CFNC COLLEGE *for* NORTH CAROLINA

How to Pay for College
Planning Framework

Paying for college can feel overwhelming for many students and families, but with a solid plan it can feel more manageable. There are 3 main ways to pay for college:

Family funds **Financial aid** **Gap funding**

Many students use a combination of sources. Building a plan can help you make decisions about which college is a good fit for you that also makes financial sense.

Step 1 Know your college's Cost of Attendance (COA)

The COA is the total estimated cost to attend a college for a year and includes tuition and fees, books, estimated housing, meals, transportation, and other personal expenses incurred during your time at college. Each college should provide you with their estimated COA on their award offer. This represents the total amount you are looking to cover from all sources of funds identified below.

Step 2 Family funds: What source of funds can you or your family contribute to paying for college?

There are 3 main sources of family funds:

- **Wages:** How much can you and/or your family contribute each month from wages towards college expenses?
- **Savings:** How much can you and/or your family contribute from savings and investments each year (e.g. savings accounts, NC 529 education savings plan, or investments)?
- **Gifts:** Are there gift funds available from extended family or friends?

Step 3 How much financial aid do you qualify for?

Financial aid is available at the federal, state, and college level. It is distributed based on financial need as determined by the Free Application for Federal Student Aid (FAFSA) as well as based on merit in recognition of specific talents like academics, music, or athletics. There are 3 main types of financial aid:

- **Scholarships/Grants:** This is "gift" aid, as it typically does not need to be paid back as long as you remain continuously enrolled in college and are making satisfactory academic progress. They can be offered as need-based to help with your financial need, or merit-based in recognition of a special talent.
- **Federal Work-Study:** This aid is earned through working a part-time job, typically on campus.
  Important Note: While you may qualify for Federal Work-Study, that money is not available until you get a qualifying job and begin to earn wages. So be careful about counting this in your aid until you have applied and been hired for a job at your college.
- **Loans:** Loans are funds that can be used to help cover the cost of college, but they do have to be paid back with interest. Only take out what you need.

Step 4 Gap funding

When there is a gap between total COA and what your family funds and financial aid will cover, it's time to start looking for gap funding. There are 3 main types of gap funding:

- **Scholarships** from sources outside of financial aid, like community foundations or civic organizations.
- **Employer benefits:** Some employers offer education benefits that can help reimburse you for education expenses.
- **Loans:** Funding that comes from private loans, such as through a bank, needs to be repaid with interest at a later date.

Step 5 Look to hidden sources of savings

Here are some additional sources of significant savings you should know about that could make college costs more manageable:

North Carolina offers several ways to save on the cost of college:

- **In-state tuition:** Choosing to go to an in-state college can save close to $20,000 annually* for a public 4-year degree vs. going out of state. That's nearly $80,000 in savings over 4 years!
- **NC Promise Tuition Plan:** There are 4 participating UNC System institutions that cap tuition at $500/semester for in-state students.
- **Earn college credit in high school:** Earn college credit for free while you are still in high school through dual enrollment, Advanced Placement (AP), and other types of early credit.
- **Forgivable Education Loans for Service (FELS):** For students who are admitted into programs of study for high demand fields such as education, nursing, allied health, or medicine, each year of loans are forgiven for each year of service in their field. Note these loans are typically not available until the student is admitted into the program, usually in their junior year.
- **Co-admissions and guaranteed transfer programs:** Start at a community college to earn your first 2 years of college credit where tuition is less than 4-year colleges before you transfer.
- **Need-based scholarships:** Complete the FAFSA to see if you qualify for the Next NC Scholarship or Need-Based Scholarship for Private College and University Students.

Federal education tax credits: The federal government offers 2 ways to save on education expenses by reducing the amount you will owe on your taxes. Check to see if you qualify for either of the following:

- **American Opportunity Tax Credit (AOTC)**
- **Lifetime Learning Credit (LLC)**

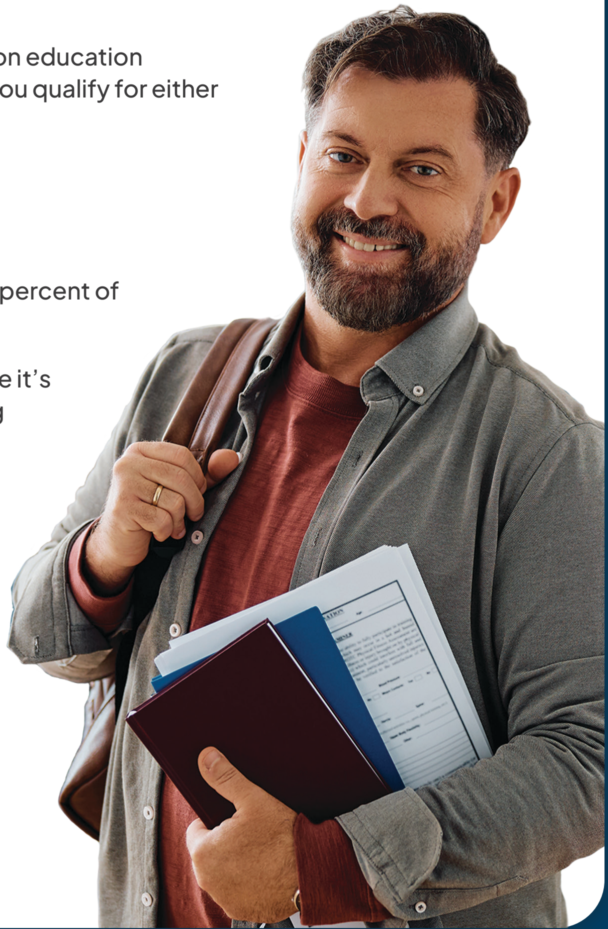
Be a wise consumer: Check out your college's graduation rate, average cost, percent of students who have student loan debt, and more at **CollegeScorecard.gov**.

Choose your major wisely: Some students change majors in college, and while it's common, it can be costly. A new major may require additional courses, leading to more time in college and higher expenses.

Earn college credit through exams: Just as high school students can earn college credit by taking AP courses and passing the exams, adults can also save by earning college credit for entry level courses through the College Board's College Level Examination Program (CLEP). For just the cost of the exam you can earn college credit, saving time and money.

Save even more by taking Modern States preparatory courses for free. Complete a course and earn a fee waiver that covers the cost of a CLEP exam so you can even take the exam for free!

NC Assist Loans: These loans don't charge fees and have a fixed rate, so you don't have to worry about increasing rates.



* College Board Trends in College Pricing 2025, page 10.