



Finding Financial Aid



 **StudentLoanNetwork[®]**

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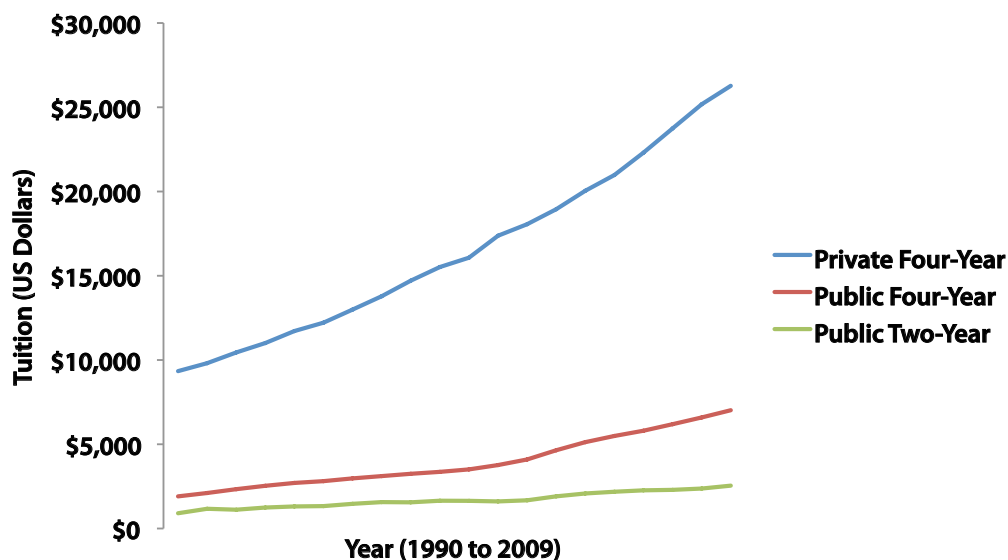
The Cost of College

It is no secret that the cost of a college education is skyrocketing; tuition is rising at a rate of 4-7% annually (see table below). This does not include the cost of room & board, meal plan, academic fees, computers, books, and a myriad of other small expenses that a student discovers while in school. It has become more important than ever to plan your finances and have a solid portfolio of funding resources in order to cover the cost of college in a way that is manageable and affordable to repay after graduation.

**“When bright young minds can’t afford college,
America pays the price.”**

- Arthur Ashe

The most challenging part of the college process for most students and their families is **finding** financial aid resources and understanding how they all fit together to form a complete financial aid package. This guide is designed to illuminate some of the finer details, and give you a plan of action to stay organized and maximize your chance of getting the best possible financial aid package for your education.



Data Source: CollegeBoard Trends in College Pricing Report, 2009

How to Pay for College

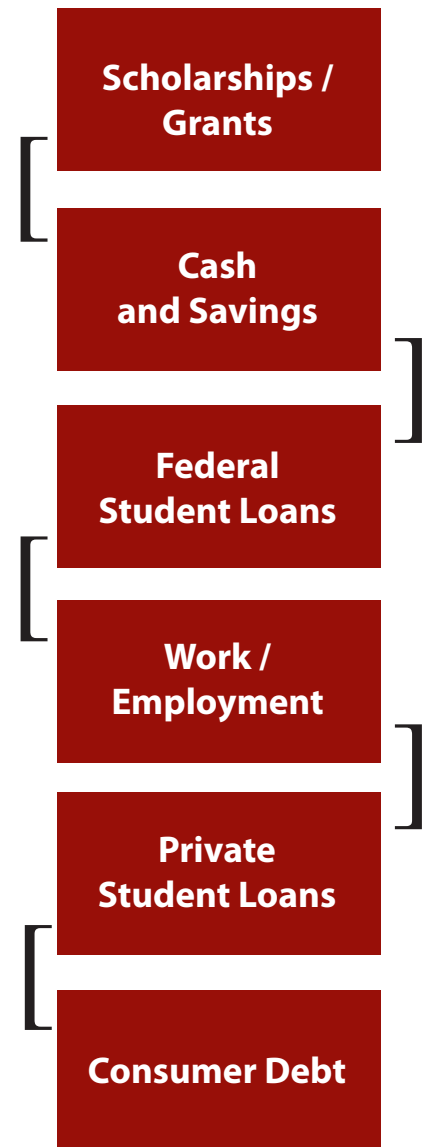
There are many different forms of financial aid. However, not all resources are equal; some are far more expensive in the long term than others. On the right, you can see what is considered the best order of resources to pay for college, from least to highest negative impact on long-term personal finances.

Scholarships and grants are free money; money you do not have to pay back. They are the best gifts you can ever get toward paying for education expenses, and can be awarded as early as 4th grade for children. As far as finding scholarships, there are a variety of online tools available to make the process a little easier (some even without the need to write essays!) One excellent resource for scholarships is www.StudentScholarshipSearch.com. On SSS, you can find and apply for a vast variety of different scholarships with rewards that go well into the thousands of dollars.

