

Worksheet 1 – Financial Aid Myths

Financial Aid Myths

Don't Believe Everything You Hear

Literally billions of dollars in financial aid is available to those who need help paying for college. Yet lots of misinformation cloud the facts about what type of aid is available and who is eligible. Here are some myths dispelled for students confronting the process of securing financial aid.

College Is Just Too Expensive for Our Family

Despite the media hype about rising college costs, a college education is more affordable than most people think, especially when you consider college graduates earn an average of \$1 million more over their careers than high-school graduates. The average yearly cost of a four-year public school in 2006-07 is just \$5,836. There are some expensive schools, but high tuition is not a requirement for a good education.

There's Less Aid Available Than There Used to Be

In fact, student financial aid in 2005-06 rose to a record level of more than \$134 billion. Most students receive some form of aid. Less of this aid now comes in the form of grants, however; most aid is awarded through low-interest loans or institutional loans and other grants. You should consider carefully the financial packages you will be offered by each college to determine which makes the most financial sense.

My Parents' Income Is Too High to Qualify for Aid

Aid is intended to make a college education available for students of families in many financial situations. College financial aid administrators often take into account not only income, but also other family members in college, home mortgage costs, and other factors. Aid is awarded to many families with incomes they thought would disqualify them.

My Parents Saved for College, So We Won't Qualify for Aid

Saving for college is always a good idea. Since most financial aid comes in the form of loans, the aid you are likely to receive will need to be repaid. Tucking away money could mean you have fewer loans to repay, and it won't mean you're not eligible for aid if you need it. A family's share of college costs is calculated based mostly on income, not assets such as savings.

I'm not a Straight A Student, So I Won't Get Aid

It's true that many scholarships reward merit, but the vast majority of federal aid is based on financial need and does not even consider grades.

If I Apply for a Loan, I Have to Take It

Families are not obligated to accept a low-interest loan if it is awarded to them. "In my opinion, everybody should apply for financial aid," says Tally Hart, director of student financial aid at Ohio State University. "Student loans are at an all-time low interest rate." She recommends applying and comparing the loan awards with other debt instruments and assets to determine the best financial deal.

Working Will Hurt My Academic Success

Students who attempt to juggle full-time work and full-time studies do struggle. But research shows that students who work a moderate amount often do better academically. Securing an on-campus job related to career goals is a good way for you to help pay college costs, get experience, and create new ties with the university.

I Should Live at Home to Cut Costs

It's wise to study every avenue for reducing college costs, but living at home may not be the best way. Be sure to consider commuting and parking costs when you do this calculation. Living on campus may create more opportunities for work and other benefits.

Private Schools Are Out of Reach for My Family

Experts recommend deferring cost considerations until late in the college-selection process. Most important is finding a school that meets your academic, career, and personal needs. In fact, you might have a better chance of receiving aid from a private school. Private colleges often offer more financial aid to attract students from every income level. Higher college expenses also mean a better chance of demonstrating financial need.

Millions of Dollars in Scholarships Go Unused Every Year

Professional scholarship search services often tout this statistic. In fact, most unclaimed money is slated for a few eligible candidates, such as employees of a specific corporation or members of a certain organization. Most financial aid comes from the federal government, though it's also a good idea to research nonfederal sources of aid.

My Folks Will Have to Sell Their House to Pay for College

Home value is not considered in calculations for federal financial aid. Colleges may take home equity into account when determining how much you are expected to contribute to college costs, but income is a far greater factor in this determination. No college will expect your parents to sell their house to pay for your education.

We Can Negotiate a Better Deal

Many colleges will be sensitive to a family's specific financial situation, especially if certain nondiscretionary costs, such as unusually high medical bills, have been overlooked. But most colleges adhere to specific financial aid-award guidelines and will not adjust an award for a family that feels it got a better deal at another school. "We won't bargain, but we want to make sure we know the family's full financial picture," says Tally Hart, director of student financial aid at Ohio State University.

