

Navigating education financing: rules of the road

Financial Aid 101: a quick review

Understanding the ins and outs of financial aid and college costs can be, well, confusing! Here's the lowdown: What you and your family will be *expected* to pay for college is determined by a financial "need" calculation of your family's finances. So financial aid amounts will vary according to a college's costs and your financial situation. Students may also be eligible for merit aid awarded for academic achievement, artistic ability, community service, residency, athletics, and other criteria. Added together, these *need-based* and *merit-based* awards make up the *total financial aid* award.

Funding help isn't just for traditional "college": **financial aid can be used for many types of education after high school.** Check with VSAC for more information on certificate and other training programs.

Compare routes to get where you want to go.

As schools accept you for admission, they'll notify you as to what types of financial aid they can offer you, outlined in a "financial aid award package." Each package will be different; you'll need to compare them carefully to identify the one that fits your needs and your family's situation.

KNOW THE LINGO

Financial aid may come from a variety of sources, such as state and federal governments, the college itself, and private organizations, and may be split between different types of aid:

- **grants:** awarded based on financial need; do not need to be repaid
- **scholarships:** awarded competitively (merit- and/or need-based); do not need to be repaid
- **work-study:** campus-based job earnings
- **education loans:** borrowed money that must be repaid with interest
- **benefits for special circumstances:** tuition benefits or loan repayment assistance available from an employer, from the military, or through community service

Visit www.vsac.org/financialaid.

Decipher the details.

Understand what each college is offering and what your actual college costs will be.

AWARD NOTIFICATIONS: READ THE FINE PRINT

- **Deadlines.** What are the response deadlines and deposit requirements?
- **Award amounts.** How much is offered as "gift aid" in **grants** and **scholarships**? How much is in **work-study** in **education loans**? What amount remains for your family to pay out of pocket or from additional loans?
- **Work-study requirements.** How much money is offered? How much time is required?
- **Loan structure.** How much is in *student* loans versus *parent* loans? Estimate future education borrowing needs. What will the monthly payment amounts be?
- **Payment plans.** Does the college offer an installment option for paying tuition? If so, are there fees or interest charges?

Be aware of what's down the road.

Are there any conditions and/or requirements for receiving "free" funds from scholarships and grants for which you're eligible? Is a work-study commitment realistic for your studies and activities? Will you need to get an extra part-time job to meet expenses? If loans will be used, be certain that you understand all terms and costs for the entire life of the loan before you sign. Go online for more info from www.vsac.org.

Say "**Yes**" to the award package only after you compare your *total award* to your *total cost of attendance* for that school. Estimate any out-of-pocket amounts (for travel, books, and personal expenses) as well as what — and how — you'll pay for tuition, room and board, and fees.

Roadside assistance: federal education loans

Your college may certify your family's eligibility for three types of federal education loans: the **Stafford loan for students**, the **PLUS loan for parents**, and — for students with exceptional financial need — the federal **Perkins loan**.

Use federal loans first.

Stafford loans are in the *student's* name. They have low interest rates and other favorable terms, and they don't require a credit check.



For federal education financing beyond the Stafford loan, there is the parent **PLUS** loan. Each PLUS loan is in *one parent's* name. It allows the parent to borrow up to the total cost of education, minus other aid and loans in the student's name. PLUS loans may be available even if that option is not listed on the award letter.

Look for VSAC's *No-Nonsense Guide to Education Loans*, available in late spring at www.vsac.org, for details about education loans for the 2010–2011 academic year.

Think twice about private education loans.

Exhaust all of your other options before considering private education loans. Private loans should be your last resort because they usually have higher fees and interest rates. (And don't even *think* about using a credit card to finance college costs!)

Visit www.vsac.org/collegeloans.

Maintenance check

Seniors, you're almost there! As you celebrate your college choice and look ahead, stay on track.

Follow up and keep on trucking!

Check that your deposit and acceptance arrived at the admissions office, and that your signed award notification letter was received. Finish the year strong: your college will want to see that final transcript! (Yes, schools

have been known to withdraw their offers to students with severe senioritis.)