In addition, www.ScholarshipPoints.com is a unique scholarship website where students participate in online activities that can be saved and redeemed to enter one of their many revolving scholarship contests.

Cash and savings, money you have put aside over the years, are your second best resource for making college affordable. While this money is out of pocket, it is money you don't need to pay interest on -- that means less debt in the future.

Federal student loans, such as the Stafford loan



at www.StaffordLoan.com and PLUS Loan at www.ParentPLUSLoan.com, offer generous repayment terms and fixed/low interest rates on borrowed money. Federal student loans are an excellent lending choice to students and families with demonstrated financial need.

To receive a federal loan or grant, a student must file a Free Application for Federal Student Aid (FAFSA) prior to the start of their academic year. Most schools require this information to be submitted before March for the upcoming Fall semester -- contact your college's financial aid office for a list of deadlines that are specific to your school. Although most federal aid is awarded based on financial need, other loans (such as the unsubsidized Stafford loan and Parent PLUS Loan) are also available to help finance students' higher education costs. Note that the Parent PLUS loan, much like a private student loan, requires a credit check for approval.

Working during college, in moderate amounts, is a great option for helping to pay for college, as long as employment doesn't interfere or impact your studies. Working too much in college can also potentially disqualify you for some financial aid, due to increased income that would appear on the next year's FAFSA filing. In addition, student employment is also possible through the federal work-study program; your eligibility for this is based off of your FAFSA and awards are granted to students with demonstrated financial need.

Private student loans, such as what you can find at the loan comparison tool at www.PrivateStudentLoans.com, are a flexible and versatile option for bridging the gap between what federal financial aid covers and the total cost of attendance. Private student loans are especially useful if you have external expenses like rent for off-campus housing, need to buy a new computer, and other non-mandatory costs. Unlike most federal loans, these require a credit check and thus most students need a cosigner to get one. They also have variable interest rates and require more thorough research by the borrower(s). Check out this link for a [repayment calculator](#) to help plan future payments.

Consumer debt, such as credit cards, home equity loans, and personal loans are the least desirable method for paying for school. They require leveraging an asset in the case of remortgaging, paying very high interest rates in the case of credit cards, and other unpleasanties that generally can be avoided with other forms of funding. Consumer debt should be considered a last resort.

Strategies for Saving

In addition to financial aid, there are ways to reduce the cost of college up front. In any given year, millions of college students graduate with a degree, and as such, the college degree has become something of a commodity rather than a rare achievement. With commodity status comes commodity value - why pay \$50,000 for a degree that is functionally similar to a \$20,000 degree?

Here are several strategies to reduce the cost of college up front:



The 2-4 Shuffle. Complete the first two years of a four-year degree at a public university or community college. Doing so gets mandatory prerequisites out of the way at a lower cost, and then allows you to move on to a college or university that specializes in the field you want to study in depth.

Take Advanced Placement. If you are in high school, the added challenge of AP courses pays off with college course credits. If you score well on an AP exam (usually a 4 or 5, sometimes 3 depending on the school), you may be able to test out of a class. Many colleges bill in terms of credits or credit hours taken, with a range between \$80/credit hour up to \$700/credit hour and beyond. If your AP score nets you a full college course, you can literally save thousands of dollars.

Test out with CLEP. The College Level Examination Program from CollegeBoard lets you test out of over 30 introductory subjects at relatively low cost. As long as your college accepts CLEP exam results and you score high enough, you can save on credit hours.

Go to a less expensive school. Compare the costs of a public school versus a private school, a community college versus a public school, and even the cost of an online degree versus a brick & mortar college. Be sure to compare cost per credit hour and total cost of education so you get a true apples-to-apples comparison.

Final Notes

The most important thing to remember when thinking about how to pay for college is that you are going for a *reason*. It **will** feel overwhelming at times to think about how much education costs, but the value that you take away from going to college and interacting with people from different backgrounds and different points of view is absolutely priceless. It will show you new ways to think, focus and hone your skills, give you knowledge to excel in the real world, and lay the foundation for a fulfilling adult life.

Every day there are people that say, “Oh, college isn’t what it used to be.” Well, we implore you to consider what life would be like if you never went to school. Unless you are the sort to actively seek out new things and constantly have your head in [non-fiction] books, you probably will never get the level of depth and variety of learning experiences that you would in a college atmosphere.

That being said, if you follow our guide towards applying to as many scholarships as possible, saving as much money beforehand as you can, and taking advantage of the federal student loan program, you will save yourself thousands of dollars in the long run, and pay much less for school than your peers. It **IS** possible to earn a degree without going into massive debt, it is just a matter of knowing your resources, having a plan, and living in moderation.

Thank you for taking the time to read this e-Book. We invite you to explore our website, and hope you take the time to discover all the excellent information, tools, scintillating blog posts, and dialogue in our forums that are all available to serve as resources on your journey through higher education.

Best regards,

The StudentLoanNetwork Team