

Understanding College Financial Aid and Paying for College

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College Cost Fundamentals

- What matters is gift aid: grants and scholarships
 - Almost all gift aid comes directly from colleges
 - College cost minus gift aid is “net price”
 - How much gift aid your student gets depends on
 - The student’s profile as defined by each college:
Determines eligibility for need-based grants and/or academic (merit) scholarships
- AND**
- College aid awarding policies: Specifically, how colleges on your student’s list award aid
- Unless you apply to affordable colleges in fall having affordable choices in spring is a question of luck
- Affordability: Different for everyone based on your student’s net price and your resources available to pay

Agenda

Assessing Where You Might Get Aid

	Need-Based Aid (Grants)	Merit-Based Aid (Scholarships)
Assess Your Profile	Income and Assets	GPA, Test Scores, Rank
How You Compare to Other Applicants	EFC	Middle 50% at a Given College (25th - 75th %)
Assess How College Awards Aid	Percent of Need Met	Percent of Students Receiving Institutional Aid

Deciding What You Can Afford

- What is the true, total cost: Net price of a degree
- What resources do you have to pay the cost: Savings & Income
- How much will you have to borrow
- Is the amount of debt reasonable

Net Price: Real Cost of College



Sticker (19-20)	\$34,284	\$70,664	\$73,800	\$75,502
Average Gift Aid	\$12,051	\$42,146	\$48,178	\$30,085
Average Net Price, Aided Students	\$22,233	\$28,518	\$25,622	\$45,417
Percent Aided	63%	99%	52%	57%
Average Net Price, All Students	\$26,692*	\$28,940	\$48,747	\$58,354

* Excludes non-resident impact

- It doesn't matter what colleges charge ...
- What matters is what you pay ...
- Your **Net Price** = College's COA minus your gift aid

Types of Financial Aid

- Gift Aid (free money) – *reduces* cost
 - **Grants**: Need-based aid
 - **Scholarships**: Merit-based aid



- Self-help – *manages* cost
 - **Work/Study** – Earned as you go
 - **Loans** – Must be repaid with interest



Interpreting Award Letter

FORM(S) OF ASSISTANCE	FALL 2013	SPRING 2014	SUMMER 2014	TOTAL AWARD
<i>ANTICIPATED ENROLLMENT</i>				
Tuition & Fees			\$32,375	\$1,600.00
Federal Pell Grant				\$300.00
██████████ State Grant			\$14,100	\$9,000.00
██████████ Supplemental Grant			\$700	\$3,500.00
Direct Subsidized Stafford Loan			\$2,590	\$2,000.00
Direct Unsubsidized Stafford Loan				\$4,000.00
██████████ College Grant				\$1,800.00
Federal Work Study				
			Cost of Attendance	
			\$49,765	
			less: Gift Aid	
			\$14,900	
			Net Price	
			\$34,865	
TOTALS	\$11,100.00	\$11,100.00		\$22,200.00

Semester Enrollment Status Definitions: 12 or more credits is Full-time; 9 - 11 credits is 3 / 4 Time (Q); 6 - 8 credits is Half-time; 1 - 5 credits is Less than 1 / 2 Time.

What's missing?

- The list price
- Your real cost (net price)

Gift Aid \$14,900
Loans \$ 5,500
Work/Study \$ 1,800

Gift Aid



- **Need-based aid (grants)**
 - Family income & assets
 - Primary application: FAFSA <http://fafsa.gov>
 - FAFSA required for gift aid & loans at all US colleges
 - Supplemental application: CSS Profile <https://cssprofile.collegeboard.org/>
 - Profile required for college-funded gift aid at about 150 colleges
- **Merit-based aid (scholarships)**
 - Grades (GPA), test scores, class rank
 - Often awarded automatically with admission, sometimes requires additional application

Need-Based Aid: Grants

- Need = COA – EFC = Potential eligibility, not aid
- COA = Cost Of Attendance:
 - Tuition & Fees
 - Room & Board
 - Books & Supplies
 - Transportation & Other
- EFC = “Expected Family Contribution”
- College aid policies vary, range from none to full need based on FAFSA or Profile EFC
- EFC estimator: <https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/expected-family-contribution-calculator>
- Knowing your EFC helps, but it’s not enough
- Each college defines its idea of “need”

EFC: Determines Need-aid Eligibility

Two EFC formulas – FAFSA & Profile – but same basic approach

	Parent(s)	Student
Income	Parent Contribution from Income (AGI + untaxed) 47% max	Student Contribution from Income (AGI + untaxed) 50%
Assets	Parent Contribution from Assets 5.64% max	Student Contribution from Assets 20-25%
	Parent Contribution	Student Contribution

$$PC + SC = EFC$$

Special Cases

- Multiple siblings in college: PC “shared” among siblings – but this is changing
- Special circumstances: College financial aid office may adjust EFC in hardship cases such as loss of job, unusual medical expenses
- Divorced/separated parents:
 - FAFSA includes custodial parent only, plus that parent’s spouse if applicable
 - Profile looks at both biological/adoptive parents and each one’s spouse if applicable

