

The Real Secret to Paying For College

“The Insiders’ Guide To Sending Your Child To College – Without Spending Your Life Savings”

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IMPORTANT NOTE FROM CO-FOUNDERS

Dear Parent,

Congratulations on your decision to read this book! We are not exaggerating when we tell you that it may be one of the wisest investments in time that the parent of a college-bound student can make.

You have likely noticed the promises that we, at the College Planning Network, make to our potential clients as they face the challenge of paying for college in the modern economic situation... and this book provides additional information into the strategies that make all of the difference in delivering on that promise.

These are not “pie in the sky” ideas that we think “might” work in helping a family more easily afford their child’s dream college education – rather, they are proven and time-tested plans that have already been shown to save families thousands upon thousands of dollars... and to assist their children in accomplishing their academic dreams without the all-too-common burden of unmanageable student debt.

As parents ourselves, we fully understand the concerns that families face when it comes to helping their children choose the right college, go through the admission process and then decide how to pay for it without getting burdened with overwhelming loans upon graduation. The entire process has gotten much more complicated since the days when we went to school!

Because the entire process has become so complicated, we will walk you through some of the most common mistakes that people make when doing college admissions and financial aid planning... and we will also show you some of the key decisions that can be made early on – even before your child becomes an upper class student in high school – that will yield the best results when the time comes for college.

We also are proud to provide insights that will assist parents and students in negotiating the best financial aid award possible... as well as how to create a situation where the colleges are trying to lure your student with ever increasing amounts of college funding dollars!

It is an honor for us to be a part of this process that means so much to the future of your family... and this book will demonstrate to you how seriously we take that charge. From the most sensible and successful ways to navigate through the college admissions process... to all of the complex financial aid implications of this undertaking, this book will help to guide you along the way.

Our firm, College Planning Network, has grown at such an extraordinary rate simply because we care. Our goal is to consistently “WOW” you with our service, experience, and results. Every time we speak with you on the phone, send you an email, help your child pick the right school or help get you the best financial aid award offer possible, our mission is to make you glad that you are a part of the College Planning Network family.

Thank you for your time, your effort, and your demonstrated interest in making this a positive experience... both for you and for your future college student. Please feel free to call or email us anytime with your questions or concerns, or just to let us know that your child was accepted! We promise to get back to you within 24 hours with an answer, a solution or a note of congratulations. Remember that we are here to walk you through every step of this life-changing experience.

To Your College Funding Success!

John Hollis

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[CHAPTER 1]

PLEASE... DON'T HURT YOURSELF!

“DANGER! DANGER! DON'T BE A PROCRASTINATOR!”



It is a well-known fact that most people tend to procrastinate. That is, they will wait until the last minute to get something done – dragging their feet until sometimes it's so late that the end result is nowhere near as good as it could have been. Common though it may be for the average parent...

...in the college funding game, procrastination is an absolute nightmare that has led to many families not being able to afford their child's education...

...even in cases when the student has worked extremely hard and has been admitted to their dream school.

Whatever you do...

PLEASE DO NOT LET YOUR FAMILY'S COLLEGE
ADMISSIONS AND FINANCIAL AID PLANNING BECOME ONE
OF THOSE PROCRASTINATED SITUATIONS!

Financial planning exists in everyone's lives – whether it be your grocery budget, utilities, rent, mortgage, car payment, gasoline, etc... Everyone has to deal with financial planning on some level. And if it isn't planned well – this could mean big trouble... both today and in the retirement years! The same is true for financial AID planning. If you don't plan accordingly – this could also mean very big trouble both today and (believe it or not) in the retirement years! Paying for college is not just a 'college' problem – it is also very much a 'cash flow' problem today... and a 'retirement problem' tomorrow.

Now, planning for college funding should have started when you got the pregnancy test results! But, all kidding aside, college admissions and financial aid planning should start no later than your child's Junior year in high school... and ideally you should start in their Sophomore year.

Why? Let us explain...

First, where your money is – meaning where your assets are – and whose names they are under will have a direct bearing on how much financial aid you may receive. Assets held in your students name will typically be assessed more heavily than assets held in your name. The Department of Education classifies some assets as “Includable” – meaning they will have to be ‘included’ when determining your eligibility for need-based aid – and other assets as “Non-Includable” – meaning they will not have to be ‘included’ when determining your eligibility for need-based aid.

Some families may be able to structure their finances so that more of their assets are ‘Non-Includable’. However, please make sure you have someone competent in the college funding system helping you with this. You don't want to implement a poorly designed college funding plan that creates illiquidity, unnecessary costs and has a

negative overall impact on your finances... both today and later down the road.

Now, to do proper college funding planning, you must start this process early. The reason being, if you choose to seek out assistance from a qualified College Funding Advisor, is that it will take time to accurately analyze your own financial situation (depending on your own financial circumstances), your child's applications... and numerous other elements. This type of planning can take some time to put together and implement... so it is imperative that you really understand your own financial situation (and how it will effect those upcoming college bills) as early as possible.

Also, although private scholarships make up a very small percentage of financial aid – it's still money and it's still help! However, it still takes a significant amount of time to research what is available out there in private scholarships... as well as additional time to apply for them because each and every one may have different criteria. More importantly then private scholarships, you'll also want to do research (whether on your own or with professional help) on the different merit-based awards that the individual schools give out and what you need to do to get those dollars.

Because of the commitment involved and to make sure your student has plenty of time to fine tune where they want to go and what they want to do, all of this analysis needs to be done beginning ideally in your Sophomore year... but no later then your Junior year.

Finally, be sure that you and your student research their potential college selections well in advance.

The more you know about each institution's history of their average financial aid packages and what they're really looking for from an incoming Freshman applicant, the better off you will be.

This information is essential and will help you discover what schools will tend to offer you a much greater financial aid package. It will also help you steer clear of the schools in which you know (in

advance) will not give you nearly enough money to make it fiscally possible to send your student there. You can never know too much about a school and what they will typically award a family – both in need-based aid and in merit-based aid.

We can go on and on in this chapter but for now, however, there is one key thing to remember. First and foremost, we want you to understand that for college admissions and financial aid planning purposes...

...if you wait until your student's Senior year in high school to begin the college admissions and financial aid process, then you are officially procrastinating!

Don't do it. If your student is now a Senior and you are just getting started, for heaven's sake don't throw up your hands in the air and quit... but recognize that you are starting out at a disadvantage and you will have to redouble your efforts to achieve the best that you can for your student. Don't beat yourself up though – we have a ton of families that come to us for help with their senior students... and there are still things we can do to significantly help lower their out-of-pocket college costs. But if you're fortunate enough to be reading this book with a Freshman, Sophomore or Junior in high school... then please do not delay any longer! Remember, the 'early bird' will get better much results in the college funding process!

[CHAPTER 2]

TAKING YOUR TIME...

**“IF MY CHILD IS ONLY A JUNIOR IN HIGH SCHOOL,
THEN I HAVE PLENTY OF TIME TO PLAN FOR COLLEGE
FUNDING... RIGHT?”**



The answer to that question is an easy one... Absolutely not! Once again, the common theme throughout the college admissions and financial aid process is that procrastination is the enemy. So as soon as your child has entered their Junior year in high school (or ideally in their Sophomore year), don't put anything off... find the best resources available to consult with throughout the process and begin your planning immediately! Here are the key steps for getting started...

First, whether you choose to get professional help or go through the process alone, it is vital that you organize all of your income and assets before you start the process. Know exactly what your family's income is, list all of your assets, list all of your debts... and determine

how much you feel you currently have available to invest in the college education of your child.

Don't worry if it's not enough! 90% of the people we see do not have all of the funds readily available to pay for all of their children's out-of-pocket college expenses. It's about working with what you have and creating innovative plans to strategically keep your out-of-pocket costs as low as possible. Know your expenses in detail and determine how much disposable income – if any – you have left over at the end of a given month. Be 100% honest with yourself – maybe you have more 'month' left over at the end of the 'money'! This is important so you know exactly what you can put towards your upcoming college costs out of current cash flow.

This means that you will need to know what your gross income is (the total amount of income your family receives before taxes and deductions) and what your net income is (what you actually "bring home" in after-tax pay). As mentioned earlier, you must have an extremely clear picture of everything you have in the form of savings and other assets... as well as all of your major expenses.

It will make life much easier if you have all this data written down before you start the process.

This will be exceptionally helpful when it is used to design your college funding game plan. However, although this information must be organized and accurate in order to make a difference, keep in mind that there will always be some changes in the numbers along the way. Just like financial planning can't be done in a vacuum, college funding planning can't be done in a vacuum either! Things change. Life happens! Income may fluctuate, the amount of savings available may increase (due to an unexpected bonus or windfall) or decrease (due to an unexpected roof repair) – but that is all ok and part of the process. The most important thing is to start with accurate data and to keep it up-to-date along the way.

