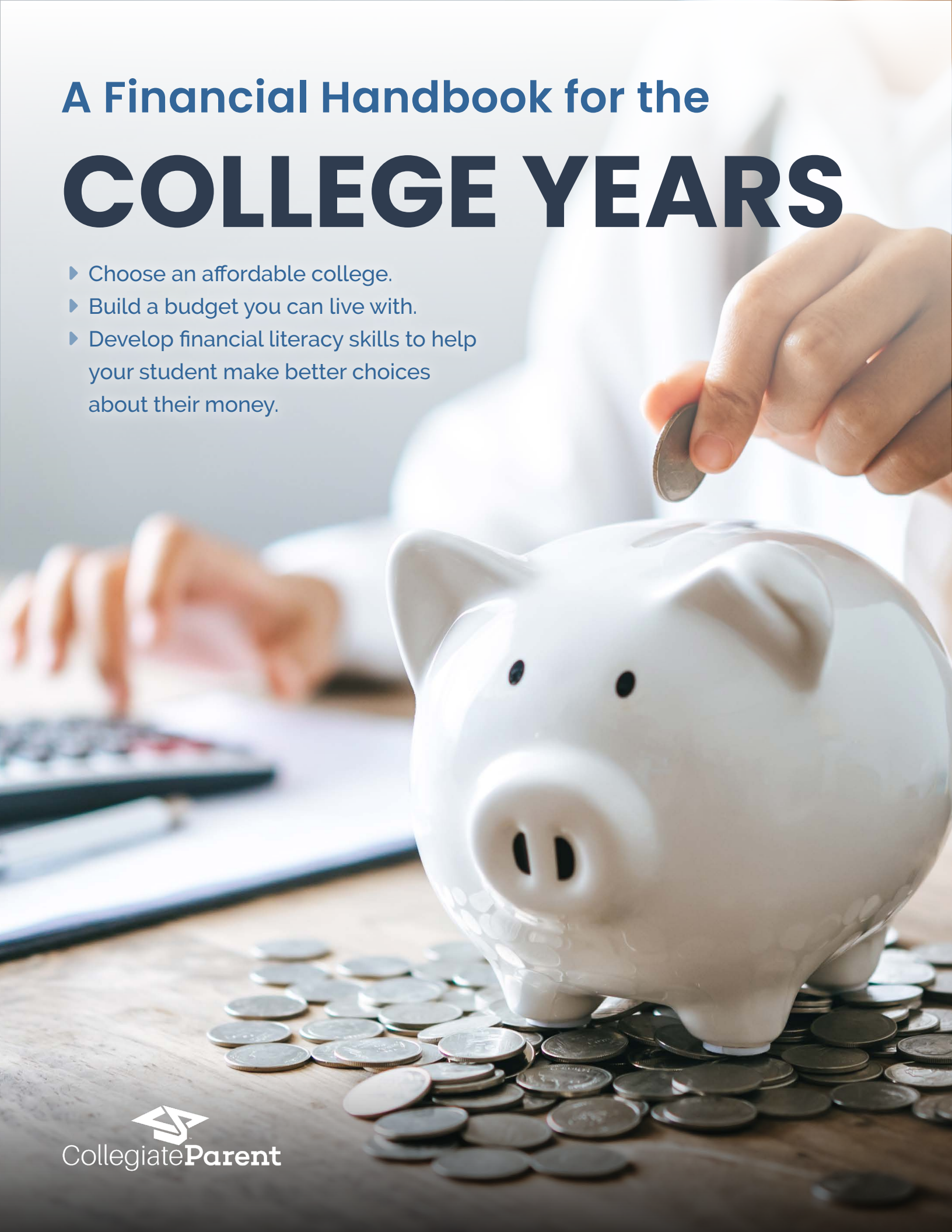


# A Financial Handbook for the **COLLEGE YEARS**

- ▶ Choose an affordable college.
- ▶ Build a budget you can live with.
- ▶ Develop financial literacy skills to help your student make better choices about their money.



# Welcome

During college, your student will learn and grow in many ways. They're expanding their intellectual and personal horizons, making new friends, and living independently for the first time.

As they find their own way through this new landscape, they'll still look to you for advice in a few important areas. One of these is financial responsibility.






Parents are important role models and guides when it comes to money.

**79% of young adults** ask parents for help managing their finances. At the same time, many parents aren't comfortable talking about money with their kids.

This challenge can become an opportunity. Like everything in life, when it comes to finances, it's okay if you're not an expert. Sometimes you and your student will sit down and do research together. You'll work on budgets side by side.

