

# UNDERSTANDING FINANCIAL AID

**Breaking down the cost of college and maximizing your financial aid.**

Last Updated: March 2013

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# COMING UP: BREAKING DOWN THE COST OF COLLEGE

## Financial Aid:

- How much does college cost?
- What is financial aid?
- What is the net price of college?
- How do I afford the net price?
- Should I apply for the FAFSA?
- What do I need to fill out the FAFSA?
- What are some tips for applying to the FAFSA?
- What is my EFC and what does it mean?



## Student Loans:

- What are the differences between loan types?
- What are my Federal Loan Limits?
- How much is too much to borrow?



## Scholarships:

- Is applying for scholarships worth it?
- What are some good strategies to find scholarships?

# HOW MUCH DOES COLLEGE COST?

The “**Sticker Price**” of college is the total published cost of attendance.

<b>Tuition &amp; Fees</b>	<b>\$21,706</b>
<b>Room &amp; Board</b>	<b>\$9,205</b>
<b>Books &amp; Supplies</b>	<b>\$1,200</b>
<b>Transportation</b>	<b>\$1,100</b>
<b>Other</b>	<b>\$2,091</b>

**Average Cost of Four-Year Public Institution:**

**\$35,312**


“**Sticker Price**”

Source: College Board 2012 Trends in College Pricing Report

# WHAT IS FINANCIAL AID?

**Financial Aid** includes federal loans, grant aid, and institutional scholarships used to offset the cost of college:

- Federal Aid
  - Pell Grants
  - Perkins Loans
  - Stafford Loans
  - Other (Work-study, FSEOG, TEACH)
- State Aid
- Institution Grants & Scholarships



University of the United States (UUS)  
Student Name, Identifier

MM / DD / YYYY

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**Costs in the 2013-14 year**

<b>Estimated Cost of Attendance</b>		<b>\$ X,XXX / yr</b>
Tuition and fees	\$ X,XXX	
Housing and meals	X,XXX	
Books and supplies	X,XXX	
Transportation	X,XXX	
Other educational costs	X,XXX	

**Grants and scholarships to pay for college**

<b>Total Grants and Scholarships</b> (Gift Aid; no repayment needed)		<b>\$ X,XXX / yr</b>
Grants from your school	\$ X,XXX	
Federal Pell Grant	X,XXX	
Grants from your state	X,XXX	
Other scholarships you can use	X,XXX	

**What will you pay for college**

<b>Net Costs</b> <small>(Cost of attendance minus total grants and scholarships)</small>	<b>\$ X,XXX / yr</b>
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**Options to pay net costs**

<b>Work options</b>	
Work-Study (Federal, state, or institutional)	\$ X,XXX

**Loan options\***

Federal Perkins Loans	\$ X,XXX
Federal Direct Subsidized Loan	X,XXX
Federal Direct Unsubsidized Loan	X,XXX


\*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

**Other options**

<b>Family Contribution</b> <small>(As calculated by the institution using information reported on the FAFSA or to your institution)</small>		<b>\$ X,XXX / yr</b>
<ul style="list-style-type: none"> <li>• Payment plan offered by the institution</li> <li>• Parent PLUS Loan</li> </ul>	<ul style="list-style-type: none"> <li>• Military and/or National Service benefits</li> <li>• Non-Federal private education loan</li> </ul>	

**Graduation Rate**

Percentage of full-time students who graduate within 6 years



74%

LOW    MEDIUM    HIGH

**Loan Default Rate**

Percentage of borrowers entering repayment and defaulting on their loan

This Institution    National

**Median Borrowing**

Students at UUS typically borrow \$X,XXX in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$X,XXX per month. Your borrowing may be different.

