

*Paying*  
FOR  
**HIGHER**  
*Education*



**RESOURCE**  
**GUIDE**



The mission of Broadview Financial Well-Being is to guide and encourage individuals to focus on achieving economic stability—using innovative tools, making informed decisions, and encouraging positive habits.

**Broadview Financial Well-Being learning content and activities are aligned to the applicable K-12 educational learning standards: The New York State Learning Standards: Career Development and Occupational Studies; The National Standards in K-12 Personal Finance Education; and The Common Core Learning Standards; or the applicable adult learning standards: Institute for Financial Literacy: National Standards for Adult Financial Literacy Education.**

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## **CONTENTS**

Paying for Higher Education	<b>2</b>
The Hidden Costs of College	<b>5</b>
All About FAFSA®	<b>6</b>
The FAFSA Dissected	<b>10</b>
FAFSA Application Tips	<b>11</b>

# Paying for Higher Education

Countless statistics demonstrate that continuing your education after high school has major benefits, such as access to higher paying jobs and a lower chance of unemployment. However, it can also come with a big price tag. As a matter of fact, eight times as many students drop out of degree and certificate programs due to finances and debt issues than grades<sup>1</sup>. This makes it even more important to plan ahead so that you have the money you need to cover continuing education costs and living expenses.

Planning ahead will provide you with flexibility to consider alternatives that reduce the total cost of higher education and training. Examples include:

- Start saving early!
- While in high school, take advanced courses or pass college-level exams to earn college credits for free or at a greatly reduced rate.
- While in high school, take college placement exams early and if a remediation course is needed, take it.
- Begin career pathway planning early and work with an advisor while earning your post-secondary education to minimize the chance of changing degree programs.
- Attend a local school and live at home.
- Work part-time to pay for part of your expenses.
- Attend a community or junior college for a few semesters before transferring to a more expensive four-year institution.
- Carefully evaluate the cost of attendance for schools you are interested in to find a school that is both high-quality and low-cost.

For many, receiving financial aid is necessary to pay for higher education. Understanding the types of aid available and the application process is essential to reducing your total expenses.



Why do you think college students are so susceptible to debt? 

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<sup>1</sup>More than half of those who dropped out cited needing to work, another 31% said they couldn't afford tuition. Only 10% dropped out because they found the classes too difficult. Public Agenda, With Their Whole Lives Ahead of Them, 2009, [www.publicagenda.org/theirwholelifesaheadofthem/reality1](http://www.publicagenda.org/theirwholelifesaheadofthem/reality1)



# Different Ways to Fund Higher Education

There are three primary types of higher education financial aid: money you do not have to repay, low-cost federal loans, and high-cost consumer loans.

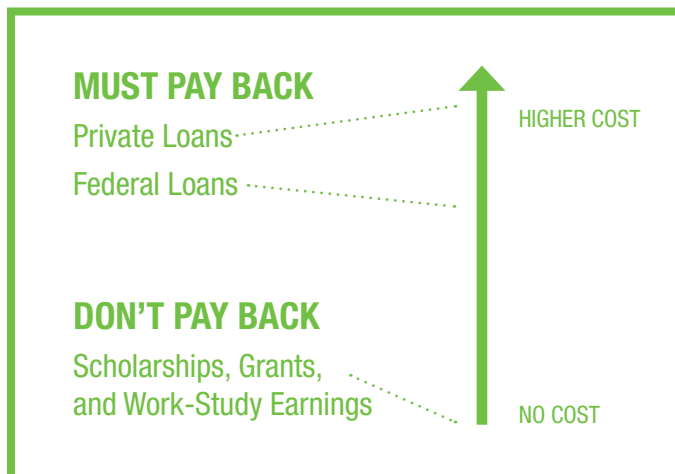
## 1 Money you do not have to repay

There are three different types of “free money” you can use to pay for higher education: scholarships, grants and work study.

These financial aid options do not require you to pay anything back as long as you meet the requirements.

### Scholarships

A scholarship is money awarded to students that does not have to be repaid and is based on academic or other achievements to help pay for education expenses. Scholarships usually must be applied for and have requirements for the student before, during and after the scholarship is awarded. Typical requirements include high school academic achievement, evidence of excellence in a high school activity (sport, club leadership, extra-curricular activity), ongoing community service, maintaining a specific GPA while in high school or taking a specific number of credits.



