

Financial Aid 101: North Carolina Outreach and Financial Aid

Davidson College-NCSEAA Counselor Workshops

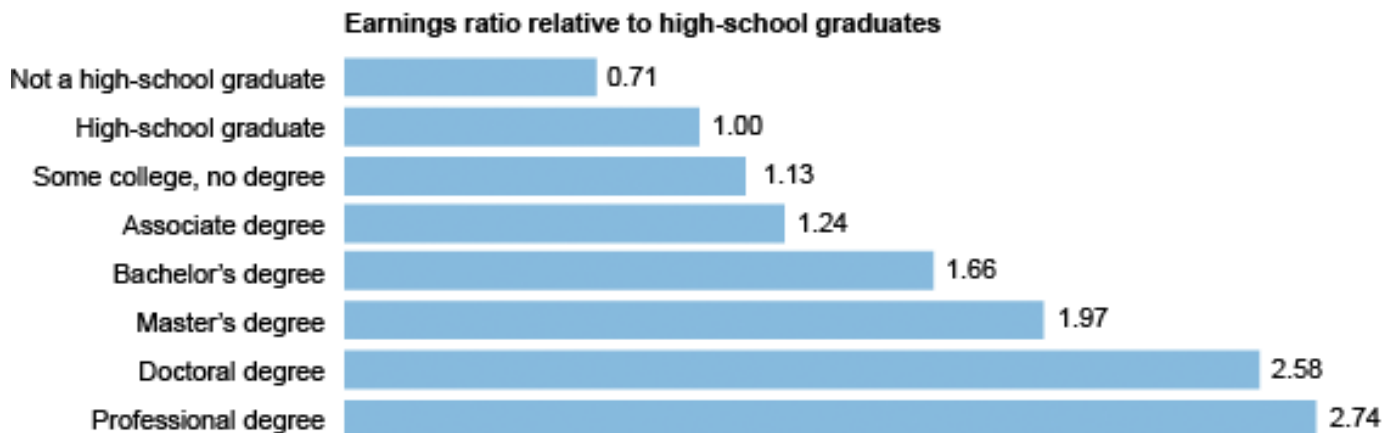
Fall 2010

College costs can be daunting ... but

- Consider the cost as an investment that pays rich dividends
 - Salaries
 - Health
 - Citizenship (voting)
 - Taxes (government gets back its investment!)

Higher Education Raises Earnings Ratio

The typical bachelor's-degree recipient can expect to earn about 66 percent more than a high-school graduate during a 40-year working life. The chart below shows expected earnings relative to those of a high-school graduate.



Source: College Board's "Education Pays 2010"

College costs can be daunting ... but

Costs do not have to be paid all at once

There are four ways to pay for this investment

- Saving in advance
- Paying from current income
- Borrowing – pay with future income
- Scholarships and Grants

Observations on the Four Ways to Pay

- It is less expensive to save than to borrow
 - Those who do not save have to borrow more
 - Current income can cut borrowing costs as well
 - Some level of sacrifice – at some point – will have to be made (sooner, now, or later)
 - Need-based aid is designed to provide the amount that the family and student cannot reasonably afford over time

Families can learn about ways to pay on CFNC.org

Most families use a combination of all saving, borrowing and current income to pay their share of college expenses.



Paying for College: Saving, Borrowing, or Current Income

To have \$50,000 for college expenses, the monthly expense for a family is approximately as follows:

	Save	Borrow	Income
Interest earned/paid	4%	6%	N/A
Number of years paid	12	10	4
Monthly payments	\$270	\$555	\$1,042
Total Payments	\$38,880	\$66,600	\$50,000

If the family saves for 18 years, monthly amount is \$160 and total paid is \$34,560

Saving for College - 529 Plans

- Save and pay for qualified higher education expenses
 - Your assets grow free of federal and state income taxes
 - Contributions may be deductible from state income (are in NC)
 - Qualified withdrawals free of federal & state income taxes
- Significant reductions in the taxable value of your estate
 - The money is not part of your estate after you give it away
 - Give up to \$13,000 annually without gift tax
 - Account for a single contribution of \$65,000 as separate \$13,000 gifts over five years (\$130,000 for married couple)
 - Still have control of your money, even after you give it away, by changing beneficiary and/or investment choices

