected contribution will be quite modest
- Parent contribution can be paid from savings, current income, or loans
 - And it's not expected all at once, but over the course of the year
 - Tuition installment payment plans are also available.

Myth #2 Continued...

- One way to prepare for the cost of college is to fill out the FAFSA before your child's senior year
 - You can send in the FAFSA form at any time and you will get a Student Aid Report (SAR) which will let you know your EFC (expected Family Contribution)- this might be especially helpful if your income and family situation is going to stay relatively the same over the course of the next few years
- Remember, these options will only give you a general sense of how much your family will be expected to contribute, and is not the official EFC

What is a Parent or “PLUS” Loan

- With a PLUS loan, parents/stepparents can borrow up to the total cost of an education, minus any other aid the student may receive
 - For example, if the cost is \$6,000 and the student receives \$4,000 in other financial aid, parents may borrow up to \$2,000
- PLUS loans have a fixed interest rate of 7.9%
 - Interest begins to accumulate right away
 - Repayment begins once loan is disbursed

Myth #3: Only Rich Kids go to Elite, E

Facts:

- The higher the cost of education, the easier it is to demonstrate financial need
- Studies have shown that the parental incomes of students in private colleges are, on average, lower than incomes of students at large state universities
- Apply to the schools of your choice, apply for financial aid, and wait to see the financial aid award letter - then decide which college to choose

Myth #4: Only Students from Income Ready Families Qualify for Financial Aid

Facts:

- Most financial aid is reserved for needy families
- However, there are many forms of assistance to help families meet their expected contribution
 - For example: low-interest loans and scholarships
- Apply whether you think you're qualified or not
 - You may be surprised to find out you do qualify

Myth #5: I Need to Pay a Service to for College

Facts:

- Most financial aid and scholarship applications are free
- Nobody can guarantee that you will win a scholarship
- Do not pay to get information on financial aid and scholarships
 - If it sounds too good to be true, it might be a scam!
- Free searches for scholarships are on the internet

What are Scholarships?

- Scholarships help students pay for their education and do not have to be paid back
- Scholarships are available for students who demonstrate achievement in academics, athletics, the arts, or community service
 - Also available for students with financial need or who are interested in certain fields or study, or who meet certain criteria, such as a parent's membership in a service organization
- Scholarships are awarded by the college or other organizations (churches, corporations, etc.)

Myth #6: The Costs of a College Education Worth It

Facts:

- A four-year college graduate (someone with a Bachelor's degree) earns almost \$1 million more over their lifetime than a high school graduate
- Other benefits of a college education include:
 - More job opportunities
 - Greater knowledge
 - Broadened perspectives

Myth #7: A College Can Cost as Much

Facts:

- True, there are some private colleges where tuition costs more than a new car
- 78% of college students attend schools where tuition and fees are less than \$8,000 per year
- The average tuition and fees for a public four year college/university is \$15,014
- Also, remember the facts behind Myth #4: the higher the cost of education, the easier it is to demonstrate financial need

Myth #8: I am Going to be the Only Financial Aid

Facts:

- At four-year colleges and universities, 60% of full-time students receive some kind of financial aid
- At Some private colleges, 75% of students receive some form of financial aid
- Don't worry, you'll be in good company!

Myth #9: All Debt is Bad, so I Should Avoid Student Loans

Facts:

- Student loans are “good debt” because with a college degree you are increasing your earnings potential
- Student loan repayments are manageable
- Defaulting on a student loan (or any loan) is bad - make prompt and timely payments and you can build your credit rating

What are Student Loans?

- Federally backed educational loans are a good investment and available to almost all students
- Federal subsidized loans are made to financially eligible students
- Federal unsubsidized loans are made to students without regard to finances

Subsidized Loans are a Good Investment

- The government pays the interest while the student is in school (including graduate school)
- Interest rates are low
- Multiple loans may be consolidated into a single payment
- Repayment begins 6 months after the last day of attendance

Unsubsidized Loans are a Good Idea

- Interest rates are low
- Multiple loans can be consolidated into one payment
- Recipient may opt to pay interest while enrolled or allow interest to accumulate while enrolled and during the 6 month grace period

Myth #10: As a Star Athlete, I Know Athletic Scholarship

Facts:

- Good luck! On average, only 1% of undergraduates receive athletic scholarships
- Availability and award amount of an athletic scholarship varies greatly depending on the athletic division the college/university participates in and the specific sport
- Most student aid is awarded on the basis of financial need
- For more information on collegiate athletics, go to www.ncaa.org

How do I Apply for Financial Aid

- Complete the FAFSA (Free Application for Federal Student Aid)
 - The FAFSA collects data to calculate eligibility for need-based financial aid (completed by student/family)
- FAFSA is available online at www.fafsa.ed.gov
 - Filing period is Oct. 1 to June 30 - some colleges have priority filing deadlines in March or April
- Many schools require additional forms in order to apply for financial aid
 - Please note, these forms are **in addition to** the FAFSA and do not take the place of the FAFSA

All Students, Even Community College Students, Should Apply!

- Many eligible community college students miss out on federal grants because they don't apply
 - Some eligible community college students don't apply because they can work full-time and attend part-time
 - With aid, you might be able to attend full-time and transfer sooner to a four-year college