

Important Facts and Strategies for Paying for College

First, let me say that this information is not exhaustive and is ever changing. There are as many ways to go about finding the best workable solution to putting yourself or your student through college (defined as anything one does after high school to better oneself) as there are students. This is only a compilation of ways to look at your individual plan and some facts and ideas to hopefully help you along the way. Both students and parents are being addressed here as “you.” The information is the same regardless. Please feel free to call or email me if I can be of any help.

1) Start saving as soon as possible. Obviously this is much easier said than done, but ANYTHING is better than NOTHING. It is a cold, hard fact that if you have a middle class level of income or above, it is more difficult to qualify for college money. Ideally, one should start a college account when the college student-to-be is young, but any time after that, junior high, freshman year, etc., will add up. Also, don’t forget about monetary gifts from birthdays, Christmas, sale of Ag projects and graduation. Hide these away in the college account.

2) If you know that you make enough money that you likely will not qualify for a Pell Grant or need based scholarships from your school of choice, concentrate on good grades, ACT and SAT test scores, class ranking, taking the pre AP and AP courses along with as many concurrent college classes possible to be in a good position for academic scholarships. Most colleges offer these for a certain level of test scores and class ranking.

3) For those who do qualify for some or all of the Pell Grant, be aware that for the 2014-2015 year, the maximum amount is \$5730. Although this is a good amount, it is only about 25 percent of the costs to take 4-5 classes and live on campus at a state university in Texas. It does go much further if a student commutes to a two year school such as Angelina College. Whether or not your student qualifies for the Pell Grant, the same application, the Federal Application for Student Aid, or FAFSA, MUST be completed to receive grants and scholarships from most schools. It is also extremely important to fill out the application on a school’s financial aid page to be in line for any scholarships they offer through their school only. Most schools offer less opportunity for these scholarships to students who receive Pell Grant money while making some available to those who do not receive any Pell Grant money. Apply as early as possible after acceptance and apply to as many for which you qualify. Schools usually have three rounds of scholarships with deadlines for each. The amount of available funds decreases after each round. Finally, there are hundreds of scholarship sites such as Fastweb on the internet. It is a beating, but if you scan these sites and only open and read the scholarships for which you qualify, it’s less of one. Read carefully and supply the correct form of application and everything else that is required.

4) Before each semester, gather all the funds you can, such as summer and after school pay, monetary gifts mentioned in #1 along with anything else you can muster, and apply them to your school bill. If you are covered, great. If not there are still a couple of choices. First, a student loan is not a sin. It just needs to be used as sparingly as possible. The FAFSA application and its report (#3) tell you what kind of loans for which you qualify. The total amount borrowed for a degree should not exceed your first year’s salary in your chosen field of work. For example, if you have \$40,000 worth of loan debt after graduating college, you should be working in a job where you make close to that amount your first year (not that you will pay your loan back in one year). If not you will be paying on your loan for many years. Be wise with your school and degree program compared to expected salary. A person who has

\$60,000 in student loans and becomes a teacher starting at \$30,000 a year could easily be making payments for twenty plus years. Again, loans are not a sin. When used correctly, they are an investment in you and your future.

Second, if you don't want to go the government student loan route, you may choose (like I did with my two) to use a local bank or credit union. After pulling together all the funds you can, take out a personal loan to cover the balance for a semester. Make payments monthly and retire the note (or as much as possible) by semester's end. If you still have a balance, roll it over to the next semester. Along the way put any extra you can toward the balance, and you will be left with much less at the end of the degree than if you had borrowed the full amount each semester and deferred the payment until after graduation.

Finally, be thoughtful, creative, flexible and patient. Plan ahead each semester, and ask questions. There are many ways to arrive at your goal. Make a plan that works for you and your family, and you will be surprised at what you accomplish.