

Financial Planning for College Workshop for Parents and Students

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College Costs are Rising

- One year Tuition and Housing cost increases since 2007 in KS Board of Regents 4 year schools. This Year not Included.

- KU +\$3,002 or 18.5% = \$16,292
- K-State +\$2,462 or 16.9% = \$14,611
- WSU +\$1,256 or 12.1% = \$11,640
- FHSU +\$1,340 or 14.3% = \$11,182
- ESU +\$1,675 or 17.6% = \$11,178
- PSU +\$2,030 or 22.2% = \$10,707

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

Ways Some Parents are Meeting the Costs

- Sallie Mae/Gallup National Study
- Selected funding sources from 2010
- Parents

<u>% Families</u>	<u>Source</u>	<u>Amount</u>
6%	Credit Cards	\$4,943
3%	Ret. Acct Loan	\$6,901
6%	Ret. Acct. Withdraw	\$8,554
2%	"Other" Loan	\$8,529

Ways Some Students are Meeting the Costs

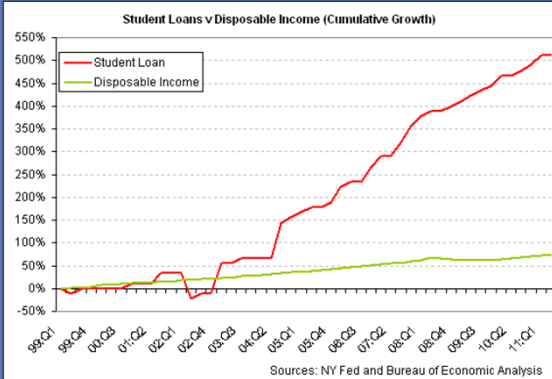
- Selected Funding Sources from Students in 2010

% Students	Source	Amount
13%	Private Loan	\$8,584
5%	Credit Card	\$2,021
4%	"Other" Loan	\$9,360

Impact of Student Loans

- Student loans have grown by 511% since 1999.
- Disposable income has grown by just 73%.
- Most outstanding student loan debt (82%) was accrued by students over just the past decade.

Daniel Indiviglio, The Atlantic.com, Oct 26, 2011



How Can Families Cope?

- Planning is Essential
- Determine Costs at each College of Interest
 - Tuition
 - Fees
 - Books/Supplies
 - Room and Board
 - Transportation
 - Personal Expenses

www.mycollegemoneyplan.org

Example of College Plan Selection Worksheet

Characteristics	Name of School -
Academic Programs of Interest	
Location	
Size (enrollment)	
Admissions Requirements	
Type of School	Technical__ Community College__ Public (state)__ 2yr__ 4yr__ Private__ Municipal__
Estimated Cost	Tuition _____ Fees _____ Books/Supplies _____ Equipment _____
	Room and Board _____ Personal Expenses _____ Other _____
Scholarship Events and Opportunities	

- Multiple Worksheets can be filled out
- Data Transfers to other Worksheets

Meeting the Costs

- There are many possible sources of funding
 - Family Resources
 - Student Savings
 - Scholarships and Grants
 - Work Study/Job
 - Federal Loans
 - Other Loans
 - Other Sources

www.mycollegemoneyplan.org

College Financial Plan Worksheet

COSTS		MEETING THE COSTS	
Tuition		Family Resources	
Fees		My Savings	
Books/Supplies		Scholarships	
Equipment		Grants	
Room and Board		Work Study/Job	
Transportation		My Federal Ed Loan (perkins/stafford)	
Personal Expenses		Parent PLUS Loan	
Other		Other Loans	
		Other Resources	
Total Costs =		= Total Available to Meet Costs	

- Download more copies at www.wichita.edu/finlit

Money Management Education – Steps Toward Financial Independence

- Highlights
- How do People get Paid These Days?
- Checking and Savings Accounts at a Bank or Credit Union.
- What's the Alternative?
 - The Bank of Wal-Mart or Dillons
 - Check Cashing Offices and Money Order Purchases.

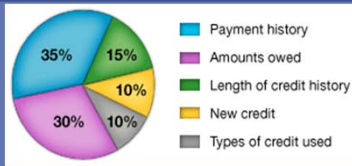
Another Highlight

- How do you Know Where you are Now?
- How will you Know when you are at 50/30/20? (Courtesy of Liz Weston)
- Track Your Income and Expenses!
- Download Spreadsheet and Instructions at www.wichita.edu/finlit
- Determine your Needs and Wants.
www.asklizweston.com

Credit Reports and Scores

- Credit Reports from the Three Credit Reporting Agencies are Free - Once a Year.
- www.annualcreditreport.com
- We Don't Have just one Credit Score
- The FICO Score is the one Most Commonly Used in Lending Decisions.
www.myfico.com

Credit Score Chart



- Pay Bills, Especially Loans ON TIME.
- Charge 1 Needed Item on a Credit Card Each Month and Pay the Entire Balance ON Time Every Time.
- Only Borrow When Absolutely Necessary.

