

Sticker Price Reduction

- 1. Direct Student Loan – file the FAFSA**
- 2. Campus Employment – file the FAFSA**
- 3. Pell Grant – low EFC or low income**
- 4. MAP Grant – attend school in Illinois, low EFC/SAI**
- 5. College Grant – lower EFC/SAI than college cost; college discretion**
- 6. Academic Scholarship – apply and submit test score (if strong) and transcript; college discretion**
- 7. Athletic Scholarship – register with NCAA or NAIA Eligibility Center; college discretion**
- 8. Talent Scholarship – college discretion (resume and relationship)**
- 9. Competitive Academic Scholarship – test, college discretion**
- 10. Legacy and/or sibling scholarships**
- 11. Independent Scholarship – apply and assessed by organization**
- 12. ROTC/Military – some military commitment**
- 13. Tuition exchanges**
- 14. Pathway to residency**

The Planning Phase

1. Determine Reasonable Parent Borrowing

2. Determine Your Affordability Threshold

3. Learn the Student's GPA and test score

4. Understand College Categories

Flagship State Schools (in and out of state)

Non-flagship State Schools (in and out of state)

Highly Selective Privates

Mid-Size Privates

Traditional Privates

Commuter options (back up)

Community College (back up)

5. Pick colleges in each category; use their net price calculators; compare the net price results

6. Establish your:

Financial reach schools

Financial fit schools

Financial back up schools

Assessing Your Yearly College Affordability

Questions You Should Ask Yourself

Tax Credits

If your income is 80k or less (filing singly) or 160k or less (filing jointly), you might be eligible to pay \$2500 less in federal taxes per child/per year who attends college. This tax savings can be a resource to use to pay for college with no change to lifestyle.

If your income is between 80k to 90k, or 160k to 180k if you file jointly, the tax reduction still exists but it is less than the 2500 maximum. Check with your tax filer to determine these savings.

Cash Flow

How much per month do you believe you could contribute for college out of cash flow? Can you make lifestyle changes to maximize this contribution? Are there expenses that you have now for your child going to college that will no longer be there? The more you can do to contribute for college out of cash flow, the less you have to take from savings or borrowing.

Current Payments

Do you have any current, ongoing monthly payments that will fall off during the time your child attends college? (car loans, credit cards?) Is this money that can be used to pay for college?

Savings

Have you been making ongoing contributions to a college savings account? If so, calculate that monthly contribution into your affordability. How much per year could you take from this college savings account to fund college?

Parent Borrowing

Are you willing to engage in reasonable parent borrowing? If so, do your research on the types of parent loans available? (Equity from a home, retirement loan borrowing, alternative student loans with parent co-signing)? The most common parent loan used is the Parent Loan to Undergraduate Students (PLUS). This is a 10 year note-paid monthly by the parents with payments beginning soon after installment is received.

Check current rates, tax advantages (if any), terms, etc. to determine which parent loan option is right for you.

Once you add all of this up from above, you have determined your yearly **college affordability threshold**.

Explanation of College Categories

Flagship State Schools – the premiere state supported university in each state; most states have one- some have more than one (U of I, U of Michigan, U of Wisconsin-Madison, Michigan State, Ohio State, University of Kansas, University of Alabama)

Non-flagship State Schools – all other state schools (Ill State, Western IL, Eastern IL, Grand Valley State, Central Michigan, Truman State, Iowa State, U of Wisconsin schools other than Madison)

Highly Selective Privates – the most selective colleges and universities in the country (Ivy league, Northwestern, University of Chicago, Notre Dame, Washington U in St. Louis)

Mid-size Privates – private universities that are not small colleges (Loyola, DePaul, Marquette, U of Dayton, Grand Canyon, U of Tampa, St. Louis U, Creighton, Butler, Bradley, Lewis)

Traditional Privates – largest number of colleges are in this category; usually thought of as the small colleges (St Xavier, University of St. Francis, St Mary's Minn, St Ambrose, Loras)

Commuting Option – any four year school in your geographic area which will allow you to save on room and board costs

Community College Option – the community college in your district that will allow you to obtain an associate's degree and transfer to a four-year college or university

Sample Family (family of 4, 1 in college)	Student's ACT score 25	Student's GPA 3.7/4.0	Family EFC 19000 or 125k family income
Type and Name of School	Appx. Sticker Price	Appx Net Price (using NPC)	Out of pocket cost
Flagship U of I	33,000	33,000	
Flagship U of Iowa	43,000	40,000	
Flagship U of Missouri	48,000	45,500	
Non-flagship Western IL	24,000	17,000	
Non-flagship Truman State	30,000	25,000	
Non-flagship Western Michigan	31,000	28,750	
Mid-size private U of Tampa	48,000	27,700	
Mid-size private Bradley	49,000	30,000	
Mid-size private U of Dayton	63,000	30,000	
Traditional private St Xavier	49,000	27,000	
Traditional private Augustana	49,000	27,000	
Traditional private St Ambrose	49,000	27,000	
			using student loan, campus employment,
			independent scholarships, talent
			scholarships ... out of pocket cost will
			be lowest column

The Execution Phase

- 1. Complete the FAFSA – after October 1**
- 2. Complete the CSS Profile (only if applying to highly selectives)– after Oct 1**
- 3. List all colleges where student has interest on FAFSA**
- 4. Appeal if appropriate**
- 5. Complete verification process if requested**
- 6. Await award letters**
- 7. Compare each college's out of pocket cost**
- 8. Determine merits of conversation with number one college choice**
- 9. Make final college decision (May 1)**
- 10. Research parent loan options (if borrowing is determined)**
- 11. Have student hunt for campus employment (summer)**
- 12. Have student take online loan class**
- 13. Have student sign promissory note**
- 14. Establish payment plan with college choice**

College Borrowing

Very few families are able to pay for college without some borrowing. Although our seminar encourages families to avoid excessive borrowing, reasonable borrowing is often needed.

