College Tutorial 1: Paying for college, student loans, Cost of Attendance.

Slide 1:
Hey, thanks for taking time to watch this brief tutorial on ideas and tips for families with college-bound high school students. I'm happy that you're watching this, because hopefully this information will help you get up to speed pretty quickly on the lingo and concepts about college planning that parents with high-schoolers have-to-know. Back in the dark-ages when I was getting ready to go to college – and maybe you too, we didn't have access to information like this. There was no easy, free way to, "quickly get up to speed", so my mom and I just did what we could and hoped for the best. Today's students and parents, however, can't do it that way, there's simply too much money on the line with potentially years of debt to just wing it. Consider this information your starting point. Your core education on this topic. It covers the basics that might apply to anyone. So, the purpose of this information is to help you and your family avoid becoming the characters in this cartoon. In the past, I might have given this presentation as a seminar or in a workshop setting which would allow for a lot of interaction and a Q&A session. Obviously, we don't have any interaction in this format, so I'll do my very best to keep things as simple and straightforward as possible. I really just want to get the information out there and hopefully help you create the best outcome possible for your family. If you're here because I've asked you to view this before our professional engagement, it's because after watching this, you will have a more clear understanding of the concepts before we begin working on your family's specific plan. I'm also a parent of college-bound high school students and I've become really passionate about making sure that they as students and we as a family, have the best possible college outcome. To me, a great outcome means insuring that a student goes to the right school for the right reason for the right price. Most of this presentation is about the money side of things, and not much about other important topics such as building college lists, choosing majors, essay writing, test prep, etc., there are great specialists out there who can help you with those areas and I can point you in their direction if you would like. What I focus on is helping families figure out how to pay for college without robbing Mom and Dad's retirement and investing to make the whole thing work. If that's your goal too, then this will be a good use of your time. Speaking of which, this presentation should take you about 45 minutes to go through.

Slide 2:
So, a little bit about my background to give you some insight as to why I'm so passionate about this type of planning. As you're scanning this slide, you probably have already concluded that I wasn't all that focused when I started college– and you would be correct. Back then and today, not every student has figured out what they want to major in, which is very normal. The problem with the "unfocused, I'll figure it out as I go along", approach is that it takes longer and is much more expensive than when you and I attended college. If you are type of family that can't afford to write an unlimited amount of checks for college, then consider having this discussion with your student now if you haven't already started. You might have noticed that there are many professionals out there who have created businesses helping high school students map out the type of job their passion and skills might be well suited for. Use those services if you can. I can still remember my high school guidance counselor telling me that based on the personality test I took that I would be best suited to be a furniture maker. Even though my current job is not furniture making, I have assembled my fair-share of IKEA furniture, so I guess it turned out to be sort-of true! My point here is that these days there are so many books and videos and professionals helping students and parents map a few things out before the pay the big bucks for college, so there is no need to wing it and hope for the best. It IS possible to help a student who has no clue what they want to do, narrow things down a little. Perhaps the field of interest might turn out to be in the trades, which maybe means a different educational experience than most students will have at

a traditional college, which is okay too! So please find the resources and take advantage of these services if your student is struggling to sort things out. Help is out there for you.

So, you can see on the slide that and perhaps like you, my college story had a lot of different chapters, too. I think many students today perhaps don't realize that what happened to me in bullet point #4 can happen to them too. The majority of financial aid is only good for 4 years. What then? Well, for me, I had to explore less than ideal options to get the rest of the money. Credit cards and a loan from a family member. Those sources of money got me through the rest of college, but had long reaching, painful, and expensive consequences that a lot of graduates these days can completely relate to: student loan debt misery. On the bright side, though, I met my future wife, got focused, and got out! Like many of the sad cases that we hear about or experience personally these days, I owed a ton of money when I graduated, too. Back then, like today, those debt payments have to be made each month on time for many, many years. These repayments take precedence over other life goals like starting a family and saving for the future. Like to go on a trip? Sorry, can't afford it. Like to save for a house? Sorry, very hard when you don't have a lot left in your account after paying your student loans and living expenses. Like to save for your own retirement by investing in your 401-k at work – again not when you have those loans payments to make. If you or your student were graduating today with $78,000 in loans, that would result in a monthly payment of approximately $780 for the standard 10 years repayment schedule. $780 per month is a big chunk of money that could go to other important purposes and future goals. As a Certified Financial Planner(TM) Professional , most of my work over the years has been in the area of retirement planning for baby boomers, and low cost investing, which I still do. But one day, when I started trying to get educated in the area of college planning for my own kids, I broke out in a cold sweat trying to make sense of all of the moving parts and puzzle pieces. I thought to myself, how and when did this stuff get so complicated? I still don't know the answer to that, but I do know that it definitely DID get more complicated than when I went through. So, in my mind, I had a decision to make, I could do one of 3 things: #1, wing it with our kids and hope for the best like I did with my own college and suffer the consequences, #2 outsource the planning to someone else, some other specialist, or #3 learn it and invest in the tools needed to get the job done for my children, and family, and of course my current and future clients. I choose the last one. You might make a different choice, but regardless of what you do, wing it, outsource it, or do it yourself, this material is going to set you up to do it better. Again, good job taking time to go through this material. It won't take long and will be a great investment of your time.