FAFSA & Profile Dates

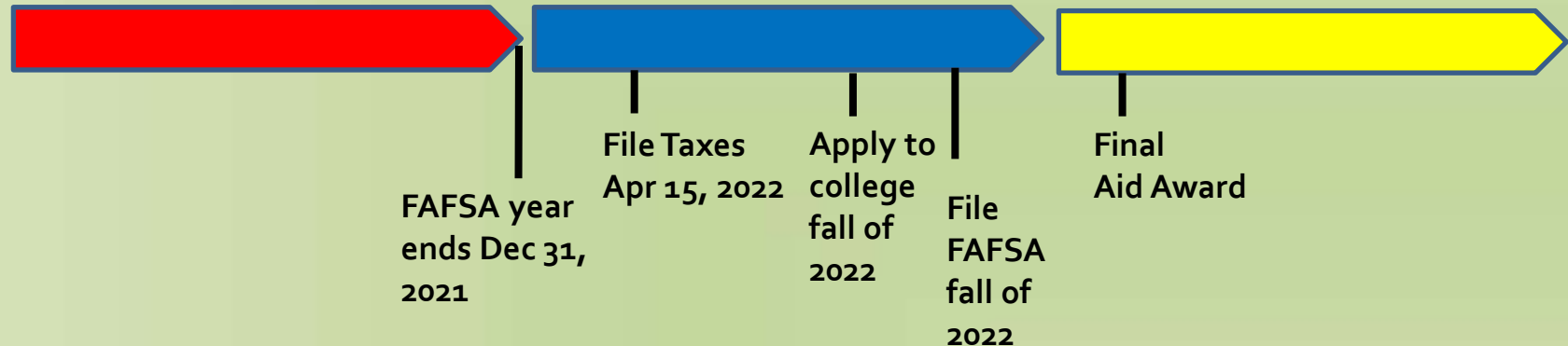
FAFSA & Profile Timing

Example, high school class of 2023

2 Years Before Enrollment
FAFSA Base Year

1 Year Before Enrollment
Apply Year

Enrollment Year
Start College in Fall



- Assets valued as of filing date, fall of 2022 for Class of 2023

4-Year FAFSA Dates – Juniors

- For juniors who will graduate in June 2023 – college class of 2027
- Most people file taxes months before FAFSA, so importing tax data usually easy

Year in College	Base income year for FAFSA	Student's status during income year	Data from IRS becomes available	FAFSA becomes available	Asset value date for FAFSA
1st year of college begins fall 2023	2021	Spring grade 10 & Fall grade 11	Soon after filing, deadline Apr 15, 2022	October 1, 2022	Filing date, eg Oct 2022
2nd year of college begins fall 2024	2022	Spring grade 11 & Fall grade 12	Soon after filing, deadline Apr 15, 2023	October 1, 2023	Filing date, eg Oct 2023
3rd year of college begins fall 2025	2023	Spring grade 12 & Fall freshman year	Soon after filing, deadline Apr 15, 2024	October 1, 2024	Filing date, eg Oct 2024
4th year of college begins fall 2026	2024	Spring freshman year & Fall sophomore year	Soon after filing, deadline Apr 15, 2025	October 1, 2025	Filing date, eg Oct 2025

- Grandparent payments count as untaxed income, but not relevant after December of student's sophomore year of college (end of final FAFSA year)

4-Year FAFSA Dates – Sophomores

- For sophomores who will graduate in June 2024 – college class of 2028
- Most people file taxes months before FAFSA, so importing tax data usually easy

Year in College	Base income year for FAFSA	Student's status during income year	Data from IRS becomes available	FAFSA becomes available	Asset value date for FAFSA
1st year of college begins fall 2024	2022	Spring grade 10 & Fall grade 11	Soon after filing, deadline Apr 15, 2023	October 1, 2023	Filing date, eg Oct 2023
2nd year of college begins fall 2025	2023	Spring grade 11 & Fall grade 12	Soon after filing, deadline Apr 15, 2024	October 1, 2024	Filing date, eg Oct 2024
3rd year of college begins fall 2026	2024	Spring grade 12 & Fall freshman year	Soon after filing, deadline Apr 15, 2025	October 1, 2025	Filing date, eg Oct 2025
4th year of college begins fall 2027	2025	Spring freshman year & Fall sophomore year	Soon after filing, deadline Apr 15, 2026	October 1, 2026	Filing date, eg Oct 2026

- Grandparent payments count as untaxed income, but not relevant after December of student's sophomore year of college (end of final FAFSA year)

4-Year FAFSA Dates – 9th Graders

- For 9th graders who will graduate in June 2025 – college class of 2029
- Most people file taxes months before FAFSA, so importing tax data usually easy