Line up a summer job.

Colleges expect students to pitch in for expenses. Having a paycheck is good practice for managing your money, too — a skill you'll need next fall. Check out www.vsac.org/debtmanagement for helpful tools.

Mail, miles, and more.

If you've been using a high school e-mail account, switch to your college e-mail. Book air travel early for the best fares, contact your roommate, search for deals on used textbooks, fill out health forms, sign up for orientation and meal plans — and begin packing!

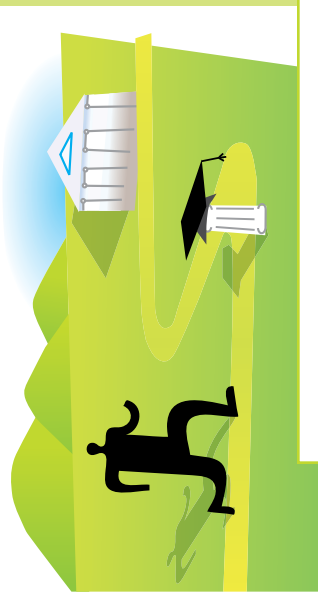
Stay in touch.

As your local, state-based nonprofit, VSAC's mission is to provide Vermonters with the information and resources they need to meet their education goals, wherever that path may lead. We're here to help you!

www.vsac.org

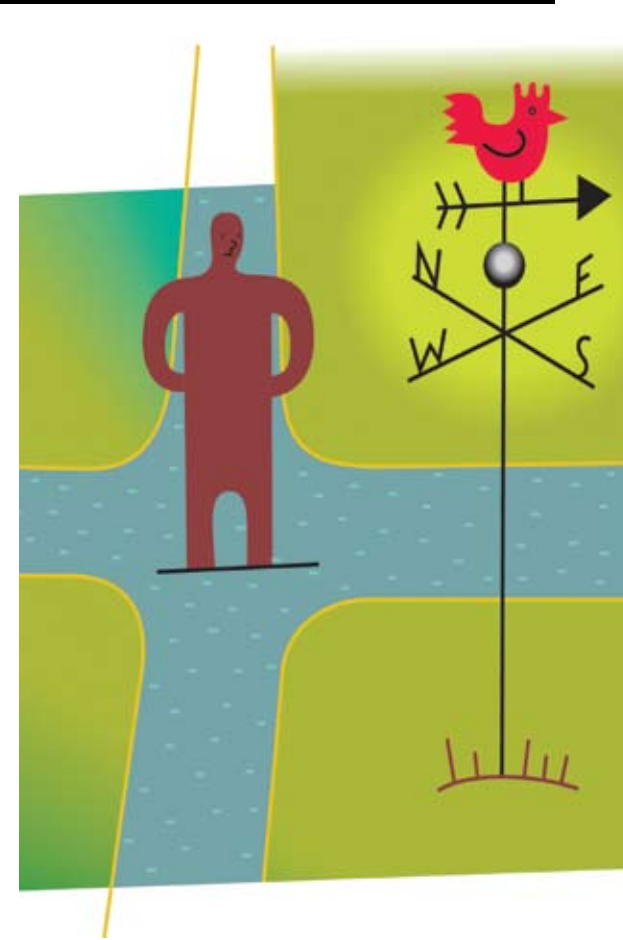


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workshops • grants • scholarships • loans

It's decision time!



Choose your direction.

www.vsacroadmaps.org

Comparing programs and costs? VSAC can help you understand the options ...



Congratulations! Your studying and hard work have paid off. As those college decisions arrive, you'll need to make your choice about which school or program to attend ... and your family will need to decide how to pay for education expenses. It's a lot to think about.

Luckily, you don't have to face the decision alone. For more than 45 years, the Vermont Student Assistance Corporation (VSAC) — your local, state-based nonprofit — has helped students and families navigate the "next steps" to achieving their education goals. As you sort through acceptance letters

Get the straight scoop on education funding from a partner you can trust.

and financial aid offers, we'll give you the guidance you need to understand financial aid, including:

- Vermont state **GRANTS**
- public and private **SCHOLARSHIPS**
- **EDUCATION LOANS** for students and parents

Your future is coming up fast. Are you ready?



