



The Ultimate Parents' Guide to Paying for College

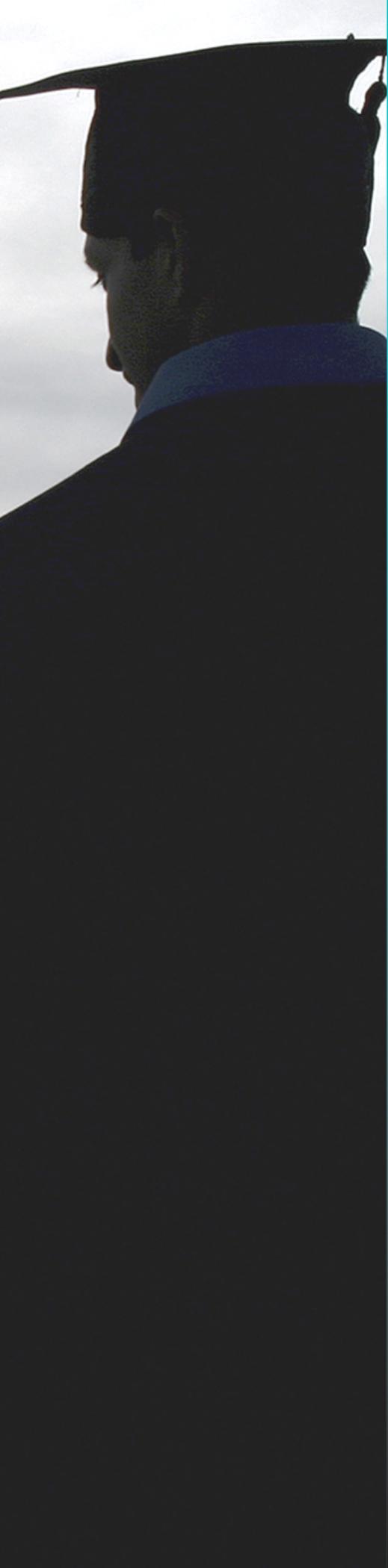
 **BONUS: The 7 Financial Aid Secrets You Need to Know**



College is more expensive than ever.

Due to a lack of state funding and oversight, colleges and universities across America have been able to get away with annual increases in tuition as much as 4%-8%. The rise in tuition has only made college more and more unaffordable, and lack of student options has sprung a **\$2 Trillion student debt crisis**.

Because tuition is so high and financial aid is limited, many students (over 70%) turn to taking on debt before they are properly prepared for its consequences (If you want to learn more about types of student loans, check out [this article](#).)



3 out of 4 graduates

will be in **student loan debt** for **20+ years**.

Monthly student loan payments have been cited as the #1 reason why recent graduates are **NOT . . .**



Buying a home



Getting married



Starting a family



Launching a business

The consequences are not merely financial. Monthly payments have also been identified as the leading cause of **depression and anxiety** in a survey of young working professionals.

So what can YOU do to set your child up for success?

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Have them take on as little debt as possible.

This means maximizing other sources of aid to reduce out-of-pocket costs. So what sources of aid are out there?

Financial Aid

Need-based aid determined by the university's financial aid office, calculated through FAFSA (Free Application for Student Aid.)

Merit Aid

Additional aid used to incentivize outstanding students who have demonstrated academic or extra-curricular excellence. This is determined by the university's admissions office.

Private Scholarships

Gifts from organizations outside the university, such as non-profits, community organizations, or private corporations. These never need to be repaid and vary widely in dollar amount and award frequency.

Grants

Government-funded aid, mainly geared towards low-income students. Learn more about grants here: <https://studentaid.gov/understand-aid/types/grants>.

With this in mind, we put together a list about what you need to know about your child's financial aid. We believe that students should not be punished for pursuing the educational opportunities they have rightfully earned, which is why we are proud to present:

The 7 Financial Aid Secrets You Need to Know

to Set Your Child Up for Success

1

YOU CAN APPEAL YOUR AID PACKAGE

Yes, if you aren't happy with the financial aid package your child receives, you can ask for your circumstances to be re-evaluated.