### Possible Scholarship Sources

- **High School Guidance Counselors:** Look here for local and school-based scholarships.

- **Financial Aid Office:** The post-secondary institution you want to attend will have many scholarships—the earlier you check and apply the better!

- **Employer:** If you have a job, paid or unpaid, your employer may provide scholarships to help fund higher education.

- **Clubs and Organizations:** Such as National Honors Society, Girl Scouts, Habitat for Humanity, and Spanish Club can all lead to potential funding for higher education.

- **Affiliations:** There are many scholarships that target students with specific backgrounds, such as race, ethnicity, military background, religion and gender.

- **Interests/Potential Major or Career:** You can get scholarships for interests like computer programming, environmental protection, and animal husbandry.

### Work-Study Earnings

The federal work-study program provides part-time employment opportunities for students with financial need, allowing them to earn money to help pay educational expenses. Money is awarded by the school and eligibility is determined by the Free Application for Federal Student Aid (FAFSA).

### Grants

A grant is tax-exempt financial aid that may be given for many purposes, not necessarily just for education. Grants tend to have less rigid requirements than scholarships and are given by non-profit organizations, corporations, or foundations. Grants are generally given for specific projects, and the recipient will be expected to report information about the project to the donor.

### Federal Student Grants

Almost all federal grants are awarded to students with financial need. The federal grant application process begins when you submit your FAFSA. You then work with your post-secondary institution to find out how much you can get and when you can get it.

### Federal grants include:

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Teacher Education Assistance for College and Higher Education (TEACH)
- Iraq and Afghanistan Service Grant
- Academic Competitiveness Grant
- National Science and Mathematics Access to Retain Talent (SMART) Grant

To learn about these types of Federal grants and scholarships available visit [www.studentaid.ed.gov/sa/types/grants-scholarships](http://www.studentaid.ed.gov/sa/types/grants-scholarships).

## 2 Low-Cost Financial Aid Loans

The federal government offers loans that have lower and fixed interest rates, generous repayment plans, no prepayment penalties and no credit checks (except for PLUS Loans). The amount you can borrow is determined by information provided on the FAFSA.

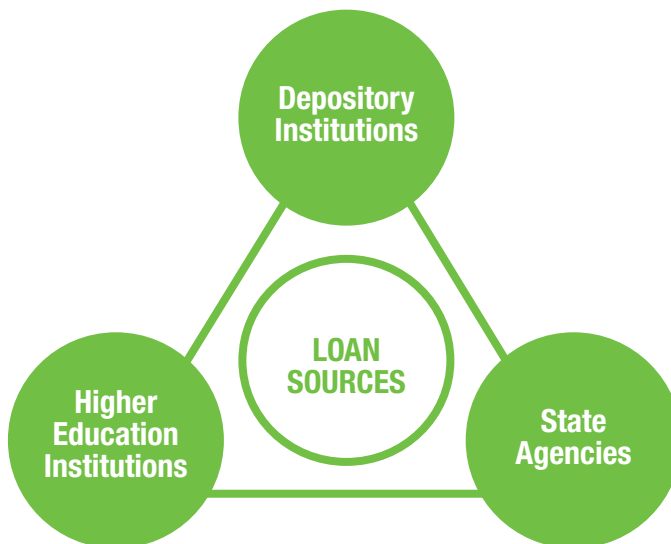
Following is a list of federal student loans (listed in order from lowest interest rate to highest interest rate).

- **Federal Perkins Loan:** A loan issued through your educational institution for undergraduate and graduate students who demonstrate financial need.
- **Direct Subsidized Stafford Loan:** A need-based loan from the federal government. The U.S. Department of Education pays the interest while the borrower is in school and during grace period (period of time after a borrower graduates, leaves school or drops below half-time enrollment where they are not required to make certain federal loan payments) and deferment period (postponement of payment on a loan allowed under certain conditions and during which interest does not accrue).
- **Direct Unsubsidized Stafford Loan:** Non-need-based loan from the federal government. The borrower is responsible for all interest costs.

- **PLUS Loan:** A low-cost loan offered to graduate students and parent(s)/guardian(s) of undergraduate students currently enrolled in post-secondary education. The loan is unsubsidized (you are responsible for paying all interest).