Year in College	Base income year for FAFSA	Student's status during income year	Data from IRS becomes available	FAFSA becomes available	Asset value date for FAFSA
1st year of college begins fall 2024	2023	Spring grade 10 & Fall grade 11	Soon after filing, deadline Apr 15, 2024	October 1, 2024	Filing date, eg Oct 2024
2nd year of college begins fall 2025	2024	Spring grade 11 & Fall grade 12	Soon after filing, deadline Apr 15, 2025	October 1, 2025	Filing date, eg Oct 2025
3rd year of college begins fall 2026	2025	Spring grade 12 & Fall freshman year	Soon after filing, deadline Apr 15, 2026	October 1, 2026	Filing date, eg Oct 2026
4th year of college begins fall 2027	2026	Spring freshman year & Fall sophomore year	Soon after filing, deadline Apr 15, 2027	October 1, 2027	Filing date, eg Oct 2027

- Grandparent payments count as untaxed income, but not relevant after December of student's sophomore year of college (end of final FAFSA year)

FAFSA Is Changing – Will Profile?

- Effective 2024-25: high school class of 2023 will have 1 year of old FAFSA, 3 years of new one
- Most income items will come directly from the IRS, EFC becomes SAI (Student Aid Index)
- If parents divorced custodial parent will be the one who contributed more of student's expenses
- College payments by relatives will no longer count as student income
- Discount for multiple siblings in college simultaneously is eliminated

Impact of FAFSA Changes

- Very needy students will benefit
- Crucial question: What happens to CSS Profile?
 - Most generous need aid comes from Profile colleges
 - At these, max annual aid based on FAFSA is about \$7-10k, aid based on Profile is as much as about \$70k
 - Non-Profile colleges often “gap:” need is not met

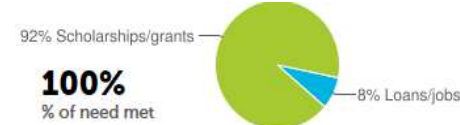
FAFSA change	Educated guess as to CSS Profile reaction
Custodial parent based on financial support	Likely to conform to FAFSA, but most Profile colleges require non-custodial info
Not counting payments from relatives	Likely to continue to include as income, not conforming to FAFSA
Eliminating multiple sibling discount	Could go either way

- Bottom line: don't make changes for aid unless they make sense for your overall financial plan

Finding Colleges that Meet Need

Colby College

Waterville, ME



$100\% \times 92\% = 92\%$ of need met with gift aid

Boston University

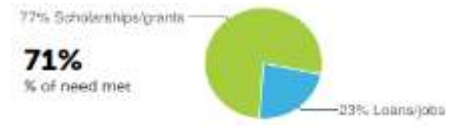
Boston, MA



$93\% \times 80\% = 74\%$ of need met with gift aid

New York University

New York, NY



$71\% \times 77\% = 55\%$ of need met with gift aid

University of Connecticut

Storrs, CT

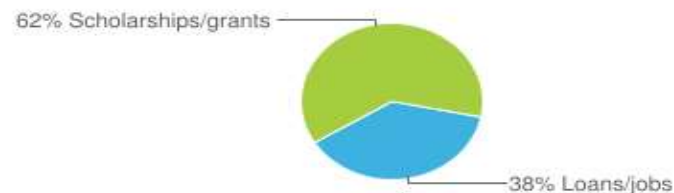
Cost of Attendance

How to Apply for Financial Aid

Financial Aid By the Numbers

Scholarships

Financial Aid Distribution



Undergraduate aid typically awarded as shown

59%
% of need met

95%
% of freshmen with need who received financial aid

\$16,367

Average 1st year financial aid package

Financial aid can include grants, loans, scholarships and work-study jobs. Every student's financial aid package varies depending on individual circumstances.

$59\% \times 62\% = 37\%$ of need met with gift aid

These are averages – they give an idea of where to look, but they don't tell your true cost

Will Need Aid Make College Affordable?

- Aid at full-need college, COA = \$72k, EFC = \$30k

	Year 1	Year 2	Year 3	Year 4	Total
COA	72,000	72,000	72,000	72,000	288,000
EFC	30,000	30,000	30,000	30,000	120,000
Need	42,000	42,000	42,000	42,000	168,000
Loan	4,500	5,500	6,500	7,500	24,000
Work/Study	2,225	2,225	2,225	2,225	8,900
Grant (gift)	35,275	34,275	33,275	32,275	135,100
Net Price	36,725	37,725	38,725	39,725	152,900

} \$168,000

- This is generous college, doesn't include inflation
- Rule of thumb: If $EFC * 4$ plus \$40k is not affordable then need aid not the answer

The Business of College

Students focus on acceptance rate – the percentage of applicants who are admitted