You will want to write a letter to the **financial aid office** explaining that while you are appreciative of the aid they've offered, you would like to ask for a "reconsideration" (never a negotiation) of your aid package, considering your financial circumstances. Perhaps a stream of income was lost/reduced due to the COVID-19 pandemic, or an elder member of your family has recently moved into your home, adding increased financial strain. Remember that financial aid officers are people too. And while they may work with limited resources, if you tell them an impactful story, they could become your child's ally. But remember: financial aid offices are for need-based aid only.

To appeal merit-based aid, contact the admissions office.

If your child already received some merit-based scholarships, (financial assistance based on academic achievement, extra-curriculars, etc.) you should reach out to the **admissions office** to ask for a small increase. These letters **should come from the student** and demonstrate extreme enthusiasm for the university. The average increase in merit aid after a granted appeal is around \$1,000 to \$5,000 - and this is usually money that is guaranteed by the school every academic year. If you've received better aid from other schools, this may be a point you want to highlight: "While X College is undoubtedly my first choice, I have received higher aid offers from other universities, and don't want the difference in aid to be the reason I cannot attend."

2

YOUR FINANCIAL AID CHANGES YEAR TO YEAR

Financial aid is calculated on an annual basis, depending on the student's/family's most recent tax documents.

It is important to remember that financial aid is never set in stone. If your family's financial situation improves or the government cuts school funding (as it has for the past decade,) that could mean less aid for your child. It is important to maintain a dialogue with your financial aid counselor so that no one is blindsided when financial aid is awarded.

3

THEY'RE NOT GOING TO HELP YOU APPLY FOR PRIVATE SCHOLARSHIPS

There are over 7 billion dollars available from private scholarship providers.

Private scholarships are awards that are given by organizations who are NOT the school or the government. Scholarships are critical in making college affordable because they are gifts that never have to be repaid. The problem is that these opportunities are fragmented. Students must individually find each one and go through that organization's unique application process; and when the prize amounts are small, this could mean a lot of wasted hours. Websites like [Scholarful](#), [ScholarshipOwl](#), and [Scholarships.com](#) are great places to start your scholarship journey. Because while scholarships might be difficult, they could be the critical key in filling the gap between your child's aid and student debt.

4

SOME SCHOOLS DEDUCT SCHOLARSHIPS FROM FINANCIAL AID

Winning scholarships could mean losing out on aid.

Because scholarships increase your ability to pay, reporting scholarships to the school may have a detrimental effect on your financial aid package. Be sure to talk to your financial aid officer about whether or not external scholarships affect your aid package. If this is the case, talk to your scholarship provider about disbursing the funds to you or your student directly. You may be able to reap the full benefit of the award and put it towards rent, textbooks, food, etc.

5

IF YOUR CHILD HAS A JOB, MAKE SURE THEY'RE NOT EARNING TOO MUCH

Be wary of the \$6,700 cutoff.

Getting a part-time job is a great way for your child to contribute towards the cost of their degree; however, be wary of The \$6,700 Cutoff: for every \$1 earned above \$6,700 - your child is expected to contribute \$0.50 towards their degree. That means that if your child earns \$10,000 one summer working two part-time jobs, you will be expected to pay more by almost \$2,000 than you would have to pay without that income.

6

REMEMBER THAT FINANCIAL AID IS A COMPETITION - A FIERCE ONE.

Your child is competing for limited resources.

At the end of the day, remember that financial aid officers are restricted in the amounts they can give, budgeted to them by the university. And while resources for low-income students are at an all-time high, the competition for aid among middle-class students has never been so cutthroat. That is why even as college enrollment rates among the lower and upper classes increase, college enrollment rates in the middle class are on a steady decline.

7

EVEN FULL FINANCIAL AID WON'T COVER EVERYTHING

Even if your tuition is covered, that doesn't mean the cost of attendance is free.

Studies have shown that students with full tuition scholarships still struggle with housing and food insecurity, as well as affording textbooks and the extra costs incurred by living away from home. Be sure to plan around financial aid in order to set your child up for success.

REGARDLESS OF YOUR FAMILY'S ABILITY TO PAY, DON'T HESITATE TO MAINTAIN AN OPEN DIALOGUE WITH YOUR STUDENT ABOUT THE HOUSEHOLD'S FINANCIAL SITUATION, ESPECIALLY SURROUNDING COLLEGE AFFORDABILITY!