**Your student is at the perfect age to establish smart money habits.**

**In this guide, we give you tools and talking points to help them:**

-  Understand and control the overall cost of their education
-  Learn to manage spending money and stick to a budget
-  Develop smart saving habits

We'll start by taking a look at how to pay for college. The price tag of a college degree can be eye-popping, but that doesn't mean your family has to go into debt for your student to realize their dreams.

**Let's get started!**



## Contents

Part 1: Making College Affordable .....	3
Financial Aid and Scholarships .....	6
Part 2: Learning to Manage Money in College .....	9
Part 3: Controlling Costs All 4 Years .....	14





Part 1:

# Making College Affordable

It's no secret that the cost of college has been rising dramatically for years. **College Board reported** that the average total cost of attending a public school for in-state students in 2021–22 was \$27,330. Out-of-state students paid \$44,150, while the cost of a year at a private school averaged \$54,800.

So, if a student graduates in four years (most don't) and tuition doesn't increase (it usually does), their degree would cost between \$109,320 and \$219,200. Financial aid and

tuition discounting can mean the **net price a family pays** will be significantly less than the school's sticker price. Any way you slice it, this is a big investment.

**One thing is clear: Cost and your family's ability to pay are important considerations when choosing a college.**

# Is a College Degree Worth the Investment?

With the disruptions of the pandemic and changes to the world of work, more young people are rethinking the idea of college. As with any major financial purchase, you need to look at the benefits and **decide if it's worth the cost**.

Here are just a few benefits of a college degree:

- 🔄 Many jobs require a degree.
- 🔄 College coursework helps students build skills they'll need in the workforce, such as problem solving, critical thinking, teamwork, and organization.
- 🔄 A college education goes beyond the classroom and provides access to opportunities that aren't available anywhere else, such as internships, networking, student clubs and cultural groups, and teaching and research collaborations with professors.

College isn't for everyone, and not all 18-year-olds are ready to take full advantage of the experience. **Gap years** have grown quite popular, and there are **alternatives to four-year college** that don't include working for minimum wage.

Don't overlook trade/technical schools, community colleges, or **apprenticeships** in careers that interest your student.





# Talk About the Cost of College

When starting the college search, it's easy to get carried away with the dreaming side of it. We browse websites and glossy brochures, scrutinize rankings lists, and tour campuses, hoping our child will "fall in love" with a school.

Finding the "right fit" school is important, but one of the very first things you should do with your college-bound student is discuss the cost of higher education in the context of your family finances so you can help them make a choice that won't put either of you in debt.

You will need to be open about what if anything you've saved for higher education in 529s or other accounts. Applying for financial aid and scholarships is a key strategy. Learn all about that on the next page.

Learn more!

**[Sticker vs. Net Price: Understanding the Real Cost of College](#)** ▶

**[How to Get In-State Tuition Prices at an Out-of-State College](#)** ▶





## Financial Aid Services

Monday to Friday  
10:30am to 4:00pm

# Financial Aid and Scholarships

Financial aid is intended to help bridge the gap between the college's "Total Cost of Attendance" and what your family can afford to pay. This is called "expected family contribution. A good financial aid package — whether the aid is need-based, merit, or a combination — is the best way to bring the price of a college education down to a manageable level.

Every high school senior applying to college should complete the **FAFSA** (Free Application for Federal Student Aid) to see if they qualify for federal, state, and institutional financial aid. The financial aid package offered by the college may include grants, scholarships, Federal Work-Study, and loans.

**Grants:** Grants (including Federal Pell Grants) don't have to be repaid. They are free money! Grants can be renewed each year if the student continues to meet the requirements and the funds are available.

**Scholarships:** Scholarships are usually based on academic achievement and economic need, and this is also money that your student does not have to repay. The staff in the admissions and financial aid offices determine student eligibility.





In addition to what universities offer, there are many sources for outside/private scholarships. High school counselors can help your student identify scholarship opportunities. You can also find online sources that maintain lists. It's worth the work involved. Your student should keep **applying for scholarships** all through college!

**How to help your student search and apply for scholarships** ▶

**Tips for writing a winning scholarship essay** ▶

**Work-Study:** This federal program distributes money to colleges and universities to fund campus employment for eligible students. If **Federal Work-Study** is part of your student's financial aid award, they'll find out early in the school year what kinds of jobs are available and can decide which if any to apply for.