\$

**Repaying your loans**

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to <http://studentaid.ed.gov/repay-loans/understandplans>

**For more information and next steps:**

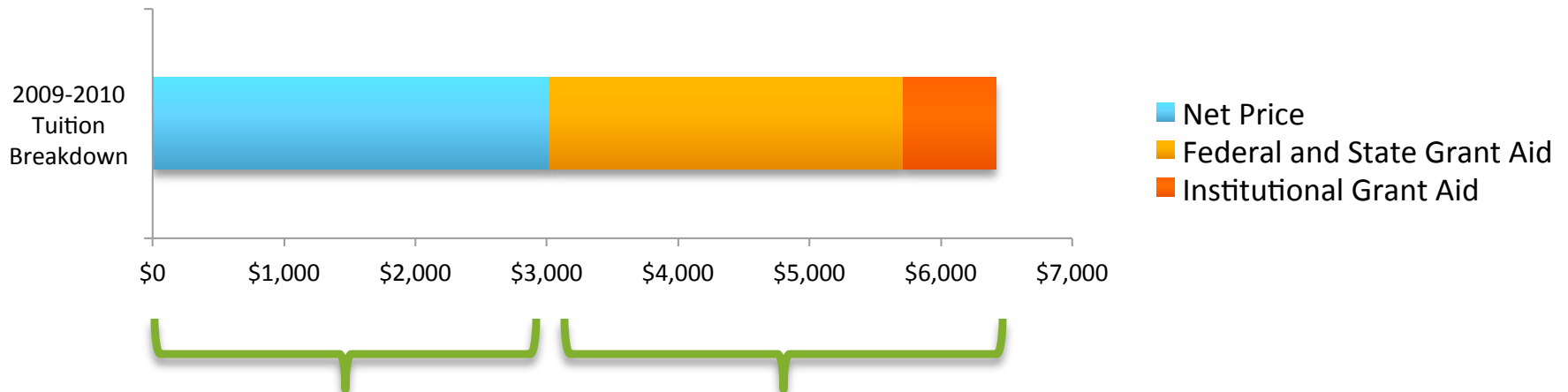
University of the United States (UUS)  
Financial Aid Office  
123 Main Street  
Anytown, ST 12345  
Telephone: (123) 456-7890  
E-mail: [financialaid@uus.edu](mailto:financialaid@uus.edu)

Customized information from UUS

Department of Education proposal for a standardized Financial Aid Shopping Sheet

# WHAT IS THE NET PRICE OF COLLEGE?

“Net Price” is the cost to students after subtracting scholarship and grant aid from the sticker price.



## Net Price

- Federal Aid
  - Perkins Loans
  - Stafford Loans
  - Work-study
- Private Student Loans
- Private Scholarships
- Family Contribution

## Scholarship and Grant Aid

- Federal Aid
  - Pell Grants
  - Other (FSEOG, TEACH)
- State Aid
- Institution Grants & Scholarships

# HOW DO I AFFORD THE NET PRICE?

## **Net Price represents the student's out-of-pocket cost**

- This out-of-pocket cost can be minimized in several ways:
  - Apply for Federal Loans through the FAFSA
  - Search for private scholarships
  - Private Loans (last option!)
- The remaining cost after these loans and scholarships is often called the **Family Contribution**

## **Remember: Federal Aid is not all free**

- Perkins & Stafford loans must be repaid after graduation
- Work-study program requires fulfilling a campus job obligation
- Grants (such as Pell Grants or SEOG) do not require repayment

## **Filling out the FAFSA determines your financial aid**

- Federal
- State
- Institution

# SHOULD I APPLY FOR THE FAFSA?



# WHAT DO I NEED TO FILL OUT THE FAFSA?

## Documents:

- Social Security Number
- Driver's license
- Alien registration or permanent resident card

## Financial Records

- 2012 IRS W-2 forms
- 2012 Federal Income Tax Return
- 2012 Parents' Federal Income Tax Return
- Records of untaxed income
- Current bank statements
- Records of investments
- Current mortgage information
- Business or farm records

## Codes

- Federal Student Aid PIN
- Title IV Institution codes





# WHAT ARE SOME TIPS FOR APPLYING TO THE FAFSA?

## **FAFSA is FREE!**

- Apply at FAFSA.gov and avoid services that charge.