Slide 3:
Ok, here are the six learning objectives for your crash course to help demystify the college planning mania that it seems to have become.

1. Empower you and your family to make more informed choices about college. I have always felt that my job as a financial planner was not to try to convince people to buy financial stuff from me, but rather provide the information, analysis and education necessary to help clients make more informed decisions with their resources. College planning is just another avenue to express that outlook.
2. Show you how to Save ON the cost, not just FOR the cost of college. This is a key point, b/c if you are watching this, you have a student or two or more that are very close to when they will be heading off to college. So at this point, you already have saved or put away a lot of the resources you will put toward college costs. This presentation doesn't talk about saving $25 per month in a 529 investment account for the next 18 years. You don't have 18 years to let a college saving account grow – and neither do I. It's here now. At this point we focus on saving ON the cost to maximize whatever we have already saved.

3. Proactive rather than reactive 4 year college funding plan. My personal approach to college was very much reactive, which is typically the result of winging things. In some areas of life, this can be appropriate, but when the costs of 4 years of college can be as much as a house, it's got to be more organized. So, what this means is attempting to plan out all four years of college down to the penny. It won't be perfect, but it is something to shoot for. Again it's about creating great outcomes for your family.

4. Remove the emotion and make a rational college buying decision. Have you ever heard any of your friends with kids getting ready to go to college talk about "making a rational college buying decision?" Of course not, who even talks like that. But it has to start to become your mindset. Removing emotions from anything is a challenge, but especially with college. Colleges are businesses and as parents and students, we are the customer purchasing an education. Think about it along the lines of buying a home. When my wife and I purchased our home, we spent a lot of time crunching the numbers, working with the bank and lenders, looking at our credit score to try to get an idea of what we could afford. And THEN with our pre-approval letter from the bank, we went house shopping around town for homes within our preapproval budget. Think of applying the same approach to college shopping. Know what you can afford before you go shopping otherwise you risk falling in love with a college that is unaffordable. True for a house and these days true for a college education.

5. Graduate on time with manageable student loan debt. The key word is manageable. A huge part of buying a home is what the monthly payment will be and whether that payment will fit the monthly budget. Applying the same logic to college debt, the student has to forecast how much per month will this debt cost, and ask "am I getting a degree in a field where the jobs support that monthly payment?" Looking into their future beyond college in other words.

A good rule of thumb to consider, is to not let the total debt be more than the starting yearly salary of the job you are seeking. We'll look at a few examples of this in a moment.

6. Pay for college without robbing Mom and Dad's retirement – and even the student's retirement for that matter. Your child being in student loan debt until he or she is 50 is not a solution. After college, the kids need to be able to save for families, homes, for their own retirement. And having low debt will allow your son or daughter the flexibility to take that entry level job in their chosen field at a low income level and financially be okay. I read a lot of material about retirement and college planning, and you probably do too, and it always seems that investing for retirement is more important than college planning. You will hear things like "there are many ways to pay for college, but you only get one shot at saving for retirement." Like many of my friends around the country that are passionate about college planning, I do not think that approach is helpful. It is possible to plan for college and retirement together in an integrated fashion. But there is no magic bullet because everyone's situation is different and there is no one-size-fits all. I believe it's all about sensible and practical planning particular to your family's situation.