Paying from Current Income

- Student work during school year and summer can defray a substantial portion of costs - \$5,000 or more
 - 10 hours a week during school at \$7.25 per hour will provide (before taxes) \$2,175
 - 40 hours a week in summer for 10 weeks will provide (before taxes) \$2,900
- Parental monthly allowance for personal expenses, transportation – an expense already in the family budget
- Monthly payment plans offered by the college
 - Divide total bill by 10 or 12
 - Make installment payments with no interest
 - Usually offer term life insurance on parent

Federally guaranteed loans with tax deductible interest

- Stafford Loans for students
 - Current interest rate for 2010-11 is fixed at
 - 4.5% (subsidized loan) (3.4% in 2011-12)
 - 6.8% (unsubsidized loan)
 - Dependent student can borrow \$5,500 freshman year
 - \$6,500 sophomore year, \$7,500 each for junior and senior years
 - Nearly all students can borrow

Federally guaranteed loans with tax deductible interest

- Federal PLUS Loans for parents
 - Current interest rate is fixed 7.9%
 - Borrow full cost of attendance minus other financial aid
 - No adverse credit history
- You may want to explore other alternatives in this interest environment, but be wary

Financial Aid is available in North Carolina!

- Net price is more important than sticker price
- We are organized around sector-specific programs as well as some statewide programs
- All of these and more can be found on CFNC.org

North Carolina offers substantial grants and scholarships for needy students

Major Need Based Grant Programs in North Carolina

1998-99 \$47 million

2009-10 \$296 million

629% increase over past eleven years!

State Aid at Non-Profit Private Colleges

- **NCLTG**
 - \$1,850 annually for 33,500 North Carolinians
 - Same basis as in-state tuition at public campuses
 - This goes to needy and non-needy students alike
- **State Contractual Scholarship Fund**
 - Campus based pool of money @ \$1,350 per FTE
 - Serves over 16,000 students annually
 - Campus decides recipients and amounts for needy North Carolina students, based on their packaging policy (within state regulations)

Education Lottery Scholarship

- **\$40 million for 2010-11 – 30,500 recipients**
- Available at UNC, Non-Profit Private, Community Colleges, Nursing Colleges, and Mid-Atlantic Christian University
- All students need to do is file FAFSA and list an eligible NC campus
- Uses “foundation” concept –
 - EFC under \$5,000 – combined with Pell will give foundation of no less than \$3,400
 - Does not have impact on UNC NBG or NCLTG or SCSF – students are to get more money, not have aid supplanted



Education Lottery Scholarship

- Goal is to give needy NC residents minimum grants of \$3,400
 - If Pell is \$1,900, Education Lottery Scholarship is \$1,500
 - If Pell is \$800, Education Lottery Scholarship is \$2,600
 - If Pell is greater than or equal to \$3,400, then no state funds are needed to build the promised foundation
 - So, every eligible student whose family can afford \$5,000 or less will receive grants of at least \$3,400 (from Pell, from state lottery, or a combination of the two)
 - Enroll in at least 6 credit hours

State Aid at 16 UNC Campuses

- **UNC Need Based Grant**
 - Centrally processed based on FAFSA data
 - Automatic consideration
 - Ranges from \$200 to \$3800
 - Uses its own formula to look at income and (secondarily) at assets if significant
 - Better than federal formula in treatment of parent and student income and assets
- \$162 million expected for 2010-11 for 60,000 North Carolina students
- **Other state need based aid distributed by campuses**

North Carolina Community College Grant

- Combines with federal Pell Grants to put a “foundation” under students
- Currently that foundation is \$4,200 for anyone who has federal EFC under \$5,000
- Works in tandem with the Education Lottery Scholarship.