Remember, if you approach the process without being organized, this disorganization can very well cost you a ton of time and thousands upon thousands of dollars!

It should go without saying that you should do everything that you can to have your child prepared for taking the SAT tests (and in some cases – depending on where your student is looking to attend – the ACT tests). Make sure you know which schools require which tests so that there are no disappointments. In your child's Junior year, there will be the opportunity to take a practice SAT (PSAT). These scores do not go on their school record nor are they ever sent to any colleges. But in order to be adequately prepared for the PSATs – and ultimately the SATs and ACTs – your child should be armed with every strategy and tip that is out there to help 'ace' these tests!

There are a number of prep courses available that aim to help your student increase their SAT and/or ACT scores. Unfortunately, many of these courses are extremely expensive, take up several weekends of your student's (and your) already busy schedule... and take countless hours to complete in a classroom setting (when in fact, much of the information covered in the classroom setting is 'filler' and a lot of the time is spent taking practice tests!) Look for a course that meets the criteria you're looking for. For example, we have developed an online 'cliff notes' course that allows students to access the course from the privacy of their own home whenever they want to access it. It eliminates all of the 'filler' of a traditional course... and only covers pure content – ie. tips, strategies and methods for 'acing' these standardized tests. Even better...

...according to a study done by the US Department of Education from 1996 through 2008, students who watch online video prep courses score an average 10% higher than their peers who received instruction face-to-face!

Although every school has a different criteria they look for before accepting an applicant into their school, it is extremely important that your child does the absolute best they can do both in and out of the classroom... as well as on these standardized tests. They are not the

only thing considered by admission officers... but a high score can only help get a student into the school of their choice.

In addition, raising your SAT scores by even 100 points could amount to thousands of dollars in additional merit-based aid!

Keep in mind that the SAT/ACT tests are unlike any test they've probably ever taken – and help with “how” to take these tests can be well worth the investment!

Finally, as early as possible, have your child start writing to, learning about, and visiting colleges they are interested in attending. This can be started early and it's also a good idea to spread the travel out over time. Of course, almost every school will look absolutely fantastic in a brochure and on paper – especially on their website. This is, after all, advertising material used to make the school look its best. However, it is not until you're actually on the campus and get a “feeling” for the school – (urban, rural?...large, small?...new, old? Not to mention a number of individual questions you'll probably want to have answered) – that you will have begun to experience the “whole picture.”

This is key information when it comes to choosing the ‘right’ school for your student... and the lack of this information (along with the lack of proper counseling about majors, careers, etc... during the high school years) is why many students now take over 5 ½ years to get an undergraduate degree!

In addition, since some schools may be out of state, time and planning are essential and the Junior year is the very latest this should happen. Most applications are due in fall of the child's Senior year... so all of the visiting and choices should ideally be resolved before your child starts their Senior year! This is yet another reason that we recommend beginning the preparation long before the Senior year... and quite frankly – from years of experience – we have the best college funding results with families who start the process in their Sophomore year of high school!

During these early stages, it is also a good idea to have the student start looking for some private scholarships, especially through organizations with which the parents may be involved. Although it is usually true that private scholarships will make up a very small percentage of the overall financial aid you may receive, it can be worthwhile to have your son or daughter take a little bit of time to research and apply to these. Just don't make this into a major process! Have them go on a free private scholarship search site – like a www.fastweb.com – and spend a couple hours going through the process. Other than that, don't waste your time chasing the 'hundreds' of dollars when you can be spending your time in search of the 'thousands' of dollars! In fact, the 3 key areas you should spend the bulk of your time throughout this process are...

- 1) Implementing every legal strategy possible to keep your EFC as low as it can be for your specific situation.**
- 2) Developing a game plan on how you're going to pay whatever the colleges don't give you in the form of aid.**
- 3) Researching the schools that will give you the most generous aid packages.**

However, as it pertains to scholarships, remember that the scholarships themselves look really good on your child's resume. If they are awarded a scholarship for college before the end of high school, that is another feather in their cap to help 'stand out' in the application process. Just like everything else in the college funding 'game', however, it must be done early. The scholarship selection committees need to have ample time to read all the applications and make their decisions – and their deadlines are often earlier than the funding you will eventually be applying for.

[CHAPTER 3]

AVOIDING ERRORS

**“YES, EVERYONE MAKES MISTAKES IN LIFE... BUT
WHEN IT COMES TO COLLEGE ADMISSIONS &
FINANCIAL AID, YOU DON'T HAVE TO!”**



The goal of applying for financial aid is just that – to actually receive aid. Because college costs are already so astronomical (and are currently still increasing each and every year at almost every school in the country), the goal is to legally and ethically position yourself so that you are eligible for as much of this college aid as possible. But, as thousands upon thousands of parents discover each and every year, there are a variety of missteps that applicants can make along the way that could significantly reduce the amount of college funding they receive... and making those kinds of mistakes is certainly not part of your goal. Remember...

...the more errors you make, the more costly the process can quickly become!

As you have seen, the first thing we caution everyone about is to not wait until January of your child's Senior year to start your college financial plan. Many times parents take the position of "we'll deal with the money later," putting it off until after their child has applied to the schools in the fall of the Senior year. For some reason, they tend to think that beginning their financial aid planning in January of the Senior year will give them plenty of time to get organized and take advantage of whatever strategies are out there. This couldn't be further from the truth... and it amounts to burning money!

On the contrary, it is highly recommended that parents take the time to begin the process of college admissions & financial aid planning during the child's Junior year in high school at the latest (and the most positive results can come when parents begin even earlier... during the Sophomore year).

This makes perfect sense in order to truly best position your student and your finances so that the end result is your child attending their top choice school... and your out-of-pocket college expenses being as low as legally possible for your specific situation.

It is imperative that parents know the difference between "Includable" and "Non-Includable" assets – specifically what kinds of assets will be included in determining their final aid package by the schools and what kind of assets will not be included. Although there are many, some examples of "Includable" assets would be savings accounts, stocks, CD's, and mutual funds. Some examples of typically "Non-Includable" assets would be retirement plans, annuities and cash value life insurance policies. Remember, there are pro's and con's of different financial products. Make sure you discuss these options with someone who truly understands the "in's and out's" of the college funding process before making any changes to your finances. Getting incorrect information or help from someone who is not an expert in this type of planning can prove to be extremely costly!

Next, don't assume you won't be eligible for financial aid because you own a home or have a six-figure income... or for any other reason for that matter! Families sometimes make the incorrect assumption

that – because they make a good living and own a home – they will automatically be eliminated from the financial aid process. Maybe they’ve heard stories from a neighbor or a family member who said that they went through the process and didn’t get any money... or that their son got a ‘full ride’ to ABC University. Remember this important fact...

...everyone’s situation is extremely different and without knowing every single integral detail about someone’s finances and their student, you must take someone telling you their ‘experience’ with the college admissions and financial aid process with a grain of salt!

Keep in mind that most families nowadays are eligible for some form of college aid... even if they own their home and have an annual income between \$80,000 and \$150,000. And for families that make a high six-figure (or even a seven-figure) income, that still does not mean that they won’t get any money! They may not get any ‘need-based’ financial aid... but there is a ton of other money that is out there for these families (along with other planning strategies designed to lower the net overall cost of what they pay for college).

The secret is to understand ‘how’ to get the aid you are eligible for... and what steps a family can take to maximize their eligibility. Other parents errantly assume that because they are not considered members of a minority group or because their child is not an exceptionally gifted athlete, singer, artist, or whatever else, that they will not be eligible for any form of financial aid. This is absolutely not true! Every time a parent makes that common – but very incorrect – assumption that they are not eligible... and doesn’t bother to apply... then they make 100% certain that they won’t receive any of that aid!

Because of this, we always advise parents not to ‘assume’! Even if you make \$1,000,000 per year, you should always still go through the process. Yes, if your child is terrific at a sport... or gifted in some other way... or has exceptional activities on their resume, then it will help your cause... but these are absolutely not the only people who receive financial aid! Even if what you are eligible for is a smaller

amount, it still helps... and several smaller amounts can often add up to a pretty significant figure overall.

One of the most important formulas for you to remember in the financial aid process is this:

$$\text{COA (Cost of Attendance) – EFC (Family Contribution) = Need}$$

Most of the time, need-based financial aid is based on just that - the ‘calculated need’. This is one of the main reasons that it is so overwhelmingly important to know in advance what your EFC currently is... and if there is anything that can be done to lower that figure. You’ll obviously want to make that figure as low as it legally can be for your specific situation. Once you eventually complete the necessary financial aid forms, the financial aid offices at each school where your child is accepted will take the cost of attending the school, subtract what is determined to be the family contribution (the amount you can ‘theoretically’ afford out-of-pocket) and come up with the difference... or the financial need. Please remember this...

