

# College Financial Aid & Planning

# Disclaimer

- This sample report is designed to showcase a hypothetical financial situation and suggest potential planning ideas and concepts that may be of benefit. The purpose of the report is to illustrate how accepted financial and estate planning principles may improve your current situation.
- This report provides broad and general guidelines on the advantages of certain financial planning concepts and does not constitute a recommendation of any particular technique. The consolidated report is provided for informational purposes as a courtesy to you. We recommend that you design and review your plan annually, unless changes in your personal or financial circumstances require more frequent review. All reports should be reviewed in conjunction with this Disclaimer page.
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Have you ever had one of these moments?

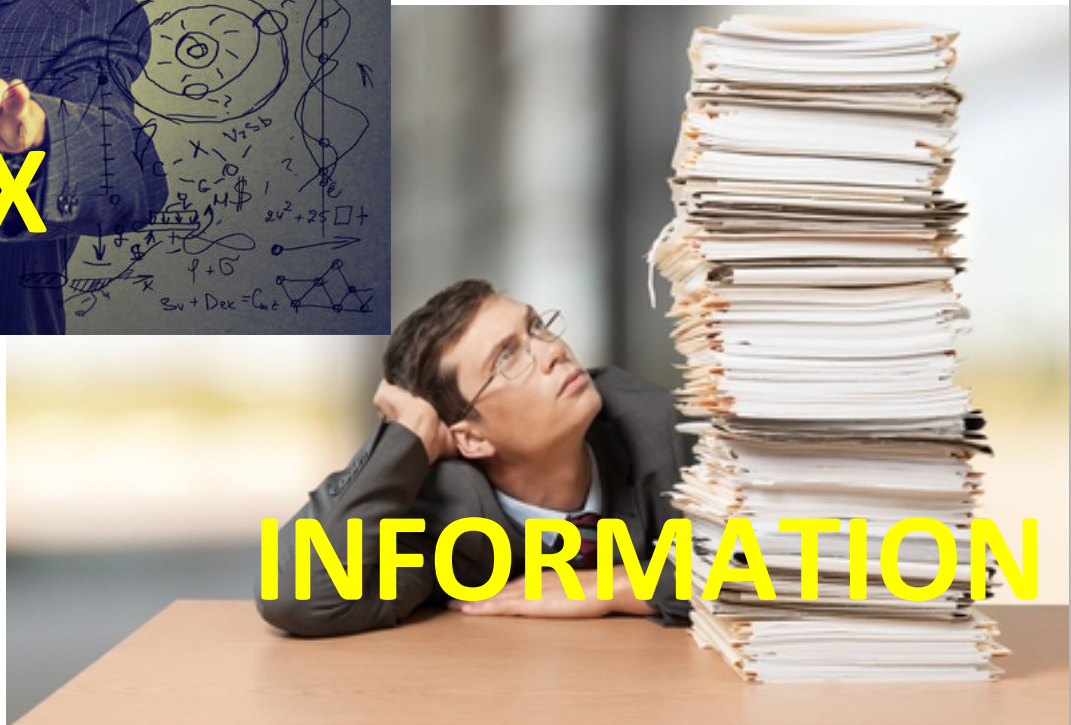


# Our Goal & Promise

*“To Make College Affordable for  
Bay Area Families”*

How Financial Aid Process Works  
Know the Rules to Save Money  
Resources for Information





# The Real Cost Of College

\$25,000 - \$65,000

## Cost of Time

4-year college experience

\$100,000 - \$260,000

## Cost of Taxes

Assuming a 33% tax bracket

\$150,000 - \$390,000

## Cost of Use

Total cost if funds were kept through age 65  
Earning 6% interest

\$400,000 - \$1,050,000

# The Hidden College Formula

## Three Methodologies (eg Formulas) that govern Financial Aid

1. **Federal Methodology** (FM)  
Used by all colleges to make federal funds available
2. **Institutional Methodology** (IM)  
Used by most Private colleges that make private funds available
3. **Consensus Methodology** (CM)  
Used by 23 colleges in the "568 President's Group" that make private funds available