NC Community College Grant

For 2010-2011, students in community colleges receive at least \$4,200 using Pell, Community College Grant and Education Lottery Scholarship

Examples

	<i>Student A</i>	<i>Student B</i>	<i>Student C</i>
<i>EFC</i>	1400	3500	5000
<i>Pell</i>	4,200	2,100	600
<i>ELS</i>	0	1,300	800
<i>CC Grant</i>	<u>0</u>	<u>800</u>	<u>2,800</u>
<i>Total</i>	4,200	4,200	4,200



North Carolina Student Incentive Grant (NCSIG)

- College Foundation (CFI) administers program for SEAA
- Provides grants to students with exceptional need
- Application process
 - Complete and file FAFSA
 - Show NC as state of legal residence
 - List at least one NC college or university
 - File early! Funds usually exhausted before first of March
- Award amount currently \$700 per year for NC program

NC Reach (Child Welfare Postsecondary Support Program)

- Funding for college students who
 - Have aged out of NC public foster care or
 - Were adopted from foster care system after age twelve
- Eligibility requirements
 - Age 18 – 25
 - Enroll at public institutions, on at least half-time basis and pursue undergraduate degree, diploma, or certificate
- Program is designed to be combined with other aid and cover the full cost of attendance.
- Applications and additional information
 - www.ncreach.org

Consolidation of State Scholarships?

- Joint Select Committee on State-Funded Student Financial Aid is meeting currently
- Proposal to consolidate the UNC and Community College Grants and to incorporate their portion of lottery revenues as well
- Could take effect for the 2011-2012 academic year

Who gets scholarships?

- **All** North Carolina residents receive considerable subsidy at public and private campuses, through in-state tuition rates at UNC or through NC Legislative Tuition Grant at privates
- Generally at UNC campuses, need based aid goes to families with incomes below \$90,000.
- At private colleges the incomes can range considerably higher – to \$120,000 or more -- because of higher costs.
- Campuses also offer scholarships based on “merit” or other criteria. Hope but don’t plan.... on “merit”
- Access all North Carolina colleges via [www. CFNC.org](http://www.CFNC.org)
- Access out of state colleges via www.collegeboard.org

college bound?
don't get hooked
by misleading financial aid offers

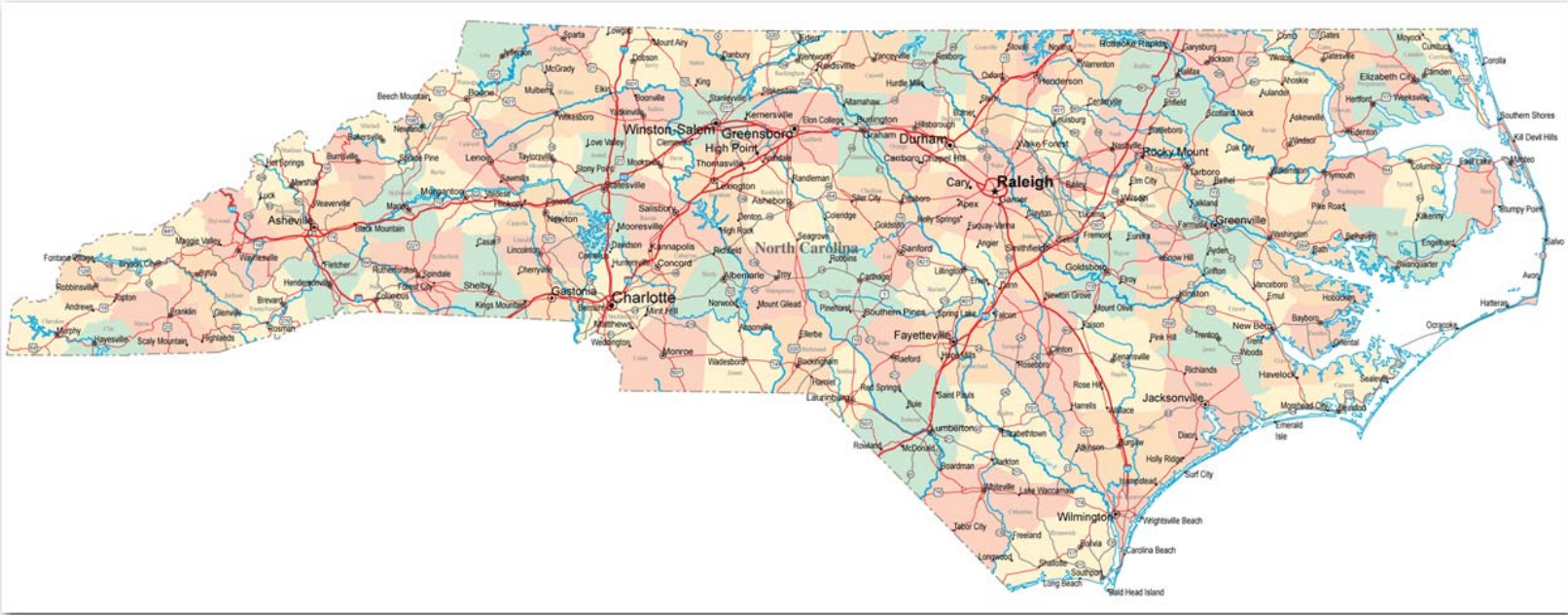


You should never have to pay:

- **for information** about financial aid
- **to apply** for federal financial aid (FAFSA)
- **to receive** financial aid

2011 FAFSA Day

- Saturday, February 19, 2011
- 9:00 a.m. to 12:00 p.m. at most locations
- Register at CFNC.org or call 866-866-CFNC



Resource on Paying for College in North Carolina

**CFNC Website –
<http://www.CFNC.org>**

visitors per day
11,000 +

student accounts

3 million +



A free resource for North Carolina students and families – Plan, Apply, and Pay for College!

My CFNC

Plan

Apply

Pay

Save (NC 529)

Access Your Account

Username:

Password:

[LOG IN](#)

[FORGOT YOUR USERNAME
OR PASSWORD?](#)

[CREATE MY CFNC ACCOUNT](#)

Useful tools for communicating with students and tracking their progress.



Student

Parent

Adult Learner

Military / Military Dependent

Education Professional

Account Holder

Check It Out

[Financial Aid Primer](#)

[eLearningNC.gov
Opportunities](#)

[My CFNC Story](#)

CFNC Events

[Webinars, Seminars, and
Training Classes on a Variety
of Subjects.](#)

[Learn More/Register...](#)

News & Notes

[College Board Study Praises
CFNC](#)

[CFNC Wins National 'Best
Practices' Award For](#)

Hot Topics



College Redirection Now Open

Not yet admitted for fall? Get connected with NC colleges and universities which still have open admission slots.



Explore Career Opportunities

Learn about the many different types of jobs that exist in the workplace.



Apply for State and Federal Aid

Education loans can be a big help in paying for college. Find loans that offer a low interest rate and a generous repayment period.

**Welcome to the
new CFNC.org**

[Watch a brief video to learn more
about the new look of CFNC.org](#)

Featured Resources

GEAR UP
North Carolina

North Carolina's
National College
Savings Program



My CFNC

Plan

Apply

Pay

Save (NC 529)

[To College](#) | [For Financial Aid](#)

Access Your Account

Username:

Password:

[LOG IN](#)

[FORGOT YOUR USERNAME
OR PASSWORD?](#)

[CREATE MY CFNC ACCOUNT](#)

It is never too early or too late
to plan your future, no matter
what your age.



Student

Parent

Adult Learner

Military / Military Dependent

Education Professional

Account Holder

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GEAR UP
North Carolina

North Carolina's
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Savings Program



Financial Literacy Education

It's never too early or too late to learn about personal finance. Use these interactive tools and calculators to try out financial scenarios to help you manage your money wisely.

Financial Literacy 101

CFNC's new interactive financial literacy course is designed to help both high school and college students make responsible choices about managing money.

This short course helps you make smart financial decisions to minimize overall debt - in college and in the future.

Learn to avoid the financial pitfalls that many adults fall into - overspending, misusing credit and not budgeting. Don't be that one in three college students who graduates with over \$10,000 in credit card debt!

CFNC works with the organization, Decision Partners, to make this course available on their site as a secure and integrated part of your CFNC experience.

[Students or Parents: Launch Course](#)

[Instructors: Launch Guide](#)

Other Tools

[Savings Calculator](#) - See how quickly your savings can grow.

[Budget Calculator](#) - Establish a budget and stick to it.

[Balance Your Checkbook](#) - Follow simple steps to do this online.

[Show Me the Future Game](#) - Designed to help 12-20 year olds consider the impact of future choices on personal finances.

Financial Aid FAQ (Frequently Asked Questions)

This is not only a list of the most frequently asked questions that we've heard about financial aid, but also a financial aid primer. We suggest that you read the questions in the order they are presented, but skip around if you prefer.