...for most families, your Expected Family Contribution is going to be much higher than you feel you can afford to pay out of pocket!

Don’t freak out when you find out what that number is! With the proper help, an expert can help you design a working plan that will allow you to pay your out-of-pocket college expenses without it putting you in the poor house! Also, the percentage of ‘need’ that a school meets will vary from school to school but we will discuss more of this a little bit later.

When you’re doing research on schools, make sure that your research includes comparing how your child’s credentials “fit” when compared to others at a particular school. If it is at all possible...

...try to encourage your child to apply to schools where they will fall among the top 25% of the incoming freshman class...

... especially with regard to their SAT and ACT scores. We see each and every year that colleges tend to give this 25% of students more grants and scholarships (meaning “free” money) as opposed to student loans (known as “self-help” money) – which will have to be repaid after graduation. For this reason, if it is at all possible, set this “Top 25%” figure as a goal! However, if your child doesn’t fit into the “Top 25%”, don’t throw that towel in – it by no means cuts you off from receiving financial aid from the school! In fact, just by getting accepted, you should be eligible for what the ‘average’ student receives. All we’re saying is that if you do lie in the top 25% of the incoming freshman class, expect your financial aid package from the school to contain more grant dollars than someone who lies in the bottom 25% of the incoming freshman class.

Keep in mind that all schools award financial aid based on a variety of several different factors. Some schools have more money than others through private donations or endowments. Other schools may qualify for certain types of loans... but not all of them. This is why it is so important to know the school’s history in advance before you start making any kind of final decisions as to where your student will apply.

It is vitally important to note that even very similar colleges – with almost identical curriculums and programs – may decide to offer you completely different financial aid packages. Because of this (sometimes extreme) variance in awards, it is important to do your own research beforehand. However, always allow room for the schools to surprise you – both positively and/or negatively. Just be sure to plan ahead in all aspects of the college admissions and financial aid process, get those applications in as early and strategically as possible... and then wait to see the results. From that point on, you will know exactly where you stand with all of the schools you applied to... and you can begin to make more intelligent and accurate decisions about what to do next. You’ll also then know (assuming you got the proper help beforehand!) if you received a ‘fair’ offer from a school... and if not, what you can possibly do about it.

Finally, please don't think you need to go through this process alone. It's scary and overwhelming... and most importantly, it causes a lot of uninformed parents to overpay for their child's education. The right guidance in this process can help a family come out thousands – even tens of thousands – of dollars ahead of those families who go at it alone. There are definitely experts out there – but make sure they fully understand the complex college admissions and financial aid process. Make sure they have good ratings with the Better Business Bureau and see what types of professional industry associations they belong to. See if there are any testimonials from happy clients you can read about.

Keep in mind, running to your CPA or tax preparer is probably not a good idea when it comes to the college funding process. These professionals may be highly intelligent and excellent in their fields... but their expertise is in tax planning and they are not usually well versed in college admissions and financial aid planning! For example, we are experts in the college admissions and financial aid niche... but we know very little about completing tax returns and doing tax planning. That is why we rely on CPAs and accountants to help us in these areas. On the flip side, we have countless CPAs as clients (and countless CPA firms that refer their clients to us), and they're typically the first to admit that college funding is not what they do.

In summary, if you choose to have someone help you through this process, make sure that this is truly what they do... and that they are not a 'jack of all trades' financial planner who claims they can help... or a neighbor that completed the FAFSA form for their child. You're talking about a major six-figure investment in the cost of college... and you don't want advice from someone who doesn't truly 'live' this industry day in and day out.

[CHAPTER 4]

GETTING A HEAD START!

“WHAT SHOULD BE DONE BEFORE APPLYING TO COLLEGES”



Hopefully, you have now resolved to get started as early as possible with your college admission and financial aid planning. As we discussed, in regards to financial aid, the first thing you should be doing is documenting a clear picture of your income and expenses. Know ‘what’ your assets are... and more importantly, ‘where’ they are. Create a file and keep all of these important documents together – whether in paper files or on your computer – and keep them at the ready for you to reference throughout the entire college admissions and financial aid process.

For a lot of families, a significant part of your assets may be the home you own. One very important thing to remember is...

...if you own a home, make sure you don't overestimate its value!

Many schools have traditionally used what is called the "Housing Index Multiplier," which essentially is a formula that starts with the original purchase price of the home and the year in which it was purchased... and calculates the value out from there. Now is not the place to pound your chest and say "I bet the house I bought 3 years ago for \$200,000 is easily worth \$500,000 today!" If you show the school a higher value than what the "Housing Index Multiplier" does, guess which one they'll use? You guessed it – the higher one! Therefore, make sure you know what the "Housing Index Multiplier" value is for your specific house... and use that number.

Although your child is almost certain to have a favorite school or two, it is never a good idea for even the most exceptionally qualified students to apply to only one or two schools. Make sure your child applies to multiple schools – we generally will recommend building a list of between six and ten schools. These colleges and universities should be divided into three categories while your child is going through the application process.

First, there are the safety (or "fall back") schools. Next, there are the "competitive" schools. Finally, there are the "reach for the sky" schools. These should all be colleges that your child would consider attending – even the "safety" schools. This necessitates that your student has a firm grasp on their application prospects and their competitiveness throughout the entire process.

Safety schools will often fall into the category of state or local colleges and universities. For state residents, these schools often have a lower cost (though not necessarily 'low' cost – remember, 99% of the time, the sticker price is not what you pay!). These schools may accept a broad spectrum of students from diverse financial and academic backgrounds... and whose population is more often than not comprised of a significant amount of in-state residents. However, all

state colleges accept out-of-state residents... but they charge these students a significantly higher tuition cost. In fact...

...an out-of-state public university is often times the most expensive type of school to choose when it comes to ‘true’ out-of-pocket expenses.

Be aware that each state has its own rules of admission – so criteria for costs vary from state to state. There is also significant variability in the competitiveness of state schools, however, and some of them are among the top-tier institutions in the country. In these states, even long-term state residency will not guarantee admission at a state school with a sterling academic reputation. If you are uncertain as to the competitiveness of your state schools, research this information in advance with your student so that you are clear on these options.

Competitive schools can be public or private, as noted above, but they are generally schools whose criteria for admission are more stringent than the “safety” schools. They are also more difficult to get into... and they may not weigh all admission criteria equally. For instance, your child may have average SAT scores, but their essay or high school grades or activities may outweigh those scores so much that the particular college isn’t overly concerned about the test scores. Instead, they want a well-rounded, enthusiastic student who will contribute to the school in a variety of ways.

The “**reach for the sky**” school is a school that your child might not particularly expect to get into for a variety of reasons. Often, they use the SAT scores and high school GPA as a strong indicator for the student’s success. But there could be other reasons as to why it’s so difficult to gain admission. For instance, the highly-respected Bennington College in Vermont accepted only 750 freshmen from all across the country because it is a small school and most students live on campus. One of its focuses is on the arts and because it is a heavy ‘writing’ school, it will only accept those whose essays are extremely strong and whose arts background is extensive. Therefore, it’s difficult to gain admission just through the sheer numbers and strong emphasis on writing ability. On the other hand, the world-renowned

Massachusetts Institute of Technology in Cambridge focuses much more highly on math, science, and engineering... as well as standardized test scores and high school performance.

One recommended strategy for the application process is for your child to be prepared to choose two to three schools in each category and apply to each of them. Bear in mind, of course, that there is an application fee for each school... but in general, the more schools your child takes an interest in (as long as you keep the number of schools a ‘reasonable’ number – you don’t want to overwhelm yourself and get ‘paralysis by analysis’), the better off you may be. The bottom line is that you never really know what might strike a positive note with the decision makers on the admissions committees when they read your child’s applications. It happens every single year that graduating high school seniors are accepted to that dream school they never thought they’d have a chance to be able to attend. On the other hand, there are also cases where well-prepared and excellent students are rejected from their dream schools and wind up looking further down the list of schools. For this reason, as well as several others, it is absolutely vital that you have a well-thought-out list of schools to go to... if the need arises!

Two additional – and very important – pieces of advice: First, make sure you find out when each school’s specific financial aid deadlines are and note them on a calendar. These will often vary considerably from school to school... and keep in mind that the schools’ financial aid offices are typically not flexible on these deadlines. Second, we usually recommend that families do not have their child apply for an Early Decision program if one of your goals is to get as much financial aid as possible. The reason for this is that by applying for Early Decision, you are essentially informing the school that you may ‘have’ to attend that school... and that could put you at a distinct disadvantage when it comes time for any financial aid negotiation. It is almost certain that the school’s financial aid administrators will likely not grant as much money for an Early Decision applicant as they would for the normal admission applicant. However, Early Decision is something you should discuss with a professional to see if it makes sense for your specific situation.

