

# Going to College without Going Broke

## *Use a Variety of Ways to Pay for College*

- Financial Aid (includes grants, scholarships, employment, loans)
- Savings (student and parent)
- Current income (student and parent)
- Tax Benefits

## *Financial Aid Basics*

Complete the Free Application for Federal Student Aid (FAFSA) at [FAFSA.gov](http://FAFSA.gov). Apply as soon after January 1 as possible. Meet your school's deadline. You have to apply for financial aid each year. You must maintain satisfactory academic progress in your program of study to continue to receive financial aid.

Sign your FAFSA electronically with your Personal Identification Number (PIN). Apply at [PIN.ed.gov](http://PIN.ed.gov).

FAFSA asks about items that impact financial aid eligibility including:

- Parent and student income (taxable and untaxed)
- Parent and student assets
- Number in family and number of family members in college

Result of FAFSA is the Expected Family Contribution (parent contribution plus student contribution).

Gift Aid – grants and scholarships that do not have to be repaid

Self Help Aid – employment and loans that must be earned or repaid

Merit Aid – based on academics, special talent, etc.

Need-Based Aid – based on family financial circumstances

Institution's Cost of Attendance includes tuition, fees, room, board, books and supplies, transportation, personal and miscellaneous expenses and loan fees.

Basic financial aid formula:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution} \\ \hline = \text{Eligibility for Need-Based Financial Aid} \end{array}$$

Note that Expected Family Contribution remains the same, regardless of the college or university attended.

When looking at financial aid offers (sometimes referred to as financial aid packages) consider:

- How much of the aid is grant and scholarship?
- How much do we have to pay after subtracting grants and scholarships from the cost?
- How will we cover that remaining cost? From our savings – or current income – or will we have to borrow against future earnings?
- Are these grants and scholarships renewable and under what conditions?
- Are there part-time employment opportunities on campus?

Apply for scholarships. Check with school counselor, organizations you belong to, employers, etc. about scholarships and other funding assistance.

NEVER pay for scholarship information. You can find out about scholarships and other types of financial aid for free. Check out information at [CFNC.org](http://CFNC.org).



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### ***Loan Notes***

- Borrow **only** what you **need**
- Loans must be **repaid**
- Always exhaust your eligibility for federal loans before borrowing alternative or private loans.
- Check with your campus financial aid office for more information about loans. Campuses participate in different types of loan programs, so they are the best source of information.

When saving for college, consider 529 College Savings Plans and other educational savings options.

Consider what expenses you can use current income for – what items are already in your family’s budget that will continue (car expenses, for example) while the student is in college?

### ***Other Money-Saving Tips***

- Earn free college credit while in high school
- Explore lower cost educational options
- Explore economical living arrangements
- Buy used books and explore rental options
- Use public transportation and share rides
- Learn to cook
- Can you get a student discount (at retail stores and other businesses)?
- Can you get a discount as a result of your membership in other organizations?
- Read before you sign anything
- Keep copies of important documents

### ***Other Tips***

Contact the campus financial aid office if your circumstances change or you have circumstances not reflected on the FAFSA that impact your ability to meet educational expenses. Identify yourself in all correspondence and conversation but do NOT use your Social Security number as your identifier.

You may be eligible for tax education credits when filing your federal income tax. You may be able to deduct student loan interest payments on your federal income tax return. Refer to the IRS website and publications for the most up-to-date information.

Develop good financial habits – check out CFNC’s Financial Literacy 101 on-line course and tools.

Use CFNC’s Financial Aid Estimator to get information about eligibility for federal and state grants.

Use CFNC’s Smart Borrower Calculator to see how much student loan debt is manageable, based on your career goals.

### ***Resources***

Visit CFNC.org or call toll free 866-866-CFNC for more information about financial aid, the application process, college planning, career planning, and savings programs. More information on financial aid for college is also available at the federal government site, ED.gov.