Slide 4:

Ok, so if you've been out of college for a while and busy raising a family not paying much attention to college costs, here is what we are dealing with these days with tuition room and board. And the projected costs into the future assuming a 6% annual increases.

Crazy to think how high the prices have gotten. As you can see, the average cost at a four year public in state college is approximately $25,000 per year or $100,000 for 4 years. A four year private is about twice that, or $200,000 for four years. And a 6% tuition inflation rate is hard to believe. Image if the price of a gallon of milk had increased at the same rate over the same time period. A gallon of milk today would now cost about $11. (Financial Calculation: 1995: $2.96= PV. 6=I, 22 = N, FV=$10.66.)

But stay calm because something that not many families realize is that a college's sticker price is not relevant. I'll say that again, because it almost doesn't make sense. A college's sticker price, also known as the Cost Of Attendance (COA), is irrelevant for most of us because about half of the colleges out there will end up discounting their tuition depending on the need of the family or the academic merit of the student. This is a big concept that you will eventually learn about one way or another, and we'll get into it more in a minute. But for now, just write down two questions on your note pad:
#1: Is our *family* high or low financial need? And
#2: is our *student* high or low academic merit? You'll have very good insight into the answers to those questions before you're finished here.
It is reported, that at state universities, 72% of students don't pay full price. Nearly 88% of students at private colleges get a discount from their own schools.

So back to the cost of colleges have gone up so much in price since we were in school for a couple of main reasons. For one thing, there are 50% more students enrolling now than in 1995, including more international students. So a lot more demand for college, all things equal is going to make the price of college go up. Also over the same time period, many states have cut the funding for their state colleges, placing more of the burden on the students and families themselves. Are these trends likely to change? The honest answer is that I don't think anyone really knows what will happen with prices in the future. All I really know is that my family, and yours, has to figure this out now, not sometime in the future.

Slide 5:
OK, I had to include at least one scary graph in the presentation. This one is student loan debt levels since 2006. One of the main take-aways of this chart is just the enormity of the problem. 15 years ago, we probably wouldn't even be having this conversation or needing a mini-course on how to pay for college, but things have changed. $1.4 Trillion spread out over 7 out of 10 college graduates, about 44 million students, with $37,000 in student loan debt on average.
Every $10K in student loans represents about a $100 monthly payment over the standard 10 year repayment period at current interest rates. So here, in this example, $37,000 in student loan debt would result in a monthly payment of approximately $370 for 10 years. If repaying over 25 years, then, great, that would lower the payment, but triple your interest paid back.

Currently, there are about 3.6 Million borrowers in default, which is why you hear a lot of folks describe it as a student loan crisis. And as you probably know, student loans are all but impossible to bankrupt. The lenders collect the interest, fees, and someone has to pay, even if it is the deceased student's estate.

The impact of this is important b/c we don't want our children hurt by this, I recently read that "More than half of Millennials with current or past student loans say they've put off major life decisions b/c of the debt." (Mark Williams, Columbus Dispatch, 8-11-5). Which completely makes sense. They're putting off life decisions like getting married, buying a home, and starting a family. That's the cartoon at the very beginning of this presentation. The son is moving back home b/c he probably has a student loan payment equivalent to his parent's mortgage. And he isn't earning enough to afford two mortgage payments, or a mortgage and a rent payment, so he has to move back home. A lot of these students with heavy student loans are financially insolvent in their early 20s. Not a good way to start young adulthood. Imagine your child owing $50,000 in student loans. Having to come up with $50,000 just to be broke. That is what we're attempting to avoid or minimize as much as possible. 1 in 5 are struggling.

But if debt is absolutely going to be part of the equation for your family, let's at least have a practical guideline about how much debt your child is going to take on and understanding the future monthly payments.

Also, I think it's good idea to figure out your *college* pre-approval amount before going college shopping, just as having a mortgage pre-approval amount is good before you go house hunting.

Slide 6:
Speaking of house hunting, when my wife and I were looking for our first home way back when, had we seen this one, we would have fallen in love fast!
The home you see here is Dolly Parton's home in Brentwood, TN – just outside of Nashville. A great starter home for my wife, me, and our dog, don't you think?