Worksheet 2 – Three Main Types of Financial Aid

Three Main Types of Financial Aid

Financial aid is any type of assistance used to pay college costs that is based on financial need.

Grants and Scholarships

Also called gift aid, grants don't have to be repaid and you don't need to work to earn them. Grant aid comes from federal and state governments and from individual colleges. Scholarships are usually awarded based on merit.

Loans

Most financial aid comes in the form of loans, aid that must be repaid. Most loans that are awarded based on financial need are low-interest loans sponsored by the federal government. These loans are subsidized by the government so no interest accrues until you begin repayment after you graduate.

Work

Student employment and work-study aid helps students pay for education costs such as books, supplies, and personal expenses. Work-study is a federal program, which provides students with part-time employment to help meet their financial needs and gives them work experience while serving their campuses and surrounding communities.

College Tuition Payment Plans

Spread Out Your Payments

After you've selected a college, you'll receive a student bill that lists your costs. Gift and self-help aid will be subtracted from the total, leaving an amount for you to pay.

The College Will Have Various Payment Options

Choose the plan that best fits your needs. For example, find out whether the college offers a deferred payment plan. You can use this option if you feel you'll have trouble meeting the cost of an entire semester.

Some colleges offer creative financing plans, such as prepayment of four years' tuition or paying on a monthly basis. Monthly plans usually give you the most time to pay. If the college charges a fee for its extended payment plan, weigh the extra cost against what you would earn by holding onto your money for a longer period of time.

If Your College Doesn't Offer a Monthly Option

If such a monthly option isn't available, ask for a recommendation for a commercial plan. For example, Academic Management Services offers a monthly payment plan at a reasonable cost.

Be Prepared for Non-Billable Costs

Non-billable costs are college expenses on top of the amount you're billed. Be prepared to pay directly for books and supplies, personal items, and travel. Plus, if you don't live and eat on-campus, you'll have to handle those costs separately.

Worksheet 3 – Untraditional Ways of Financing a College Education

Serve in AmeriCorps

AmeriCorps is a domestic service organization in which thousands of young men and women are working in community service projects around the country in exchange for a living allowance averaging \$7,500 per year; health care; child care when needed; and an education award of \$4,725 per year for paying back a student loan or for financing postsecondary education. Under some circumstances a person can serve part time and receive an education award of \$2,362 per year.

AmeriCorps projects serve communities throughout the country. All meet at least one of four national priorities: (1) education; (2) public safety; (3) human needs; and (4) the environment. For example, AmeriCorps members teach state-of-the-art computer skills to teenagers, tutor grade-school children in basic reading, or organize innovative after-school programs in some of the education projects. AmeriCorps members in environmental projects clean up urban streams and inland waterways, monitor dangerous trends in air quality, or test-start city-wide recycling programs.

There are many different points in a person's educational career when participation in AmeriCorps is an option: right after high school; during or after college; and during or after graduate school or occupational training. AmeriCorps members are recruited locally and nationally. To find out more about AmeriCorps, call the AmeriCorps Hotline free of charge at 1-800-94-ACORPS (1-800-942-2677) or TDD 1-800-833-3722. You may also visit the AmeriCorps web site at: www.americorps.org.

Take Advanced Placement (AP) Courses and Exams in High School

As discussed in an earlier section of this book, many high schools offer Advanced Placement (AP) courses and exams. AP courses are college-level courses that help students prepare for college-level work. After taking AP courses, students can take AP exams offered in the same subjects as the AP courses. If students score a grade of 3 or higher on an AP exam, they can often receive college credit. Students with high grades on AP exams in many different subjects are sometimes granted a full year of course credit at the colleges where they enroll. The receipt of course credit can result in savings in college costs. These savings can be quite large if it means that a student is able to enter into a college as a second-year student; such a student might save the cost of tuition and fees for a whole year of college.

However, not all colleges and universities give college credit for a grade of 3 or higher on an AP exam. Contact your child's high school to find out if AP courses and exams are offered. Write to the admissions office of the colleges that are of interest to your child to find out if they give credit for an AP exam grade of 3 or higher. For more information on AP courses and exams, see the address and phone number in the [last section of this guide](#).