**Federal Student Loans:** Federal student loans may be part of your student's financial aid offer. This is money your student borrows and must pay back with interest. Your student doesn't have to accept the loans. Before they do, be sure they understand how the interest will be calculated and what repayment will look like. Learn about Direct Subsidized, Unsubsidized, PLUS (parent) Loans and more at the **Federal Student Aid website**.

The student loan is the only part of the package the student is obliged to repay, so it's important to borrow responsibly. This means borrowing only what your student needs — and what they'll be able to comfortably repay after they graduate.

**Here's how to calculate comfortable repayment** ▶





## Want to Save a Year's Tuition?

There's one way to dramatically cut the price of a college degree: graduate in three years.

It doesn't have to mean overloading on Advance Placement (AP) classes in high school or taking the maximum number of credits each semester in college. What it does mean is doing some homework to learn about the options before deciding whether this approach might work for your student.

### **Dual credits/concurrent enrollment,**

Credit for Prior Learning, CLEP exams, and accelerated degree programs are just a few ways students can graduate faster at less cost. Keep in mind that these programs aren't for everyone. A student who is unsure of what they want to major in might do better spending a full four years at college so they have time to sample courses before deciding on a path.

For highly focused and motivated students, there is a path to saving money by graduating from college in less time.

**How to save a year's worth of tuition by graduating in three years ▶**

**Students on the fast track ▶**

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## Tuition Refunds and Insurance

*As your student prepares to start on the college path, it might seem counterintuitive to plan for the possibility that they might need to withdraw from school. Life, however, can be challenging and uncertain.*

***Here's what you need to know about tuition refunds and the option to protect your higher education investment with tuition insurance ▶***

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## Tax Credits for College Parents

*Saving on college means more than just earning scholarships or financial aid awards. It also means being wise at tax time so you don't miss out on deductions that can save you money.*

***Read more about the American Opportunity Tax Credit, Lifetime Learning Credit, and the tax breaks available to you if you will withdraw funds from a 529 plan or other account. ▶***





Part 2:

# Learning to Manage Money in College

## Create a Budget for Regular Expenses

One of the biggest challenges outside the classroom for new college students is learning to manage money. They're now responsible for paying for all sorts of things on their own, from textbooks and groceries to laundry and an occasional haircut.

They're also responsible for their university student account and making sure tuition and fees are paid on time. If you're paying these bills, your student can add you as an authorized user, but keeping them in the

loop about college costs is a great way to help them gain financial literacy and understand the investment you're making as a family in their education.

Beyond this, you can play a key role by helping your student make a budget and keep an eye on the money going in and out of their bank account. Printable budget worksheets are easy to find online and there are many good smartphone budgeting apps.

The summer before college, or early in the fall semester, make a list of their flexible/recreational expenses (everything besides tuition, room, board, and student fees — although if they'll contribute to these, put them in the budget as well).

**Flexible expenses may include:**

- 🔄 Clothing
- 🔄 Dorm furnishings
- 🔄 Electronics and school supplies
- 🔄 Entertainment
- 🔄 Food/drink outside of the meal plan
- 🔄 Laundry money
- 🔄 Local travel (bus pass, Uber trips)
- 🔄 Recreational travel and trips home
- 🔄 Sorority/fraternity or club dues
- 🔄 Textbooks
- 🔄 Toiletries and other personal items

Next, estimate how much each item will be and agree on who's paying for what, taking your student's income into consideration. Their income will come from their savings, earnings from a campus job (if they will work), and possibly an allowance from you. Make it a goal for your student to maintain a certain level of savings ([see p. 12](#) for more on this subject).

The ease of buying things online and with their phones means small purchases can get out of control. Peer pressure is another factor that can cause students to overspend, so talk about how they may need to say no sometimes to an activity or purchase that a roommate or friend doesn't think twice about. On this subject, be clear about what will happen if they don't stay

within their budget in case they assume you'll automatically bail them out.

Fall semester will involve some experimentation. Your student may easily stay within their budget or run short each month. Over winter break, you can look back together at the experience and help them revise their budget for spring semester based on what they learned.