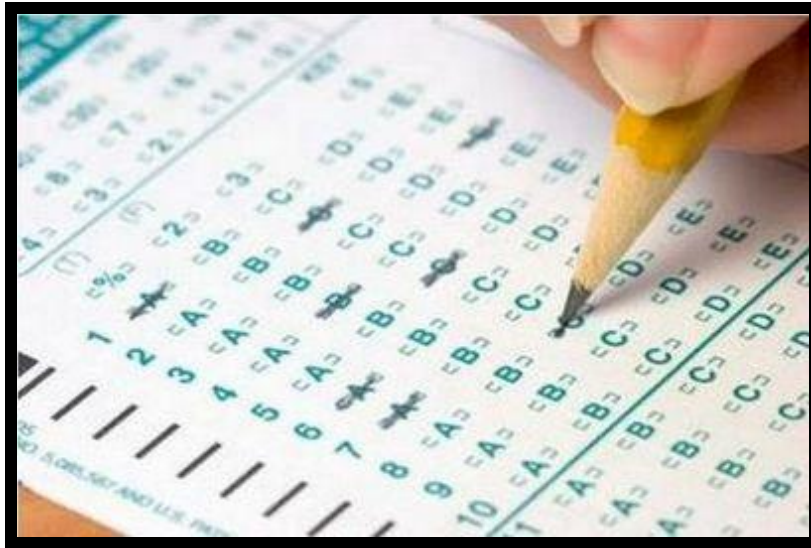
Also, as we mentioned earlier, do some research into private scholarship programs. But remember, we tend to recommend that families limit the overall investment of time for this activity since private scholarships make up a very low percentage of overall financial aid. In fact, these private scholarships comprise less than five percent of the overall aid that is out there! The reason we are recommending searching for them at all is that scholarships do look good on the resume. But once again, have your student search around – you should be spending your time on the ‘high payout’ activities (implementing ways to lower your EFC, coming up with a game plan to pay your out-of-pocket college costs without putting your family and/or retirement in the poor house... and picking the right schools that’ll be the best fit for your student and your pocketbook)

Not to sound like a broken record but it is essential to be organized. This is one of the biggest challenges for college admissions and financial aid planning... simply because there are loads of forms, deadlines, numbers, and requirements that will be imposed on you throughout the process. It can certainly be stressful, but good organization and communication will make a daunting process a whole lot easier! Find out the deadlines – and schedule your time from that date – backwards. Make sure you allow ample time to obtain the necessary information and meet the necessary deadlines... and the results will edge in your favor over those who do not do so.

[CHAPTER 5]

CHOOSE WISELY...

**DON'T MAKE THE MISTAKE OF SELECTING A SCHOOL
WITHOUT FIRST CONSIDERING FINANCIAL AID!**



One might think that when you and your child first start discussing schools that they may be interested in, the first step would be to look at the number of programs they offer. While this is fine in the abstract early stages, it is important to note that “interested in” and “applying to” are two completely different things. It’s fine for your child to do research and see what majors are offered, how their sports programs are (if your child is interested in athletics), or whether it’s a city or rural school (if location and atmosphere are important to your family).

But when it comes to actually applying to the schools, the wisest families are those that refuse to allow these factors alone to ‘drive the bus’!

Keeping in mind that you will most likely visit each school your child may apply to (which is certainly recommended), this can get costly – especially if any of the schools are out of state. So before you plunge into that effort and waste a lot of time and money...

...make sure you have a good idea of the ‘true’ cost for you family to attend each school on your list.

Here’s a scenario as an example. Suppose a high school student – let’s call her Susie – chooses a school whose nursing program has a reputation as “one of the best” – and this is the field that she wants to study as a major and probably make her career. Susie also loves the size of the school and where it’s located... and although it’s out of state, it’s only a two hour flight. So, Mom, Dad & Susie get packed to visit the school – but because of the distance, they need a flight for three, a hotel, a rental car, and money for meals. The visit goes great and Susie says “Mom/Dad – this is definitely the place for me!” Susie later applies to the school, gets accepted – and the entire family is ecstatic!

Then – the financial aid offer arrives. The school is offering almost entirely federal money and very little aid from the school itself. Unfortunately, Susie’s family is not in a financial position to be able to pay the out-of-pocket amount expected by the school. The feeling of disappointment is awful for Susie and her family – and this is certainly an understatement – and it is all because of one factor: financial aid. To make matters worse, because of the substantial amount of money already invested in the visit to the school, there is now even less to use for the out-of-pocket contribution at a different school!

This scenario did not have to play out the way it did... if only the family had made financial aid a top consideration before making that trip and applying.

Remember that Federal financial aid (the government funds for which you will apply through the FAFSA starting January 1st of the child’s Senior year) is a completely separate entity from the financial aid that

is awarded by the school itself. Because of this, it is absolutely crucial – essential even – that you find out what each school’s financial aid policy is... and especially what their history is as far as awarding financial aid! Some schools give more loans out than they do grants and scholarships – and vice versa. Grants and scholarships are “free” money... as opposed to loans that will need to be repaid when your child is done with school. Never forget that you will probably have (at least) four years worth of financial aid – and that could mean four years of loans awarded. So, you always want to try to go for as much “free” money as possible.

Keeping in mind that, statistically speaking, most high school students will be accepted to 70% of the schools to which they have applied, it then becomes a question of whether the schools will be willing and able to give you the money that is needed for your child to be able to attend.

By doing the proper research into each school’s financial aid policies and history – you will save a lot of time and money – and a lot of unnecessary disappointment! Obviously, the curriculum and other details are an extremely important part of the college selection process... but your efforts will go a lot further if you combine them with the selection of aid-friendly schools.

Let me give you an example of a real client of ours. The student was primarily looking at three colleges she wanted to attend. These were:

- Fairfield University... with a \$51,560 Cost of Attendance
- Syracuse University... with a \$49,152 Cost of Attendance
- Villanova University... with a \$50,340 Cost of Attendance

As you can see, these were all very pricey options! Now, when we were done doing our planning for the family, their EFC came out to \$21,198. The FAFSA was completed and sent to the schools she was considering. Here’s how the offers came back:

- Fairfield University offered her \$14,000 of aid... putting her total out-of-pocket expenses at \$37,560.
- Syracuse University offered her \$14,700 of aid... putting her out-of-pocket expenses at \$34,452.
- Villanova University offered her \$39,530 of aid... putting her out-of-pocket expenses at \$10,810.

In this real life example...

...the family would pay less to send their daughter to Villanova (a school with a \$50,340 price tag)... then they would to send her to almost any state school in the entire country!

That is why it is so important to do your research ahead of time and pick the right school!

[CHAPTER 6]

WHAT YOU DON'T KNOW CAN HURT YOU...

DON'T BE AFRAID TO ASK QUESTIONS!



Because it is often an unfamiliar experience, the notion of facing the college admissions and financial aid process can be intimidating for many parents. Sometimes, especially seeing that the college funding process is so vastly different than it was years ago (like when we went to college!), higher education may seem like something of a “foreign land” – a mythical place that is far away, with inhabitants that speak a different language – and therefore communication might be difficult.

This is most certainly not true... as long as you know how to speak to the colleges in a language that they'll understand!

Remember that all of the people at the colleges – from administration to teachers to students – are people... just like you! Furthermore, at some point in their lives, they've probably all been through a similar situation to what you're experiencing now! So there is really no need to be afraid to go to them and ask for some vital information. Most colleges have been around for a very long time, so they have some pretty clear policies and procedures that can be explained quite easily... as long as you take the time to ask! Even so, you would be surprised how many parents and students make unnecessary errors on their admission applications... simply because they did not bother to ask for clarification. It happens every year... and sometimes with unfortunate results.

With that said, before you apply for financial aid – perhaps even before your child applies for admission – it is very important to ask each of the colleges some questions. This is done for the simple reason that the answers to those questions will be of tremendous help in making final decisions about what school your child may want to ultimately attend (assuming he or she is accepted there).

First of all, ask the financial aid department representative if their institution has a maximum amount of financial aid that they will award any particular student. With the understanding that part of their formula is what you receive in federal aid (which as we discussed earlier is completely separate from the school's own aid), find out whether there is a stated maximum amount of aid that the school, itself, can award. Note this information about every school on your list. Also, make sure you find out what the school's deadline is for financial aid applications (as opposed to the FAFSA and CSS Profile forms, each individual school's deadline may be different) and whatever you do... don't miss the deadline!

It's extremely helpful to know, in advance, what percentage of "need" the school typically awards their average student. Unfortunately, the schools aren't so forthcoming with this information... unless they are one of the few schools that always meets 100% of your "need". They typically will give you a roundabout answer about how they try to be fair with their aid, blah, blah, blah... but don't often give you exact

percentages. Certain professional college funding firms have access to proprietary software databases that spell out exactly what percentage of need a school meets... how much of the money they give is typically 'free' money... and how much of the money they give is typically 'self-help' money. It's imperative to have this information when you're building your school list.