Colleges focus on yield rate – the percentage of admitted students who enroll

College	Accept	Yield	Inst Aid %
Harvard	5%	70%	57%
Wesleyan	21%	27%	41%
Northeastern	20%	24%	79%
Boston Univ.	20%	24%	47%
U Conn	56%	20%	63%
Muhlenberg	62%	18%	94%
Ohio Wesleyan	68%	15%	100%
Susquehanna	73%	14%	95%

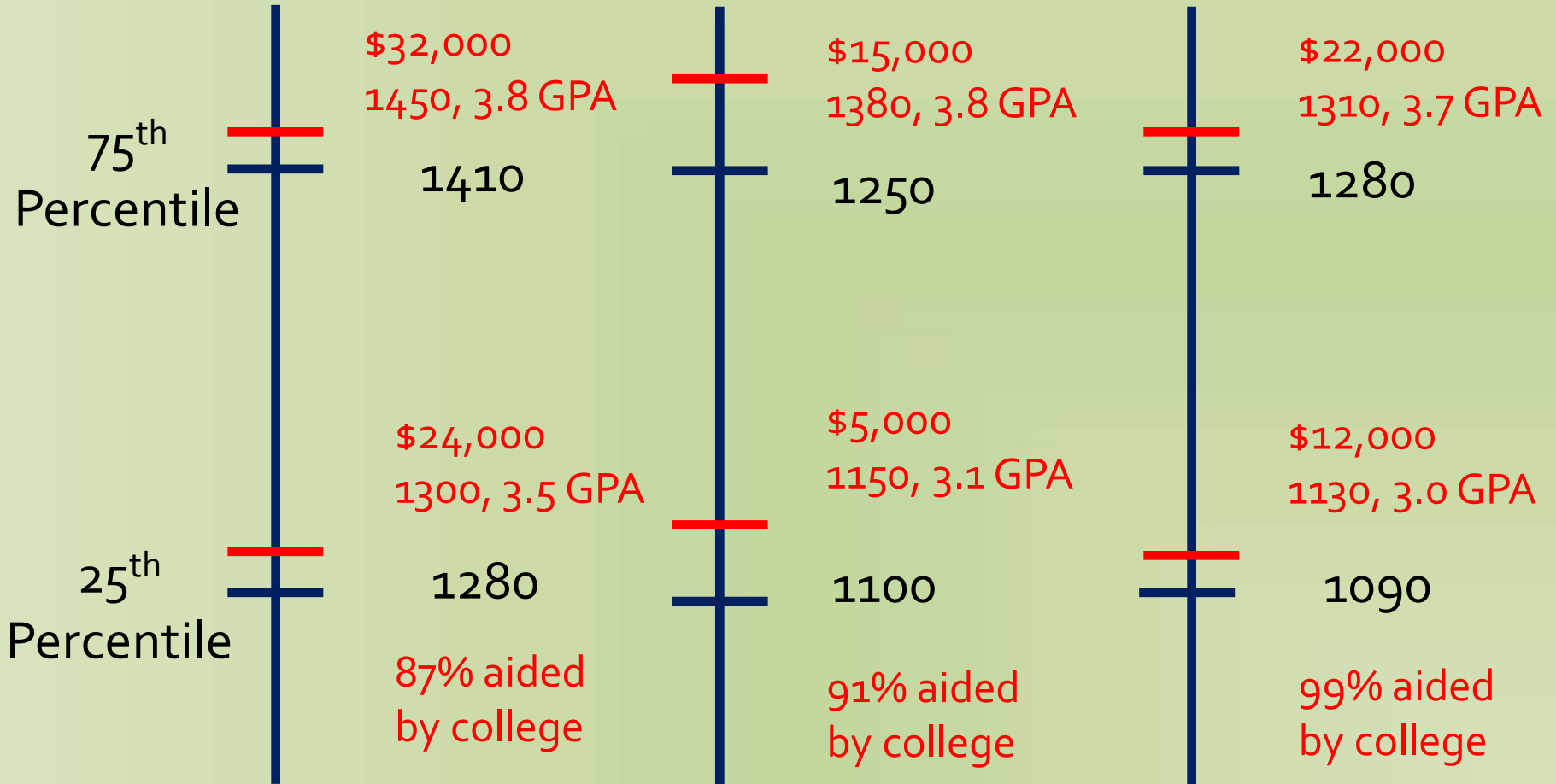
Colleges discount price with financial aid to compete for yield