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**“Financial literacy can make the difference between building upon a good financial foundation from the start or learning from mistakes. It can help teens and young adults get through the ups and downs of life and provides a sense of security.”**

*– Lisa Paniccia, author of **ABC's for Financial Independence***

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# Perks of a Part-Time Campus Job

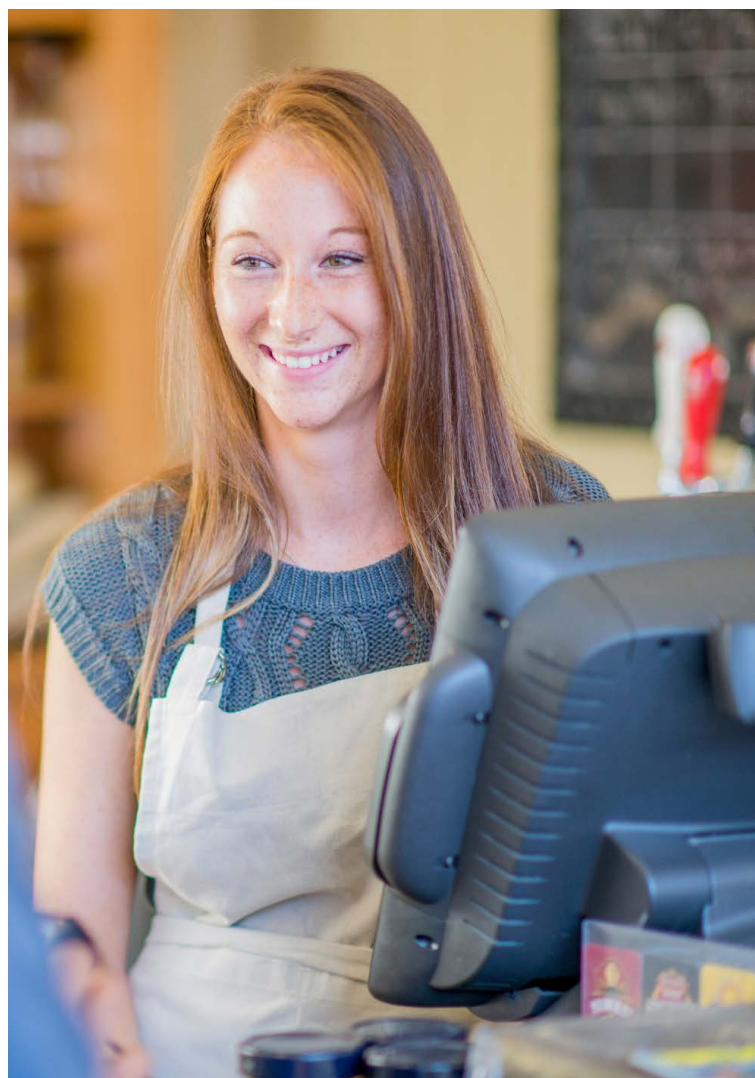
A great way to balance income and spending is to get a campus job. Research has found that college students who work part-time during the school year get better grades than those who don't, probably because they need to be more organized and conscientious about budgeting time for study.

Finding a job in the local community is always an option, but on-campus positions have special advantages. The hours are usually flexible, and supervisors will accommodate your student's schedule. Student employees meet more of their fellow students as well as faculty members, administrators, and staff — a great network for career mentorship, professional references, and all-around support.

If **Federal Work-Study** is part of your student's financial aid package, they can research and apply for available work-study positions, but there are usually plenty of campus jobs to go around for any student who wants one. Departments that hire students may include the admissions and alumni offices, recreation center, library, dining facilities, bookstore, museums and art galleries, language and computer labs, and performance spaces.

Many students aren't ready to add a part-time job to their schedule until they're a semester or two into college. And some parents prefer their students to focus on academics during the school year and only work in the summer. It's a personal decision.

**30 ways your college student can earn money over the summer** ▶



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## Tips for Thriving on a Budget in College

- 🔄 Look for student discounts and snag those college coupon books!
- 🔄 Save money on textbooks — **here are 11 ways**
- 🔄 Take advantage of campus resources and free events and activities

Find more tips on [CollegiateParent.com](https://www.collegiateparent.com) ▶

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# The Saving Habit: Start Early

Every college student should learn to plan and execute a smart money-saving strategy, no matter their income.

In addition to making a budget for each semester or school year, encourage your student to keep longer term financial goals in mind. Rising seniors, especially, will graduate at the end of the year and may need funds to travel, move to a new place, secure an apartment, and more.

Help your student come up with some numbers. How much money should

they have in their account when the next school year starts? How much would they like to have saved up by graduation?

**During college their income may come from:**

- ❏ Campus and summer job earnings (some students have jobs where they can pick up shifts whenever they're home, including over winter break)
- ❏ Gift money
- ❏ Allowance







## The 10% Rule

No matter the source of their income, your student should start putting some of it into their savings account — not in checking where they can spend it with their debit card. This habit, if started early, will serve them well when they have their first “real” post-college job.