Slide 7:
Never gonna happen. If we were crazy enough to try to buy this house for real, we would have been denied for this house and probably even laughed out of the bank. We simply didn't have anywhere near the resources to make that a smart home purchase for us. So there were checks and balances to make sure that the two of us didn't take on a mortgage that we couldn't afford.
With college, there really aren't any checks and balances. It's easy for a student and even parents to get in over their head. No bank or credit union would ever loan an 18 year old with no work or credit history the money to buy a house, but money to finance college costs of equivalent and greater amounts are loaned to these young adults every day.
Therefore, you as Mom or Dad is the only "check and balance" that your child has.

Slide 8:
The next two slides are a build-up to a complete sample 1-page college funding plan that you can do for your family as soon as you finish going through this video. Here is the 3 step process to help build out that 1 page plan to pay for college, on time, while not robbing anyone's retirement – the parents' or the student's retirement.

#1, Determine your **personal resources** available now to pay for school. For example:

- *(529, grandparent help, cash flow, etc.)*
- #2, Establish a **Maximum Student Loan amount, right on the front end.** Where t*otal Loans are equal to or less than the 1st Year Starting Salary*
- And #3, the fun part: Shop for schools within your budget not based on sticker price, but on the **Net Cost** *after aid (both need and/or merit aid)*

Let's go through each one these.

For step 1, you want to map it out for each child, create buckets for each student for each YEAR. 4 kids is 16 years! Just be honest with yourself about how much money you have to work with, this is a judgement free zone so don't feel bad if you think you don't have a lot earmarked for college, everyone wishes they have saved more and started earlier. And by the way, the average balance for incoming freshmen 529 balance $5,000 total. So make sure to cut yourself some slack if you need to.

If there is grandparent involvement, you NEED TO BE very CAREFUL b/c outside money coming in can disrupt financial aid if it's not planned for carefully. So speak with the grandparents....Something like, "we are creating a budget for John's college so that we don't get in over our head with debt, you mentioned something about wanting to contribute, so we just like to know if you are going to be able to help and to what degree b/c it can have a big impact on future financial aid so, we need to know."

And cash flow, don't forget about cash flow. Remember (and how could you forget) kids cost money when they are living under your roof. So add up what you are spending on your children now on sports, activities fees, clubs, trips, etc. You won't have these particular expenses anymore when they're in college, but kind of pretend that you do. The money goes into the college cash flow bucket instead of to the high school. For example, let's say my daughter's fees for her sports and activities this year costs my wife and I about $50 per month on average. $50 x 12 is $600 for the year x 4 years is $2,400 that we could put toward college out of our monthly cash flow. And that is just one activity for one student. That is what I mean by cash flow. And $2,400 is not an insignificant amount of money.

In step 2, we set a max student loan amount of not more than the 1st year starting salary. Not all majors are created equal. The major and the starting salary have to be considered, let's say a teacher versus an engineer for example. In the next slide you will see a few examples of average starting salaries for a handful of majors.
So, again, the loans should be measured against the major. Remember to keep in mind that a college's cost of attendance, or sticker price is irrelevant. It is the NET cost after aid that your family is responsible for paying, and that can potentially be substantially different from the sticker price.

The last step, #3, we go shopping for schools within our budget. Most students and families do the college visits first, I know I did. I'm suggesting we go shopping after we figure out what's in our budget using steps 1 and 2. Having a well thought out college list is really, really important, not just the big name colleges that we're all familiar with because we watch them play football on Saturdays. But the hundreds and hundreds of schools out there that are dying for your kids come and they will pay for them to come. One of my favorite free online resources is collegedata.com. That tool tracks almost 2000 colleges and universities in the country. You can sort schools based on a number of factors including price. Definitely check out that website when you have a moment, it's full of free information about individual schools. But my point here is why restrict your search just to the name brand colleges or where a family member or friend is going? There might be a college nearby that will be an awesome fit for your student that would actually compete for him or her to go there. Remember, colleges are businesses and they will compete for customers that fit the profile of the freshman student that they are interested in enrolling. There is a great book called "Where you go is not who'll you'll be" by Frank Bruni. He also has a few videos on YouTube that you can watch. One of the wonderful messages of that book is that a student's worth is not defined by where he or she goes to college, but by the dream he or she aspires to. It runs somewhat counter to the message a lot of H.S. students are hearing every day at school…it's a great positive message. Of course, grades and test scores are important, but let's not lose sight of the big picture. So, work on defining your own vision of a great college experience rather than a particular college's idea or its marketing message. Remember, colleges are really big businesses and they are competing for students that fit their ideal "customer" profile.