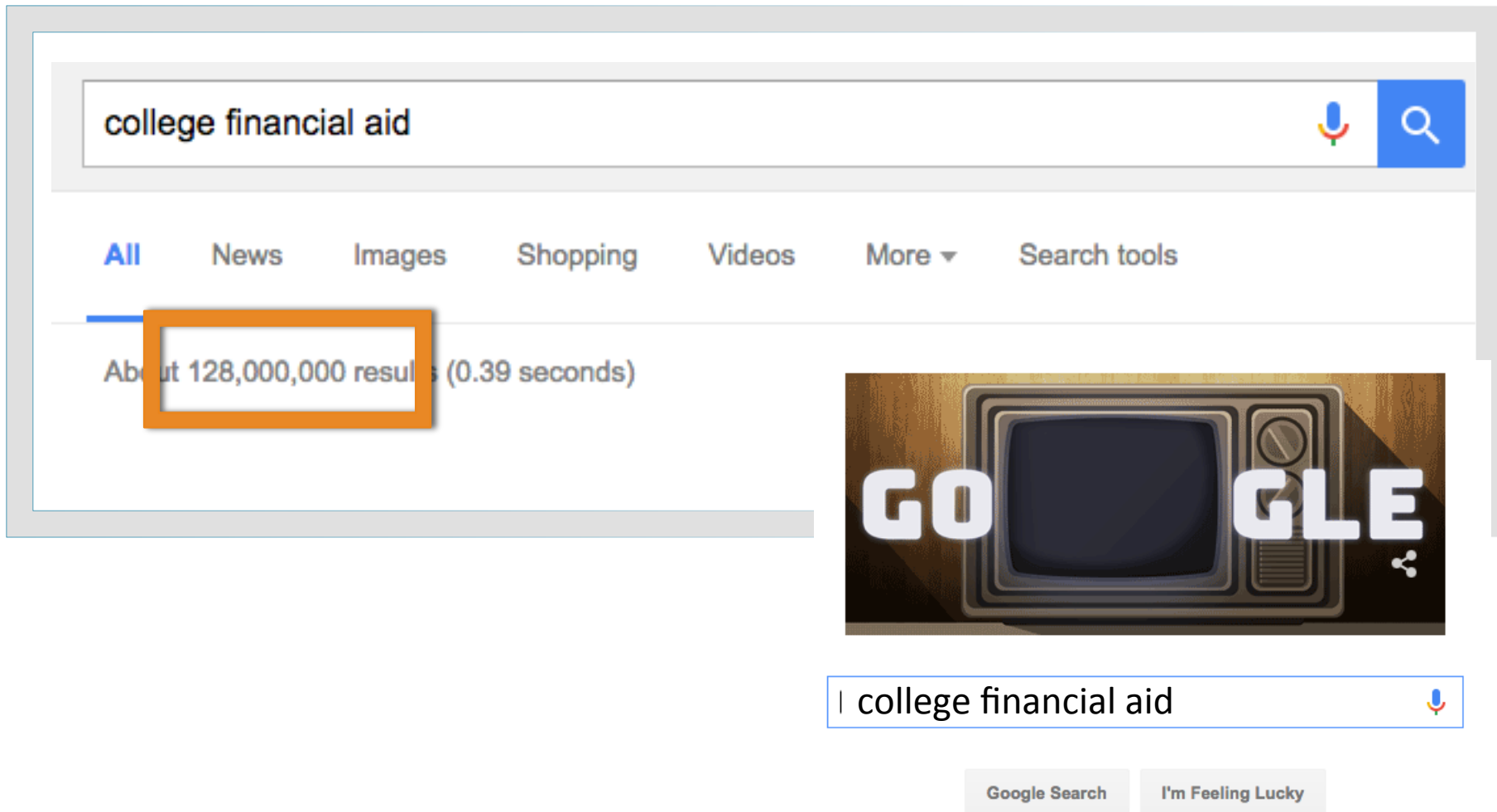
## Two Forms that collect your financial information & calculate your **Expected Family Contribution**

1. **FAFSA**
  - Free Application for Federal Student Aid
  - Administered by the US Department of Education
2. **CSS Profile**
  - College Scholarship Service Profile
  - Administered by the College Board

## Three Possible Outcomes that you need to know

1. **College**
  - The % of the need based aid that they will meet
2. **Financial Aid Officer**
  - Has the discretion to meet the need with grants, scholarships, tuition discounts, loans, work study.
3. **Your Timing**
  - Aid is awarded on a 1<sup>st</sup> come - 1<sup>st</sup> served basis