## **Apply EARLY!**

- When you apply can determine your financial aid award
- Many state and institution funds are disbursed on a first-come, first-serve basis - so complete it the earliest as possible

## **Know Your Deadlines!**

- Each state and sometimes each school has their own deadline

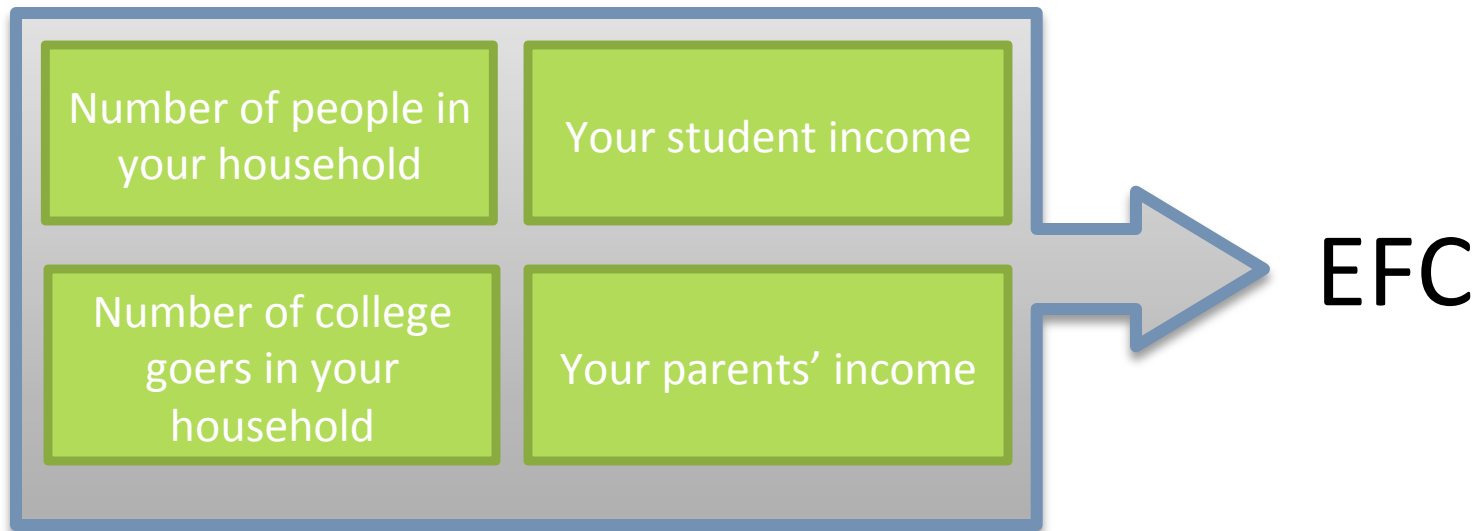
## **Check Your Application!**

- Proofread: If you make a mistake you'll delay the processing of your application



# WHAT IS MY EFC AND WHAT DOES IT MEAN?

- **Once you complete the FAFSA, you will be provided an Estimated Family Contribution (EFC) as part of your Student Aid Report (SAR)**
  - EFC is not what you will pay for college, but will be used by the state and institutions to determine how much financial need-based money you qualify to receive.
  - The EFC is calculated based on various inputs on the FAFSA:



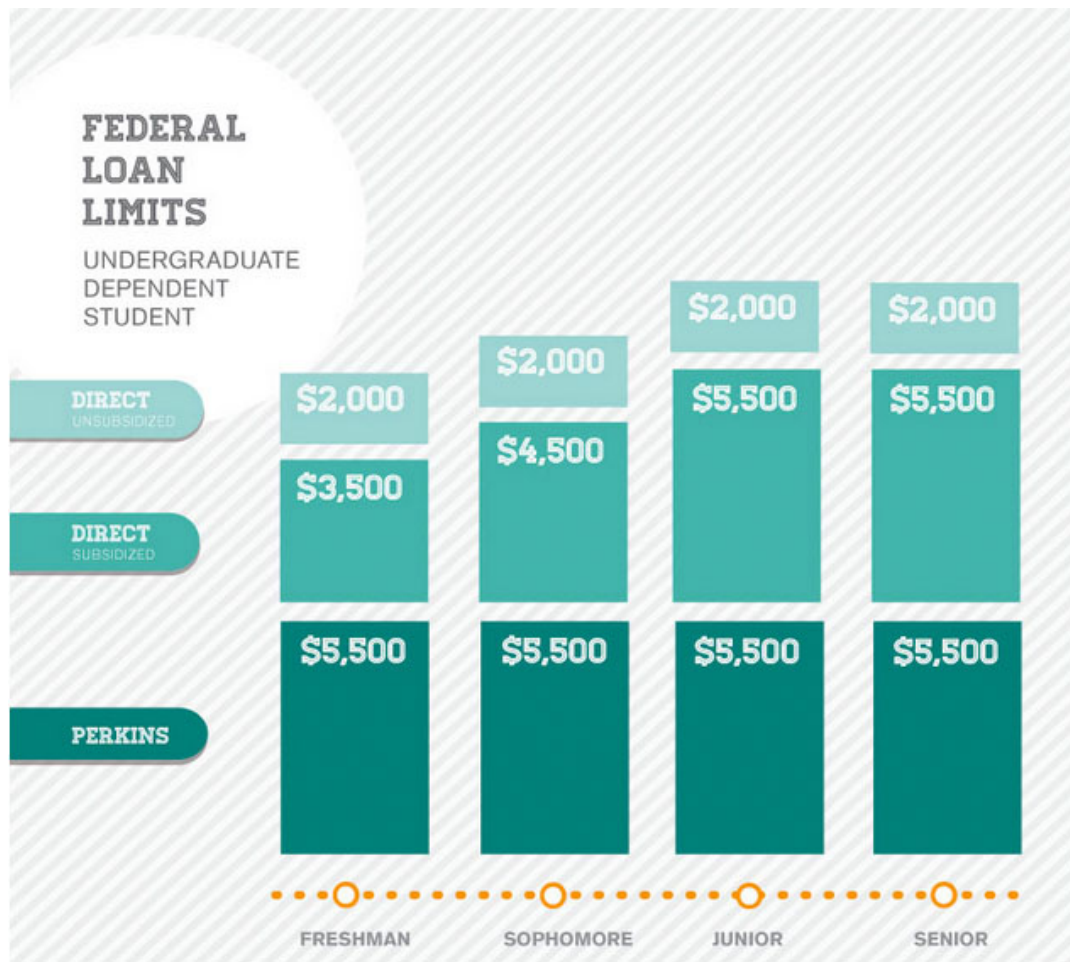
# WHAT ARE THE DIFFERENCES BETWEEN LOAN TYPES?

FEDERAL STUDENT LOANS	PRIVATE STUDENT LOANS
<b>Fixed interest rate.</b> Federal student loan interest rates are on average lower than private student loans.	<b>Both fixed and variable interest rates.</b> Variable interest rates can substantially increase the total amount you repay.
<b>Deferment</b> Students can defer payments under certain conditions (such as returning to school for additional degrees)	<b>Typically not offered.</b>
<b>Forbearance</b> Students can postpone payments due to financial hardship or illness.	<b>Typically not offered.</b>
<b>Income-Based Repayment (IBR)</b> Caps monthly loan payment at 15% of income for students with financial hardship.	<b>Typically not offered.</b>
<b>Public Service Loan Forgiveness</b> Remaining loan debt can be forgiven after 10 years as a public service employee.	<b>Typically not offered.</b>
<b>Interest could be tax deductible</b>	<b>Interest could be tax deductible</b>
Loans can be consolidated into a <b>Federal Consolidation Loan</b> , preserving special federal repayment programs.	Loans cannot be consolidated federally, but can be consolidated in the private sector.
<b>Not able to discharge in bankruptcy.</b>	<b>Not able to discharge in bankruptcy.</b>