1. [What is student financial aid?](#)
2. [What is student financial aid based on?](#)
3. [What are college costs?](#)
4. [Who pays for college costs?](#)
5. [What about need-based grants, loans, and employment?](#)
6. [How do I apply for student financial aid?](#)
7. [Are there some tips for applying for student financial aid?](#)
8. [How is eligibility for need-based aid determined?](#)
9. [What are major sources of financial aid?](#)
10. [What is a "financial aid package?"](#)
11. [What if I have special circumstances or want more aid?](#)
12. [How do I compare financial aid packages from different colleges?](#)
13. [Is that all there is?](#)

[College is Important!](#)
[College is Affordable!](#)
[The Role of Financial Aid](#)
[Return to Paying for College](#)

1. What is student financial aid?

Financial aid is money from federal, state, and private institutions used to pay [college costs](#). There are two general types of aid: *gift aid* and *self-help aid*. Gift aid: The two types of gift aid are grants and scholarships. Generally grants and scholarships are the same thing - aid given to a student for which the student does not have to work or have an obligation to repay. Self-help aid: There are also two kinds of self-help aid, loans and employment.

- Loans - money used to pay current expenses with an obligation for repayment at some future time, usually with interest.
- Employment - part time campus or off-campus job.

Smart Borrower Calculator

What you want to do in the future determines how much education you'll need. When you finish your training or academic program, your job salary pays your bills, including any payments on student loans that you may have taken out to help pay for your education.

That's why smart borrowing should consider your future career and how much to borrow at the same time. Student loans are usually the lowest-interest loans you'll find, but they still have to be paid back, with interest.

Whether you are just thinking about borrowing or already have, use our Smart Borrower Calculator to see how your potential career income will handle your student loan debt.

Your results will show up on the signal light below:



Red = Too Much Debt

Yellow = Manageable Debt

Green = Reasonable Debt

[Signal light results](#) consider salary ranges and percentage of debt.

To get started, let us know where you are in the college process:

- Planning to attend or presently enrolled in undergraduate school
- Planning to attend or presently enrolled in a graduate level program
- Graduated from or no longer enrolled in college

[Start the Calculator](#)

Financial Aid Estimator

Estimator Results

Your estimates have been created for each school you selected from our database. Listed below are your estimates of costs, State and Federal grant aid, and remaining expenses. Please note carefully all information in the Terms and Conditions below - these are NOT official aid offers. To view your results, choose the school, the course load you prefer and then click CALCULATE NOW!

School

Expected course load

[Calculate Now!](#) [Print](#)

Estimated Cost of Attendance at APPALACHIAN STATE UNIVERSITY			
<i>All students: Tuition and fees are direct costs of education, paid to the college. Books and supplies, room and board (meals), transportation, and personal expenses are estimates of reasonable costs and spending by a student during the school year. Your actual costs may vary from these estimates for any of the expense categories.</i>			
	On Campus	Off Campus	With Parents
Educational Costs			
Tuition & Fees	\$4,533	\$4,533	\$4,533
Books & Supplies	\$700	\$700	\$700
Living Expenses			
Room & Board	\$6,200	\$6,400	\$2,600
Transportation	\$1,100	\$1,700	\$1,700
Personal/Misc.	\$1,400	\$1,400	\$1,400
Total Estimated Cost	\$13,933	\$14,733	\$10,933
Estimated Grant and Scholarship Aid -			
from State and Federal Government Sources for Attendance at APPALACHIAN STATE UNIVERSITY			
<ul style="list-style-type: none"> • State and federal government scholarships and grants do not have to be paid back and provide a foundation to which other financial assistance may be added. • Only the major state and federal programs have been included in this estimate, and your financial aid office may have additional assistance for you. 			
Program	Estimated Annual Award		
North Carolina Education Lottery Scholarship (NC)	\$1,019		
University of North Carolina Need-Based Grant (NC)	\$1,934		
Federal Pell Grant	\$1,481		
Total Estimated State and Federal Grants/Scholarships	\$4,434		

Financial Aid Estimator 2

Ways to Pay Your Remaining Costs

Listed below are a number of ways to pay the costs of higher education beyond state and federal government grants and scholarships.