Knowing this could be vital in picking the right school as it will help you determine what you could realistically expect to pay out-of-pocket at a particular school. For example, let's assume the school costs \$35,000. And let's assume your Family Contribution is \$20,000. Well, when you subtract the \$20,000 Family Contribution from the \$35,000 Cost of Attendance, you are left with a 'need' of \$15,000. Now, if your family's 'need' is \$15,000 – and a school only meets 50% of your 'need' – then the school will most likely only award you \$7,500 ($\$15,000 \times 50\% = \$7,500$) in financial aid. Therefore, the other \$7,500 of 'unmet need' will be expected to come from you! So, instead of your out-of-pocket costs being the \$20,000 Family Contribution you were planning on... the real out-of-pocket costs come to \$27,500! ($\$20,000$ Family Contribution + $\$7,500$ Unmet Need). As you can see, it is imperative to know a school's statistics on unmet need before you go through this process!

Another very important consideration is whether any private scholarships – meaning any aid that your child has received outside of the college itself – will affect your overall financial aid award from the school. Ask them whether these smaller awards will directly affect the total amount of financial aid the school will eventually offer you. Basically, if you received a \$1,000 private scholarship, a lot of schools will subtract that \$1,000 from the amount of aid they were going to give you anyways... instead of that \$1,000 getting subtracted from your out-of-pocket costs once the financial aid package has been awarded.

If your child doesn't happen to apply for financial aid for their Freshman year, it doesn't mean that they are locked out from receiving aid in future years. Now you may be asking: "Why in the world wouldn't I apply for financial aid for my child's Freshman

year?” Well, we don’t normally recommend it as a course of action but it does sometimes happen. You might have been late getting started... or your student is not organized... or they just weren’t ready to apply... or you missed the deadlines due to some family emergency. You may have your assets set up in such a negative way that it would put you at such a distinct disadvantage that you might be better off doing some financial planning and then waiting a year to apply. Although it doesn’t happen often, a situation might arise in which a family might not apply for financial aid in the student’s Freshman year. It will be an expensive lesson... but it can be overcome in many instances.

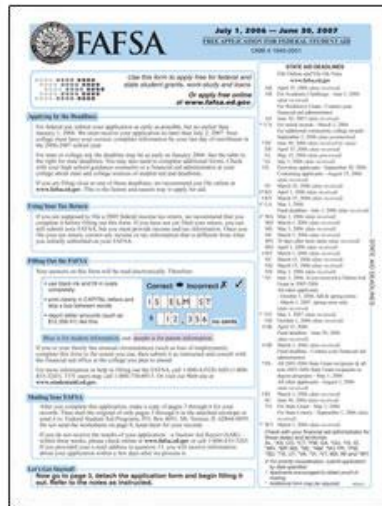
You can still apply for aid in subsequent years, however, be aware that some schools will give preferential treatment when awarding aid to students who have already received financial packages in earlier years. If you think – for whatever reason – you may not be applying for aid in your student’s Freshman year, then you will want to ask how the school manages these kinds of situations as you will certainly need to know how this might affect your student beyond the freshman year.

Again, the bottom line is pretty simple – do as much research as you can and be sure to ask about each school’s specific financial aid policies and deadlines!

[CHAPTER 7]

FUN WITH THE F.A.F.S.A.

...AND WHAT FOLLOWS



The first day you're allowed to complete the FAFSA form is on January 1st of your child's high school Senior year. The FAFSA (the acronym for "Free Application for Federal Student Aid") is the main application that will be required by every college to which your child applies. It will determine how much Federal financial aid your child will be awarded... and it will also be the guide that most colleges will use when determining how much additional financial aid your child will be awarded by the schools themselves. (So, yes, this form is pretty important!)

The FAFSA can be completed online at www.fafsa.ed.gov. You will be asked to create a unique PIN to access the site and you will use this PIN each time you enter the site... and for each year that you apply for financial aid (remember that you absolutely must reapply each and every school year whether you received aid in the previous year or

not). In most cases, both parents and the student will have to create their own PIN, which is also used as their electronic signatures. The FAFSA is a classic example of “the early bird gets the worm” – the earlier you complete your FAFSA, the greater chance you have of receiving the maximum amount of financial aid.

For many families, the FAFSA process is extremely overwhelming and painstaking. It can definitely take some getting used to. Some of the information required will be figures from your tax return – and of course, if you access FAFSA in the beginning of January, you most likely will not have completed or filed those taxes yet.

That’s ok – please do not let this deter you from completing the FAFSA early! Just enter your estimated figures into the FAFSA form and then submit the application so they have it on file. Then, when your taxes are complete and you have exact figures, you can go back and make any necessary corrections. You will be able to print out all the information you submitted on what is called a Student Aid Report (also known in financial aid circles as the “SAR”).

One of the biggest mistakes families make in the financial aid process is waiting to get their taxes done before they submit the FAFSA!

By submitting the FAFSA early, the school you apply to (and are accepted to) will earmark money in your initial financial aid award offer. They’ll send you a financial aid package and will tell you that it’s not final until your FAFSA is updated with completed tax figures. However, once they have earmarked this money for you, if they really want your student, it can be a bargaining chip where you negotiate to have them let you keep the package as is – even if your income ends up being greater than you initially estimated on the FAFSA! However, on the flip side, if you wait till your taxes are done to complete the FAFSA (say in March or April), the school may have already allocated a large chunk of their financial aid budget. They may want your student but now they are working with a smaller amount of money that is left over to give out... so your financial aid

package may not be as good as it could have been had you estimated your figures and applied in January (or even beginning of February!)

At the end of the FAFSA application process, you will be given what is called an EFC (Expected Family Contribution). As the name states, this figure is what the Federal Government (not the school) expects your family to contribute to your college costs. Keep in mind that even if your EFC is “0”, this does not mean that your child’s financial aid package will cover all costs of the school your child will attend... and that you will actually pay nothing! For example, let’s say a school costs \$40,000 and your EFC is \$0. Let’s also say that the school your student is going to attend meets 70% of need. Seeing that the Cost of Attendance is \$40,000 and your EFC is \$0, your need is \$40,000. If the school meets 70% of need, then you would be awarded \$28,000 ($\$40,000 \times 70\%$) of need... but there would then be \$12,000 ($\$40,000 - \$28,000$) of unmet need that needs to be added to your EFC. Seeing that your EFC is \$0, once you add the \$12,000 of unmet need to it, your out-of-pocket college costs come to \$12,000. Not bad at a \$40,000 school... but still nowhere near the \$0 that showed up on the FAFSA form!

However, there is no question that the lower your EFC, the better your situation is for receiving need-based financial aid. Remember that each individual school will determine exactly what they feel you can afford based on a variety of factors. Also, keep in mind that college admissions and financial aid planning is not just about need-based financial aid! There is so many strategies available to families from all different walks of life to lower their out-of-pocket college costs! There is merit-based aid, cash flow strategies, tax strategies, student positioning strategies... and much, much more. So, if your EFC is higher than you’d like it to be – or even if it’s higher than the cost of the school itself – don’t fret... there are still many things that can be done!

It will take up to three business days to receive a confirmation from FAFSA that the initial application has been submitted. Your child will also receive an email confirming that it has been accepted. After

the email is received, you can go back in and make any necessary corrections (and this can be done multiple times).

There may also be a form required by many private schools called the CSS Profile Form. This form is a lot more complex than the FAFSA is (believe it or not!) and weighs certain asset and income figures differently than the FAFSA does. For example, home equity is counted against you on the CSS Profile form... but not on the FAFSA. The CSS Profile has different submission dates than the FAFSA does... and it also has a completely different methodology for determining what your out-of-pocket college costs should be. For some families – with proper planning in advance – the CSS Profile can be helpful to their financial aid situation. For other families, not so much. The CSS Profile allows more professional judgment on behalf of the financial aid office – where the FAFSA does not. It also charges a fee (to obtain the form) and an additional fee to every single school you send it to.

No matter what, make sure your forms all match up and that you complete them accurately and on-time. Once again, the “early bird” gets the worm!

[CHAPTER 8]

WORKING WITH THE F.A.F.S.A.

ONE SAMPLE SCENARIO



As we previously stated, a lot of financial aid is awarded on a first-come, first-served basis. Most people don't seem to know this and they also seem to operate on the assumption that there is an infinite amount of aid out there for them to claim whenever they decide to apply. Wrong! This is why in the previous chapter we stressed the importance of getting an estimated FAFSA form completed as early as possible.

Although the schools themselves may not use this approach with their own awards, remember: the information you submit through FAFSA

is provided to every college your child applies to... and the schools will use this information as their guide to preparing your child's personalized financial aid package. With that in mind, submitting late is not in your best interest no matter how you look at it. In addition...