## 3 High-Cost Consumer Loans

No-cost and low-cost financial aid options may not cover all of your education, training, or related costs such as housing, transportation, textbooks and educational materials. Therefore, private loans offered by lenders such as a bank, credit union, state agency, or higher educational institutions are available. You apply directly with the lender and pay 100% of the interest, which is often at a higher rate than a federal loan. Typically, these loans should only be considered after all no and low-cost scholarship, grant and federal loan options are considered.



You pay 100% of the interest—often a higher rate than a federal loan.

Confused? Who wouldn't be? For more information and tips regarding financial aid, check out the the federal Consumer Financial Protection Bureau at [www.consumerfinance.gov/payingforcollege](http://www.consumerfinance.gov/payingforcollege). This excellent resource helps consumers with each stage in deciding how to pay for college, from college choices and weighing student loan options, through graduation and repayment of loans.





# The Hidden Costs of College



## TRANSPORTATION — \$250-\$300/semester

The cost of public transportation, taxis, trains, and buses to get around town or even to get home add up quickly. Find out if the public transportation system offers a discount with a student ID. Check with your college's transportation policy. Many colleges and universities offer free transportation accessed by a student ID card.

**TIP: Budget transportation needs ahead of time.**



## CLOTHES — \$100-\$200/semester

Even if you shop for a brand new wardrobe before leaving for college, you will need to do some shopping. Sharing a dorm and/or laundry room with other students, it's easy for clothes to go missing.

**TIP: Try out professional wear and prepare to land your first job!**



## CLEANING & LAUNDRY SUPPLIES — \$25/month

Living in a shared space requires that you keep it clean and neat. Cleaning supplies, air fresheners, dryer sheets, laundry detergent, and other items are a necessity and need to be considered in your budget.



## FURNISHINGS — \$50-\$150/semester

You might want to liven up your space by purchasing a lamp, rug, lights, or other decorations for your room.



## TOILETRIES — \$25/month

Bath soap, face wash, shampoo/conditioner, and other personal hygiene products are a necessity.



## FOOD — \$50-\$150/month

Local pizza and burger spots, ethnic foods and specialties from other local establishments may become part of your diet.

**TIP: It's a good idea to go shopping for food you can keep in your dorm room such as bottled drinks, snacks, coffee, and granola bars.**



## ALL THE EXTRAS —

\$100-\$300/semester

Being part of college life means there are a lot of opportunities for fun experiences. There will be frequent opportunities for going out with friends to the movies, concerts, sporting events, and other recreational activities.

**TIP: Put aside some cash for these experiences.**



## BOOKS & SCHOOL SUPPLIES — \$200-\$800

A portion of your financial aid may cover the cost of books for a semester. If not, it will be up to you to pay for them. Books are expensive and are a necessity to assist with coursework. Check your financial aid office for specific details about covering the cost of your college books. Ask the professor if the books are actually required. Don't go shopping for school supplies until you receive your syllabus from your professor.\*

**TIP: Consider renting books; it can save you hundreds of dollars.**



## HEALTH INSURANCE & MEDICAL COSTS

\$75/semester

There may be a time when you get sick and need to see a doctor. Many colleges offer health insurance plans to cover the costs of being ill. If you are switching from your family's health insurance plan to a college or university plan, you may experience a change in co-pays and deductibles.

**TIP: Check with your college and insurance carrier to determine your coverage options and rates.**



## CELL PHONE — \$50-150/month

A cell phone is a survival tool in college. Your monthly phone bill can be pricey, so talk with your local cell phone providers to determine the plan that works best for you.

**TIP: See if there is a student discount.**



## CAMPUS SOCIAL CLUBS & ACTIVITIES —

\$20-\$100/semester

Campuses have events and clubs that run year-round. It's great to get involved and participate in these events, but some aren't free. Expect to pay for things like Greek Life, sporting events, dances, and college concerts.

**TIP: Check out the free activities on campus and take advantage of them!**



## COFFEE & ENERGY

DRINKS — \$50-\$75/month

Between an exciting social life, class projects, part time work, and studying, a daily dose of caffeine seems to be the growing trend in college. The cost of buying lattes, cappuccinos, and other drinks can really add up! Instead of buying a daily cup of joe consider making your own coffee.