Slide 9:
Here's information about the average starting salaries by discipline published by the National Association of Colleges and Employers. You can use this information to help fill in your 1 page plan. This is just a sample showing a student interested in pursuing a degree in education with an average 1st year

starting salary of $36,557, so we set this as the max loan amount knowing that on the other side of college, this loan will require a monthly payment of approximately $360 per month for 10 years. I know it's really hard for some students who don't have a clue about what they want to major in. There are a lot of online resources that will help you and your child explore career clusters to get an idea of what career might be compatible generally, and then go from there. There's just too much money and potential debt at stake to do this type of basic exploration while you are actually enrolled in college.
Say your roommate in college is studying education while you are studying computer science. You both take on the same amount of loans, but your financial situation is going to be dramatically different after college, all things being equal. Your ability to pay down your loan will be dramatically bigger than your roommate who will be starting out as a teacher with the same loan amount as you. So we have to recognize that reality as much as possible on the front end.
Alright, on the next slide we start to incorporate many of the tips and ideas we have been exploring.

Slide 10:
Now, incorporating the previous two slides, here is your hypothetical 1-page college funding plan for your student who wants to go into education. This sheet is our starting point, not necessarily where we end.
So let's review this a little bit.

-At the top is our total current savings in a hypothetical 529 college savings plan of $25,000 for this particular child. I work with some families who say, well, I have two kids and each will get half of the 529 account and they just split the account in half. So the amount we see here is just for the one student going off to college. If we had overlapping students in college, we would need to have another 1 page college funding plan for the second student and coordinate them for the years they are in college together.
-Next, $3,000 is in let's say a savings account for example.
-Cash flow, $400 per month doesn't sound like that much, but $400 x 12 x 4 is $19,200 over four years, so it really adds up. Remember the example of my daughter's monthly high school fees that we no long have to pay when she graduates high school, we'll just put that toward college and call it cash flow. Here we are using $400. Do kids increase the grocery and eating out expenses while living at home, yes, you know they do. How much per month would you say? This amount could also go into the Cash Flow category.
-Next, parent loans…I always go with zero here, we never put that down right off the bat. We don't want parents to have a new mortgage payment for their student's college loans.
-Next we have the student resources section, money that is in the student's name such as UTMAs/UGMAs, savings accounts, etc. if you have them, would go here. Also, does the student plan to work at all while in school? Perhaps just a couple of shifts per week at minimum wage will pull in $9,000 to $10,000 over 4 years. And every little bit helps. I read an article recently that kids who work between 12 and 15 hours per week actually do better in college. Plus, not having to borrow $10,000 means not having to make an extra $100 per month loan payment for 10 years after graduation. Having an extra $100 per month when you are just starting out could make a big difference.

With student loans, we could use the maximum loan amount that our rule of thumb allows, which is the annual average starting salary of the job the student is training for, in this case, $36,557. However in this example, we don't even need that much, so I'm using the max Stafford loan amount for 4 years which is $27,000. For this particular plan, that's all we need. So that is all of the debt this student will take on.

-Private student loans we leave blank in this example. Generally speaking, a borrower will want to look at Federal loans before taking out any private. And on a side note, be careful not to use just the 529 money all at once for year one. If you need $27K or more over the 4 years, make sure you look at the direct loans and tax credits also, to try and coordinate the spending.

-Other help, like grandparents helping would also be listed. I'm probably sounding like a broken record, but it bears repeating, extra money coming in to help pay for college can have a negative impact on the student's financial aid. We just need to plan for it correctly.

And on the right side, we have the totals of everything which add up to give us our Total 4 year pre-approval amount of $98,800 for this particular student's college education. This is an example of what I mean about spelling out the money needed to pay for all 4 years of college before we do any college visits.
Take a minute here to let some of this sink in if you have a sophomore or a junior and especially if you have a senior in high school. Are you able to roughly fill in some of the puzzle pieces on this sheet? Does this sequence of first mapping out the money, and then backing into a compatible college budget make sense?
If you would like to have your own spreadsheet to play around with, there is a free blank 1 one page funding plan available for you to download from my website.

