



Steps for Smart College Financial Planning

1. Use Net Price Calculator to estimate, and college Award Letter to confirm, your net price

Net price is the true cost of college, it equals Cost of Attendance minus gift aid

Cost of Attendance is:

- Tuition and Fees
- Room and Board
- Books and Supplies
- Other (Transportation and Other)

Gift aid is aid you don't have to pay back

- Grants (usually based on financial need)
- Scholarships (usually based on academic history)

2. Multiply the one-year net price by the number of years for your degree

Four years for a Bachelor Degree (BA or BS)

Two years for an Associate Degree (AA or AS)

3. Subtract savings and amount you and/or your parents can pay from income earned during college – the result is how much you'll need to borrow.

4. Estimate how much your annual payments will be on the amount you borrow

\$124 per year per thousand dollars borrowed for Federal Student Loans

\$139 per year per thousand dollars borrowed for private student or Federal Parent loans

Based on interest rates in effect as of Oct 2017 paid off over standard term of 10 years

Your actual interest rates could be higher or lower – it pays to shop for loans

5. Estimate how much you need to earn to be able to make the annual debt payments

Rule of thumb: Education debt payments should not be more than 10 to 15% of income – It's preferable to keep payments to 10% or less, but if you want to stretch you should not exceed 15%.

Estimate the income you need to earn to keep debt payments within 10 to 15% by dividing the payment amount (from step 4) by .15 and by .1. If you think your expected pay after college is higher, then the college is likely to be affordable. Parents need to consider additional obligations: existing debt repayments, other children who may attend college, and retirement.



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Helpful Links

Net Price Calculators provide a personalized estimate of college costs early in the search. Some are better than others; usually NPCs with more questions are more accurate than those with just a few. NPCs are usually on a college's financial aid page, sometimes on admissions or home pages, and sometimes hard to find. Get quick access to any NPC here:

<http://collegecost.ed.gov/netpricecenter.aspx>

<http://www.fafsa.ed.gov/> - The official federal site for filling in the FAFSA, which is required for most financial aid

<http://student.collegeboard.org/css-financial-aid-profile> - The CSS Profile is required in addition to the FAFSA at about 300 selective US colleges

<http://nces.ed.gov/collegenavigator/> - College Navigator is a great source of statistical information on college cost, financial aid, admissions information, and more

<https://www.saltmoney.org/index.html>

Debt management tips from reputable non-profit

<http://www.fastweb.com/>

Scholarship site owned by Monster.com

<http://collegecost.ed.gov/>

Department of Education's cost transparency center

<http://www.consumerfinance.gov/paying-for-college/>

Consumer Finance Protection Bureau's college section

<http://www.ncaa.org/>

Eligibility information for student athletes from the NCAA

<https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/expected-family-contribution-calculator>

EFC calculator – Calculates both FAFSA EFC (called FM) and Profile EFC (called IM)

Knowing the EFC by itself won't give you an estimate of how much you'll pay at a given college – for that you need to use a Net Price Calculator. But knowing the EFC can tell you if you'll qualify for a federal Pell grant or a state need-based grant. It can also tell you if you don't qualify for need-based aid – if your EFC is higher than the college's published cost of attendance (the sticker price).

Hot links to the sites above, and additional sites, are available at www.ScholarFits.com

Resources Page: <http://www.scholarfits.com/resources/>

Net Price Calculators Page: <http://www.scholarfits.com/resources/net-price-calculators/>

What you need to know about financial aid: <http://www.scholarfits.com/resources/college-cost/>