Merit Aid: Scholarships

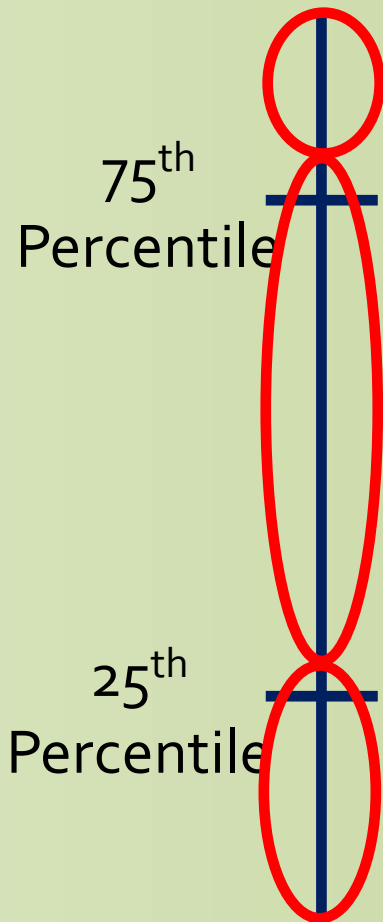
- Factors: HS GPA, class rank, test scores
- Most prevalent at private colleges, more publics awarding merit now too
- Highest awards go to strongest students relative to the school's other applicants
- Highest merit aid at your safety schools
- College aid policies vary, range from no merit to primarily merit

Merit Aid Examples

Reading &
Math
Test Scores



Merit Aid Generalizations



If a college uses merit aid the best chances for large awards are when you are above the college's 75th percentile

If a college uses merit aid the awards *may* phase out when you are around the college's 25th percentile

But colleges that compete for students *may* award merit aid to nearly everyone

Which Colleges Award Merit Aid

<http://nces.ed.gov/collegenavigator/>

FINANCIAL AID Gettysburg

UNDERGRADUATE STUDENT FINANCIAL AID, 2019-2020

Full-time Beginning Undergraduate Students

- Beginning students are those who are entering postsecondary education for the first time.

TYPE OF AID	NUMBER RECEIVING AID	PERCENT RECEIVING AID	TOTAL AMOUNT OF AID RECEIVED	AVERAGE AMOUNT OF AID RECEIVED
Institutional grants or scholarships	609	89%	\$21,548,493	\$35,383

FINANCIAL AID Washington (MD)

UNDERGRADUATE STUDENT FINANCIAL AID, 2019-2020

Full-time Beginning Undergraduate Students

- Beginning students are those who are entering postsecondary education for the first time.

TYPE OF AID	NUMBER RECEIVING AID	PERCENT RECEIVING AID	TOTAL AMOUNT OF AID RECEIVED	AVERAGE AMOUNT OF AID RECEIVED
Institutional grants or scholarships	323	99%	\$10,821,157	\$33,502

- If institutional grants & scholarships percent is
- Over 60-65% it's likely college uses merit aid
 - Over 80% it's highly likely college uses merit aid

Where Might You Get Merit Aid?

Find colleges where your SAT is near the higher end of the range – example 1150 (equivalent to ACT of 23)

US News has SAT info

School (State) (*Public)	Average first-year student retention rate	2015 graduation rate		% of classes under 20 ('15)	% of classes of 50 or more ('15)	SAT/ACT 25th-75th percentile ('15)	Freshmen in top 10% of HS class ('15)	Acceptance rate ('15)
		Predicted	Actual					
University of New Mexico*	79%	53%	47%	55%	10%	19-25	N/A	50%
Andrews University (MI)	79%	51%	54%	69%	3%	20-27	17% ⁵	39%
Azusa Pacific University (CA)	85%	62%	68%	60%	2%	950-1180	25% ⁴	81%
University of Maine* *	78%	57%	55%	41%	17%	960-1210	19%	91%
West Virginia University*	77%	58%	57%	50%	14%	21-27	20% ⁵	86%
Widener University (PA)	75%	50%	57%	59%	1%	930-1120	12% ⁵	68%
Pace University (NY)	← 77%	57%	52%	49%	2%	940-1160 ²	← 17% ³	84%
Robert Morris University (PA)†	81%	49%	58%	51%	3%	940-1150	18%	78%
Suffolk University (MA)†	← 75%	50%	56%	42%	0.2%	910-1120 ²	← 14% ¹	82%
University of Hartford (CT)†	74%	57%	60%	70%	1%	940-1160	N/A	64%
Bowling Green State University (OH)*	74%	50%	56%	41%	9%	20-25	12%	76%
University of Houston*	85%	57%	51%	28%	24%	1050-1250	30%	60%
Western Michigan University*	76%	51%	54%	38%	10%	19-25	13%	82%
Indiana U.-Purdue U.-Indianapolis*	72%	51%	45%	37%	11%	890-1120	15%	70%
Lesley University (MA)†	← 78% ⁸	54%	54%	75%	0%	960-1170	← 15% ⁵	69%
University of Alabama–Huntsville*	79%	67%	49%	45%	9%	24-30	31% ⁵	81%
University of Colorado–Denver*	72%	58%	46%	36%	9%	20-25	31% ⁴	67%
Montana State University*	76%	61%	52%	43%	14%	21-28	18%	83%
Old Dominion University (VA)*	← 81%	51%	53%	36%	10%	920-1140	← 8%	83%
Univ. of Missouri–Kansas City*	72%	64%	52%	55%	11%	21-28	32%	63%
Ashland University (OH)	74%	56%	57%	59%	0%	20-25	18%	74%
New Mexico State University*	← 74%	45%	42%	47%	11%	18-24	← 19%	65%
Shenandoah University (VA)†	77%	50%	54%	61%	2%	870-1123	15%	82%
Tennessee Technological Univ.*†	74%	57%	53%	41%	11%	21-27	33%	68%
Univ. of Massachusetts–Boston*	79%	56%	42%	42%	6%	950-1160	N/A	69%
Univ. of Massachusetts–Dartmouth*†	← 76%	55%	46%	37%	11%	920-1130	← 13%	76%
Univ. of Missouri–St. Louis*	77%	57%	41%	51%	6%	21-27	29%	76%
U. of North Carolina–Greensboro*	76%	52%	56%	25%	24%	940-1110	13%	59%

