

# Student Newsletter

Spring 2017

## College Affordability and Transparency

When glancing at the associated costs of attending college, you may be intimidated, put off, and/or deterred by “the bill.” Although financial aid departments at colleges aim to help students understand the costs, the numbers can be overwhelming and may leave you wondering how to pay the bill. In addition to the various FAFSA sessions, Smart Borrowing seminars, and financial aid workshops, there are resources available that aid in understanding the break down of the cost of attending a specific college.

One resource from the U.S. Department of Education highlights several keys to college affordability and transparency on their website: [collegecost.ed.gov](http://collegecost.ed.gov). This site aims to help you compare the costs of colleges and how/why those costs may rise. By accessing tools such as the College Scorecard, Net Price Calculator, and the College Navigator, you have the ability to research several schools and compare them on one site.

College Scorecard provides access to data verified by the U.S. Department of Education in an easy to use online tool. The scorecards are a great way to review accurate information about a college instead of relying on independent reviews and word of mouth. In addition to the U.S. Department of Education site, a Net Price Calculator can be found on a college’s financial aid website. These calculators allow you to estimate the cost of attendance prior to being awarded any scholarships or grants.

U.S. Department of Education  
**College Affordability and Transparency Center**

Welcome to the College Affordability and Transparency Center. Start here to find information about how much it costs students to attend different colleges, how fast those costs are going up, and information related to why costs are going up.

- College Scorecard**  
College Scorecards make it easier for you to search for a college that is a good fit for you. You can use the College Scorecard to find out more about a college's affordability and value so you can make more informed decisions about which college to attend.  
[Enter](#)
- Net Price Calculator Center**  
Here you will find links to colleges' net price calculators. Net price calculators help you estimate how much colleges cost after scholarships and grants.  
[Enter](#)
- College Navigator**  
Here you can search for and compare colleges on all sorts of criteria including costs, majors offered, size of school, campus safety, and graduation rates.  
[Enter](#)
- College Affordability and Transparency List**  
Here you will find information about tuition and net prices at postsecondary institutions. The site highlights institutions with high and low tuition and fees as well as high and low net prices (the price of attendance minus grant and scholarship).  
[Enter](#)
- 90/10 Information**  
Here you will find a list of for-profit (proprietary) postsecondary institutions that receive more than 90 percent of their revenues from Title IV Federal Student Aid.  
[Enter](#)
- State Spending Charts**  
Here you will find summary information on changes in state appropriations for postsecondary education, state aid for students, and tuition and fees.  
[Enter](#)

Following your acceptance to a college, you will receive a financial aid award letter that details the financial aid package. Carefully review the details of the scholarships, grants, loans, and any other funding source they have listed as a way to pay the cost of attendance. Most schools will provide an overview of the financial aid you would receive for the academic year, as well as a breakdown of the costs and aid comparison semester by semester. Reviewing all of the funding sources will only benefit you in understanding the next four years of your college finances. Do your research and check in to any loans that are listed, especially those that may require your parent to be a co-signor (ParentPlus). Understanding the numbers can alleviate the “sticker shock” and allow you to make a decision that best fits your academic and financial needs.

## Tips for Getting Financial Aid

Here are some tips that can help you get money to pay for college.

- **Grab up local scholarship dollars.** Students can quickly accumulate an educational nest egg by applying for local monies from local clubs, community organizations, and businesses. It's much easier to snatch up \$500 here and \$1,000 there from nearby organizations where there's less competition than the national competitions.

- **Search beyond the web.** Every prospective college student on the planet knows to scour the Internet for scholarships, which means that there will be enormous competition for any scholarships you find there. Go after that money. However, you might also want to look at the financial reference books at your local library and check out your school guidance office!

- **Move fast to apply early.** You know the old saying – “The early bird gets the worm.” Well, it's especially true when it comes to financial aid. You can submit the Free Application for Federal Student Aid (FAFSA) as early as October 1 of your senior year. There is no need to wait for taxes, because you are filing on an earlier year. So, DO IT!

- **Be wary of school-aid consultants.** Paying a financial aid consultant may be a waste of money better spent on college expenses. There are a lot of scams out there that prey upon families seeking financial support to pay for college. Do not pay money to get money! Instead, build relationships with the financial aid professionals where you have been accepted.

- **Don't over-report your financial status.** Simply identify and report the value of assets you're required to – nothing more, nothing less.