## Common Federal Loans:

- Stafford Subsidized
- Stafford Unsubsidized
- Perkins
- Parent PLUS Loans
- **Subsidized Loans are loans that do not accrue interest while you are in school**
- **Federal Loans are traditionally better than private loans**

# WHAT ARE MY FEDERAL LOAN LIMITS?

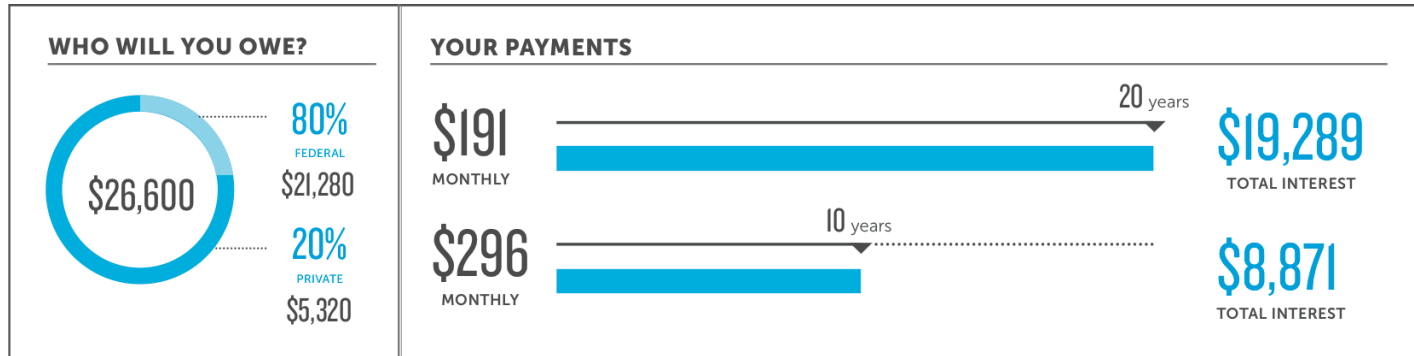


## Know Before You Owe!

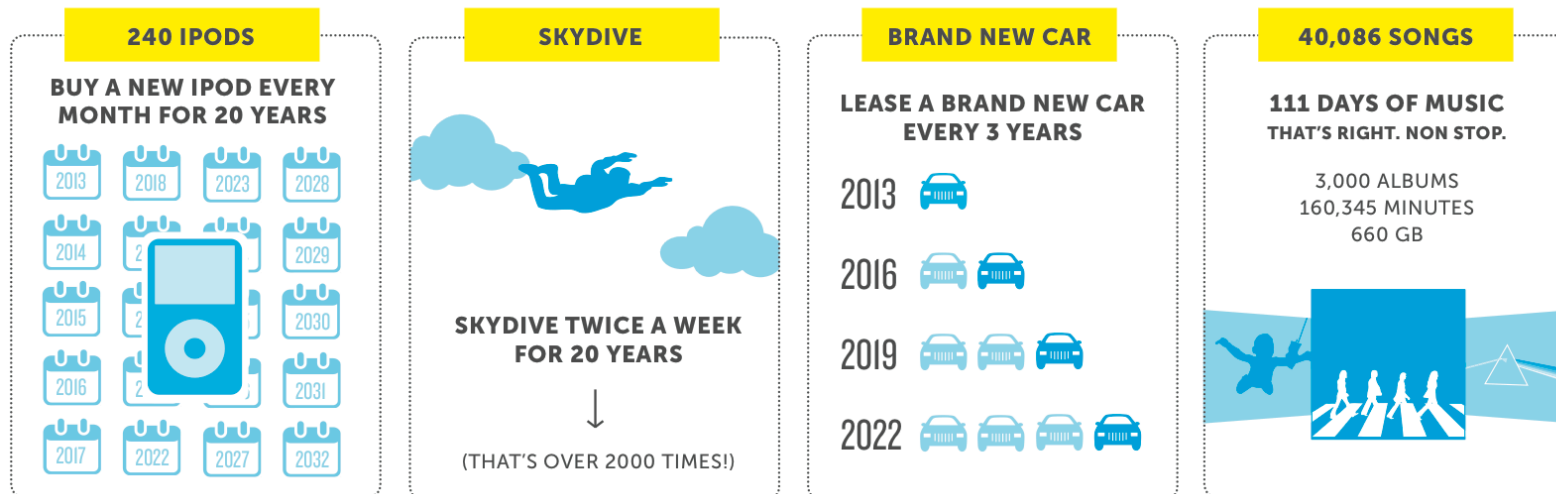
- Maximize your federal loan options first
- Know your interest rate and loan terms before signing
- **25% of students who borrowed private loans could have borrowed more in federal loans**