Merit Info on Common Data Set

- Google: “college name” common data set
- Find H2A n & o: number of first year students getting non-need aid, average non-need amount

H2A. Number of Enrolled Students Awarded Non-need-based Scholarships and Grants:

	First-time Full-time First-Year
n) Number of students in line a who had no financial need and who were awarded institutional non-need-based scholarship or grant aid (exclude those who were awarded athletic awards and tuition benefits)	372 (24.4%)
o) Average dollar amount of institutional non-need-based scholarship and grant aid awarded to students in line n	\$24,139
p) Number of students in line a who were awarded an institutional non-need-based athletic scholarship or grant	30 (2%)
q) Average dollar amount of institutional non-need-based athletic scholarships and grants awarded to students in line p	\$27,938

Merit Aid Examples

Selected Private Colleges	BU	Macalester	Dickinson	Muhlenberg	OH Wesleyan
# receiving non-need gift	138	96	81	154	108
% receiving non-need gift	4%	19%	18%	29%	28%
Average non-need amount	30,459	19,460	20,777	22,655	27,217
Cost of Attendance	77,662	73,771	74,447	68,311	63,276
Admit rate	20%	32%	40%	62%	68%
Yield rate	24%	24%	18%	18%	15%
% receiving college gift aid	47%	78%	82%	94%	100%

Selected Public Colleges	UC Berkeley	AZ State	UConn	URI	ME Orono
# receiving non-need gift	309	3,220	604	491	662
% receiving non-need gift	5%	32%	17%	16%	31%
Average non-need amount	6,508	10,158	10,711	7,927	8,291
Cost of Attendance *	69,130	47,668	57,742	49,626	47,020
Admit rate	17%	55%	56%	72%	90%
Yield rate	45%	21%	20%	21%	18%
% receiving college gift aid	51%	94%	63%	86%	99%
* Out of state student cost					

Best chance for merit: When college has high admit rate, low yield rate, high % aided by college **AND** Applicant is strong relative to other students

Summary: Need- or Merit Discounts

Type (Private)	Elite	Near-elite	Mid-market	Other
Endowment	Very strong	Strong	Weak	Minimal
Admit Policy	Need Blind	Need Aware	-	-
Aid Policy	Full Need	Full Need	Gap	Gap
Need Grants	Nearly Full	Nearly Full	Some	Minimal
Form	Profile	Profile	FAFSA, Both	FAFSA
Early Decision	Significant	Significant	Some	N/A
Selectivity	Extreme	High	Mid	Low
Merit Aid	Little/None	Little	Significant	Almost all
Examples	Stanford Amherst Bowdoin	Colby Pitzer Carleton	Gettysburg Muhlenberg Wheaton (MA)	Anna Maria Curry Defiance

About 100 - 125 colleges

About 2,000 colleges

Find Your Cost – Net Price Calculators

NPCs tell your personalized Cost of Attendance (“sticker” price before financial aid), Gift Aid, and the Net Price

All colleges must have an NPC, but not all are reliable

Good & bad NPCs – more questions means more reliable

Find any NPC: <https://collegecost.ed.gov/net-price>

Remember:

Cost of Attendance
- Gift Aid
= Net Price

Net Price is COA
(Cost of Attendance)
minus Gift Aid **G**

COA is:

- 1 Tuition & Fees
- 2 Room & Board
- 3 Books & Supplies
- 4 Transportation & Other

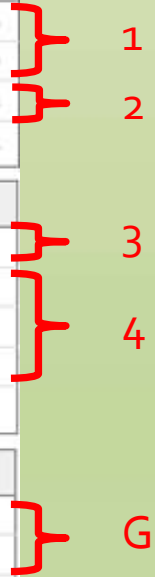
Direct Educational Expenses:	Fall	Spring	Your Total
Tuition	\$15,378	\$15,378	\$30,756
Fees	\$190	\$190	\$380
Housing & Meals (on campus)	\$6,139	\$6,139	\$12,278
Total Paid to SNHU:	\$21,707	\$21,707	\$43,414

