

For Parents: Financial Aid Tips

College is usually more affordable than many families think, thanks to financial aid. The tips below can help you navigate the financial aid process and get the most money possible for college.

Create your Federal Student Aid (FSA) ID

(username and password). You can do this by the end of your child's junior year. This is an easy step and one of the few that you can complete early in the financial aid application process. For the most up-to-date information, visit the federal student aid website at studentaid.ed.gov.

Attend a financial aid presentation at your local high school or college fair. Learning about the financial aid process as early as possible is very helpful.

Ask financial aid questions when you visit a college campus. Ask the school representative if it's possible to visit the institution's financial aid office (if necessary, call ahead to make an appointment).

Ask financial aid representatives about cost medians instead of only looking at a college's published cost.

Complete the college's supplemental financial aid forms or the CSS/Financial Aid PROFILE®

if the college to which your son or daughter is applying requires it. Visit css.collegeboard.org to complete your PROFILE. Also, remember that some institutions' financial aid and scholarship forms may have deadlines that are PRIOR to the college application form deadline.

Review forms and deadlines required by each college.

Creating a chart or spreadsheet can be very helpful for keeping track of the different requirements and dates.

Fill out helpful worksheets prior to filing the FAFSA at fafsa.ed.gov.

When in doubt, ask a financial aid professional.

Call a financial aid office of any college in your area when you have a question, even if your son or daughter does not plan to attend that institution. Financial aid officers can answer many general questions and are happy to help.

Keep all tax records and documents up-to-date and handy when speaking with a financial aid officer. If your financial situation changes (health issues, loss of job, etc.), alert your financial aid officer immediately.

Income tax forms should be filed as soon as possible (preferably in January) in order to provide accurate data on financial aid forms. Some colleges have early February deadlines.

The FAFSA application includes a feature called the Data Retrieval Tool (DRT) that allows you to transfer your tax return information to the FAFSA. Information is available on the FAFSA and IRS websites.

Look out for the Student Aid Report (SAR) that confirms you completed your FAFSA. It will provide your eligibility index for federal and state aid. If there are errors or incorrect information on the SAR, you can make corrections online.

Compare financial aid packages side by side.

Using an award letter comparison tool will allow you to get a clearer picture of where your student's financial aid is coming from and will help you make a more informed decision. There is a "Compare Your Aid Awards" tool, along with other free tools, on the BigFuture™ website, bigfuture.collegeboard.org.

Most important: When your child expresses an interest in a college, try to refrain from making your first question, "How much does it cost?" You can check on that later.

Financial Aid: Myth vs. Truth

We want to clear up some common myths about financial aid for college.

MYTH: *The published price of a college education is the amount you will pay.*

TRUTH: It's the net price that matters.

Net price is the published cost minus financial aid. Only after completing the financial aid process can you truly know what the cost will be.

MYTH: *On average, students and families are borrowing over \$100,000.*

TRUTH: More than half of bachelor's degree graduates in the class of 2012 borrowed \$20,000 or less.

Less than 4 percent of students with debt owe \$100,000 or more, and most earn advanced degrees. Approximately one-third of students graduate with a bachelor's degree have no loans; another 41 percent graduate with less than \$30,000 in student loans, the average being \$27,000.

MYTH: *Only low-income families qualify for need-based financial aid.*

TRUTH: All families are encouraged to complete the FAFSA.

Although financial aid awards are usually based on need, the amount of need can vary depending on the cost of a particular school. It's the Expected Family Contribution (EFC) that must be less than the cost of a school in order to calculate a financial aid award. Nearly 70 percent of students receive financial aid to help them cover the cost of college.

MYTH: *Loans are too hard to pay back.*

TRUTH: There are several simple ways to pay back loans like PAYE.

PAYE (Pay As You Earn) asks a borrower to only pay 10 percent of their net monthly income. Today, the student loan default rate has the lowest rate of any borrowing vehicle. About 90 percent of borrowers pay back their loans in full.

MYTH: *Saving for college hurts the chances of getting financial aid.*

TRUTH: Families who save for college do not need to borrow as much.

The EFC includes only a small percentage of the net worth assets. If families save, but still need to borrow, they will not need to borrow as much!

MYTH: *The FAFSA is too complex, it takes too long to complete, and most families cannot complete it.*

TRUTH: Most completed their FAFSA in 20 minutes.

FAFSA is available online with a simplified form from the IRS with fewer questions for the family to answer. On average, filers completed the 2013-14 FAFSA in 20 minutes.

MYTH: *Students borrow more because college costs more.*

TRUTH: College costs do continue to increase for many reasons.

Faculty wages and benefits, the cost of adding technology to older buildings, etc., all contribute to added costs but, above all, a student's length of time to graduate is a large factor. Graduating on time or early can reduce student costs in a big way.

MYTH: *There is less aid available.*

TRUTH: Over \$185 billion was awarded in financial aid in 2013-14. Sixty-two percent of this total was grants or scholarships (free money).

MYTH: *Colleges front-load grants and then switch to loans in the later years.*

TRUTH: Financial aid is awarded based on the annual FAFSA results. Financial aid stays the same if the family's information remains the same. Increases or decreases in financial aid may result from family income changes. Students must maintain academic progress to maintain their financial aid.