



Paying for College . . . What are my options?

According to a Gallup survey released in August 2010 by student-loan provider Sallie Mae, American families have increased their investment in a college education – drawing more upon both personal and borrowed resources – despite the difficult economic times. In fact, the percentage of families who borrowed to pay for college rose from 42% to 46%.

The College Board recently reported that the average cost of attending a four-year public (in-state) college is \$17,131 per year, up 6% from 2010-11, while the average cost of a private college is \$38,589 per year, up 4.5% from 2010-11*.

While the numbers may look scary, don't panic! Research is clear that a college education is a worthy investment. In fact, according to the College Board "The typical bachelor's degree recipient can expect to earn about 66% more during a 40-year working life than the typical high school graduate." Moreover, the Bureau of Labor's November report states that those with college degrees carry a 4.4% unemployment rate, compared with 8.8% for those with a high school diploma and no college experience.

These figures are a powerful indication that the value of a college degree is worth the time, effort, and cost. And, although the process of applying can seem daunting, the good news is that there is extensive financial aid available to help fund the cost of a college education. The financial aid forms you obtain from the college your child wants to attend will help you through the application process step by step.

The most important forms are the Free Application for Federal Student Aid (FAFSA) and the Financial Aid Form (FAF), which have very strict deadlines. In addition, some colleges and lenders require that parents, rather than the child, fill out the forms. In most cases, a good place to start the search is through your child's high school guidance counselor or the college(s) your child is thinking of attending.

Grants & Scholarships

Begin your search for cash with scholarships and grants, which cost you nothing and do not have to be repaid. It is important to note that if your child is awarded a grant or scholarship, the college will deduct that amount from the financial aid or loans it would otherwise give your child.

- **Scholarships** – There are numerous scholarships available. Visit studentaid.ed.gov or finaid.org to research scholarships and use their scholarship search options. Many high schools and colleges will also maintain a list of scholarship options, so make sure to check before borrowing.
- **Pell Grants** – These grants represent the largest of the government college assistance programs. In general, families showing financial need are eligible for grants, although families with higher incomes may also be eligible under special circumstances.
- **Supplemental Education Opportunity Grants (SEOG)** – Grants specifically for families exhibiting the greatest need, these funds are limited, so it is important to submit an application as early as possible.

- **State Programs** – Most states provide grants based on a combination of merit and financial need. Contact your child’s high school guidance counselor or state office of grants to learn what types of aid may be available and how to apply.
- **College Grants** – Most institutions offer several kinds of grants based on need, scholastic achievement and/or talent in a special area. Some colleges give cash grants, while others offer tuition discounts.
- **Private Scholarships and Grants** – Thousands of grants and scholarship programs are available to students with superior academic records, special interests and other qualifying characteristics. Check with employers and local, state and national organizations with which you or any member of your family may be affiliated to maximize your opportunities.

College Work-Study Program (CWS)

The work-study program permits eligible students to work on campus to help offset educational expenses and reduce loan obligations. Students from higher-income families have a better chance of getting a part-time job under CWS than of getting most kinds of grants.

Loans

The federal government is by far the single largest source of financial aid to college students, but there are also state government loans, college-sponsored loans, commercial lending institutions and your credit union which offer private education financing solutions. As with all financial aid applications, it is important to fill out the forms completely and submit them as soon as possible.

- **Federal Perkins Loans** – Perkins Loans are designed for undergraduates and graduate students who have exceptional economic need.
- **Federal Stafford Loans** – Available to virtually all students demonstrating financial need, some may even subsidized loans, meaning the government will pay the interest on the loans while the student attends school, as well as for a 6-month grace period after graduation. Students should always use their maximum amount available from their Stafford Loans before turning to alternative loan programs!
- **Federal Parent Loans to Undergraduate Students** – Also known as PLUS loans, these loans can be used to finance the gap that remains after free money (scholarships and grants) and Federal Loans (the Stafford Loan) are exhausted, but are strictly in the parent’s name. Graduate and professional degree students are also eligible to borrow under the PLUS Loan Program up to their cost of attendance minus other estimated financial assistance.
- **State and College Loan Programs** – Most states and some schools offer their own loan programs which may be a lower-cost option for some students.
- **Private or Alternative Loans** – Your credit union offers a private education financing solution through our partnership with Credit Union Student Choice, a nationwide program just for credit unions that is designed to fill the funding gaps federal aid can leave behind with lower loan rates and fewer fees than other major lenders. Visit xyzcreditunion.studentchoice.org for more information or to apply online. Just remember to maximize your other lower cost options before turning to any private student loan!

***IMPORTANT: The Federal Government is the sole lender on all Federal loans. Visit www.studentloans.gov for details or speak directly with your Financial Aid Office.**

You will likely need more than one type of financial aid to fund your child’s college education, but understanding the basics and filling out the FAFSA are great first steps. You should also take care in choosing lenders that offer the lowest rates and most flexible repayment terms, especially if you have a need for private loans in addition to federal aid.