... and fill in the funding gaps.

www.vsacroadmaps.org

Vermont Student Assistance Corporation
10 East Allen Street
Winooski, VT 05404

Senior Road Map

Spring 2010

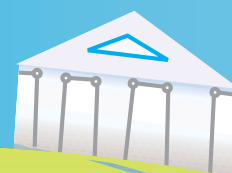
College choices (and costs) ahead.
Avoid roadblocks by preparing now.
Visit www.vsac.org.

Illustration © Doug Ross

Seniors: Choose your destination!



Your partner on the pathway to college



Congratulations! With financial aid and other arrangements complete, you can look forward to the year to come. VSAC's mission is to help Vermonters, like you, achieve their dreams of education beyond high school. Our goal is to make sure you have the information and resources you need to pursue *your* goals. **Stay in touch!**



Required maintenance due. Information may come to you, not your parents. Keep on the lookout for details about **work-study, orientation, class registration, housing, and roommates.** Make **travel arrangements** early and fill out **health forms** on time.

Land a summer job to earn money for college expenses. Every dollar helps!



Send AP exam scores and your final high school **transcript** to the college you will attend.



Fuel up to meet financing needs.

Your family is likely to use federal Stafford and PLUS loans to finance at least a portion of the college bill. **VSAC can explain the options and help you make the right choice for *your* situation.**



Taking a gap year? Let your college know your plans, and request deferred admission. Follow up on any requests for more information.



Most colleges require students to **select a school and place a deposit by May 1.** You may also need to **accept or decline awards.** Know what you are agreeing to before you sign!



Investigate **paying tuition in installments.** By spreading out payments, you may be able to reduce the amount you need to borrow. Expect the first bill in July or August.



Applicants for a **Vermont grant** should receive an answer from VSAC this month. Be sure to respond to any requests for additional information.



Avoid roadblocks. Ask colleges whether outside aid, such as **scholarships and grants,** will affect what the school is offering.



Keep an eye on the road ahead. Look for **admission decisions and award notifications.** Check with VSAC to **compare offers and understand financing options.**



Continue applying for local and national scholarships. Go to www.vsac.org/scholarships for details. Deadlines vary; submit on time!



Send signed copies of 2009 tax returns (for parents and student) to the financial aid offices as required. Check each college's deadline.



Enrolled in AP classes? **Register to take AP exams,** given in May. Go to <http://apcentral.collegeboard.com/ap/reg.html> for more information.

Stay in the fast lane for **financial aid:**

- **Complete the 2010–2011 FAFSA** (www.fafsa.ed.gov).
- **Check in with college financial aid offices.** Some colleges require the **CSS Profile** (<https://profileonline.collegeboard.com>).
- **Apply for a Vermont grant** at www.vsac.org.
- **Postmark applications and supporting documents for VSAC-assisted scholarships** by the **March 5** deadline.

You can get there from here.

www.vsacroadmaps.org

Comparing award notifications

Typically in mid-spring of your senior year in high school, you'll begin to receive financial aid award notifications from the colleges to which you have been accepted. Some schools will send your notification through the mail, while others will e-mail it to you. Each college will contact you with details regarding its individual award; therefore, notifications may look different than the one shown below. Compare the notifications carefully to determine the offer that best meets your needs. Make sure you understand all the obligations associated with each type of offer, and call the college's financial aid office if you have questions.

Use the blank columns of the worksheet on the other side to compare the financial aid awards from the various schools you're considering and to estimate the amount your family will pay. You can also use the award letter comparison tool on the VSAC Web site (www.vsac.org).

Federal *work-study* funds represent an employment opportunity. Be sure to check with your college to see when and how you receive your job placement.

Remember:

The best jobs go very quickly! Sign up promptly.

Watch carefully for the words *estimate* and *tentative*. These words indicate that the award hasn't been finalized and is likely to change when your application is complete.

For information about federal education loans, go to www.vsac.org.

