



## Three Steps for Financial Aid

### Applying for Financial Aid

Thousands of students receive financial aid each year. In fact, around 75% of all undergraduate students get some form of aid.

The key to receiving the best aid package is to create a strategy based on your goals, including the school you want to attend and the amount of money you are willing to borrow.

### Understanding Financial Need

Many types of financial aid are based on need – your family's inability to afford the full cost of a particular school. Schools use a government formula to help determine need:

$$\frac{\text{Cost of Attendance} - \text{Expected Family Contribution}}{\text{Financial Need}}$$

- *Cost of Attendance (COA)* Includes expenses such as tuition, room and board and student fees that are associated with each school.
- *Expected Family Contribution (EFC)* The amount each family is expected to pay is determined by factors such as family income and size.
- *Financial Need* The difference between the COA and the EFC.

### Borrowing Wisely

Loans are a reality of paying for college for many people. The current average loan debt for an undergraduate degree is nearly \$20,000.

If you take out loans to pay for school, don't forget that each dollar you borrow must be paid back with interest. It takes most college graduates 10 years to repay loans.

Borrowing \$2,500 per semester will result in a bill for \$20,000 and a monthly payment of \$230 until you are 32 years old. Plus, interest means that the original \$20,000 will actually cost you \$30,000.

Minimize debt by budgeting your money and avoiding credit card debt.



### The Application Process

Start forming your aid strategy as soon as possible. Ideally, you should find and apply for scholarships before your senior year.

- *Step 1: The FAFSA* Complete the Free Application for Federal Financial Aid online at <http://www.fafsa.ed.gov>. The form must be completed after January 1 in the year you are to receive aid. A few weeks after submitting the form, you'll receive the Student Aid Report, which gives your expected contribution.
- *Step 2: Find Scholarships* Apply for grants and scholarships, ideally before your senior year. You have nothing to lose applying for this free aid. Internet searches and your high school's guidance counselor are the best sources of information about these awards.
- *Step 3: Find Additional Money* After you apply for need-based aid and scholarships, any other money for college must come from you and your family. Besides working while in school, there are other loan options available. See the Resources area for details on other options.

**TIP:** PNConCampus.com has many resources to help you with the aid process, including worksheets and financial calculators.

Visit [PNConCampus.com](http://PNConCampus.com) for more information.