

## Determining Financial Fit

College costs have skyrocketed, and the cost of attendance at some universities hovers around \$80,000/year. It's essential to discuss costs, your family's budget, and the method(s) you will use to pay for college prior to building your college list/applying to colleges.

The cost of attendance can be found on most colleges' websites. Costs are usually categorized as either Direct or Indirect. Direct costs are those that are paid directly to the college, and include:

**Tuition:** Some colleges "freeze" tuition, meaning you pay the same tuition rate all four years. Most, however, increase tuition each year.

**Fees:** These costs can fluctuate from semester to semester, depending on the courses a student takes, annual increases, etc.

**Room and Board:** Some colleges require students to live on campus and purchase a meal plan for one or more years. Dorm costs can vary by style and location, and some schools offer varying meal plan sizes. Room and board might cost more or less when living off-campus, so it's wise to check area rent prices.

Indirect costs are those that are not paid to the college, and include:

**Additional Academic Costs:** Books, supplies, computer, etc. These vary each year.

**Transportation:** Will your student have a car/parking fees? Is the campus in walking distance to entertainment/medical facilities/stores? Transportation to and from home should be considered as well.

**Health Insurance:** Students can often stay on their parents' policies, but it's prudent to check whether out-of-state students will have to purchase a local policy. Most colleges offer health insurance through the school as well.

**Loan fees:** If you and/or your student will be taking an unsubsidized loan, fees and interest should be factored into annual costs.

**Miscellaneous expenses:** Entertainment is often a surprisingly large expense. Budgeting and setting expectations will help.

Understanding the cost of attendance is half of the equation. The other half is planning how to pay for this investment in your child's education. The main sources of funding to consider include:

**Out of pocket:** How much do parents and the student each expect to contribute each year? Common sources of funding include college savings plans, cash, and student earnings through a part-time job.

**Loans:** If you plan to take out loans to fund college, be sure to research the varied options, and determine who will have ultimate responsibility for repayment. Options include subsidized and unsubsidized loans, Parent Plus Loans, and private loans. Note that students can only take out a relatively small dollar amount in loans without a cosigner. For example, freshman can borrow up to \$5,500 in subsidized/unsubsidized loans.

**Need-based grants:** Depending on your family's financial situation, you may qualify for some need-based grants from colleges. Grants do not need to be repaid. These amounts can change each year depending on changes in your family's financial situation. Governmental need-based aid is also available in the form of Pell grants and Work-Study jobs for students with high financial need.

**Merit awards or gift aid (scholarships):** Some schools offer merit awards or gift aid that does not need to be repaid. Some merit awards are renewable for future school years and may have minimum GPA requirements to maintain.

**Outside scholarships:** Students can apply for numerous local, national, and special interest scholarships. Most outside scholarships are one-time awards and are not renewable, though there are some exceptions. If you are interested in more assistance with this process, we offer a Scholarship Search and Guidance Package that assists families with the development of a curated list of 60+ potential scholarship opportunities, customized to each student. Contact us for more information.



# College Search & Selection

While building a college list with your student, keep in mind that some colleges with high “sticker prices” can be generous with merit/gift aid and/or need-based aid, which may allow you to include them in your list of feasible possibilities from a financial standpoint. Note that while highly selective colleges often offer no or minimal merit/gift aid (because everyone accepted student would qualify), these schools are often particularly generous with need-based aid.