

Going to College without Going Broke

A College Education is a Good Investment in Your Future

Earnings By Educational Attainment		
Education Attained	Median Weekly Earnings	Annual Earnings
Professional degree (4-yr. + 2-yr. or more)	\$1,735	\$90,220
Master's degree (4-yr. + 2-yr. or more)	\$1,341	\$69,732
Bachelor's degree (4-yr. college)	\$1,137	\$59,124
Associate's degree (2-yr. college)	\$798	\$41,496
Some college, no degree	\$738	\$38,376
High school diploma or GED	\$678	\$35,256
Less than a high school diploma	\$493	\$25,636

Source: Current Population Survey, U.S. Bureau of Labor, U.S. Bureau of Labor Statistics. Note: Data are for persons age 25 and older. Earnings are for full-time wages and salary workers. Last Modified Date: March 15, 2016

You Have a Variety of Ways to Pay for College

Paying for college is a responsibility usually shared by the family, state, college or university, federal government and private sources and often combines various sources such as:

- Financial Aid (includes grants, scholarships, employment, loans)
- Savings (student and parent)
- Current income (student and parent)
- Tax Benefits

Financial Aid Basics

As you plan for college, one of the first things you should do your junior or senior year of high school is to apply for an electronic signature called a Federal Student Aid Identification ("FSA ID") at fsaid.ed.gov. This ID is required before you can complete and submit your Free Application for Federal Student Aid ("FAFSA"), which you should do soon after October 1 of your senior year at fafsa.gov. Keep a copy of your FSA ID in a secure place and do not share it with anyone else; it's your key to your FAFSA. Results of the FAFSA determine whether you're eligible for federal and state financial assistance for college. Filing is free, so give it a try. If you do qualify for financial aid, you must maintain satisfactory academic progress in your college program of study and file the FAFSA again each year you're in school.

FAFSA asks about items that impact financial aid eligibility including:

- Parent and student income (taxable and untaxed)
- Parent and student assets
- Number in family and number of family members in college

The FAFSA will report the Expected Family Contribution (parent contribution plus student contribution).

Gift Aid - grants and scholarships that do not have to be repaid

Self Help Aid - employment and loans that must be earned or repaid

Merit Aid - based on academics, special talent, etc.

Need-Based Aid - based on family financial circumstances

Institution's Cost of Attendance includes tuition, fees, room, board, books and supplies, transportation, personal and miscellaneous expenses and loan fees.

Basic financial aid formula:

$$\begin{aligned} & \text{Cost of Attendance} \\ & - \text{Expected Family Contribution} \\ & = \text{Eligibility for Need-Based Financial Aid} \end{aligned}$$

Note that Expected Family Contribution remains the same, regardless of the college or university attended.

When looking at financial aid offers (sometimes referred to as financial aid packages) consider:

- How much of the aid is grant and scholarship?
- How much does my family have to pay after subtracting grants and scholarships from the cost?
- How will we cover that remaining cost? From our savings - or current income - or will we have to borrow against future earnings?
- Are these grants and scholarships renewable and under what conditions?
- Are there part-time employment opportunities on campus?

Apply for scholarships. Check with your school counselor, organizations you belong to, employers, etc. about scholarships and other funding assistance.

NEVER pay for scholarship information. You can find out about scholarships and other types of financial aid for free. Check out information at CFNC.org, talk to your school counselor, or contact the financial aid office at the college you are considering.

Loan Notes

- Borrow **only** what you **need**.
- Loans must be **repaid**.
- Always exhaust your eligibility for federal loans before borrowing alternative or private loans. Go to studentaid.gov to apply for federal loans.
- Check with your college financial aid office for more information about loans. Campuses participate in different types of loan programs, so they are the best source of information.

When saving for college, consider 529 college savings plans and other educational savings options.

Consider expenses you can cover with current income - what items are already in your family's budget that will continue (car expenses, for example) while you are in college?

Money-Saving Tips

- Earn free college credit while in high school.
- Explore lower-cost educational options.
- Explore economical living arrangements.
- Buy used books and explore rental options.
- Use public transportation and share rides.
- Learn to cook.
- Can you get a student discount (at retail stores and other businesses)?
- Can you get a discount as a result of your membership in other organizations?
- Read before you sign anything.
- Keep copies of important documents.

Other Tips

Contact the college financial aid office if your circumstances change or you have circumstances not reflected on the FAFSA that impact your ability to meet educational expenses. Identify yourself in all correspondence and conversation, but do NOT use your Social Security number as your identifier.

You may be eligible for tax education credits when filing your federal income tax. You may be able to deduct student loan interest payments on your federal income tax return. Refer to the IRS website and publications for the most up-to-date information.

Develop good financial habits - check out CFNC's *Financial Basics for High School and Beyond* on-line course and tools. Use CFNC's Smart Borrower Calculator to see how much student loan debt is manageable, based on your career goals.

Resources

Visit CFNC.org or call toll free 866-866-CFNC for help to plan for college and career and to apply and pay for college. Details on federal financial aid for college are also available at the federal government site, studentaid.gov.