Aid from APPALACHIAN STATE UNIVERSITY: Be sure that you apply for financial aid by the deadlines and follow all requirements of the financial aid office. Your 'financial aid award' from this school will include federal and state aid that we have estimated above, if you are determined to be eligible by the aid office. Only the financial aid office can make your official offer of aid, which may include aid other than the programs estimated above. The additional aid may include scholarships and grants as well as employment and loans for your consideration.

Outside Scholarships: The grants/scholarships listed above are based on the data you provided. Search on CFNC for other programs that require separate applications. You should also see if you qualify for scholarships offered locally. *Our advice:* **national websites are another source of information about scholarships**, but the large number of students applying may decrease your chances of receiving funds. There are many sources of free information; **never pay to get information about scholarships!**

Work: By working while in college, even 10 hours a week, you will be able to pay some of your living expenses and potentially reduce the amount of money you borrow. Talk to the financial aid office about on and off campus jobs. *Our advice:* research indicates that some work is actually beneficial to students, so long as the hours worked are not too long. Finding a balance between work and studies is important. Loans, which after all represent a promise to repay by working in the future, may be a way to cut back on work hours in the present. For many students, working 10-15 hours weekly is manageable and can enhance studies. More hours may be a problem for many students.

Savings: If you still have time before you enroll in college, saving for college is always a good idea. Check out **North Carolina's National College Savings Program** for more information. *Our advice:* even small monthly savings payments, starting now and continuing throughout the college enrollment years, can grow through interest earnings and can help you avoid borrowing too much. You can save each month from now through college graduation and withdraw as needed for making semester payments.

Monthly payment plans: Some institutions offer monthly payment plans to help you divide the total amount remaining cost into more manageable amounts. Check with the institution if you are interested in using a monthly payment plan.

Educational Loans: Low-interest federal loans help many students and families pay for college, but you should borrow only the amount you need. Your eligibility for federal student loans will depend on you grade level in college, the cost of attendance and the other aid you receive. Your aid office will likely include a suggested borrowing level in your 'financial aid award'. *Our advice:* students who need to borrow should first look for federal loans, which offer fixed interest rates and longer repayment terms, before considering alternative/private loan programs. Learn more about **Stafford Loans** on CFNC.org and see why most North Carolina borrowers choose College Foundation, Inc. as their lender. In addition to Stafford Loans, parents of dependent students can borrow through the **College Foundation PLUS** loan program. The amount available to parents is based on the cost of attendance minus other aid received by the student, including loans.

Helpful Links

Resources/videos

Table of Contents

- [Helping You Plan](#)
- [Helping You Apply](#)
- **Helping You Pay**
- [CFNC Training Resources](#)
- [College Application Week](#)
- [College Compass](#)
- [Curriculum Materials](#)
- [Financial Literacy](#)
- [GEAR UP North Carolina](#)
- [Newsletter Articles for Schools and Civic Groups](#)
- [En Español](#)

Helping You Pay

[20 Things You Need to Know About College Financing - Form G 600](#)

[Consolidation Loans brochure - Form G 619](#)

[Don't Get Hooked Brochure - Form G 639](#)

[Don't Get Hooked Poster - Form G 638](#)

[Don't Get Scammed on Your Way to College! - Form G 637](#)

[Estimated Monthly Loan Payment Chart - Form G 628](#)

[EXTRA Education Loan - Form G 617](#)

[Financial Aid 101, A College Education is Affordable](#)

[Health and Nursing Programs in North Carolina - Form CFNC-NCSEAA 103-07](#)

[How Do I Pay for College? - Form G 604](#)

[NC 529 Plan](#)

[Private Student Loans: A Guide to Responsible Borrowing - Form G 647](#)

[Private Student Loans: Understanding the Cost of Borrowing - Form G 647a](#)

[Stafford and PLUS Loans Brochure - Form G 601](#)

[State Programs for Students Attending NC Community Colleges - Form G 635](#)

[State Programs for Students Attending NC Private Colleges - Form G 635a](#)

[State Programs for Students Attending UNC System Universities - Form G 635b](#)

[Student Financial Aid for North Carolinians – October 2007](#)

[Student Loans: Avoiding Deceptive Offers - Form CFNC-NCSEAA 101-07](#)

[Teaching Programs in North Carolina - Form CFNC-NCSEAA 101-07](#)

View Order



Thank you!

Questions and Comments?