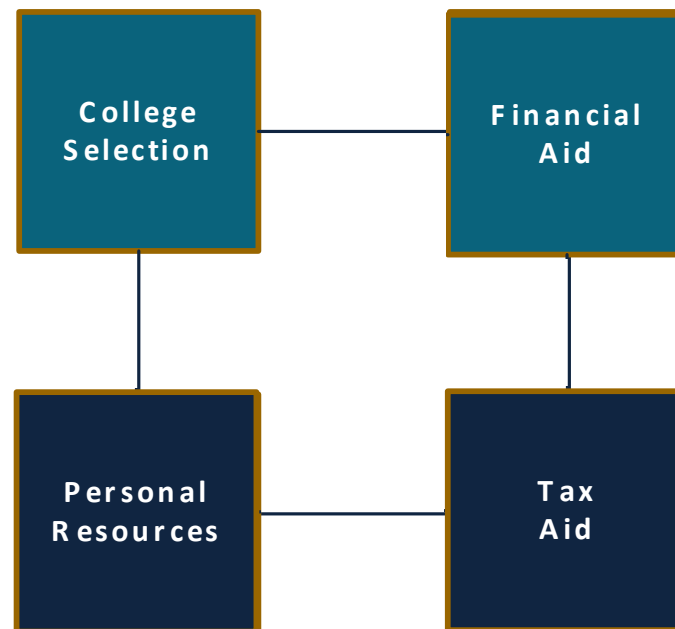
# Information Overload



# What can you do?

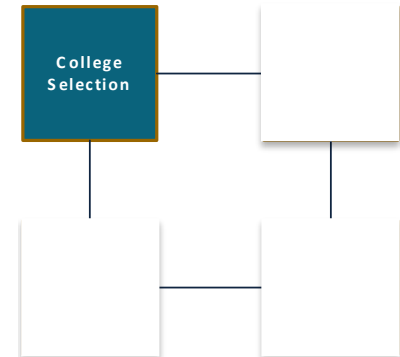


# Money Saving Areas





# College Selection



## ❑ Admissibility:

- Will you get in?

**TIP:** Avoid unnecessary travel & application fees

When you visit colleges –MAKE **FRIENDS!** And Stay in Touch

## ❑ Fit:

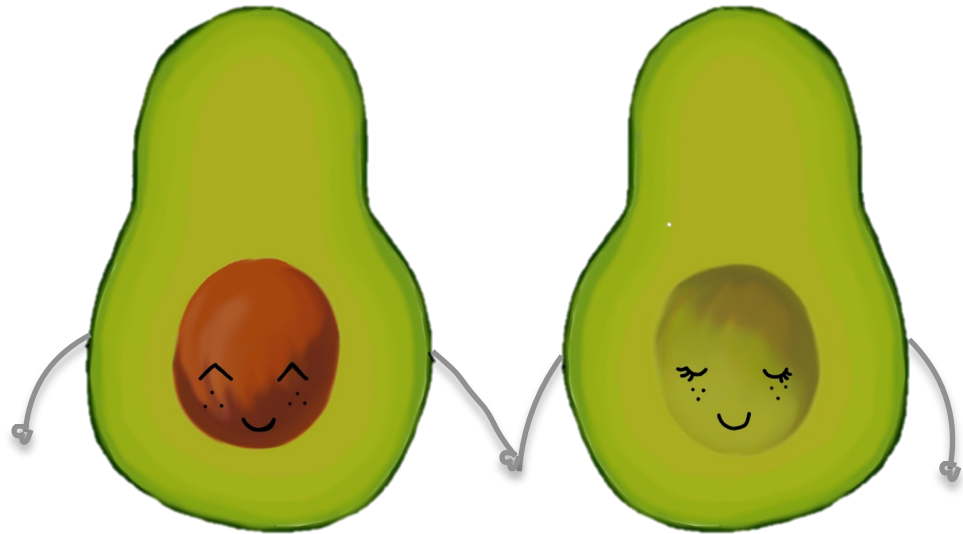
- School for the student?
- Student for the school?

**TIP:** Explore **non-Brand** Names

## ❑ Affordability:

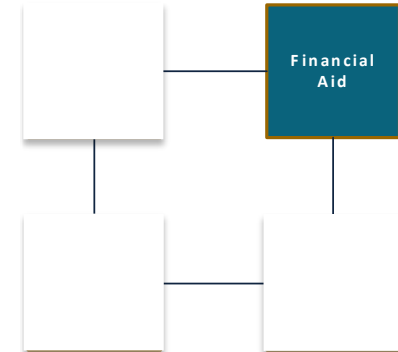
- Know the Total cost of school
- Have a budget
- Think long term

**TIP:** Price  $\neq$  Value



**We Go Together**

# Financial Aid



## ☐ Types of Aid:

- Merit Aid (academic, athletic, artistic, etc)
- Need Aid (based on financials)

**TIP:** Look at Each School

- Type of aid given - free money is better
- Percentage of aid met - higher is better

## ☐ Know how to answer:

- FAFSA
- CSS Profile

**TIP:** Report **Net** Values

Deduct all **Costs**

Apply a 30-day Sale **Discount**

**TIP:** **Don't Brag**

Special **Circumstances**

50% + 1 Day Rule (**Custodial** Parent)

