



Creating an Aid Strategy

Anyone can apply for student aid, but creating a strategy for paying for school is the best way to make sure you are getting the most for your money.

What should you consider when developing your aid strategy?

- ▶ First, the **choice of school** can have major financial implications. Depending on the aid package offered, some schools could have you graduating with little if any debt.

Others could present you with a bill for \$50,000 per year! Remaining flexible with school choices is a great way to minimize debt, but for some, attending a particular school is more important than college debt. Keep in mind that sometimes schools with higher published tuition may cost less than inexpensive schools - *after* you receive your aid package. Don't let the published cost of a school worry you too much. Many students end up paying less than the sticker price after completing the aid process.

- ▶ Next, **working during school** is one of the best ways to minimize debt, but some students feel that a job distracts them from making the best grades possible – an important consideration. Studies have also demonstrated that working more than 20 hours per week can reduce academic performance. On the other hand, working fewer than 10 hours per week can actually have a positive effect on academic achievement.*

Determining the right balance of work, study, and debt is not always an easy task, but it's a choice that can also be adjusted over time.

- ▶ Finally, there are a number of **accounting strategies** for maximizing financial aid such as spending down assets by paying off debt, saving in a parent's name rather than students', or maximizing the number of students in college at any one time (including parents who go back to school at the same time as their kids).



We do not cover such accounting strategies at Financial Literacy 101, but for those with at least one or two years before college, there are books such as *Paying for College Without Going Broke* that cover basic financial planning strategies. Talking with a financial planner can also be well worth the \$100 - \$200 most charge for a basic consultation.

One important point to remember is that even the best aid strategy is useless if the student does not succeed in school. For example, working too many hours in an attempt to minimize debt may cause grades to suffer. Some students even leave school before graduation, a truly worst-case scenario in which education loans must be repaid without the increased earning power of a degree.

College can be a life-changing experience in a very positive way if completed successfully and with a debt level that's not an excessive burden.

* *Inside Higher Ed, The Impact of Student Employment, June 2009*

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