



# PAYING FOR COLLEGE

By CollegiateParent

**One of the biggest concerns families have is about the expense. College can be affordable, even for low-income and first-generation students and their families.**

**Here is a four-part plan to help you manage the expense of higher education.**

## **1. Understand the different types of financial aid and apply each year.**

Students must complete the FAFSA\* to be considered for financial aid from the federal government. Many private colleges and universities also use a second application, the CSS Profile, to decide whether to offer financial aid to a student. It should be very clear on the school's website which forms they require.

A Pell Grant is money the federal government awards to undergraduate students who need help paying for college. Unlike a loan, it does not have to be repaid.

The federal government may also provide subsidized or unsubsidized student loans, which do need to be paid back. It is important to know the difference. While a student is in college, the government pays the interest on subsidized loans. For unsubsidized loans, interest starts accruing (adding up) as soon as a student takes out the loan. This interest is added to the total amount they have to pay back.

The school will have a "priority deadline" for submitting the FAFSA. Students need to reapply for financial aid each year.

## **2. Recognize that loans are not free money, but taking on some debt is okay.**

It is sensible not to take on more debt than your student can pay off without hardship after graduation. They should have an idea of some careers they might want to pursue and research typical starting salaries. They should not borrow more than their expected first year salary.

## **3. Apply for scholarships.\*\***

It takes work to find the right scholarships to apply for because there are so many. High school counselors and college support staff can help your student narrow their scholarship search to ones they have a good chance of winning.

Many colleges maintain searchable scholarship databases. There are also free online websites, and several have sections dedicated to students who are the first in their family to attend college or of Hispanic heritage.

## **4. Model and teach good budgeting.**

You can help your student be smart about money before, during and after college. Mint is an excellent free app for beginning budgeters and can help your student see where their money goes and where they can spend less, so they can create a reasonable budget and begin to build savings.



## **TERMS TO KNOW:**

**\*FAFSA:** Free Application for Federal Student Aid. College students need to fill this out each year to apply for financial assistance from the government and their college or university.

**\*\*Scholarship:** A grant or other financial gift which does not have to be paid back. Some colleges and universities offer merit scholarships automatically, but in most cases your student needs to apply for scholarships which may be awarded for academic or athletic achievement, written essays, and extracurricular or community involvement. Some scholarships seek applicants from particular backgrounds.

