

Ten Things You Should Know About Paying For College

You will see references to RightChoice.net in some of the answers below, this isn't done to sell you anything, it is a free site and all the information on the site is free. It is simply one of the best informational sites for you to use to find answers, plan and prepare for your education and how to pay for it.

1. How do I find out what kind of financial aid is available to me and how can I be sure I am considered for the best financial aid available?

Although there are many places to go to get help, you should take personal responsibility for your own financial aid planning. Most students will fund their educations from a combination of sources including (and generally in this order):

- Personal or family college saving accounts
- Scholarships and grants
- Income from employment while in school
- Federally sponsored student loans
- Private student loans

A good source of information can be found at RightChoice.net under "Get Started". Click on "Paying for College" to receive information on scholarships, grants, work study and loans. The most important thing to remember as you research these topics is to apply for the **Free Money First**.

To search for scholarships and grants (Free Money) that are available to you, click the "Scholarship" tab on the RightChoice.net website and visit the "Scholarship Monkey".

If you know what college you will be attending or at least which ones you are considering, then also visit their website(s) for additional grants and scholarships that may be specific to that college. Also see what their critical dates are to apply for grants, scholarships and other financial aid.

2. What is the FAFSA? Do I have to complete it in order to receive financial aid?

The Free Application for Federal Student Aid (FAFSA) is the document you must complete to be considered for federal financial aid such as Pell Grants, Federal College Work-Study, and Federal Direct Loans.

On the FAFSA, you will select the colleges that you want the FAFSA results sent to. The FAFSA site will also explain filing deadlines for the FAFSA as well as the items you will need before filling out the FAFSA. If you are a dependent of someone, they will need to also fill out a portion of the FAFSA form. You can complete the FAFSA with estimated tax information, but if you do, you will probably need to provide your college with a final tax return when it is complete.

There have been many recent changes to the FAFSA designed to make it easier to understand and complete. You can get more information on the FAFSA and start the application process at www.FAFSA.ed.gov.

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3. I want as much free money as possible, and have heard about scholarship search engines. Should I consider using these, and if so, how do I know which ones are legitimate and which ones may be scams?

You are smart to use caution when considering the use of scholarship search engines and in general, you should avoid any that charge for their services. Scholarship Monkey at RightChoice.net is a popular and free scholarship search engine. Another good one is FastWeb available at FastWeb.com.

Don't forget to check your college website for their own or "outside" scholarships, those that may be available for students based on any number of factors including public service work or other affiliations.

4. Should I talk to my high school counselor about financial aid?

Your high school counselor is a valuable resource and may have general information on financial aid programs and you should feel free to speak with them about financial aid.

You can also visit RightChoice.net for information.

5. Student loans have been in the news a lot lately. What do I need to know about them?

- First, many more borrowers manage their loans effectively and pay them on time than not. Most students will borrow at least a portion of their educational costs, so do not be too concerned if you need to do so.
- Second, if you have to borrow, do so responsibly and always maximize your eligibility for federal loans before securing private loans for school. And always get Free Money First.
- Third, the federal government now originates all Direct Subsidized and Unsubsidized, Direct PLUS, and Direct Consolidation Loans. Commercial lenders, like banks, lend money under their own "private" student loan programs. The iHELP Loan is a very good private student loan program.
- Fourth, loans represent a potential long-term investment and can significantly impact your credit, your lifestyle, and yes, your career decisions. They are a serious obligation, and should be treated as such.
- Fifth, while you should have help along the way, you are ultimately responsible for being an educated and responsible borrower, and thus for the timely repayment of your loans. The sooner you start educating yourself about them, the better.
- Finally, if you do borrow, be aware that there are a variety of loan products with differing interest rates and features. The best measurement you can use when comparing loan costs is the Annual Percentage Rate (APR). The APR will tell you what the true cost of your loan will be over the life of the loan.

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6. When should I start thinking about financial aid for college? Is there a timeline for admissions and financial aid I should follow?

Financing college can be a long-term financial investment, so the sooner you start thinking about and educating yourself on how to pay for college, the better off you should be and the better your chances of not missing out on any financial aid for which you may be eligible. Remember, while you apply for financial aid every year, you should always consider the overall cost of your degree or certificate program and not just the cost from year to year.

RightChoice.net can help you determine the overall cost of your degree at the colleges you may be interested in and help you find the scholarships, grants and loans that you will need. Your guidance counselor can also be a big help.

The financial aid office at your school cannot process your aid application until you are accepted for enrollment. When you have selected your college, the sooner you are accepted and enrolled, the sooner the Financial Aid Office can process your aid application.

7. Who determines how much and what kind of financial aid I get, and when will I find out?

The Financial Aid Office at the colleges you select will determine how much financial aid you are eligible for by using the information from the FAFSA. They will subtract your available resources from the total cost of attendance (also called your Financial Aid Budget). This determines what is called your "Financial Need" and it is that number that they will try to meet with a combination or "package" of financial aid funds such as grants and scholarships, work, and loans.

Your cost of attendance is determined by the school, and your resources are determined from a federally approved formula that is applied to information you submit on the FAFSA resulting in your Expected Family Contribution or "EFC". You will have to pay this EFC with your or family resources or you can get a private loan such as the iHELP Loan to meet that EFC.

The Financial Aid Office will send you a notice (sometimes referred to as a Financial Aid Notification letter or "FAN") when your Financial Aid Award Package has been completed. Depending on the school, you may be able to access your award on your school's Financial Aid Office Web page by using a PIN. Be sure to note any deadlines referenced in your award letter.

8. Will my financial aid award vary from school to school, and if so, why?

Your financial aid award may vary from school to school. The main reason for this difference is that cost of attendance may vary from school to school, dependent upon tuition and cost of living differences. RightChoice.net can help you find the costs for all colleges in the US.

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Some Federal Financial Aid programs are considered “entitlements”, meaning if you qualify, the funds will be available regardless of which school you attend. Availability of other types of financial aid such as Federal Perkins Loans and Federal College Work-Study may vary from school to school, causing your financial aid award to be different from one school to another.

Schools have different awarding policies. A higher cost school may require you to borrow a federal Unsubsidized or PLUS Loan before considering you for a lower cost Federal Perkins Loan.

Financial aid award letters from different schools may appear dissimilar but will contain the same information. You may expect to find:

- School’s cost of attendance less any awarded scholarships and grants.
- The results from the calculation above less any federal loans will be considered your EFC (expected family contribution).
- The EFC may be met with savings, your family’s resources or with a private loan such as the iHELP loan.
- If you decide upon a private loan, compare the APR to select the best and lowest cost loan.
- Beware of “teaser rates” which some lenders use to entice you to apply for their loan program, but few students actually receive the published rate.

9. How do I know if the financial aid awarded is really what I am eligible for? What if I disagree with how much my school thinks my family and I can contribute to my educational expenses?

Educate yourself on how financial assistance is awarded, as discussed in Question 7, then review your Financial Aid Award Letter carefully and see how it matches up with the information you have regarding cost, your available resources, and resulting eligibility. You can always speak with the Financial Aid Office if you have questions of any kind about your award, including how much they think you can contribute to the cost.

10. Financial aid seems very confusing, but I know it is important. Who can I really trust to give me straight answers about all this?

First, trust yourself by doing your homework and learning about how financial aid works. Use websites like RightChoice.net to educate yourself. And after you have selected a college, have open and frank discussions with your school’s financial aid office.

A college education is one of the best investments you may ever make. So it will be worth your time and effort to prepare.