Slide 11:
Ok, now that we have the 1 page funding plan outlined, the next step it to look into the future, on the other side of college. If you don't have anything else, you can use this template with your student to begin the discussion of basic budgeting using his or her anticipated post college salary in the chosen field. This might not fit perfectly with your student's post college situation, but all of the important concepts of a basic budget are here and we can have a good conversation about it. Plus, there are a lot of free tools out there to help with basic budgeting. My family uses YNAB…Y-N-A-B. It stands for YOU NEED A BUDGET. There are tons of free education videos out there to show you how to use that app. A conversation about the difference between money going out for needs like taxes, and money going out for wants like eating out, and the fact that needs have to be allocated first, then money spent on wants – if there is anything left over. This slide can also be used as a beginner template for tracking money coming in and going out. You'll also notice a few percentages next to the categories. Such as 5% of income for utilities. These are rules of thumb, targets to help determine if expenses are within a healthy range, or outside of a healthy range and perhaps needs attention. Again, not perfect, but a good starting point to determine what the student has left over at the end of the month. Because we are doing student loan planning on the front end, we already have an idea of the monthly loan payment. We also have a guestimate of what our average annual starting salary will be in our chosen field. Those are major puzzle pieces to help us get clarity of what our potential monthly money situation might look like.

Slide 12:
In addition to personal resource planning, is the idea of putting the tax system to work for your family. For example, one of the strategies that can make a big difference for families that qualify, is putting the American Opportunity Tax Credit and the Lifetime Learning Credit to good use. As I record this presentation, there are tax law changes that have happens for 2018, however there were no changes to the AOTC or the Lifetime Learning credit. It's worth up to $2500 in tax credits per student per year. This isn't a deduction, but a credit that reduces your families tax owed if you do owe, dollar for dollar. The way it works is that it offsets 100% of the first $2K of out of pocket tuition, fees and books and 25% of

the next $2K. For example, as a family if you spend $4K of non-529 money, you'll get $2,500 of tax credits next April or whenever you do your taxes. Spend $4K and get $2500. This is just for tuition, fees, and books. This credit can be quite useful for you if your Modified Adjusted
Goss Income is less than $180K for married filing jointly. If your income exceeds this, all is not lost. Perhaps it might make sense for you to consider your student being classified as tax independent. Tax independence is only going to be worth considering if your family is well beyond this income level. Even though you cannot qualify for these credits, your student might if he or she is considered tax independent. If you have a CPA, I would consult with him or her on this issue of tax independence to see if it is appropriate for you. Worth noting again is that for the AOTC, you must use non-529 money. So don't front load the college cost with payments all from the 529. Meaning, if you pay for all of the college costs using money from the 529 account, then you cannot also pay for those expenses using the AOTC credit. It's a use it or lose it scenario with AOTCs. So again, coordinating these things now helps make sure we don't miss out on tax benefits for your family.
And even if you don't OWE you can still get a $1000 back is what the lower section is describing.

The lifetime learning credit is its own separate credit and would be useful for a student who is not eligible for the American Opportunity Credit b/c he or she is carrying a limited course load or already has four years of college credit.

Slide 13:
As we saw in the slide about the student loans statistics, college loans are a fact of life for 7 out of 10 students. If it comes down to taking out loans for schools, giving some thought about the *type* of loans is important so that that the student/borrower knows what he or she is up against after graduation. There are repayment strategies that work with some types of loans and not with other types.

The Two general types of loans we'll look at on this slide are direct, also known as Stafford loans and private student loans.

The main differences between the two types of *Federal* loans is that one is need based and one is not. With the need based or subsidized loan, the interest is deferred until repayment. With the non-need based or Unsubsidized, the loan interest begins accruing immediately.
$27,000 is the maximum over 4 years, $5500 for the freshman year, $6,500 for sophomore, and $7,500 for both the junior and senior years.

The Federal parent loans (PLUS Loans: Parent Loan for Undergraduate Students) are not need-based and the maximum loan amount is the maximum cost of college, so the sky is the limit with this type of loan. Also, the interest is affected by your credit score and are relatively easy to get. Yes, loans ARE considered financial aid, but it is NOT free money. Also know that they are non-transferrable. Some parents anticipate being able to transfer these loans into the child's name only, but that is not allowed. The Parent loan will always have the parent's name on it. I have a friend who shared a story about a 55 year old parent that owed $120K in PLUS loans with HIS name on it. He has the equivalent of a new mortgage payment and he would like to retire someday. There are better ways to strategize. Perkins were discontinued in 2010, but some students still have the loans. Federal loan types:
Standard/extended/graduated.
Income-Drive: ICR, IBR, PAYE, REPAYE, different treatment for married borrowers.
The private loans are not need based and depending on the institution may require a co-signer such as a parent.

