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Welcome back to Part 3 where we will take a break from the math for a little while and review some basic terminology and concepts and look at merit aid in greater detail. We just learned about the FAFSA and every school accepts that form to help determine your particular family's need for financial aid. Some colleges, particularly ones that award a lot of aid also require that you fill out a form called the College Scholarship Service profile, the CSS profile. About 300 schools nationwide require this. The CSS profile asks a lot more questions about your family's financial situation, going well beyond what the FAFSA requires. This might seem like a really annoying and invasive form to have to complete, but look at it this way, the very fact that a college requires this form means that they might have significant amounts of aid to award to your student. Each college will let you know if you are required to fill this out for them, or you can look it up on the college's website.

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Now, please don't shoot the messenger on this, but there is actually a third college financial aid calculation method called the Consensus Method. The good news with this method is that a group of colleges have all gotten together and use the same methodology to interpret your information. Meaning they are all on the same page with similar awards when it comes time to award aid. There is a "consensus" between them. Therefore, if you have demonstrated need with one, you have demonstrated need with them all. In an attempt to keep it simple, this slide shows the differences in how your assets are treated, one versus the other. For example, home equity doesn't come into play for FAFSA at all, but it does count for the CSS profile and for the Consensus Method. Perhaps you have heard the term 568 group? That is what the group of consensus method colleges call themselves.

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And here is a current list of the institutions that belong to the 568 presidents group. Are any of these colleges on your student's list?

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And the principles that this group of elite college aspire to. From the 568 Presidents Group website: "The 568 Presidents Group is an affiliation of colleges and universities, all of which must admit students on a need-blind basis. The Group works together in an effort to maintain a need-based financial aid system that is understandable and fair and will bring greater clarity, simplicity, and equity to the process of assessing each family's ability to pay for college. It is referred to as a "Presidents" group because it was formed by a group of 28 college and university presidents from need-blind schools in 1998."

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Another burning topic on the mind of every parent with college bound students, What about scholarships?

The takeaway from this slide reinforces that the **"big money" is with the institutions themselves. 86% of the money for scholarships comes from the colleges.**

Private is 13%

Athletic scholarships 1%

These statistics are from Sallie Mae, the largest servicer of student loan debt in the country. In 2013, there was nearly \$20 Billion in Private Scholarships awarded.

So fill out your FAFSA so that you can have a shot at the scholarship and grant money that the colleges themselves award. Same with the CSS profile.

These days, scholarships are not as hard to uncover as in the past. You don't need to pay hundreds of dollars for someone to locate scholarships if you don't mind doing the leg work yourself because it's mostly on line now. And remember the overwhelming majority of the money, 86% is with the institutions themselves. I subscribe to a few scholarship databases and they don't cost much at all. So go ahead and subscribe to a few of these and get familiar with how to use the tools.

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I mentioned that elite schools usually do not offer merit aid for super grades and test scores b/c every students at those schools had to be a super student just to get in.

However, many, many other schools will pay handsomely for your student to attend. They will award significant amounts of merit aid to attract the kind of student they are looking for that year. So if your student fits that profile, they will not only get in, but perhaps be paid to go there. Let's take a minute to look at a case study with University of Alabama as an example and their merit scholarships. Remember this is the best type of financial aid, b/c it doesn't have to be paid back, and is considered gift aid.

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When this presentation was created, the information here was current. If you are considering University of Alabama you will need to get refreshed data. But what you see very clearly is the award money that will be offered for specific grades and test scores.

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And on this grid, look at the difference that one point on the ACT can mean in award money. From a 28 to a 29 your student gets \$9,000 more in scholarship money each year, or \$36,000 more over 4 years. Do you think knowing this on the front end when you are looking around for colleges would be helpful? Perhaps you might consider spending a few hundred dollars on ACT test prep if you knew that a higher score would mean more scholarship money. A lot more. That would be a great investment. But you have to know this stuff up front. If your student fits this profile, perhaps this school should be on their list. Even if they don't have a desire to go there. I know this might sound sneaky, but getting accepted to this school might set up a competitive appeal opportunity to use with a school that you student actually DOES want to attend. Competitive appeals are a little outside the scope of our presentation here, but write it down as a way to reduce the cost of your target school.

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Knowing what type of family you are in terms of financial and merit is really important. I'm hoping that you are starting to discover how your family fits in. Having that knowledge can then help you match your family to schools that will be compatible and therefore favorable to your situation.

We just looked at the University of Alabama and the merit based scholarships that they use to attract and enroll freshmen that fit what they are looking for. But they are certainly not alone. Explore collegedata.com to review hundreds and hundreds of schools that are competing in the education marketplace for students using merit aid. And with the Ivy League and other prestigious highly selective colleges, just know that they do not offer merit based aid, other than perhaps for athletics. But they will meet financial need. Each institution is different and you'll need to understand how aid is awarded at each school your student is looking at.

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You've just completed level 301 of your college funding crash course, congratulations – we've covered a lot of good stuff, and we're in the home stretch, only Part 4 is left. There we'll put everything together and look at a couple of case study examples for actual schools, and a completed 1 page college funding plan. See you in Part 4.

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