Financial Considerations in Building the College List: Finding a Financial Fit

Kelly Richards, Director of College Counseling, St. George’s School
Fifth Form Parents Weekend, February 2016
What’s the landscape?
But let’s take a closer look...

Notes
Prices do not include room and board. Numbers are adjusted for inflation in constant 2011 dollars.

Source: College Board
Credit: Lam Thuy Vo / NFR
The Challenge:

To find a school that is not only an ACADEMIC and SOCIAL fit, but to find a school that is also a FINANCIAL FIT.
OUTLINE for presentation:
What do families need to know?

1. If the sticker price isn’t the real price, how will I know how much I have to pay?
2. Once I know the cost, how can I pay it?
3. How will applying for financial need affect my child’s process - specifically, the college list?
4. What questions should we be asking of colleges?
5. What are some resources that can help me?
1. What will we be expected to pay?
Some math you need to know:

Cost of Attendance (set by college)
- Estimated Family Contribution (determined by college)
FINANCIAL NEED

FINANCIAL NEED
- Financial Aid (merit, scholarship, loans)
GAP
How does the college determine my Estimated Family Contribution (EFC)?

- Two basic formulas: Federal Methodology (FAFSA) vs. Institutional Methodology (CSS Profile)
- NET PRICE CALCULATOR should be your best friend!
- Every college is required to have a Net Price Calculator on their website:
Net Price Calculator

Our Net Price Calculator can help you estimate your family's expected contribution toward educational costs.

Before you start, keep in mind:

- This calculator provides estimates of need-based aid and net price for prospective first-time students. All financial aid at Bates is based on demonstrated financial need. There are no merit-based or athletic awards.
- The contribution estimated here is only as reliable as the data you enter, and may

Popular Pages

- Apply for Financial Aid
- First Year Applicants
- Currently Enrolled Students
- International Students
<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>$62,540</td>
</tr>
<tr>
<td>Room &amp; Board</td>
<td>$0</td>
</tr>
<tr>
<td>Books &amp; Supplies</td>
<td>$800</td>
</tr>
<tr>
<td>Transportation</td>
<td>$300</td>
</tr>
<tr>
<td>Personal Expenses</td>
<td>$950</td>
</tr>
<tr>
<td>Estimated Total Cost of Attendance</td>
<td>$64,590</td>
</tr>
</tbody>
</table>

**Estimated Grant/Gift Aid**

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
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<tbody>
<tr>
<td>Bates Grant</td>
<td>$30,250</td>
</tr>
<tr>
<td>Estimated Total Grant/Gift Aid</td>
<td>$30,250</td>
</tr>
</tbody>
</table>

**ESTIMATED NET PRICE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Self Help</td>
<td></td>
</tr>
<tr>
<td>Student Loan</td>
<td>$2,000</td>
</tr>
<tr>
<td>Student Work</td>
<td>$1,700</td>
</tr>
<tr>
<td>Estimated Total Self Help</td>
<td>$3,700</td>
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</tbody>
</table>

**ESTIMATED REMAINING COST**

<table>
<thead>
<tr>
<th>Category</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$30,640</td>
</tr>
</tbody>
</table>

The calculated family contribution is the amount of money a family is expected to contribute towards a student's college costs. For dependent students, it is divided into two separate sections: a parent contribution and a student contribution, which, when added together, equal the family contribution. The parent contribution is arrived at by evaluating the income and assets of the student's parents. The student contribution is arrived at by evaluating the income and assets of the student. When you complete your FAFSA, you will receive a report that shows your federal EFC (Estimated Family Contribution). This is different from the contribution that Bates calculates, because a different formula is used. Your eligibility for student loans and work is based on your federal EFC.

**NOTE:**

The estimate provided using this net price calculator does not represent a final determination, or actual award, of financial assistance. The price of attendance and financial aid availability may change. This estimate shall not be binding on the Secretary of Education or Bates College.
Basic net price calculators

- https://bigfuture.collegeboard.org/pay-for-college/tools-calculators
- http://studentnpc.collegeboard.org/
- www.collegeabacus.com
- http://www.finaid.org/calculators/finaidestimate.phtml
2. Types of Aid Available

- **Need based Aid** - Grants, scholarships and loans that are awarded based on need and need alone as determined by the FAFSA and/or the CSS Profile. Grants and scholarships do not have to be paid back; loans do.