**TIP:** **Plan Ahead**

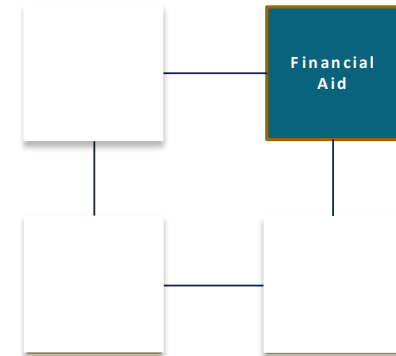
Not All Assets Count

Assets in your child's name get **Counted** more



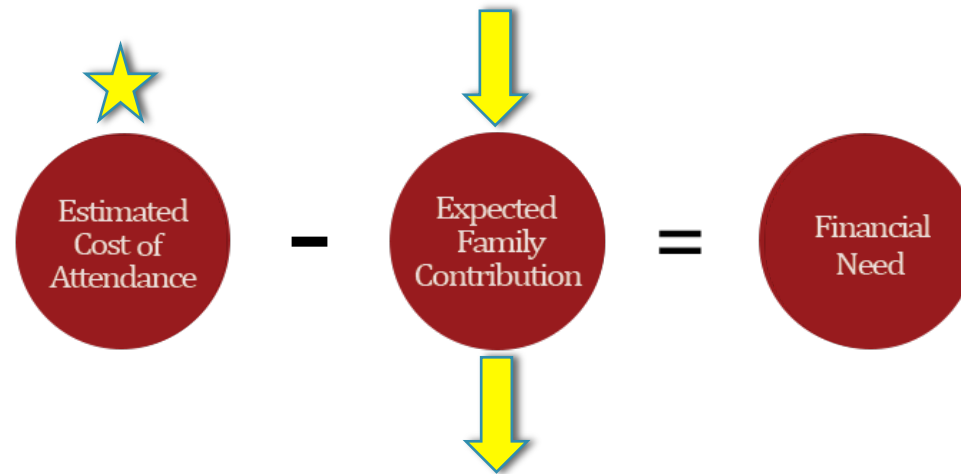


# Financial Aid

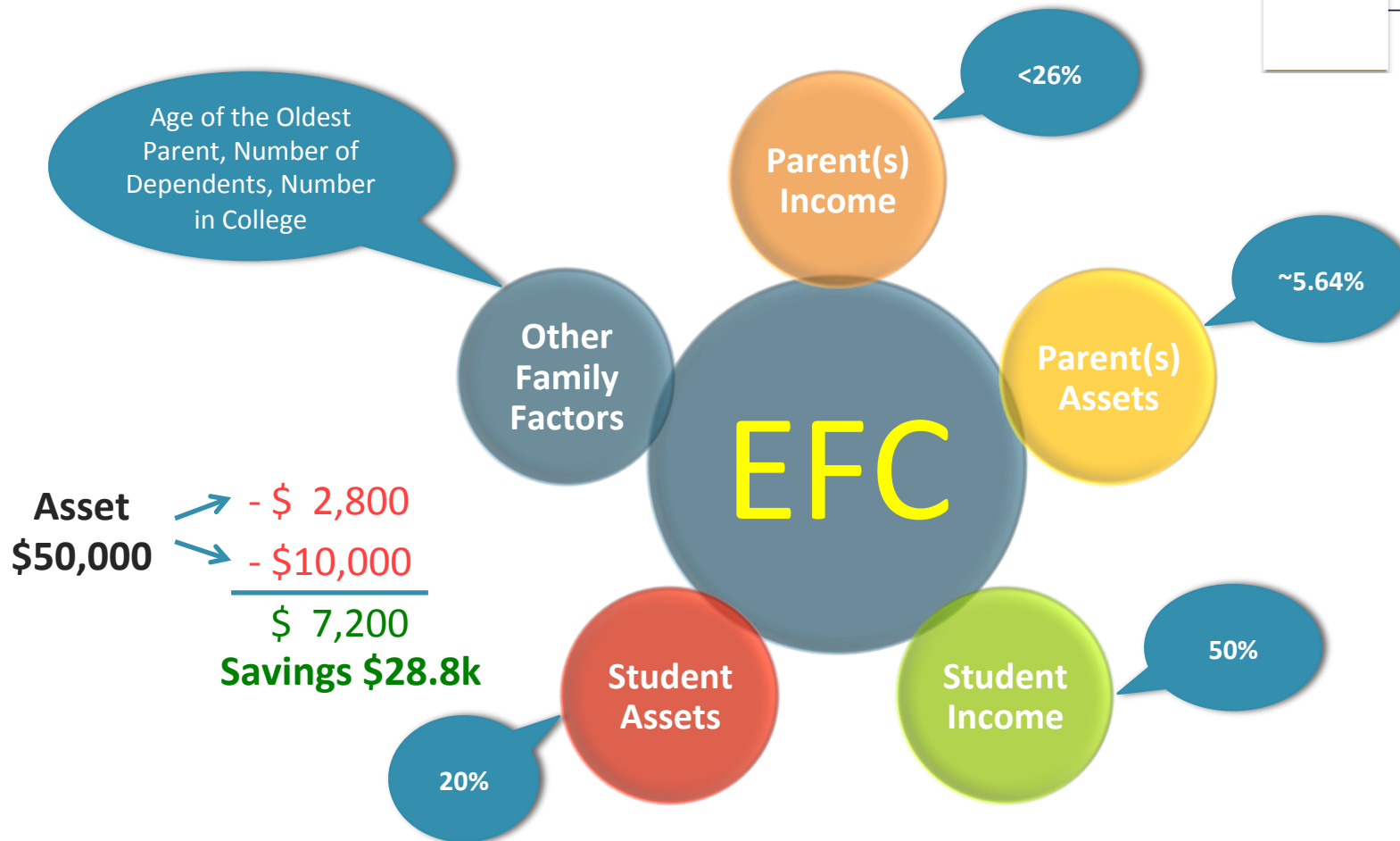


## ❑ Understand & Control your Expected Family Contribution:

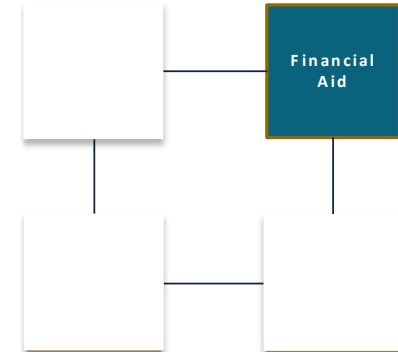
The **Minimum** amount of money, that colleges will expect you to pay



# What makes up your Expected Family Contribution



# Financial Aid



## ☐ Timing Counts:

- Start Date: **October 1<sup>st</sup>**
  - Senior year HS
- End Date **June 30<sup>th</sup>**
  - Senior year HS

**TIP:** State Aid Deadline March 2<sup>nd</sup>  
Check **School(s)** Deadlines

**TIP:** Have a **Spreadsheet** Ready

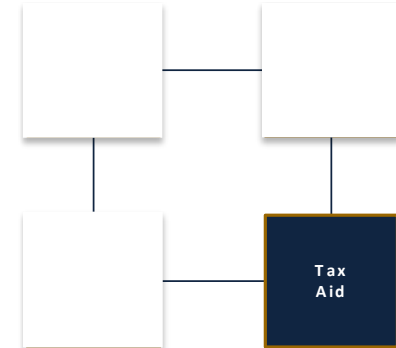