Participate in a Career-Focused Educational Program such as "Tech-Prep" or "School-to-Career"

As discussed earlier, some high schools offer career-focused educational programs that provide students with a set of high school courses that are formally linked to courses offered at local community or technical colleges. These "tech-prep" or "school-to-career" programs, as they are often called, offer students the opportunity to go through a sequence of career-focused courses in high school that prepares them for an apprenticeship program or for a specialized sequence of college courses in a particular occupational field. Thus, students who master certain technical and occupational skills and knowledge in high school do not need to repeat the same courses when they enter college or an apprenticeship.

In some of these programs, students who take the specialized sequence of courses in high school can sometimes be awarded college credit or advanced standing in the occupational program at the college level. This can save students time and money. It also means that students can gain access to more advanced college courses much earlier in their college careers. To find out if such career-focused programs exist in your community, ask your child's guidance counselor or teacher, or staff at a local college. To learn more about career-focused programs like tech-prep and school-to-career programs, contact the organizations listed in the [last section of this guide](#).

Enroll in a Two-Year College; Then Transfer to a Four-Year College

Local community colleges are usually the least expensive. In addition to charging low tuition, usually it is possible to save money by having the student live at home and commute to campus.

After completing an associate's degree or certificate in a two-year college, students often can transfer to a four-year college and work toward a bachelor's degree.

If your child chooses this route, he or she needs to take courses in the two-year college that will count toward a bachelor's degree. Certain community college courses may not be transferable to a four-year institution. Community college admissions officers can explain transfer terms and opportunities.

Work Part Time

Some students choose to work part time and attend college part time. If your child wishes to do this, he or she should make sure that work, classes, and time for studying do not conflict. Some institutions offer programs that enable students to combine work and classes. Although going to school part time is a good option for many students, it usually takes longer for part-time students to earn their degrees.

Take Advantage of Armed Forces Education Programs

All of the ways to get postsecondary educational training through the armed forces are shown in Chart 9 below. The armed forces offer educational programs during or after active duty. If your child prefers to work toward a college degree immediately after high school, attending one of the military academies or attending a civilian school and enrolling in the Reserve Officers Training Corps (ROTC) program are options. If your child wants to join the armed forces before attending college full time, he or she can attend college after military service by taking advantage of the Montgomery GI Bill or by obtaining college credit for some of the military training he or she will receive.

- **Military Academies**

Each branch of the military, with the exception of the Marine Corps, has its own academy -- a four-year college that offers a bachelor's degree and a commission in the military upon

graduation. The military academies are highly competitive and are tuition-free to students who are admitted. The three main military academies are:

1. U.S. Military Academy, located in West Point, New York;
2. U.S. Naval Academy, located in Annapolis, Maryland; and
3. U.S. Air Force Academy, located in Colorado Springs, Colorado.

- **Other Academies**

Two other academies operate on the same model as the military academies, with subsidized tuition in return for service. They are:

1. U.S. Coast Guard Academy, located in New London, Connecticut; and
2. U.S. Merchant Marine Academy, located in Kings Point, New York.

- **ROTC**

In the ROTC scholarship program, the military covers most of the cost of tuition, fees, and textbooks and also provides a monthly allowance. Scholarship recipients participate in summer training while in college and fulfill a service commitment after college.

- **The Montgomery GI Bill**

This bill provides financial support for people who wish to pursue a college education after serving in the military.

- **Other Ways To Get a College Education in the Armed Forces**

Most branches of the military offer some kind of tuition assistance program that enables members to take college courses at civilian colleges during their off-duty hours while on active duty. In addition, military training while on active duty can sometimes count toward college credit. All branches of the military offer training in various technical and vocational areas, and military enrollees can often obtain college credit for some of this training.

The National Guard and the Reserves offer the same kind of educational benefits as those available to people on Active Duty.

Local armed forces recruiting offices can provide detailed information about education opportunities through the military.