



COLLEGE FINANCE GUY

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Financial Aid Night for Parents of Juniors

College is a Consumer Purchase

- The biggest concern of families is the “Level of debt I (my child) will take on to pay for the degree”
- 29% worry that their student “Will get into first-choice college, but won't be able to afford to attend”
- 92% of college students are concerned about being able to pay for their education, only 3% are not

Ways to Obtain Financial Aid

- **Need-based Aid:** Awarded if your family's resources are determined to be *insufficient* to cover the cost of one year of college
- **Merit Aid:** Often awarded based on a student's talents, skills, activities, academics, and other attributes

What is Financial Aid Comprised Of?

- **Gift Aid (Free \$\$\$):** grants (usually "need-based" aid) and/or scholarships ("merit and/or need-based" aid)
- **Self-Help Aid (NOT Free \$):** federal work-study and student loans

Sources Expected to Pay for College:

- Parents' & student's contribution
- Monies from Federal and state government, college, and private sources

The Amount Your Family Will Pay for One Year of College

- Cost of Attending College *minus* Grants & Scholarships = Net Price (Cost) Your Family Will pay for One Year of College

Financial Aid Form(s) You Will Complete in the Fall

- FAFSA (Free Application for Federal Student Aid)
- CSS Profile (possibly)

Net Price Calculator:

- Used to estimate of the actual amount (net price) you will pay to attend the college
- Every federally funded college is required to have a “Net Price Calculator” on their college website.
- Net Price calculators that ask for the exact amount of your income and assets will be more accurate.
- Over 50% of net price calculators do not include estimated merit scholarships.

The cost of attendance amount used is most likely from a prior year.

- Go to the college's website to obtain the most *recent* cost of attendance amount. Input this amount.

Two Ways to find the Net Price Calculator for a College

- (1) Use the College's website
- (2) Google “(input the name of the college) net price calculator”
Make sure the net price calculator you choose is from the college's website

Some Information that May be Requested

- Parents' and Student's earnings, other income, and assets
- The Parents' marital status
- Number of those who will be attending college
- The amount of equity in your home
- The Student's GPA & Test Scores

How to Find Out if Any of Your Colleges Require the CSS Profile

- Use the link <https://profile.collegeboard.org/profile/ppi/participatingInstitutions.aspx>
- Choose CSS Profile Participating Institutions and Programs

Preparing Your Family's College Budget

Reasons to prepare a College Budget

- 29% of students who were accepted by their first choice (Dream) college did not attend. Why? Their family decided after the acceptance that they could not afford the cost of the college.
- You most likely make too much money to qualify for financial aid but not enough money to pay for the entire cost of college.
- You will know how much you can afford before you receive the college's financial aid packages.
- You will know the amount of debt your child and/or you have agreed to take on and the monthly repayment amount(s).

“By failing to prepare, you are preparing to fail.”- Benjamin Franklin

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 4 Years at 4-Year College (for Each Child)		\$ 32,500
Monthly Debt	Parents for both children	\$ 594
Repayment	2 Students (Each Amount)	\$ 546
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.

Some Loan Repayment Calculators

- Federal student loan calculator: <https://studentaid.gov/loan-simulator/repayment/wizard/personal-info/select-what-applies>
- <https://www.finaid.org/calculators/loanpayments.phtml>
- <https://bigfuture.collegeboard.org/pay-for-college/loans/student-loan-calculator>

Determine Which Colleges are a “Financial” Fit

- Discuss your college financial budget with your student
- Compare your annual budgeted amount to the net price amounts of the colleges your student is considering applying to
- Determine which colleges are a “financial” fit.