Below are the many and varied ways that families can borrow money to pay for college.

- 1) **The Direct loan** – a student loan and not a parent loan. All financial obligations to repay the loan are the students, either when they leave college or graduate. There are multiple methods of repaying including the standard method (10 years, monthly, beginning 6 months after graduation). Maximums are \$5500 in freshman year, \$6500 in sophomore year, \$7500 in each of junior and senior years, \$4000 if student attends a 5th year.
- 2) **Perkins loan** – student loan available (via the college) to families with excessive financial need. Interest rate is 5%. Eligibility and maximums are determined by college.
- 3) **Home loan borrowing** by refinancing, establishing a home equity loan, or establishing a line of credit against the home is a method used by some parents to finance college costs. Interest rates, fees, and features are based on the amount of equity in one's home, the credit rating of the borrower, and the entity (bank or mortgage company) providing the loan.
- 4) **Borrowing against one's retirement plan.** Some 401k and/or 403b plans allow for borrowing options. This method typically demands that the repayment on the loan occur during a five-year period.
- 5) **The Parent Loan to Undergraduate Students (PLUS)** – loan most often used by parents to fund education. Payment (principal and interest) typically begins soon after disbursement of loan with repayment occurring monthly during a ten year window.
- 6) **Alternative Student Loan** – loans made available by private lenders to supplement the direct loan option when needed. Although these are student loans, typically a co-signer is required.

Review of Steps to Find Financial Reaches, Financial Fits, Financial Back-ups

1. Determine reasonable student borrowing; determine reasonable parent borrowing; avoid excessive borrowing at all costs
2. Determine your yearly college affordability without excessive borrowing
3. Use your child's transcript to determine their GPA; know or forecast their ACT or SAT test score (assess whether test score is helpful)
4. Choose college in each category (preferably 2 or more in each); use their net price calculators and determine your approximate net price at each school – create a net price chart
5. Match your yearly affordability with these net prices and map out the financial reach schools, financial fit schools, and of course the financial back-ups
6. Discuss these options with your child and explain to them the danger of applying only to financial reach schools
7. Make multiple college applications and work diligently on every possible way to reduce sticker price as outlined in the handout and through this seminar
8. Complete the execution phase

The following colleges represent a ranking of net price based on the history of reviewing award letters of PCHS students who have attended in the past, or using the information posted on the colleges' net price calculators.

These are not meant to infer 100% reliability. All eventual out of pocket costs at schools are dependent on a series of issues, including the college's marketing efforts.

It is designed to help families compare and contrast out of pocket cost options.

A = colleges that offer significant sticker price reduction in their category, or whose sticker price is relatively low

B= colleges that offer modest sticker price reduction in their category

C= colleges that offer little or no sticker price reduction in their category

Flagship State Schools

Arizona State (B)

Indiana University (B)

Michigan State (B)

Purdue University (C)

The Ohio State (B)

University of Alabama (A)

University of Arizona (C)

University of Arkansas (A)

University of Colorado/Boulder (C)

University of Florida (C)

University of Illinois/Urbana (C)

University of Iowa (B)

University of Kansas (A)

University of Miami (C)

University of Michigan (C)

University of Minnesota (B)

University of Missouri/Columbia (B or A if obtain in state tuition)

University of Nebraska (A)

University of Oklahoma (A)

University of Tennessee (A)

University of Wisconsin/Madison (C)

Non-flagship State Schools

Ball State (B)
Central Michigan (A)
Colorado State (B)
Eastern IL (A)
Eastern Michigan (A)
Florida Gulf Coast (B)
Grand Valley State (A)
Illinois State (B)
Indiana State (A)
Iowa State (B)
Kansas State (A)
Miami of Ohio (B)
Northern IL (B)
Northern Michigan (A)
Southern IL Carbondale (B)
Southern IL Edwardsville (A)
Truman State (A)
University of Illinois/Chicago (B)
University of South Alabama (A)
University of South Florida (A)
University of Wisconsin (other than Madison) (B)
Western IL (A)
Western Michigan (A)
Winona State (A)

Mid-Size Privates

Bradley (A)
Butler (B)
Catholic University of America (B)
Creighton University (A)
DePaul (B)
Drake University (A)
Grand Canyon University (A+)
Lewis University (A)
Loyola University/Chicago (A)
Marquette (B)
St Louis University (A)
University of Dayton (A)
University of Detroit Mercy (A)
University of Tampa (A)
Valparaiso University (A)
Xavier University (A)

Traditional Privates

Augustana (B)
Benedictine (B)
Carroll (A)
Carthage (A)
Cornell (B)
Dominican (B)
Elmhurst (B)
Franciscan (B)
Hillsdale (B)
Illinois College (A)
Illinois Wesleyan (B)
Knox College (B)
Loras College (A)
Marian Wisconsin (A)
Merrimack (A) – Augustinian scholarship
Monmouth (A)
North Central (B)
Olivet (A)
Ripon (A)
Saint Ambrose (A)
Saint Mary's Minnesota (A)
Saint Mary's Notre Dame (B)
Saint Norbert (B)
Saint Xavier (A)
Trinity Christian (A)
University of Dubuque (A)

Two key websites that will help you develop net price comparisons:

<https://studentaid.gov/h/understand-aid>

<https://collegecost.ed.gov/net-price>