...schools do not have an “endless pot of gold” to award – so at some point they will run out of money to give. It happens every year.

There are always deserving and needy students who applied late and are completely out of luck because there is no money left in the financial aid budget for them to award. Do not allow your child to be that student! Remember...

...it's not the “neediest” families who get the most money – it's the “wisest”!

I remember a client that came to see us once their daughter was already in her Freshman year at Northwestern University. After reviewing their finances and the award they had already been offered (and paid for her Freshman year), I realized that they should have been paying closer to \$8,000 for the year – instead of the \$32,000 they were paying! This was due to the fact that their EFC was much higher than it needed to be... but it was also due to the fact that they waited until they got their taxes done to complete the FAFSA in late March! Bad idea! While we helped them get their costs down in her Sophomore year, we obviously couldn't go to the school and ask for a refund of the 'overpayment' in her Freshman year!

That was a brief example of a real client. What I'd like to now is paint a picture of what could happen to two separate families with very similar graduating high school seniors headed to college. There is a lot of similarity between the families – who we will call the Wise Family and the Notsowise Family – but you will see how much their experiences differ.

THE WISE FAMILY has one son, William, who has applied to Ivy University and eight other colleges. Although he has applied to nine

schools, Ivy University is by far his first choice. The Wise parents had a combined income of \$75,000... with \$22,000 in savings accounts and they own a home worth \$300,000. William took the SATs, received admirable scores, and was an A/B student throughout high school.

After sitting down and examining their family's finances and their overall college funding situation during their son's last month of his Sophomore year, they decided to make an appointment with an expert in college funding – their CPA honestly told them that he could help with some things... but he admitted that he was not well-versed in the details of college funding – and the Wises opted to find someone who was.

The Wise's College Funding Advisor was able to help William figure out the right schools for him based on his interests... as well as what type of financial aid awards those schools typically give their average student. The Advisor also used several tools with William that allowed them to research the histories of each college – financially, academically, and otherwise. The Advisor also advised the Wises on how to best position their finances to keep their EFC as low as it legally can be (it was \$17,000 the way they were currently positioned and the Advisor was able to lower it to \$10,000!)... and he helped them restructure their cash flow to free up enough money to pay the estimated out-of-pocket college costs not only for William... but also for his younger sister, Wendy! The Advisor also agreed to make sure he completed the Wises FAFSA form in January of William's Senior year.

Finally FAFSA time came. Like most people, the Wises hadn't yet completed their tax returns... but their Advisor helped them complete the FAFSA with estimated numbers anyways. Then, once they got their updated tax information from their CPA, they went back online to update the FAFSA.

Once the FAFSA was completed, the Wises found that their EFC was right in line with what their Advisor said it would be – \$10,000. Their son was accepted to all nine of the schools he applied to... and when

they received their financial aid packages, most of them were very similar to what their College Funding Advisor had predicted through his software program. The total awards each covered all of William's college costs except a range of \$3,000 to \$5,000 – which the Wises already knew they could manage without financial difficulty. Even better, a good majority of the awards were made in the form of grants and scholarships... with the only loans being federally subsidized Stafford loans. The family's ultimate happiness came, however, when Ivy University sent their financial aid package. At Ivy University, 100% of the school costs were covered through a combination of federal and school awards. The Wises were ecstatic... and William was in a great situation! They couldn't have been happier!

Then there were the Wises' neighbors, **the Notsowises**. Their daughter, Nancy, applied to five of the colleges that the Wises' son had applied to – and she, too, had solid A/B grades in high school. Nancy also did well on her SATs, scoring almost exactly the same as her neighbor, William Wise. Coincidentally, the Notsowises also had a combined income of \$75,000, \$22,000 in savings accounts, and a home next to the Wises', which is also worth \$300,000. They were sure that because of their income and “small” bank account, they would be prime candidates for a large amount of financial aid.

Mr. Notsowise works as an accountant so he was absolutely sure that he already knows everything that is needed to know about “money” – he reassured Mrs. Notsowise that he would take care of everything when it came to the college admissions and financial aid process. This was a great relief to the family, because Nancy really wants to attend Ivy University – it is also her first choice. Mrs. Notsowise really didn't care who took care of the necessary applications because she knew her husband was good with figures – after all, that is his career. She also knew that Nancy would be on top of the applications without any nagging, because she really wants to go to Ivy University!

Now, Mr. Notsowise knew that January 1st of his son's Senior year was the first day he could officially complete the FAFSA. He knew they had \$22,000 in a savings account but decided, because of tax purposes, to gift the money into Nancy's name... never considering

what this might mean to the financial aid calculations. January 1st came and went, but the Notsowises had plans to go to a family party for one of the biggest football games of the year. After watching the Rose Bowl Parade they went out again and didn't return until late that night. Of course, on January 2nd the new tax season officially began, and Mr. Notsowise once again started to get busy with preparing his clients' tax returns... the college and financial aid deadline wasn't for a while yet, so it wasn't a big deal, right?

Occasionally Mr. Notsowise would think about what he had to do in order to apply for financial aid, but because he was so swamped at work he decided to wait until business slowed down so he could focus entirely on the financial aid application. On February 20th, Mr. Notsowise finally logged onto the FAFSA site and completed the application. His own busy season of preparing taxes had a slight lull during the first week in March, so he was finally able to prepare his own tax return. Roughly a couple weeks later, on March 11th, he returned to FAFSA, made some corrections and resubmitted the form. Their EFC was \$20,000 after all was said and done. "Whoa!" he thought. "That's way more than I thought it was going to be! How could this be?" He wasn't very happy but he still felt certain that the schools would cover the rest once they examined the "whole picture."

Much like William Wise, Nancy Nosowise was accepted into all of the colleges she applied to... and she received the different financial aid packages by April 15th. One by one, the Notsowises examined the offers and their mouths dropped! In the case of Ivy University, all but \$1,000 of the award was in the form of loans... and they were expected to come up with *not* \$20,000... but \$23,000 out of their own pocket!

All of this occurred because the Notsowises were apathetic about the entire college admissions and financial aid process. They didn't do proper planning ahead of time, they didn't submit their FAFSA form early enough, they didn't have their assets in the "right" place... and the list could go on and on. As you can see, their award offers looked very different than the Wises' – and this happened...

...despite the fact that their financial situations were identical!

Because the Notsowises procrastinated, Ivy University had already allocated most of the money that was available for them to award from their school. Although there was one college that Nancy Notsowise had applied to which offered a package where they “only” needed to pay \$15,000 out-of-pocket, this was still definitely going to be a hardship for the Notsowises (seeing they didn’t take the time to create a plan on how they were going to pay their out-of-pocket college costs), and...

**...the son would not be able to attend his first choice college...
despite being accepted there.**

While this is a sample scenario, we can assure you that we see situations like this occur all the time! It occurs each and every year in some form or another... and we want to make sure that you end up in a better situation than the Notsowises!

[CHAPTER 9]

“LET’S MAKE A DEAL!”

HOW (AND WHY) TO PLAY IT WITH YOUR STUDENT’S POTENTIAL COLLEGES



One of the things that we find time and time again is that parents of college-bound high school students seem quite passive when it comes to dealing with the financial aid personnel at their child’s future college.

It is almost as if they are afraid that the school will rescind their offer of admission if the parents question the financial aid offer... and trust us, that is not the case!

These parents seem willing to simply accept any scrap of financial aid they can get... as opposed to dealing intelligently and wisely with the financial aid administrators to get the very best deal possible.

There is nothing to fear when talking to the financial aid offices!
There is no need for parents to blindly accept the financial aid offer

from most any school... although many parents do just this. It is actually one of the worst decisions that they can make.

Obviously, college is a major financial milestone... very much like purchasing a home... or even a car (make that several cars!) Consider the fact that private schools currently run between \$40,000 and \$50,000+ per year for tuition, room & board, fees, meal plans, transportation, and living expenses. Even if your child is enamored with a state school, these institutions are usually in the \$20,000 range per year... and that is only assuming you are a resident of the state where the school is located! Remember that choosing to attend a state school anywhere outside of your home state will often cost far more than a private school would!

Simple math – even assuming your child received the proper counseling in high school and graduates college in four years – shows that these numbers are not small potatoes. If your child is interested in graduate or professional school (medicine, law, dentistry, business, etc...) after the undergraduate years, then the numbers go upward significantly from there!

Of course, very few people would be foolish enough to buy a home or an automobile without looking for the very best deal possible – and the same principle applies to the college admissions and financial aid process. You want to know how to work the college ‘appeals’ system with the best set of negotiating strategies possible in order to receive the most money for your child! Here are some tips to help you prepare:

Apply To Enough Schools... And Play Them Against Each Other:

We typically recommend, as you now know, application to 6-10 schools where your child will be competitive. This includes some “reach” schools and some “safety” schools. This is a smart play for admissions but it also can bring financial dividends. The good thing about “safety” schools is that you will usually receive decent financial aid offers from them... simply because you know that your child is competitive there as an applicant. Do not hesitate to use those offers as bargaining chips with the other schools! Just make sure when you

are talking to the other schools, you are doing so in a manner that they will listen to. Many families ‘cry wolf’ that they need more money – but the successful ones do so in a way that the schools respect and ultimately award more money to.