- **Submit an addendum.** While you shouldn't reveal assets you don't have to, you *should* reveal hardships *not* requested on financial aid forms. For instance, if you just got hit with \$100,000 in medical expenses, or if you're funding four college educations at the same time, share this information with your school. Just make sure you have the documentation to back it up.

- **Refile every year.** You may think your situation hasn't changed, but even a small increase in debt or reduction in assets can make a big difference. So, resubmit your financial aid forms **every year**, and check the date on the form to make sure you're using the right one.

- **Parents, claim your child on your taxes.** If you stopped claiming your child as a dependent on your income tax form in the hope that you'll get more financial aid, you've just left money sitting on the table. Many parents are under the incorrect impression that their income and assets will not be considered in

financial aid calculations if they stop claiming their student on their tax return. The only way children are considered independent in terms of financial aid eligibility is if they're married, have a dependent child, are 24 or older, are in or have been in the armed services, are orphans or wards of the court, or are graduate students.

- **Never go “off-season” in your sport.** If you're a student hoping to get an athletic scholarship don't wait until your sport's season to play. Get involved throughout the year – in sporting camps and intramural leagues. Whether you coach younger athletes or participate with a travel team, the year-round training will show your dedication to the sport and pay off with improved skills too.

- **Land a job at college.** You may be eligible for federal or state work study. If you are, snap up that job. If you grab one in the financial aid office, you'll get a great overview of how the entire tuition-funding system works and you'll get early notice of any scholarship opportunities.

Be proactive in your search for money. This is one of the major expenditures of your life – make smart choices, decisions, and in this case purchases.

Reference: Reader's Digest (2011). Instant Money Savers. Amazing Insider Secrets. Paying for College.

PHEAA (2016). 2016-2017 Financial Aid Resource Manual.



### SENIORS!

**File your FAFSA by May 1, 2017.**

**File for 2017-18. Use 2015 data!**

**Any questions, give us a call at 814-393-2071.**

## Top Ten Facts About 529 Saving Plans

529 Saving Plans are a beneficial way to save for your child's education. Here are a few things you should know:

- ◆ **The earlier you start the better.** Every year counts when you are starting a 529 plan. If you start when your child is born and contribute only \$50 per month, you'll have more than \$17,500 by the time they reach college age. If you waited to start saving until your child was five years-old, you would have approximately \$6,000 less. However, it is never too late to start a 529 plan. The longer you contribute, the more you will save and earn.
- ◆ **Anyone can contribute.** Parents own 529 accounts and set their child as the beneficiary, but for most plans, anyone can make a contribution to the account. Although bonds are a good way to save, transferring them to a 529 plan can be even more beneficial.
- ◆ **You can transfer funds.** What do you do if your child receives enough financial aid or scholarship monies and does not need to use the 529 plan? It is simple, you can change the beneficiary to another child or even use it for a parent who is planning to further their education.
- ◆ **You may be eligible for state tax deductions.** Many states offer tax deductions for 529 contributions. However, you must remain a resident of that state to take advantage of the tax deduction. If you move to another state, you can still withdraw the money for educational purposes, but you cannot take advantage of the tax deduction.
- ◆ **529 plans are treated as parental assets.** When it comes to need based financial aid, it is beneficial for the assets to be on the parental side. Students are expected to contribute 35% of their assets and 50% of their income. Parents are only required to contribute 5.64% of their assets and income, which allows for more financial assistance for the student.
- ◆ **A savings plan may earn you more than a prepaid plan.** Many parents today are afraid of the stock market and at the same time afraid of rising tuition costs. This sends them to pre-paid plans that lock in the tuition rate. This is not always the right choice. If you make the right investments you can earn more on your money and exceed the savings from pre-paid tuition. Pre-paid tuition programs work best for those who are not investment savvy.
- ◆ **529 plans are controlled by the parent.** Even though the student is the beneficiary of the account, the parent still has full control of the funds. The parent must request the withdrawal and their signature is required. The student cannot withdraw money and use it for non-educational expenses .
- ◆ **There may be extra fees.** Be careful to read the fine print in your 529 investment. Some states install an annual maintenance fee that can eat into your earnings. Other states allow you to forego annual fees if you use direct deposit or automatic installments.
- ◆ **You may owe taxes if you cannot justify the educational expenses.** If you withdraw more funds than you can prove that you used to pay for educational expenses, you can be penalized up to a 10% on withdrawals. Be sure to keep receipts for all education related expenses so that you can attach them to your tax information.
- ◆ **You can only make one investment change per calendar year.** Many get spooked by sudden changes in the stock market and look to switch up investments. In a 529 plan, you are only allowed to make one investment change in a calendar year.