- **Merit aid** - Money given for a specific need or skill that the school desires: athletic, academic, musical. Often there are guidelines for this merit aid to be re-awarded each year.
A word about savings...

- Yes, it pays to save - even now!!
- You can’t count on receiving enough aid to cover the bill.
- You don’t know where you will be financially in coming years.
- Parent savings are assessed at a lower level than student’s.
  - Parent Income assessment 10 - 20%
  - Parent Asset assessment 3 - 6%
  - Student Asset assessment 20 - 25%
- Roth IRAs
- 529 Plans (http://www.savingforcollege.com/)
  - https://www.ugift529.com/content/home.html
  - www.upromise.com
  - https://investor.vanguard.com/college-savings-plans/saving-for-college
3. How will need affect my child’s process...

- **Need blind** schools - but not wealth blind!

  NEED BLIND schools do not consider financial aid in the selection process. They often meet need without loans, although not always. Typically, these schools are highly selective.

- **Need aware** schools - money is in the bucket in ED!

  NEED AWARE schools consider financial aid in the admissions process, but this can happen at different points in the process (sometimes only in the later stages of the process).

- **Schools that “gap”**

  Some schools - even if they are NEED BLIND - do not MEET NEED, which means they are admitting that they leave a gap for families, even after financial aid and/or merit have been awarded.
3. ...specifically, the college list?

- Students who are “above the profile” at a school could qualify for Merit Aid. **Students and parents must be willing to trade in price for selectivity.**

- All students looking for financial aid (particularly HIGH need) should make sure to have “financial likelies” - typically, this means the state university or college.

**BOTTOM LINE:** PARENTS need to talk with their STUDENTS about COST because it will affect the list and the kind of schools they should be considering.
4. Ask questions of the colleges - and your counselor!

- Are you need blind or need aware in the financial aid process?
  - Will the college meet our full need?
  - If so, how? With or without loan?
- Go to diycollegerankings.com - helpful 50-50 lists (handout of a few helpful lists)
...more questions to ask of colleges...

- Do you offer merit aid?
  - What is the average amount of merit aid?
  - How broadly do you award it?
  - What is the profile of a student who receives it?
  - Is it renewable annually?
  - Do you have to maintain a certain GPA to keep it?

**NOTE:** Institutional merit aid replaces institutional grant aid:
- NPC says need-based grant = $10K
- Merit Scholarship = $20K
- Total aid = $20 K, not $30K
5. Helpful Resources

General Websites:

- Bigfuture.collegeboard.org - to look up FA info on schools
- Khanacademy.org - to learn about how loans work and how to fill out forms; they also have a section on paying for college
- FAFSA - https://fafsa.ed.gov/ - to find FAFSA form
Websites about Merit Aid and Paying for College


► [www.diycollegerankings.com](http://www.diycollegerankings.com) - Subscribe to this website - great “50-50” lists and info about paying for college.

► [www.college-kickstart.com](http://www.college-kickstart.com) - Subscribe to this newsletter for info on admit rates, merit aid, and other helpful data.

► [www.strategiesforcollege.com](http://www.strategiesforcollege.com) - Another great newsletter.

Scholarships - Start early!

- [www.fastweb.com](http://www.fastweb.com)
- [www.chegg.com](http://www.chegg.com)
- [www.fastweb.com](http://www.fastweb.com)
- [www.cappex.com](http://www.cappex.com)
- [www.scholarships.com](http://www.scholarships.com)
- [https://www.raise.me](https://www.raise.me)
- [https://myscholly.com](https://myscholly.com)
- Local scholarships

**NOTE:** Some scholarships are counted against the aid you receive, but more and more schools are not asking you to count it against the aid. Make sure to ask!
More helpful resources...

Books:
- *Right College, Right Price*
- *Filling out the FAFSA*
- *Chapter 16 in COLLEGE ADMISSION by Mamlet and Vandevelde*

Organizations/People:
- College Planning Center of Rhode Island - works with anyone in the country; helpful in filling out forms
- FIND A FRIEND in the FA office at the schools to which your child is applying
- ...and of course....
College Counseling Office
www.stgeorges.edu
(under Guidance - then College Counseling)

- Kelly Richards, Director - kelly_richards@stgeorges.edu
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- Chrissy Cerenzia, Associate Director - chrissy_cerenzia@stgeorges.edu
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