Make Sure Your Child Is A “Desirable Commodity: This will include grades (especially keeping the GPA in the upper echelon of accepted freshman students for his or her schools), standardized test scores (hence why it is so important to maximize your scores on these tests), and meaningful extracurricular activities. The college wants a good incoming freshman class... and the more positive features that show in your child’s application, the more likely the school is to work with you financially to get your child to their school.

Please Don’t Be Ignorant When It Comes To Financial Aid: The financial aid administrators will be favorably impressed (and know that you mean business) if you are able to state your case appropriately... and you know the language of their realm. For example, you must be familiar with your EFC... and you will want to know that the schools may undercut that federally-calculated number with their first offer. However, you also have to know the school’s history on their typical financial aid package awarded. Expressing discontent with the fact that all of your need wasn’t met will not mean much to a school who typically only meets 30% of calculated need! Make sure you have all of the necessary numbers and data when you make your case to the school with why you need more money.

Unfortunately, many schools take part in what’s known as “Financial Aid Leveraging”. Believe it or not, this is a strategy where the schools will actually try to determine how little they need to give you to still get your student to attend their school! Sounds horrible... but let me give you an example.

Let’s say the only school your son ever wanted to attend was ABC University. He completes the FAFSA and on the FAFSA, he only lists one school – ABC University. ABC University gets the FAFSA and says “Well, the Smith family is eligible for \$15,000 of need... but I bet if we give them \$5,000... they’ll still enroll here.” That’s

Financial Aid Leveraging and unfortunately, it happens a lot. That's why you...

...always want to put at least 2 or 3 schools on the FAFSA – no matter what!

Let the schools know that you're interested in other schools besides them! Interact professionally – yet pleasantly – with the financial aid office and take the time necessary to learn the appeals process. If done properly, it can save you a lot of money!

[CHAPTER 10]

SPECIAL SITUATIONS

BECAUSE “NOT NORMAL” IS THE NEW “NORMAL”



When it comes to the college admissions and financial aid process, there are other situations and/or factors that a school may consider when determining what to award your child.

Here is a list of just some of the situations:

- **ATHLETES.** There are many schools that will award financial aid packages to families with athletes... and those athletes don't necessarily have to be the “star” athletes or what is referred to as “Division 1” athletes. The school's athletic department should be able to assist you with what to expect – but don't assume your child has to be in the top of the heap to get a decent financial aid package. Also, remember that many excellent schools may have smaller athletic departments... but still offer

athletic scholarships. If your child is athletically talented, this can be a great way to receive additional funds for college – even if they are not necessarily skilled enough for a nationally renowned sports program.

- **MINORITY STUDENTS:** Every application for financial aid will ask you if you are in a category considered a minority: African American, Hispanic, and Native American are just a few examples. There are often special scholarships and grants for those who are eligible. You can research these on the internet... and you should also contact the colleges themselves to find out if they have any particular scholarships or grants they offer due to ethnic heritage.
- **SELF-EMPLOYED PARENTS.** If you are a self-employed parent, this could work to your advantage. You will most likely be able to have more control over your own income – so you want to manage it so that when you are applying for financial aid, you put yourself in the most advantageous position. It may make sense to defer income until the next calendar year (or it may not)... but just make sure you know what all of your options are. Work with your CPA or tax preparer. Also, make sure the schools understand that you don't work for someone else – that you work for yourself – and let them know of any major income fluctuations you are expecting.
- **UNEMPLOYED PARENTS.** If you are unemployed – whether or not you are collecting unemployment – make sure the schools are aware of this. The recent economic climate has caused millions of people to be unemployed... and many schools do try to help families who are currently in this position. Unemployment benefits are considered “unearned income” (meaning you're not “working” for that income) – and that falls into a completely different category than “earned” income. Although it still may need to be reported on your FAFSA, it is taken into consideration that you are currently – or have been recently – out of work.

- **GIFTED STUDENTS.** There are situations where your child may fall into the academically or artistically gifted category. There are criteria for this – usually it is based on testing or auditions. In some cases, schools will simply determine academic merit based on the scores your child receives on their SATs or similar tests. Because many academically gifted students will routinely be accepted to Ivy League schools – such as Harvard or Yale – other excellent schools (that are not necessarily part of the Ivy League) will want to attract these students to their freshman classes. In these instances, they often will offer excellent financial aid packages as an incentive.

- **DIVORCED OR SEPARATED PARENTS:** This is the category that a number of families will fall under (seeing the divorce rate in America is now over 50%). Being organized and prepared is just as crucial under this category – if not more so – because in many cases the divorced or separated parents will need to work together in order to supply the required information to the schools for financial aid purposes. This largely depends on who the student lives with the majority of the year. Also, keep in mind that even if the FAFSA requires only one parent to supply financial information, the schools themselves may ask for the other parents’ information. This should not affect federal aid... but may directly affect any awards made by the schools themselves.

- **INDEPENDENT STUDENTS.** Some parents think that if their child is declared legally “independent” that this will be advantageous for him or her financially. The truth is that there are extremely strict institutional criteria for determining independence. Very rarely will they ever classify a student as legally independent – so unless it is an exceptional circumstance, it is not recommended even attempting this.

There may be other situations that apply to your family that are not listed here... but the key to getting the most financial aid possible is being organized, accurate, knowing your options... and having excellent communication with the colleges.

[CHAPTER 11]

EDUCATION TAX CONSIDERATIONS

COLLEGE TAX CREDITS – WHAT YOU MUST KNOW!



IMPORTANT DISCLAIMER: We are not CPAs, tax preparers or accountants. We are experts in college admissions and financial aid planning – we are not experts in the tax code nor do we provide any tax advice whatsoever. Please always consult with your personal CPA or tax preparer with regards to any tax issues.

There are two basic educational tax credits that are available to families. Let us break them down in as simple terms as possible:

- The “**Lifetime Learning Credit.**” An individual paying qualified tuition and related expenses at a postsecondary educational institution may claim this credit, provided the institution is an eligible educational institution. Unlike the American Opportunity Credit (which is described below), students are not required to be enrolled at least half-time in one

of the first two years of postsecondary education. For example, a student who has just graduated from high school and is taking a single course at a community college may claim the Lifetime Learning Credit if the student falls within the income limits and is not claimed as a dependent by someone else. This credit can be as much as \$2,000.

- The “**American Opportunity Credit.**” This credit modifies the existing “Hope Credit,” and applies to eligible students who are enrolled in college full time. It can be used for all four years of college... and is therefore the credit that most families will be eligible for come tax filing time. Individuals whose Modified Adjusted Gross Income (MAGI) is \$80,000 or less – or married couples filing jointly whose MAGI is \$160,000 or less – are eligible. The credit may be calculated as high as \$2,500 per student... and is based on costs of tuition, fees, books and supplies. (Bear in mind that room and board, medical expenses, and transportation are not allowed to be included as part of the cost calculations).

It is important to note here that each year Congress makes changes to the IRS tax code. Your CPA or tax preparer will be able to provide you with the most up-to-date information regarding tax credits.

At the end of the calendar year, your child should (but may not always) receive a Form 1098-T (the “T” in this form stands for ‘tuition’). This document will list the total tuition paid for the year. It may also list the total scholarships and grants received. Since scholarships and grants are not allowed to be included in the calculations for the Educational Expenses, you will take the total tuition and subtract the scholarships and grants to give you an accurate total. Then, you will add to that any other expenses you may have paid out. Again, your CPA or tax preparer will be able to help you determine the correct figures.

In the event that your child does not receive a Form 1098-T, then you – with the help of your CPA or tax preparer – will have to review the exact costs incurred for college and determine the accurate figures. If

loans are part of your financial aid package, then it's important to know how these can affect you.

Also, when you (or your child) do start paying off any college loans, a Form 1098-E (the "E" stands for 'education') will be issued... stating the amount of student loan interest paid out on the loan for that calendar year. Check with your CPA or tax preparer as that amount could be deductible come tax filing time.

[CHAPTER 12]

WORST CASE SCENARIO...

**WHAT IF WE DIDN'T GET ALL OF THE FINANCIAL AID
THAT WE REALLY NEED?**



If you find yourself in a bad situation because of a late start – or any other issue that arose – it is important to remember that the financial aid picture is ever-changing – and we don't necessarily mean your picture... we mean the schools' pictures. Each year, the government (both state and federal) can change the amount of money they give to state and private schools. Although private colleges usually have more flexibility because they have other sources of funding, state colleges may have far less flexibility.