**Lower** is better

**Prepay** Bills?

- Property taxes
- School tuition
- Home Improvement
- Bills, etc



# Tax Aid



## ☐ Government Tax “Aid”:

**TIP:** American Opportunity Tax Credit  
\$2,500/yr (\$10,000)

- Personal Exemptions

## ☐ Personal Tax “Aid”:

**TIP:** Gift Tax Savings (ex: stock)

**TIP:** Minor Roth IRA

## ☐ Small Business Tax “Aid”:

**TIP:** Deferred Compensation / Pension

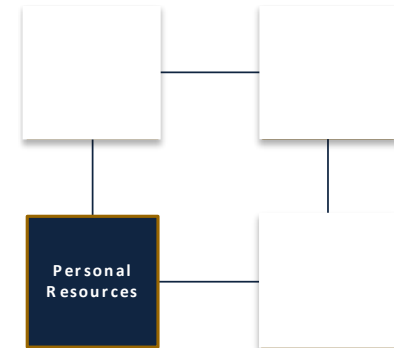
**TIP:** Hire your student

**TIP:** Section 127 Education Assistance Plan



\*Consult with your tax advisor on all tax related strategies discussed

# Personal Resources



## ☐ Cash Flow:

- Where is the money coming from?

**TIP:** Create a 4 year “spending plan”

## ☐ Asset Plan:

- What assets will be used in yrs 1-4?

