

Tips on Paying for College



An investment in yourself

A college education is a good investment in your future.

Average Annual Earnings for People 25 and Older Based on Education Status

High school dropout, no degree	\$20,506
High school diploma or GED	\$27,384
Associate's degree (2-year college)	\$35,274
Bachelor's degree (4-year college)	\$46,435
Master's degree (4-year + 2-year or more)	\$55,445
Professional degree (4-year + 2-year or more)	\$85,857

Source: U.S. Census Bureau

Understand college costs

College costs vary widely. Direct costs are those you pay to the school (such as tuition, fees, room and board) and can differ depending on whether you choose a public or private, in-state or out-of-state, college or university. Indirect costs cover more discretionary expenses since they are not usually paid directly to the school. They include things like books, supplies, personal expenses, and transportation and may be similar wherever you go.

Don't let the cost of a school keep you from considering it. Financial aid is usually available if you need help. Get cost information on more than 100 North Carolina colleges and universities in the College Fair section at CFNC.org.

Consider all your options to pay for college

There are four main ways students and families usually pay for college:

- **Savings**, which may include a college savings plan, such as the NC 529 Plan.
- **Current income** from your family or your own earnings from a job or work-study. Work-study programs are available through some colleges and enable you to earn money for college while working part-time on campus or in the community.
- **Gift aid**, such as scholarships and grants. This money does not have to be repaid. Federal, state, college, and private programs are available. Contact CFNC for a full list of scholarships and grants just for North Carolina students.
- **Loans**, federal or private. This money must be paid back over time. Federal loans for education are lower-cost than private loans and should be considered first.

Some of the most frequently used federal loans available to help pay for college are Stafford Loans (for students) and PLUS Loans (for parents or for graduate/professional students).

CFNC.org

Helping you plan, apply, and pay for college

College
Foundation
of North Carolina

Plan ahead

Paying for college is a responsibility that usually the family, state, college or university, federal government, and private sources share. Your family will be responsible for paying as much of the cost as it has the ability to pay. The total amount of your share can vary by school, depending on the cost of the college you attend and other factors.

Whether you are several years away from college or about to start, get an idea of what your share of college costs might be by using the tools and calculators in the Paying for College section at CFNC.org.

Most financial aid (help paying for college) is need-based. Standard formulas, particularly from the Free Application for Federal Student Aid (FAFSA), are used to determine need. Using the student's and parents' financial information from the FAFSA helps determine the family's expected family contribution (EFC). To find the student's eligibility for need-based aid, the EFC is subtracted from the cost of attendance at a particular school. Available need-based aid is usually a combination of gift aid, loans, and work; sometimes it is offered in the form of loans and/or work only.

How is eligibility for need-based aid determined?

Standard formulas compute a parent's contribution and a student's contribution:

Parent's Contribution
+ Student's Contribution
= Expected Family Contribution
Cost of Attendance
- Expected Family Contribution
= Eligibility for Need-Based Funds

You don't have to pay to find financial aid for college.

Be careful of companies or individuals who charge to locate or "guarantee" scholarships for you. Talk to your school counselor, go to school-sponsored financial aid workshops, get help from CFNC, and check with college financial aid offices to get the information you need at no charge. There is plenty of free information available about the financial aid process and your aid options.

Planning Timeline

- As early as your sophomore year of high school, learn as much as you can about ways to pay for college. Start attending financial aid information sessions and looking at the Financial Aid Primer in the Paying for College section at CFNC.org.
- In your junior year, consider your outstanding abilities in areas such as academics, sports, drama, music, or debate—there may be merit scholarships available to you. If you are an athlete, talk with your coach about eligibility for college sports this year.
- Early in your senior year, ask your counselor about local scholarships, check with financial aid offices of the colleges you are considering, and get information on NC scholarship, grant, and loan programs at CFNC.org.
- Before the second semester of your senior year, get your electronic signature (called a PIN) at www.pin.ed.gov. Your PIN serves as your signature on the FAFSA and on federal loan applications. It will also provide you with access to your aid report. Keep a copy of your PIN in a secure place and do not share it with anyone.
- As soon after January 1 of your senior year as possible—and at least a month before the earliest financial aid deadlines for the colleges you are considering—fill out the FAFSA. This first step is important to receive any federal and most state and institutional financial aid. The FAFSA helps determine your expected family contribution for college, which schools then use as part of their financial aid review. Complete the FAFSA carefully, and be sure to include both student and parent signatures.

Find the version of the FAFSA you need in the Online Applications section at CFNC.org. Even if you think your family income is too high to qualify for aid, fill out the FAFSA anyway. You'll never really know unless you try!

Get help with the FAFSA

CFNC and North Carolina financial aid administrators are available to help high school seniors and their parents at a free, statewide FAFSA Day program held each year on a Saturday in February. Register online at CFNC.org or by calling 866-866-CFNC for the event most convenient for you.



Complete any institution-specific financial aid forms

Some colleges and universities require other aid forms in addition to the FAFSA, such as the PROFILE or individual scholarship applications. Make sure you fill out all forms required by the schools to which you are applying and meet all application deadlines in order to be considered for all possible financial resources.

Consider your financial aid package carefully

Once you are accepted to a college or university, if you have applied for financial aid, the school will use the information from your FAFSA to determine your eligibility for need-based aid. You will get an award letter stating the amount for which you are eligible and how the school expects to meet your financial need. Most award packages are a combination of grants, scholarships, loans, and/or work-study.

Apply for loans

Once you have considered the resources available to you from your personal income, savings, and aid package (grants, scholarships, work-study, and loans), you can decide the best way to handle your college costs. Certainly using as much “free money” as possible is always smart, because most grants and scholarships don’t have to be paid back. Then, if your next step is to borrow, apply for federal education loans first.

Federal loans include:

- **Stafford Loans**, either subsidized or unsubsidized. A subsidized loan is available to a student who demonstrates financial need; the federal government pays the interest on these loans under certain conditions. An unsubsidized loan is available to students regardless of financial need and you are responsible for paying all interest.
- **PLUS Loans**, for parents of dependent students or for graduate/professional students. PLUS Loan applicants must pass a credit check to be eligible. Some families use this loan to help meet their expected family contribution for college costs.

Apply for private, or alternative, loans only to fill in what you cannot get in grants, scholarships, or federal loans, because the terms and/or interest rates on private loans are generally more expensive. Whether you take out federal loans or private loans—or both—all loans have to be paid back, so borrow only what you really need.



Call CFNC or your college financial aid office with any questions

CFNC representatives are available to help you at the toll-free number 866-866-CFNC Monday through Thursday between 8:00 a.m. and 8:00 p.m. and Friday between 8:00 a.m. and 5:00 p.m. You can get information 24/7 at the CFNC website, CFNC.org.

CFNC.org 866.866.CFNC