Other Expenses:	Fall	Spring	Your Total
Books & Supplies	\$600	\$600	\$1,200
Transportation	\$275	\$275	\$550
Personal Expenses	\$2,586	\$2,586	\$5,172
Loan Fees	\$50	\$50	\$100
Total Other Expenses:	\$3,511	\$3,511	\$7,022

Grants and Scholarships:	Fall	Spring	Your Total
Quill Scholarship	\$7,000	\$7,000	\$14,000
Residential Scholarship	\$1,000	\$1,000	\$2,000
Total Grants & Scholarships:	\$8,000	\$8,000	\$16,000

Results:	Fall	Spring	Your Total
Educational Expenses	\$21,707	\$21,707	\$43,414
Other Expenses	\$3,511	\$3,511	\$7,022
(less) Financial Aid	-\$8,000	-\$8,000	-\$16,000
Your Estimated Net Price: ⁷	\$17,218	\$17,218	\$34,436

Self-Help Aid	Fall	Spring	Your Total
Your Net Price	\$17,218	\$17,218	\$34,436
(less) Federal Subsidized Loan ⁸	-\$1,750	-\$1,750	-\$3,500
(less) Federal Unsubsidized Loan ⁸	-\$1,000	-\$1,000	-\$2,000
Estimated Out-of-Pocket Cost:	\$14,468	\$14,468	\$28,936



Compare Net Price Side-by-Side

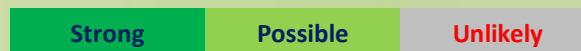
Don't exclude the student's favorites, just make sure to include some affordable choices

Make sure the academic and social environment is a good fit

This example shows a student with a need-profile resulting in EFC of 15K and merit-profile based on B- to B grades and 1100 SAT (reading & math)

Roger Williams	Shenandoah	U Conn, Storrs	Wheaton (MA)	Bowdoin	Western CT (with parents)
COA: \$58K Merit: \$15K Need: \$3K Net Price: \$40K	COA: \$50K Merit: \$8K Need: \$5.5K Net Price: \$36K	COA: \$33K Merit: \$0K Need: \$7.5K Net Price: \$26K	COA: \$71K Merit: \$25K Need: \$20.9K Net Price: \$25K	COA: \$77K Merit: \$0K Need: \$62K Net Price: \$15K	COA: \$15K Merit: \$0.K Need: \$0.7K Net Price: \$14K

Admission probability profile

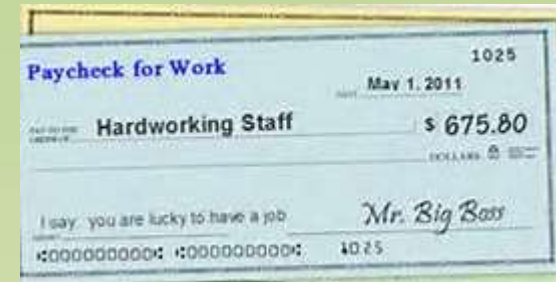


Paying the Net Price

- College gift aid already included in the net price, other scholarship aid is very rare
- Net Price paid from income earned over time



- Prior income
 - Savings
- Current income
 - Summer job, **work/study**, parent income
- Future income
 - Student / parent **loans**



Is the Net Price Affordable?

- First year net price is \$34,865
- Cost of degree will be four years
- Questions to ask:
 - How much will costs increase?
 - Is aid automatically renewable? What terms?
- We'll assume:
 - Costs increase 2% per year
 - Aid is renewable & constant for 4 years
 - Savings: \$2,000 for student & \$25,000 for parents

Paying the Total Cost of a Degree

Cost of a Four-Year College Degree		Year 1	Year 2	Year 3	Year 4	Total
College Cost Analysis Model - © ScholarFITS LLC						
Total to be paid		34,865	35,795	36,743	37,710	145,112
Prior Income	Paid from student savings	2,000	0	0	0	2,000
	Paid from parent or student 529 plan	19,065	5,935	0	0	25,000
	Paid from other parent savings					0
Current Income	Student Work/Study award	1,800	1,800	1,800	1,800	7,200
	Paid from other student income	2,000	2,000	2,000	2,000	8,000
	Paid from parent income, payment plans	4,500	4,500	4,500	4,500	18,000
Future Income	Federal Student Loans	5,500	6,500	7,500	7,500	27,000
	Parent PLUS or Private Student Loans	0	15,060	20,943	21,910	57,913
	Parent home equity or other loan					0
	Remaining amount to be paid (should be zero)	0	0	0	0	0

In this example student debt is \$27,000 and parent debt is \$58,000

What Will Federal Loans Cost?