**TIP:** Grandparent’s Owned 529

\* If you qualify for Fin Aid

## ☐ Financial Planning:

- How college impacts personal financial goals

**TIP:** There is no financial aid for Retirement

## ☐ Borrowing:

- Good debt vs Bad debt

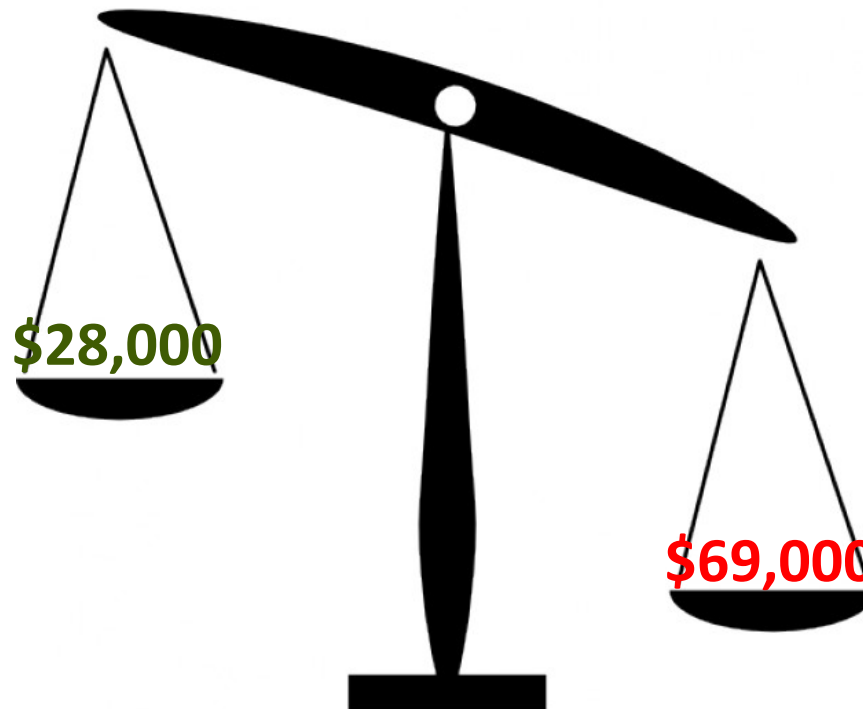
**TIP:** Subsidized Loans

**TIP:** Refi / Heloc



# Explore the Myth

“Inexpensive” Public vs “Expensive” Private







# Start Here

## Establish Your Expected Family Contribution

AGI	Number of Dependent children			
	1	2	3	4
\$30,000	\$1,016	\$0	\$0	\$0
\$32,500	\$1,452	\$604	\$0	\$0
\$35,000	\$1,889	\$1,040	\$0	\$0
\$37,500	\$2,325	\$1,477	\$690	\$0
\$40,000	\$2,751	\$1,913	\$1,127	\$0
\$42,500	\$3,160	\$2,350	\$1,563	\$656
\$45,000	\$3,094	\$2,761	\$2,000	\$1,092
\$47,500	\$3,559	\$3,170	\$2,423	\$1,529
\$50,000	\$4,024	\$3,106	\$2,832	\$1,965
\$52,500	\$4,435	\$3,570	\$3,241	\$2,374
\$55,000	\$4,974	\$4,035	\$3,187	\$2,783
\$57,500	\$5,410	\$4,448	\$3,652	\$3,192
\$60,000	\$6,042	\$4,987	\$4,004	\$3,131
\$62,500	\$6,532	\$5,425	\$4,543	\$3,595
\$65,000	\$7,276	\$6,057	\$5,082	\$3,938
\$67,500	\$7,872	\$6,550	\$5,536	\$4,477
\$70,000	\$8,745	\$7,293	\$6,168	\$5,016
\$72,500	\$9,619	\$7,893	\$6,680	\$5,459
\$75,000	\$10,492	\$8,766	\$7,424	\$6,091
\$80,000	\$12,240	\$10,513	\$8,919	\$7,333
\$85,000	\$13,987	\$12,261	\$10,666	\$8,813
\$90,000	\$15,734	\$14,008	\$12,414	\$10,560
\$95,000	\$17,257	\$15,702	\$14,161	\$12,308
\$100,000	\$18,769	\$17,215	\$15,791	\$14,055
\$105,000	\$20,281	\$18,727	\$17,304	\$15,623
\$110,000	\$21,793	\$20,239	\$18,816	\$17,135
\$115,000	\$23,306	\$21,634	\$20,211	\$18,529
\$120,000	\$24,054	\$22,265	\$20,842	\$19,160

AGI	Number of Dependent Children			
	1	2	3	4
\$125,000	\$25,715	\$24,212	\$22,382	\$20,701
\$130,000	\$27,373	\$25,348	\$23,925	\$22,241
\$135,000	\$29,031	\$27,006	\$25,466	\$23,785
\$140,000	\$30,689	\$28,664	\$27,006	\$25,325
\$145,000	\$32,347	\$30,322	\$28,547	\$26,865
\$150,000	\$34,004	\$31,980	\$30,087	\$28,406
\$155,000	\$35,615	\$33,591	\$31,698	\$29,899
\$160,000	\$37,218	\$35,202	\$33,309	\$31,393
\$165,000	\$38,758	\$36,785	\$34,920	\$32,826
\$170,000	\$40,299	\$38,326	\$36,484	\$34,143
\$175,000	\$41,839	\$39,866	\$38,025	\$35,578
\$180,000	\$43,380	\$41,406	\$39,565	\$37,012
\$185,000	\$44,920	\$42,947	\$41,027	\$38,447
\$190,000	\$46,460	\$44,487	\$42,462	\$39,882
\$195,000	\$48,048	\$46,075	\$43,944	\$41,363
\$200,000	\$49,635	\$47,662	\$45,425	\$42,845
\$205,000	\$51,223	\$49,229	\$46,907	\$44,327
\$210,000	\$52,810	\$50,711	\$48,389	\$45,808
\$215,000	\$54,398	\$52,192	\$49,870	\$47,290
\$220,000	\$55,985	\$53,674	\$51,352	\$48,772
\$225,000	\$57,572	\$55,156	\$52,834	\$50,254
\$230,000	\$59,053	\$56,599	\$54,277	\$51,697
\$235,000	\$60,476	\$58,022	\$55,700	\$53,120
\$240,000	\$61,898	\$59,445	\$57,123	\$54,543
\$245,000	\$63,321	\$60,868	\$58,546	\$55,966
\$250,000	\$64,744	\$62,291	\$59,969	\$57,389
\$265,000	\$69,013	\$66,560	\$62,815	\$60,235