529 Plans are an excellent way to invest in your child's education. However, there are a few things to watch out for in order to make the most of your investment and take advantage of tax deductions. Research your 529 plan in advance.

Happy Savings!

TRIO Educational Talent Search, 814-393-2071 and TRIO Upward Bound, 814-393-2342  
219 Ralston Hall, Clarion University of PA, 840 Wood St., Clarion, PA 16214

## Considering a Career in Financial Planning?

Let's get the inside scoop from a financial planner who is "walking the walk and talking the talk." Pat lives and works in Florida and has started his own firm. He began his career path working as an engineer for NASA focused exclusively on the Space Shuttle. He spent twenty-two years working for the federal government when downsizing in the space program left him in an unpredictable position professionally. The uncertainty of the space program's future led him to begin his financial planning firm. His formal education consists of a Bachelor's degree in engineering from the University of Pittsburgh and a Master's degree in Business Administration as a part-time student while he was working for NASA. He successfully grew his business to a point where eight years ago, he elected to leave NASA and pursue his goal of being a financial planner full-time. He built his company to a point that he now has a full complement of support staff and a healthy balance sheet. Here are Pat's reflections on being a successful financial planner:

### ***What specifically do you like about being a financial planner?***

Personally, I appreciate the opportunity to get to work closely with many different families/investors as a problem solver. Finances are a very intimate and critical element of a family's wellbeing. Working closely with a family's planning to assist them in making their long-range goals and dreams come true is very rewarding. These are generally long-term relationships that afford me the opportunity to get to know each family/investor I work for very well. I appreciate the opportunity to get to know many people in the community. I'm an active member of the community and my work allows me to remain connected. There is a helping or problem solving component of the work that speaks to me. I get a great deal of satisfaction when my efforts pay off for a family/investor in terms of them moving towards their financial goals.

### ***What special skills do you possess that make you an effective financial planner?***

Strong practical understanding of market trends-- past, present and future. I also believe my genuine consideration for the families/investors I work for is a critical component to my success. I maintain a strong commitment to ethical practices and licensing standards and have the confidence and diligence necessary to remain well-prepared, decisive and calculating. An effective Financial Planner must be comfortable with their skills as a leader and their ability to communicate and maintain the plan competently.

### ***What do you find to be the most challenging aspects of financial planning?***

In terms of difficulty, the most challenging thing for me occurs when a plan falters and I must relay that information to the investors/family. This is an inevitability when you have been doing this work for any length of time. I have found that times like these call on the strength of the relationship I have built with the investors and the plan that we have made together. If they believe that I have implemented the plan we designed and they trust that I was not derelict in my implementation of the plan, we can begin to rebuild. Healthy relationships and consistent follow through are essential to effective Financial Planning.

### ***What courses did you take in school that are an asset to you as a Financial Planner?***

Algebra is critical and I use it daily in my role as a Financial Planner. I believe my coursework in engineering helped me cultivate an analytical mind and has proven to be invaluable over the years. My daily homework requires a great deal of reading and analyzing information. Many business classes add practical value to the work I do. Economics and other investment electives are highly recommended. Acquiring and holding a license as a Financial Planner requires a certain amount of preparation to maintain.



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### ***What do you have to do to maintain your license and remain current in the field?***

Homework is the foundation of remaining current. Reading journals, reviewing web sites and networking with other professionals are critical to keeping on top of the markets. I spend time reviewing changing laws and attending conferences designed to keep Financial Planners well-informed. The licensing process is complicated and standardized testing is a component of attaining the licensing. I maintain state and federal licenses. There are continuing education requirements associated with maintaining both licenses.

### ***What does a typical day look like?***

I spend about twenty percent of the time doing routine paperwork. Thirty percent of the time I'm interacting with investors and developing plans or reviewing them. Another quarter of the day varies but will inevitably involve research and connecting with current trends and managing investments. The remainder of the day, I will be wrapping up loose ends, networking and pursuing new clients.