Slide 14:
The “College is a business” slide is the final topic in this section. The “awesome fit college” is the institution that is just right for a student from an academic, a social and a financial standpoint. Even though I’m focused mainly on the financial aspects, all three are critical and need to be considered and worked into the game plan. COLLEGE IS A $500 BILLION DOLLAR INDUSTRY and your high school student is a potential customer. And a student will really be important to college if that student’s background matches what the college is looking for. For example, most colleges employ an Enrollment Manager. Part of the job of an EM is to put together a great freshman class and get them to pay as much as possible. Our job as consumers is very different, we need to find the best possible school that will offer the desired major and college experience and pay as little as possible.
So as a consumer, we might be turned off by a school that is more expensive than a competitor on the front end, but what if the more expensive school is graduating kids in 4 years, versus 5 or 6 with the other school, that ends up saving money in the long run. Interestingly, some schools **require** students to graduate in 4 years. And b/c a lot of scholarships run out in after year 4, the student pays full price after that. So research and know the value of the degree and the major FROM each particular UNIVERSITY that is on the list. Universities are not the best at everything. Schools have different strengths. For example, there is a school in northern Kentucky that not everyone has heard of, but they have a one of the leading programs in the country in the field of "infomatics". So don't rule schools out b/c they are not household names. The lesser name college might offer exactly what the student is looking for. You just have to explore beyond the big name colleges.

Here are 3 free online resources that will really help you explore college options and gather information.
-A Caution on collegescorecard.ed.gov. The graduation rate they list as 6 years and the starting salary that they report is 10 years into the career.

The other two sites I like the best: collegeboard.org, and collegedata.com
College Board is sponsored by the same company that administers the SAT and the CSS Profile, and collegedata.com is a database of hundreds and hundreds of schools with a tremendous amount of key information available for each school they track. So take a look at those.

Okay, to summarize, earlier I mentioned that we as parents are really trying to create the best possible college outcome for our children, it is just as simple as that. Yes, money is a big part, but it is not the only part. Your child’s awesome fit college is the college that your child can grow and thrive socially, academically, and yes, works financially for the student and family. As I mentioned, this presentation is about the money aspects, but I don’t want to forget about suggesting that you consider other tools and resources out there to help you with the social and the academic aspects of college. All three elements working together will really set your child up for success, happiness and reduce every parent’s fear, which I heard someone mention the other day: failure to launch. Which yes, is one more thing for us parents to worry about – on top of everything else! Work with other competent and experienced professionals on the social and academic aspects for your child. My son is a sophomore in high school and knows what job he wants after college and has identified the college and the community college he plans to attend to fulfill the core education. So he has identified a career, then worked backwards to a major, THEN to the college. I was not like that, I didn’t have a clue. Your student might not have a clue either, and that’s okay, everyone is different. The good news is that there are so many more tools and resources out there to help us get a clue, and the vast majority are free, or nearly free. Helping students understand what they are good at, what they are not so good at, their passions, etc. is such a good use of energy and time.

Slide 15:
Well, congratulations, you have now completed what I believe to be the foundational base of knowledge that represents College funding 101! If you are still here and following along, I strongly feel that you are on pointed in the right direction to make sure your college purchasing decision will be a blessing to both your student and your family.
And that has taken about 15 minutes of your time. What a deal! This is important stuff we are exploring.
Think about how much time and energy many people invest in their exercise routine, meal planning, vacation planning, shoe shopping and on and on. Your family is about to make a spending decision that will have an impact for years and years, so good job taking the time it requires to do your best. So few families take at least as much time for college planning as they do for planning their vacation. And I totally understand avoiding things that might seem overwhelming. So OK, take a break, grab a beverage and/or a snack- I have Girl Scout cookies, Samoas. These are my daughter's favorite, so she probably shouldn't find out that I took the whole box. Ok, see you on the next slide.

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