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	NEED-BASED AID ELIGIBILITY at 2 yr public, 4 yr public, 4 yr private, elite 4 yr colleges
	NEED-BASED AID ELIGIBILITY at 4 yr public, 4 yr private and elite 4 yr colleges
	NEED-BASED AID ELIGIBILITY at 4 yr private and elite 4 yr colleges
	NEED-BASED AID ELIGIBILITY at elite 4 yr colleges
	NO NEED-BASED AID ELIGIBILITY



# Price Myth

Expensive Private -vs- Inexpensive State

AGI	1	2	3	4
\$125,000	\$25,715	\$24,212	\$22,382	\$20,701

College	Admissibility	Price	EFC	Need	Aid Estimate	Annual Cost
Cal State Sacramento, CA	Very Likely	\$28,290	\$25,715	\$2,575	\$5,500	\$22,790
San Francisco State University, CA	Very Likely	\$28,618	\$25,715	\$2,903	\$5,500	\$23,118
University of California - Davis, CA	Likely	\$37,675	\$25,715	\$11,960	\$10,970	\$26,705
University of California - Berkeley, CA	Very Difficult	\$39,404	\$25,715	\$13,689	\$14,183	\$25,221
University of San Francisco, CA	Very Likely	\$66,143	\$21,194	\$44,949	\$33,464	\$32,679
Stanford University, CA	Very Difficult	\$69,742	\$21,194	\$48,548	\$50,548	\$19,194
USC, CA	Very Difficult	\$69,888	\$21,194	\$48,694	\$50,694	\$19,194
New York University, NY	Likely	\$71,074	\$21,194	\$49,880	\$33,923	\$37,151

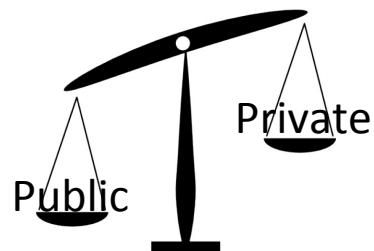
# Price Myth

Expensive Private -vs- Inexpensive State

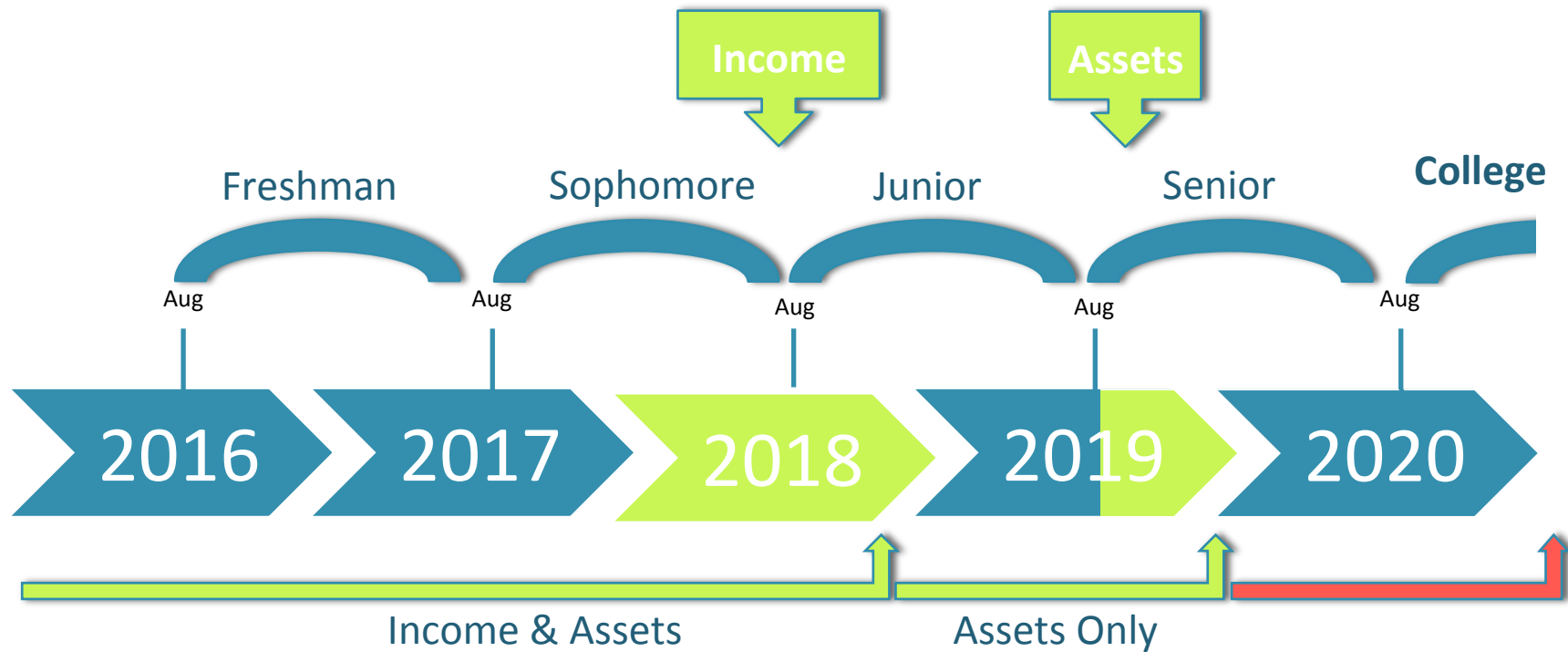
AGI	1	2	3	4
\$125,000	\$25,715	\$24,212	\$22,382	\$20,701