- Student loans: 4.53% interest rate*
- Parent loans: 7.08% interest rate*
- 10 year repayment term

	Monthly payment	Annual payment
Per \$1,000 of debt	\$10.38 (student)	\$125 (student)
Per \$1,000 of debt	\$11.65 (parent)	\$140 (parent)
Student: \$27,000	\$280	\$3,363
Parent: \$58,000	\$676	\$8,110

* Rates for 2019-20

What Debt Is Reasonable?

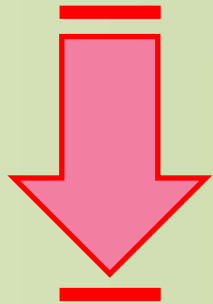
- Rule of thumb:

Payments for education debt shouldn't exceed about 10% (preferable) to 15% of gross income

	Student	Parent(s)
Amount of debt	\$27,000	\$58,000
Annual payment	\$3,363	\$8,110
Income/year: 15%	\$22,420 per year	\$54,067 per year
Income/year: 10%	\$33,630 per year	\$81,100 per year

Parents also need to consider other obligations, retirement, college for other children

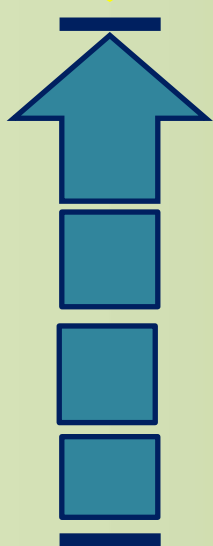
How Does Everyone Else Pay?



Cost of Attendance: Starting Price, Sticker Price
Minus: Grants/Scholarships – Need/Merit Gift Aid
Equals: Net Price, your true cost of college



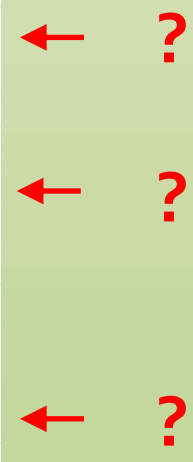
Gap? If net price of 4-year degree exceeds resources - you MUST take on more debt or find a lower net price



Equals – Resources to pay for college
Add: \$?? – Parent savings & income for college
Add: \$27,000 – Maximum federal student loan
Add: \$8,000 – Work/study, college job earnings
Add: \$8,000 – Summer job earnings
What do you have to pay the price?

Family Chooses Zone of Affordability


Cost of a Four-Year College Degree - Avery	Total
College Cost Analysis Model - © ScholarFITS LLC	
Brown	217,049
George Washington	201,796
Bates	198,509
Northeastern	198,404
Ithaca	176,504
Muhlenberg	171,827
U Vermont	160,072
U Mass, Lowell	142,130
College of Wooster	139,516
Juniata	136,590
Beloit	121,761
U Maine, Orono	62,484



Choose a price point that's affordable

Any colleges with a cost of degree below that price point make up the Zone of Affordability

Suggestion: Identify the "parent debt-free" point

	Student	Parent(s)
Prior Income (Savings)		
Current Income (During)	\$16,000	
Future Income (Loans)	\$27,000	

Find your Zone of Affordability

- Table of 2 columns, 3 rows
- Parent income = Your 4-year college budget from pay
- Add all except parent debt
- Result: Affordable 4-year net price without parent debt

Perspective

- Stages of grief
 - Denial, Anger, Bargaining, Depression, Acceptance
- College is important, but it's not the goal
- What counts: what you've done, not where you went
- Reliability, common sense, positive attitude trump alma mater

Howard Schultz
Bob Iger
Michele Buck

Starbucks
Disney
Hershey



College	Median Earnings (Payscale.com)		Average Net Price, all students
	Early career	Mid career	
Colorado College	58,300	107,700	52,463
Connecticut College	63,400	108,900	41,497
Allegheny College	53,600	107,900	26,376

**Mid career pay difference:
\$1,200**

**4-year net price difference:
\$104,348**

Finding Financial Safeties

- Use numbers: Admit, yield, percent aided & need-met rates, then match student profile to college aid policy
 - Does student have need; Admissibility to strong-need school
 - Is merit aid likely; Is student near top of applicant pool
- “Seed” your list, don’t filter for size or location
 - Public in-state: U Conn Storrs
 - Out of state public flagship
 - Out of state secondary public: Keene State
 - Highly selective private – probable full need
 - Competitive but less selective private – healthy need and maybe some merit
 - Safe private – merit choice, Colleges That Change Lives are good candidates (www.ctcl.org)
 - Commuter school: U Conn Stamford, Western CT

Links to Resources



Student ↔ College
Academic, Social, Financial Fit

- Home
- About
- Services for Families
- Services for Schools & Organizations
- Resources
- Contact

Net Price Calculators

Financial Aid – What You Need to Know



Financial Fit

Financial fit means understanding the total cost of a degree, knowing how you'll pay for it, and keeping the cost and loan payments in line with your earnings after graduation.

www.ScholarFits.com

Questions



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