SAMPLE
College Financial Aid Award Notification
2010-2011 Academic Year

Terry Student
Any Old Road
Hometown, VT 05555

111-11-1111
March 15, 2010

Dear Terry:

We are pleased to offer you the financial aid indicated below. Please accept or decline each award by circling the A or D after each award. Please sign, date, and return this notification within 10 days of the date of this letter.

Award:	Fall	Spring	Total	A	D
College grant	\$ 500	\$ 500	\$ 1,000	A	D
Federal Pell grant	1,900	1,900	3,800	A	D
Academic Competitiveness grant	375	375	750	A	D
Federal Supp. Ed. Opportunity grant	500	500	1,000	A	D
Federal work-study	750	750	1,500	A	D
Federal Perkins loan	500	500	1,000	A	D
Est. Vermont grant	2,750	2,750	5,500	A	D
Est. subsidized federal Stafford loan	1,750	1,750	3,500	A	D
Est. unsubsidized federal Stafford loan	1,000	1,000	2,000	A	D
Est. federal PLUS loan	<u>4,857</u>	<u>4,857</u>	<u>9,714</u>	A	D
	\$14,882	\$14,882	\$29,764		

I have read the enclosed information and I accept this award package as indicated above.

Signature: _____ Date: _____

Your college may require that you accept or decline your awards. Read instructions carefully.

Your *total award* may consist of grant, loan, and work-study funds. Be sure to read the fine print on your award notification and on any additional forms included with the notification. Identify which funds (if any) are gifts and which funds you'll be expected to repay.

Don't say "YES" to any college until you compare your award notification with the cost of attendance.

PLUS loans for parents of dependent students can help fill the difference between your cost of attendance and your financial aid award. Parents, not students, are obligated for repayment. PLUS loans may be available even if not listed on the award letter. Contact VSAC for information.

Award notifications may need to be *signed* and *dated* by the applicant. You may also have a deadline for returning the form. Follow all instructions!

Do I have enough money for college?

Below are examples of two typical budgets for a fictitious college-bound student named Terry. Use the blank columns of this worksheet to compare the financial aid awards from the various schools you're considering and to estimate the amount your family will pay. You can also use the award letter comparison tool on the VSAC Web site (www.vsac.org).

COLLEGE COSTS	Terry		You			
	College A	College B	1	2	3	4
Tuition and fees	\$18,350	\$14,200				
Room and board	8,650	6,560				
Books and supplies	1,100	1,000				
Transportation	1,800	1,500				
Personal expenses	1,500	1,800				
Total cost of college	\$31,400	\$25,060				
GRANTS & SCHOLARSHIPS (do not have to be repaid)						
Federal Pell grant	\$3,800	\$3,800				
Academic Competitiveness grant	750	750				
Federal SEOG	1,500	1,000				
Vermont Incentive grant	5,500	3,750				
College grant/scholarship	1,000	2,500				
Other grants/scholarships	1,000	0				
Total grants & scholarships	\$13,550	\$11,800				
EMPLOYMENT EARNINGS (for hours worked)						
Federal work-study	\$1,500	\$1,000				
Other employment	0	0				
Total potential earnings	\$1,500	\$1,000				
LOANS IN THE STUDENTS NAME (must be repaid)						
Subsidized federal Stafford	\$3,500	\$3,500				
Unsubsidized federal Stafford	2,000	2,000				
Federal Perkins	1,000	0				
Other loans from your school	0	0				
Total loans	\$6,500	\$5,500				
TOTAL FINANCIAL AID	\$21,550	\$18,300				
TOTAL COST OF COLLEGE	\$31,400	\$25,060				
– TOTAL FINANCIAL AID	\$21,550	\$18,300				
= ESTIMATED OUT-OF-POCKET AMOUNT YOU'LL HAVE TO PAY	\$9,850	\$6,760				

Take a look at the final amount you'll have to pay. Most families don't have this amount readily available, so they meet it through federal parent PLUS loans, tuition payment plans, or private loans. Many colleges will include a parent PLUS loan in the award letter. Even if it isn't in the award letter, the parent PLUS may be an option for your family. Contact VSAC for information.