The easiest way to make this happen? Estimate their monthly income and set up auto-transfer each month from their checking to their savings account. If they have a particularly well-paying summer job, they can set aside more.

Even students who don't work during college and who receive a parental allowance can nurture the saving habit by putting some of that money aside on a regular basis.

## Share Your Own Successful Strategies

Many financial experts recommend sharing what you feel is appropriate about your own finances, retirement plans, and estate documents with your young adult children. This can be a good teachable moment about money and investments: when to purchase a big-ticket item, when and why to wait, and what kind of considerations go into making these decisions.

You may find you're relieved to have them in the know about how these things work in your household. If you have a budgeting/saving system that works for you, break it down and share it.



## Part 3:

# Controlling Costs All 4 Years

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Throughout college, you and your student can work as a team to keep the overall expense of their education under control so they don't graduate with more debt than they can comfortably manage. **Here's your 10 step strategy:**

## 1 Apply for financial aid each year.

Remember: Filling out the FAFSA (Free Application for Federal Student Aid) is the doorway to being considered for federal aid and also merit aid from the school. If your student receives aid for the first year, they will need to apply each year. And family financial circumstances can change, along with the school's aid policies, so it's worth applying as a sophomore or older even if your student didn't qualify previously for aid.

## 2 Apply for scholarships, too.

They're not just for first-year students, and can be a straightforward way to reduce any family's higher education costs. To begin the search, your student can contact the financial aid office and career center on campus and use online scholarship search engines.

## 3 Don't forget fellowships.

Many colleges and universities make funds available to students who want to work, study, or travel for an unpaid research or internship opportunity. Your student should investigate and apply.

## 4 Reevaluate the meal plan.

Students living on campus are usually required to be on a meal plan, but there are often a variety of plans to choose from. Don't pay for meals they're not eating. A partial meal plan can be an affordable option for your off-campus student and save money if they're prone to ordering takeout and delivery.



## 5 Save on housing.

Suggest that your student **apply to be a Resident Assistant** next year. RAs typically receive free or reduced price on campus housing. If your family is really feeling a pinch and your student attends school nearby, they might consider moving home and commuting to campus for a year or two.

## 6 Count their credits.

If the college accepts AP/IB course credits, be sure your student makes the most of any they earned in high school. **Transfer students** should meet with a transfer advisor at their new institution to make sure all their credits carry over.

## 7 Leave the car at home.

Riding a bike is more fun anyway! No need to pay for insurance, maintenance, gas, parking, etc. Public transportation is often efficient (and sometimes free) on and near campus. Membership to a car-sharing service like Zipcar is another option.

## 8 Keep track of any loans.

Be sure your student understands how much money has been borrowed and who will be responsible for repaying it. They should know the interest rates and who the lender is. Save money by not borrowing more than you absolutely need to.

## 9 Tweak travel expenditures.

If your student's school is far away, you'll need to negotiate how many times they will come home during the school year. By discussing in advance, they can come up with other ways to spend some of those breaks. Many schools plan activities, including service trips, for students who stick around when classes aren't in session.

## 10 Graduate in four years or less.

Consider summer classes perhaps at a local community college if necessary. This will cost less than another full year of college.

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### Look Toward the Future

*The best way to optimize the investment in higher education is to be prepared for meaningful, career-oriented employment upon graduation.*

**Career prep** can start as soon as your first-year student steps on campus! **Encourage them to explore what the campus career center offers:**

- 🔄 **Internship** and summer job listings
- 🔄 One-on-one help with resumes, cover letters, and interview practice
- 🔄 Skills and interest assessments
- 🔄 Career fairs, recruiter visits, networking events

**Find our four-year career prep timeline downloadable pdf!**

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Your college student's journey to independent young adulthood is just beginning. They'll be learning many important life lessons on their own, but you'll still have numerous opportunities to continue being their first and best teacher, including in the area of money management.

Whether it's helping them learn about credit and choosing the right credit card, getting ready to move off campus, shopping for their first car, or negotiating their first real salary offer, you can let them know you're always there to advise and support them.

There's more information about paying for college, budgets, banking, credit, and insurance on CollegiateParent's [Money](#) page.



## CollegiateParent™

CollegiateParent is here to answer your questions throughout the high school and college years. Explore our website and [shop for college](#), [join our Facebook group](#), and [sign up for our parent newsletter, the Loop](#).