# HOW MUCH IS TOO MUCH TO BORROW?

Average Student Loan Debt for the Class of 2011 was \$26,600:



How much is \$191 a month in real terms?





# IS APPLYING FOR SCHOLARSHIPS WORTH IT?



# WHAT ARE SOME GOOD STRATEGIES TO FIND SCHOLARSHIPS?

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Matching Scholarships

#### Application deadlines

All

Only scholarships that are open

#### Scholarships for

Select class year

#### GPA

0 4

#### Gender

Female  Male

#### Ethnicity

African America  
 Asian  
 Caucasian  
 Hispanic  
 Native Alaskan  
 Native American  
 Pacific Islander  
 Other

#### Location

Choose a Location...

Sort by: Award Level: High to low

Saved Searches Saved Scholarships Save this search

#### FULL TUITION

Academic Scholarship for National Merit Semi-Finalist/Finalist

Feb 1, 2013

DEADLINE

These scholarships are for graduating high school seniors in the USA who are outstanding students. Must take the PSAT/NMSQT no later than the 3rd year ... See more →

LOW MODERATE  
APPLICATION EFFORT ELIGIBILITY

Only 45 days left

Zora Neale Hurston Scholarship

#### FULL TUITION

These scholarships are for students who have had experience working with people from diverse ethnic and cultural backgrounds for one session of the Summer ... See more →

Apr 1, 2013

DEADLINE

AVERAGE MODERATE  
APPLICATION EFFORT ELIGIBILITY

Only 14 days left

Jeannette Rankin Scholarship

#### FULL TUITION

This scholarship is for low-income adult women who are at least 35 years old. To qualify, the applicants are currently enrolled and are pursuing an associate ... See more →

Mar 1, 2013

DEADLINE

AVERAGE MODERATE  
APPLICATION EFFORT ELIGIBILITY

#### FULL TUITION

Sam Houston State University Scholarships

UNKNOWN

DEADLINE

Sam Houston State University has a set of institutional scholarships that are specifically available on their scholarships page. Please use the link to ... See more →

AVERAGE MODERATE  
APPLICATION EFFORT ELIGIBILITY

## Make a plan:

- Start early around September-October because deadlines are January-March.

## Be prepared:

- You'll have essays, letters of recommendation, portfolios of work or art, transcripts, and maybe even your FAFSA

## Get leadership and community experience:

- It will give you good selling points for your applications

## Create a calendar and checklist:

- The best thing to do is make deadlines for yourself and write it down.

<http://www.nerdwallet.com/nerdscholar/scholarships>

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# HELPFUL LINKS FOR MORE INFORMATION

## **Scholarship Search Tool**

<http://www.nerdwallet.com/nerdscholar/scholarships/>

## **NerdScholar's Financial Literacy Orientation**

<http://www.nerdwallet.com/blog/nerdscholar/financial-literacy/>

## **Tips to Complete the FAFSA**

<http://www.nerdwallet.com/blog/nerdscholar/category/fafsa-help/>

## **Student Loan Calculator**

<http://www.nerdwallet.com/nerdscholar/studentloancalculator/>