**TIP: Investment in a single-brew coffee machine and save a ton of money.**



NOTE: Dollar amounts are just an estimate.

\*Always check with your college's financial aid office if you have specific questions.

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# All About FAFSA!

The Free Application for Federal Student Aid (FAFSA) gives you access to the largest source of financial aid. The FAFSA determines how much your family can afford to contribute to your postsecondary education, whether it is for a four-year college, community college or a technical or trade program. It determines what types of financial aid you qualify for including loans, grants and work-study. Not only is the FAFSA used federally, but many states and post-secondary institutions also use it to determine aid. Everyone interested in financial aid should complete the FAFSA!

## To receive federal student aid, you must...

- ✔ Be a U.S. citizen or documented legal resident
- ✔ Be a high school graduate (or have a high school equivalency diploma, or pass an ability-to-benefit test)
- ✔ Be registered with the Selective Service if you are a male between the ages of 18 and 25. (If you are male but you're not registered, you can do this while completing the FAFSA.)
- ✔ Be enrolled or accepted for enrollment in an eligible post-secondary program
- ✔ Sign certifying statements on the FAFSA confirming that you are not in default (failure to pay a loan according to the agreed upon terms) on a federal student loan and will use the loan only for educational purposes
- ✔ Have no drug convictions while receiving student aid
- ✔ Maintain satisfactory academic progress

## When do I fill out the FAFSA?

It is important that you are aware of all federal, state and postsecondary institution deadlines. You should complete the FAFSA as soon as it's available because there are some first-come, first-served aid programs. The federal student aid application process occurs

**October 1 – June 30 of each year.** State and post-secondary aid is awarded using the FAFSA form but the deadlines will vary by state and institution. Learn about state deadlines from [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and institution deadlines by contacting the financial aid office. The FAFSA form must be completed every academic year you are in school to stay eligible for financial aid.

### Your FAFSA application:

- Determines how much your family can afford
- Determines what type of aid you qualify for
- Applies to a variety of post-secondary institutions
- Is also used by state and post-secondary institutions to determine aid

Your age, race, and field of study do not affect your eligibility.



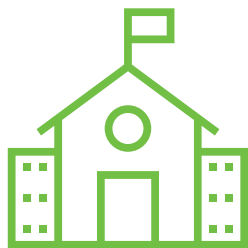


## Who decides how much aid I will receive?

The amount awarded is determined by your post-secondary institution and depends on a variety of factors including:

- Your expected family contribution
- Your year in school
- Your enrollment status
- The cost of attendance at your post-secondary institution

**Need-based aid** is financial aid that you receive if you have the financial need and have met other eligibility criteria. Examples of need-based aid include Federal Pell Grant, Direct Subsidized Loan, Federal Perkins Loan and Federal work-study. Non-need-based aid is available to cover your cost of attendance minus other financial aid awarded. Examples of non-need-based aid programs are Direct Unsubsidized Loans and the Federal Plus Loan.



### Cost of Attendance

Amount it will cost you to go to school



### Expected Family Contribution

Estimate of the parent(s)/guardian(s) or student's ability to contribute to post-secondary expenses (does not change between post-secondary institutions)



### Financial Need

## The FAFSA Application Process

- **Determine your dependency status:** It is important to know whose information must be reported. If you are a dependent you will report you and your parent(s)/guardian(s) information. This gives a consistent and full picture of your family's financial strength but does not mean that your family is required to contribute to your education. If you are independent, you will report your own information and your spouse's if you are married. The FAFSA website has a checklist to help you determine if you should be filing as a dependent or independent student.
- **The FSA ID is a username and password that you must use to log into certain U.S. Department of Education (ED) websites.** If you are dependent, both you and your parent(s)/guardian(s) will have to create a FSA ID. To create a FSA ID, go to [fsaid.ed.gov/npas/index.htm](https://fsaid.ed.gov/npas/index.htm).
- **Gather required documents:** If you are filing as a dependent, you will need the following documents for both you and your parent(s)/guardian(s). Do not mail your records to Federal Student Aid. Keep these records in a safe place! You may need them again to verify your FAFSA application.
- **Identification documents:** Social Security Number, driver's license number if you have one and Alien Registration Number if you are not a U.S. citizen.
- **Federal tax information from two years prior to your expected graduation:** Including W-2s, Federal 1040 Forms, and Foreign tax return.
- **Records of untaxed income from the previous year:** Child support, interest income, veteran's benefits, etc.
- **Current asset information:** Bank statements, investments, real estate, etc.