### **Finally, what advice would you give a student interested in a career in Financial Planning?**

I would say that you need to have an analytical mind, a strong interest in problem solving and an interest in working closely with people. The field is very rewarding and although it's not easy, the benefits far out way the challenges.

## **Five Tips for Finals**

### **1. Create your own study guide.**

While many teachers provide a study guide, creating your own can help you understand the material better. Outlining the important information you need to learn can be helpful, both in the creation process and during your study and review sessions.

### **2. Attend (or pay attention during) the review session.**

Review sessions offer vital information on exam format, what will be on the exam and key concepts you should be focusing on.

### **3. Reorganize your notes.**

Evaluate and reorganize your notes into what's important. Outline or rephrase important concepts, formulas, dates, and definitions so they're easy to understand. This also helps when creating your own study guide.

### **4. Visualize.**

If you're a visual learner, it can help to create mind maps or diagrams to visualize how the concepts you're learning relate to one another. This is especially beneficial when learning concepts that build upon the understanding of another, like in science courses.

### **5. Create a study schedule – and follow it.**

Splitting the material into chunks can be very beneficial. That way, you can keep track of what you've accomplished instead of looking at the big picture and getting overwhelmed. If it helps, create a study group, this is also an option!



# Making Sense of Financial Aid Letters

No two financial aid letters will be alike, but here is some help to interpret the information in a typical letter.

Your Expected Family Contribution is the amount of money you and your parents should reasonably be able to put towards your education according to the information on your FAFSA.

Dear Smart T. Pants,

The financial Aid Office of Prospect University is writing in response to your request for financial assistance in the upcoming school year. The amount of aid offered is based on the information provided by your FAFSA and financial aid applications, from which we have established your **Expected Family Contribution is \$2,500.**

Please see below, where the tuition, room and board, and approximate fees for the upcoming school year are listed. All financial aid you are awarded will be applied toward tuition and fees, and room and board. Your aid package **may not be applied toward the cost** of books and supplies or miscellaneous fees.

Remember, scholarships and grants are money you don't have to pay back.

Tuition & Academic Fees	\$41,230
Room & Board	\$12,900
Books & Supplies	\$1,500
Miscellaneous Fees	<u>\$1,200</u>
<b>Total</b>	<b>\$56,830</b>

The total approximate cost of your first year.

Pay attention to what costs your award can and cannot be used towards.

You must pay loans back upon graduation.

We are offering you a financial aid award with the following components:

<b>Awards Type</b>	<b>Fall</b>	<b>Spring</b>	<b>Total</b>
Opportunity Merit-Based <b>Scholarship</b>	\$4,500	\$4,500	\$9,000
Opportunity Need-Based <b>Scholarship</b>	\$12,000	\$12,000	\$24,000
Estimated Federal Pell <b>Grant</b>	\$2,775	\$2,775	\$5,500
Federal S.E.O.G.	\$2,000	\$2,000	\$4,000
Federal Direct Subsidized <b>Loan</b>	\$3,200	\$3,200	\$6,400
<b>Work-Study Program</b>	<u>\$1,500</u>	<u>\$1,500</u>	<u>\$3,000</u>
	\$25,975	\$25,975	<b>\$51,950</b>

This is the total amount of money towards paying your first year of college. Subtract this number from the total cost of your first year to find out what you'll pay out of pocket. In this example, \$56,830 - \$51,950 is **\$4,880**. That amount is different than the Expected Family Contribution.

Work-study means you'll be working a part-time job to pay for your expenses.

Your Federal Direct Loan will be sent directly to the college and will be applied to your account.

Your scholarships may be based upon your academic performance and assumed full-time enrollment. Please consult **Prospect University Financial Aid Guide** in order to establish the criteria for which you are accountable upon accepting your aid package. Note that your financial aid package **may differ year-to-year.**

If you do not wish to **accept** any part of your offered aid package, **you** must let the Financial Aid Office know within 30 days. To discuss your aid package or **if you have any questions, call** the office at (555) 555-1000.

If you have questions about your aid offer or want to petition for more aid, the best place to help you is the financial aid office.

Best,

Prospect University Financial Aid Office

Make sure you understand the "strings" attached to specific scholarships (e.g. you must keep a GPA of 2.5) and whether they are renewable.

Some schools assume acceptance unless told otherwise, while others require you to provide a written confirmation.

Just because this is the aid package you receive this year does not mean you will receive the same amount next year, so plan ahead.