The Answer is **NOT** the Sticker Price...It's the Money in the **"Bank"**

College	EFC Method	Need Met	Pell	Merit Aid	Other Aid	Sub. Stafford	Unsub. Stafford	Total Aid
Cal State Sacramento	Federal	67%	\$0	\$0	\$0	\$2,575	\$2,925	\$5,500
San Francisco State University	Federal	64%	\$0	\$0	\$0	\$2,903	\$2,597	\$5,500
University of California - Davis	Federal	75%	\$0	\$0	\$5,470	\$3,500	\$2,000	\$10,970
University of California - Berkeley	Federal	89%	\$0	\$0	\$8,683	\$3,500	\$2,000	\$14,183
University of San Francisco	Institutional	70%	\$0	\$0	\$27,964	\$3,500	\$2,000	\$33,464
New York University	Institutional	64%	\$0	\$0	\$28,423	\$3,500	\$2,000	\$33,923
Stanford University	Institutional	100%	\$0	\$0	\$45,048	\$3,500	\$2,000	\$50,548
USC	Institutional	100%	\$0	\$0	\$45,194	\$3,500	\$2,000	\$50,694



# Time to Plan



# Hang in there!



Expensive  
Complex  
Too Much Information



### **What you Can Do!**

1. Find a Great Match!
2. Make Friends & Keep them!
3. Don't get scared by "Sticker Price"!
4. Understand what makes up your EFC
5. Complete forms correctly & on time
6. Negotiate the Financial Aid Award



# THANK YOU

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# Resources

- [Fafsa.ed.gov](https://fafsa.ed.gov): FAFSA resources, deadlines, forms.
- [Collegeboard.org](https://collegeboard.org): CSS Profile resources, SAT, PSAT, fin aid resources.
- [568group.org](https://568group.org): Consensus Methodology resources
- [Studentaid.ed.gov](https://studentaid.ed.gov): US Department of Education
- [Simpletuition.com](https://simpletuition.com): Research Student Loans & Scholarships
- [IRS.gov – Form 8863](https://irs.gov/form8863): To claim the American Opportunity Tax Credit
- [IRS.gov – Publication 970](https://irs.gov/publications970): Tax benefits for education
- [26 U.S. Code § 127](https://www.irs.gov/irb/2017-12/revrul/2017-40.html): Section 127 tuition reimbursement plan
- [Troy Onink](https://www.forbes.com/contributors/troy-onink/) : Contributor to Forbes on College Planning
- [fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx](https://fhfa.gov/DataTools/Tools/Pages/HPI-Calculator.aspx): House value calculator
  
- **TIPS:**
  1. *There is no enforcement or standard designation for College Financial Planning* – be wary of any firm or person claiming to be an expert using any college planning credential acronyms other than a CFP or CPA.
  2. *Be wary of salespeople* promoting life insurance or annuities as a “shelter” to hide assets from the financial aid formulas. Using these products should be carefully evaluated from a financial planning perspective.
  3. *There is no “one size fit all solution”, stay away from anyone guaranteeing single product or single strategy solutions.*
  4. *Don’t pay for Scholarship Search or FAFSA Completion.* Both are free! Websites or persons promoting payment for scholarship search or submitting the FAFSA for a fee may be a scam.
  5. *Don’t overestimate your financials on the FAFSA and CSS Profile*, this is not the time to brag. Subtract all transaction costs, taxes, fees and outstanding loans. Report the Net Value, not Gross.
  6. *Understand the difference between Custodial & Non-Custodial Parent* for college planning. One day can make a difference in the financial aid award.
  7. *File all financial aid forms soon after they become available*, don’t delay.
  8. *Record asset values on the day of the form completion.* Print & save copies of the day’s valuation for your records.