## When it's not "free money"

Remember, federal student loans are real loans, just like car loans or mortgages. You must repay a student loan even if your financial circumstances become difficult. Your student loans can't be canceled because you didn't get the education or job you expected or because you didn't complete your education (unless you couldn't complete your education because your school closed).

Depending on the types of financial aid you received, you may have multiple **loan servicers** (a company that collects payments on a loan). Each loan servicer will have its own payment process. Be sure that you fully understand the repayment terms when accepting the loan and your repayment and consolidation options. Choose a payment plan that

is realistic for you both in the short and long term while minimizing the total interest and fees paid.

Not paying your student loans back is serious business. If you default on your student loan:

- Your entire loan balance will be due in full, immediately.
- Collection fees can be added to your outstanding balance.
- Your wages may be garnished.
- Your Social Security, disability income, and state and federal tax refunds can be seized.
- You will lose eligibility for federal aid, including Pell grants, in the future.
- You will lose deferment or **forbearance** (ability to stop or reduce loan payments for up to 12 months while interest is accruing) options.

- Outstanding fees and unpaid interest can be capitalized (added) onto your principal balance.

**A defaulted student loan is also one of the worst entries that can appear on a credit report. It can mean that:**

- You may be denied credit cards, car or home loans, or apartment leases.
- Your interest rate may rise on existing loans and credit cards.
- Banks may refuse to allow you to open a checking account.
- You may have to pay more for car or home insurance.
- You may be unable to obtain or renew a professional license.
- You may be denied a job due to poor credit.

Be sure to check out the extensive chart that compares Federal loan repayment options at:  
[www.studentaid.ed.gov/sa/repay-loans/understand/plans](http://www.studentaid.ed.gov/sa/repay-loans/understand/plans)

**If you find yourself in trouble, don't panic! You still have a few options:**

- 1. Defer:** Many lenders will give you a grace period after you graduate from college before you have to start repaying your loan that you can extend if you need to. Just remember that the longer you put it off, the more you will pay in interest.
- 2. Consolidate:** A consolidation loan is one loan you make with a lender who then literally pays off your other loans, the loans you couldn't afford to pay separately. Ideally, a consolidation loan comes packaged with a markedly lower monthly payment and possibly lower interest rate but a longer repayment term is almost a guarantee.

- 3. Renegotiate repayment terms:** Sometimes you can choose from different repayment options such as graduated (you start off with lower payments that increase over time) or income-based (payment amount is calculated on a wage-based formula).

When considering how to pay for financial aid, remember that there are lots of resources available to help. Apply for as many scholarships and grants as possible! Be aware of deadlines and complete the FAFSA to be eligible for the maximum amount of aid. Remember that financial aid is not necessarily free money. Keep your financial reputation clean by keeping your loan amounts low and never borrow more than you can afford to pay back once you are working.

# The FAFSA Dissected

There are seven steps involved with completing the Free Application for Federal Student Aid (FAFSA). Each step is explained below. The FAFSA may be found at: [www.FAFSA.ed.gov](http://www.FAFSA.ed.gov).

## Step 1 Student Information

This section verifies the student's general eligibility, such as citizenship and higher education enrollment status.

## Step 2 Student Finances

If you have ever filed your taxes, then you will need copies of them for the calendar year two years prior to your anticipated graduation. (So, if you are going to graduate high school in 2018, you will need your tax returns for the year 2016.)

## Step 3 Student Dependency Status

These questions determine if you are an independent student. Read the questions carefully before answering each one. If all of the answers are "no" then you will need to have your parent(s)/guardian(s) complete Step 4.

## Step 4 Parental Information

This section can be confusing because the questions are still directed to "you," the student, but require information from your parent(s)/guardian(s). So when they ask, "How many people are in your parent(s)/guardian(s)' household," they're not talking about your grandparents—the "your" refers to you, even though this is the "parent" section.

## Step 5 Additional Student Information

You only need to complete this section if you answered "yes" to any of the questions in Step 3.