With that being said, you should go into each school year with a fresh approach... never expecting anything to be exactly the same as the previous year. Obviously, your income and assets change each year so it's safe to say your financial aid package will change each year as well. It really is safest (and by far less stressful) to just take the

approach that you will be starting from scratch each year. If you have no expectations, there will be less disappointment should something not go the way you'd like.

One of the biggest components of the college funding process is what we call strategic "Cash Flow" planning. Simply put, strategic "Cash Flow" planning is the managing of household cash flow so that college costs will be paid for all children in a comfortable fashion... without putting a stop to your retirement planning... and without putting yourself and your family into significant debt.

Not only is it necessary to obviously keep your EFC as low as possible, it's even more imperative to devise a plan on how your family is going to cover the substantial college costs that lie ahead. That way, even if your financial aid award is less than you hoped for, a plan is in place on how you are going to pay all of your family's out-of-pocket costs. This is where the expertise of a highly trained college funding expert comes into play.

Just try to remain calm throughout the process... understanding the fact that applying for financial aid is a "fluid" situation. Sometimes the "plan" you may have just doesn't go the exactly the way you want it to. Therefore, we urge parents and students to try to keep perspective when all is said and done – just because things don't go as planned doesn't mean there aren't alternatives... and it also doesn't mean that things won't go as planned (or even better!) a little further down the road.

If "didn't go as planned" becomes a reality for you, there are many suggestions that might be considered. It is important to note that all of these suggestions should be discussed in depth between family members and with the appropriate advisors to determine the best course of action.

One approach families take is the "transfer" option. In this case, the student applies to a few inexpensive, public colleges and attends one for 1 to 2 years... and then uses his or her excellent performance to transfer to one of the top choice private schools. Depending on your

situation, this option can potentially save thousands of dollars for what is essentially the same education and degree. After all, the diploma from the more desirable school won't say "This student transferred here from State University" on it!

Because students have to take certain "general education" courses in every school in order to graduate, most of the time this can be done in the first two years of college at the cheaper school. This allows the next two years to be focused on the student's major course of study at the more desirable location. In many cases, the credit for these courses will be accepted by the second school... if the student does well and successfully transfers.

Many families try this approach but remember – as with any application to a school, a transfer is not guaranteed. It is important to point out that the student must get excellent grades in the public school – average performance will reduce the chances of being accepted as a transfer student. Also, be aware that transfer students do not usually receive the best financial aid packages.

The military option is also an alternative. There are different options within this category – some of the best include ROTC and the highly competitive Service Academies – but it is suggested that you fully research the options early in the process. It is extremely important that the parents be involved with this particular category.

Sometimes students end up signing up for the military without fully understanding the pros/cons and potential consequences. Often times, while they are simply trying to pay for school, they end up enlisted for a full military hitch! They often don't even realize it until it is too late... and the parents are totally unaware. However, there are excellent military options – especially for the right student – and they can be financially beneficial when it comes to getting a low cost (or even free) college education.

Private loans are becoming more and more difficult to get – but it's worth a try if you have no other alternatives. However, spend time designing a proper college funding plan (using strategic "Cash Flow")

planning) so that you don't need to go down this road! We have seen so many families throughout the years get themselves into a massive cash flow problem when they start up with these private loans. They start out manageable... and next thing you know, the loan payments are greater than their monthly mortgage payment! Just keep in mind that loans have to be repaid – whether they be commercial loans, Parent PLUS loans, private loans or any other type of loans. Don't let loans “bankrupt” you!

Finally, there is the option of work-study (which is a great program!) and work in general. Work-study is a federal program where the student will get a job at (or around) the school. However, this will be part of the financial aid package if your child is eligible. Students can also work part time – summers or weekends, perhaps – to help pay for college costs. The income probably won't be a lot – but it can help defray overall costs. Even being able to pay for books will help! Remember, however, that this income will affect the following year's FAFSA information, so be wise. That is why work-study is such a good option – the income earned typically does not affect your following year's financial aid package.

Just remember – whatever your situation, there is a solution... you just need to find it. Be organized, plan, communicate, get help from professionals, and interact with the schools. In most cases, if you are prepared, things will tend to go your way. Most importantly, keep in mind that your child's education is at stake – so it's well worth the time and effort to do the “up front” work the right way to make sure you receive the maximum results!

Good luck in this exciting and rewarding process!

[BONUS CHAPTER]

COLLEGE PLANNING NETWORK

WHAT WE HAVE TO OFFER... AND WHY IT MAY MATTER TO YOUR FAMILY



The professionals here at College Planning Network offer our families an unbelievable array of services designed to assist them in every aspect of their college admissions and financial aid planning. We have achieved (and we maintain) this level of excellence because college admissions and financial aid planning is precisely where our professional focus remains... year after year after year.

Our services aren't necessarily for everyone. But for those we can help, we make a major impact on their family's college funding situation. We won't take on a client unless we know we can offer them far more value than they would ever pay us in a fee. We're proud members of the Better Business Bureau (with an outstanding rating!), The National Association of College Funding Advisors, The

National Association for College Admissions Counseling, The National Association of Student Financial Aid Administrators, and The Student Affairs Administrators in Higher Education.

For those families we can help, we are able to offer insights, strategies and guidance that will dramatically change the process – and its results – for your student... and your bank account.

You see, because we understand this industry intimately, we are uniquely positioned to assist our clients' children in the accomplishment of their goals in higher education... while simultaneously making certain that we minimize the financial burden on the family as much as possible. We have countless testimonials from happy families that we've been able to achieve just that.

Here is a brief run-down of several (but not all) of our most helpful and popular services for students and their parents:

- We **help parents and students navigate the complex and time-consuming college admissions and financial aid process**. There are many ways to attack this challenge – as you have seen just the tip of the iceberg in this book –, and for our clients, we hold their hands through the entire process to make sure the process goes smoothly and that they receive the absolute best results!
- We use our experience to **design innovative college funding plans that are individually tailored to each family's financial situation**. These plans are uniquely designed to help families more easily afford the cost of their children's college educations. These plans will vary considerably based on income, savings, assets, cash flow, debts, funding requirements, and a variety of other factors. There is simply no way that a one-size-fits-all financial approach can work for all of the families sending their child to college... especially in this economic climate. For those that we can help, we find the ways to make it work... without causing additional stress on the rest

of the family and their finances.

- We offer **professional counseling services that are designed to help your student pick the right college for him/her**. Our goal is to find the schools that are most likely the best “fit” for your student – as well as your bank account. This is one of the most important decisions of all. The student needs to be happy with the school they attend... and the parents absolutely must be able to afford it. If there is a mismatch on either side of this equation, it can lead to disappointment... or worse, in some cases. In fact, most students now take over 5 ½ years to get their undergraduate degree! Think of how much that extra 1 ½ years of college costs! That is why it is so important to have proper guidance upfront to make sure they are focused and pick the ‘right’ school for them.
- We know and will guide you on **developing personalized strategies designed specifically to keep your Expected Family Contribution (EFC) as low as possible**. This is one of the key issues in maximizing the funding for which you are eligible. We know the most effective strategies that are available to minimize your EFC and maximize the amount of college funding you receive.
- We use our own proprietary software programs – as well as our industry experience – to help you to **discover in advance which schools are most likely to award your student a healthy financial aid package... and which schools will not**. This is very important information, as it allows you to allocate your efforts and your resources with the colleges that are most likely to reap the best dividends on your behalf.
- We work with you in dealing with the financial aid offices in order to **maximize your chances of receiving the best financial aid award offer possible**. We’ll analyze your award offer to determine if it was fair... and if not, we’ll go to bat for you. In fact, when we’ve successfully appealed an unfair

award, our average family is awarded an additional \$4,809 in aid... for the year!

- We **complete every single financial aid form** that is out there so that you don't have to! We take the myriad of paperwork off your plate! In addition, we offer detailed college application reviews to make sure that your student puts his or her best foot forward to the colleges' admissions committees.
- We **help your high school student best position themselves for college academically** through many different programs. These include our proprietary SAT & ACT prep courses (to maximize standardized test scores), private one-on-one coaching with professional counselors, along with helping build an ideal school list and the perfect admission essay.

These services are just a very brief overview of what we offer our families. There are many, many more services that we offer... but it all depends on what the family is looking to accomplish. Like we said before, our services aren't necessarily a fit for everyone. If we feel our services are a 'fit' and that we can significantly help you, we'll tell you that. If, on the flip side, we feel that our services are not a 'fit', we'll tell you that as well.

If you would like to receive a complete listing of all of our innovative college funding services (or if you'd just like more information about our firm and if there is anything we can do to help), please feel free to shoot us an email us at **info@collegeplanningnet.com** or give us a call toll-free at **(866) 207-5545**.

Whether you choose to work with us or not, we sincerely wish you the best of luck in all of your college endeavors!