The Fringe Economy

- Debt from Outside the Financial Mainstream
- Rent-to-Own Furniture and Appliances
 - The \$1,200 Big Screen for \$40 a week
- Auto Title Loans
 - Cash at 264% APR and there will be a lien on your car.
- Payday Loans – Short term, postdated check, 15% fee for 2 weeks

Identity Theft

- Resources from the Federal Trade Commission – Free.
- Order at WWW.FTC.GOV
- Handouts are Available

QUESTIONS

Scholarships

- Scholarships come from **MANY** Sources
- Schools, Civic Organizations, Churches, Employers, Community Foundations
- Ask friends and relatives for help!
- Internet search sites are on a handout in your packet.
- Some scholarships can be used at any school you select while others are only available at a specific school.

Scholarship Criteria

- Many Scholarships are based on select criteria, like:
 - Grades
 - Chosen major
 - Artistic ability
 - Leadership ability
 - Athletic ability
 - Gender
 - Race
 - Economic need

Scholarship Application Tips

- Start your search for scholarships early
- Read eligibility requirements carefully
- Organize all your scholarship materials:
 - ✓ Transcript
 - ✓ Standardized test scores
 - ✓ Financial information, including tax returns
 - ✓ Letters of recommendation
 - ✓ Proof of eligibility (organization membership, etc.)
 - ✓ Samples of writing or essays

More Scholarship Tips

- Proofread your application carefully
- Do not leave items blank
- Follow instructions exactly
- Make sure your application is legible
- Make copies of everything you send
- Double check your application
- Get your application in early!

The FAFSA

- Filing the “Free Application for Federal Student Aid” (FAFSA) helps determine your eligibility for all federal financial aid programs which includes grants, loans, and work study
- Also, some scholarship applications require the FAFSA to be filed
- The Website is: www.fafsa.gov
- Do your FAFSA as soon as possible after Jan. 1st every year. This starts with the first year you enter college.

Federal Grants

- **Federal Pell Grant Determined by EFC**
 - EFC range for grant: 0 to 5273
 - Grant range amount per year: \$5550 to \$555
- **Federal Supplemental Education Opportunity Grant (FSEOG) – Limited funds**
 - Federal Pell Grant recipients receive priority
 - Grant range amount per year is \$100 to \$4000
 - The amount is determined by the school’s financial aid office

Other Federal Grants

- Other federal grants are explained on the student aid website.
- One of these grants can be a good source of funds if you’re considering a teaching career, but is tied to “conditions”
- Students sign a service agreement and must follow the conditions. If conditions are not met, there will be costly consequences

Federal Work Study

- Most positions are on the school campus
- An application and regular job interview may be required.
- You receive a paycheck
- You have work experience for a resume
- Funds are limited which limits the number of positions available
- You must have financial need as determined by the FAFSA
- Some schools offer "Institutional Work Study"

Federal Student Loans

- Eligibility is based on financial information you provide on the FAFSA
- The government computes your "EFC", Expected Family Contribution which is key in determining Pell Grant and other aid awards
- Schools will subtract your EFC from their official "Cost of Attendance" to determine financial need (COA – EFC = Need)
- Financial need determines eligibility for grants, work study, and types of loans

Federal Student Loans

- **Direct Stafford**
 - Subsidized - Interest is not charged while enrolled in school (6.8% interest begins in repayment)
 - Unsubsidized - Interest is charged while in school at 6.8% but does not have to be paid until repayment
- **Perkins Loan**
 - Interest is not charged while enrolled in school but (5% interest begins in repayment)
- **Direct PLUS Loan for Parents**
 - Based on a credit check
 - Interest is charged while student is in school at 7.9%

Direct Stafford Loans

- All Stafford Loans have a 6 month “grace period” before repayment begins
 - NO penalty for early repayment
- Total loan amounts awarded based on grade level each school year and dependency status
- First year students may be eligible for \$3,500 Subsidized and \$2,000 unsubsidized
- Criteria required to receive these loans:
 - Must be in an aid eligible educational program
 - Must be a U.S. citizen or eligible non-citizen
 - Must be enrolled at least half time each semester or your repayment grace period will start (for most schools this will be 6 credit hours)

Perkins Loans

- 9 month grace period before repayment with NO penalty for early repayment
- Amount actually awarded depends on financial need, amount of other aid, and the amount of funds the school has available
- 10 year repayment plan
- Must be repaid to the school that made the loan
- Loan forgiveness may be an option if you teach in a high need field, low income school district (Title 1)

Direct Plus Loans

- Parent Loan for Undergraduate Students
- Credit based, not need based; unsubsidized
- Can help pay the cost of your child's education
- Amount you can borrow is the school's Cost of Attendance minus any other financial aid the student receives
- Repayment – you have some choices
- If approval for loan denied, student may request more Unsubsidized Stafford Loan or there are other options
