

# College Finances 101 (cliff notes)

## College Cost.ed.gov

### 1) What is your estimated cost of attendance?

- a. Collegecost.ed.gov
  - i. Click on "College Scorecard"
    1. Search for your school
    2. Scroll down to the "median borrowing section"
    3. What is the median total amount borrowed for an undergraduate degree?
    4. What is the approximate median monthly payment?
    5. How many years are these monthly payments made?
  - ii. Click on "College Navigator"
    1. Search for your school
    2. Click on "Tuition, Fees, and Estimated Student Expenses"
    3. Scroll down to "Multiyear Tuition Calculator" to find inflation adjusted tuition estimates
- b. Search for more specific cost information (usually available)
  1. Visit your school website and search for "cost of attendance"
  2. Use a search engine (ie. Google, Bing, etc.) to search for your school's cost of attendance
  3. Contact your school's financial aid office and speak to a representative
    - a. Review your list of expenses and ask additional questions ie:
      - i. Are work-study jobs available to freshmen?
      - ii. Are the website estimates accurate in your opinion?
      - iii. Which expenses are most easily lowered?
      - iv. How many quarters will it take to complete my specific degree? (More or less than 4 years?)

## Studentaid.ed.gov

### 2) What is your estimated cost of borrowing?

- a. What kinds of loans are there? (subsidized / unsubsidized / perkins / plus / etc.)
  1. Go to "Types of Aid" > "Loans"
    - a. Review the different types of loans (*Note: subsidized loans are dependent on financial need AND AVAILABILITY, so apply early*)
- b. What interest and fees will I have to pay?
  1. Go to "Types of Aid" > "Loans" > "Interest Rates and Fees"
    - a. Scroll down to "What are the interest rates for federal student loans?" and look up the appropriate interest rate for loan type, borrower, and disbursement date (current direct rate = 3.86% for undergrad disbursements before 6/30/2014)
    - b. Scroll down to "Are there any other fees for federal student loans?" and look up the appropriate fee for your loan type and disbursement date
- c. When do I have to repay my loans?
  1. Go to "Repay Your Loans" > "Understanding Repayment" > "Repayment Plans"
  2. Scroll down to "Overview of Direct Loan ... Repayment Plans"
  3. Your repayment plan will affect the amount of interest paid (*Note: The "Standard Repayment Plan" is recommended along with early repayment if possible*)

## Mynextmove.org- (continued)

### 3) What is my expected earning potential? How difficult or easy will it be to make my loan payments?

\*(While this website lacks the “.ed.gov” domain, there are links to this website on both the studentaid.ed.gov and collegecost.ed.gov websites)

1. Search a specific career / occupation
2. Scroll down to “Job Outlook” and select “Local Salary Info” to view currently salaries by profession and geographic location (*Note: recent grads will most likely make less than experienced employees*)

## FAFSA.ed.gov

### 4) How do I know which specific loan I qualify for?

1. Go to FAFSA.ed.gov and complete your free application for federal student aid (FAFSA) to determine which loan type you qualify for (*Note: subsidized loans are dependent on financial need AND AVAILABILITY, so apply early*)

## Direct.ed.gov

### 5) Where can I go for more in depth information?

1. Direct.ed.gov > “Parents” or “Students” link on the left hand side of the page is another great source for first time borrowers who want to learn more.
2. Contact your university’s financial aid office and set up an appointment with a financial aid counselor.

## Did you know?

- **Tuition may increase from year to year?** -Use the “College Navigator” (above) to see your school’s historical and estimated future tuition increases.
- **Interest rates can change over time?** - When taking out a loan, pay attention to the interest rate. Small percentage changes can make a big difference in the cost of your loan.
- **A 2013 Gallup poll showed that two-thirds of Americans don’t budget?** - A penny saved is a penny you don’t have to borrow. Spreadsheets are a great tool for keeping track of your income and expenses. Google offers free online spreadsheets that are password protected and can be shared with specified users. This is a great way to make sure you and your student are on the same page.
- **Extra payments must be specified as such?** - An extra loan payment is a great way to reduce your debt and lower your interest expense over time. But be careful, your extra payment may be mistakenly applied to your next month’s scheduled payment, negating any interest expense savings. When you are making an extra payment, be sure to specify that you want it applied to the loan principle. (*Note: Don’t make an early payment if it will cause you to miss your next scheduled payment! Extra payments to principle don’t delay or reduce your regularly scheduled monthly payments.*)
- **Free money?** – FAFSA.ed.gov is also where you will apply for grants and certain scholarships. This is free money that doesn’t have to be repaid. Contact your school counselor for more information.
- **Not all websites are created equal?** - Pay attention to “.com” “.org” websites. Many of these websites are for profit and will charge you for services that are unnecessary. Look for websites ending with “ed.gov”

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