## Step 6 Colleges to Receive Information

The Federal Student Aid Office will send your financial aid eligibility information to up to four higher education institutions. You can submit six more school codes by following the directions listed on the "What is the FAFSA?" information sheet, found on the last page of the FAFSA.

## Step 7 Accuracy Certification

This is the contractual part of the form. By signing you, and your parent(s)/guardian(s), are agreeing to the following:

- The information you provided on the FAFSA form is accurate.
- Any financial aid money received as a result of the FAFSA will be used solely for the purpose of higher education.
- You, or your parent(s)/guardian(s), do not currently owe money or are in default on an existing federal grant or loan.
- You will not receive a Pell grant for more than one higher education institution at a time.
- You would be willing and able to provide documentation to verify the information you provided on the FAFSA.



# FAFSA Application Tips

## • BEGIN APPLYING ON OCTOBER 1

- File your taxes, and encourage your parent(s)/guardian(s) to file their taxes as soon as possible so you have the tax information you need to complete the FAFSA (you can always estimate the tax information and correct it later when you get your Student Aid Report (SAR)).
- Complete the FAFSA as soon as possible after October 1 every year to meet school and state deadlines.
- Always check “yes” when asked if you want to be considered for work-study. You can opt out of it later.
- **ANSWER EVERY QUESTION** you are not directed to skip (the directions will tell you to enter “0” if the question does not apply but they still want you to answer it). Some states and colleges award financial aid based on your answers. Your application will be rejected if the form is incomplete.
- Make sure that your name matches exactly the way your name is stated on your Social Security card, especially for the FAFSA documents.
- All school codes are listed on the official FAFSA website, [www.fsaaid.ed.gov/npas](http://www.fsaaid.ed.gov/npas).
- Review your SAR as soon as you get it to make sure there are no mistakes. It is your job to correct errors on the SAR. Those errors might negatively impact your calculated need, and if you benefit from the error, you could lose all of your aid and might be forced to pay fines of up to \$20,000.

## Tips to Completing the FAFSA Online

- Apply for your FSA ID before you complete the FAFSA. You can request one at [www.fsaaid.ed.gov/npas](http://www.fsaaid.ed.gov/npas).
- Visit [www.fsaaid.ed.gov/npas](http://www.fsaaid.ed.gov/npas) to complete the application online and receive step-by-step instructions; you’ll need your FSA ID.
- IRS data can now be transferred directly to your online FAFSA application using the IRS data retrieval tool.

- When submitting your FAFSA online, hit the “Save” button often. Always use the “Next” and “Previous” buttons on the site. Never use the “Back” button on your browser or you may lose your information.
- You can refer to “Help Text” for every question on the website. Online chat is also available during certain times of the day.
- **CAUTION: Make sure you visit the FAFSA website with the “ed.gov” extension. There are many other websites with “FAFSA” in them that offer to complete your application for a fee.**

## Aspects That Impact Eligibility

The following strategies will have the largest impact on need-based aid eligibility. All of these strategies should be employed **prior** to completing the FAFSA form.

- If you have been saving money for higher education, be sure it is **in your parent(s’)/guardian(s’) name(s) and not yours**. This includes college savings vehicles such as a 529 college savings plan, prepaid tuition plan or Coverdell Education Savings Account.
- Parents should **pay off all consumer debt**, such as credit card and auto loan balances before you complete the application.
- In addition, **parent(s)/guardian(s) should accelerate necessary and planned expenses**, to reduce available cash. For example, if you need a new car or computer, buy it before you file the FAFSA. If it is possible, this might be a good time for your parents to prepay their mortgage.
- Another way to maximize need is to **spend down your assets** and income first before you start spending your parent(s’)/guardian(s’) money.
- If you feel that your family’s financial circumstances are unusual, **make an appointment with the financial aid administrator at your school to review your case**. Sometimes the school will be able to adjust your financial aid package to compensate using a process known as Professional Judgment.







Broadview is the recipient of both the national and statewide 2018 Desjardins Youth Financial Education Award (more than \$1 billion asset category).



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700 Patroon Creek Boulevard  
Albany, NY 12206  
[FinancialWellBeing@BroadviewFCU.com](mailto:FinancialWellBeing@BroadviewFCU.com)  
800-727-3328, x4066