Paying for Higher Education

• Important questions to consider:
  – How much will college cost?
  – What kind of school can we afford?
  – Will we receive financial aid to help with the cost?
How Much Will it Cost?

WHAT IS INCLUDED IN THE COST OF COLLEGE?

- Tuition and Fees
- Room and Board
- Books
- Supplies
- Transportation
- Study Abroad
- Miscellaneous Expenses
College Costs Continue to Rise

• Between the 2018-19 and 2019-20 academic years, published tuition, fees and room/board charges at private nonprofit four-year schools increased 3.3% on average
  – 3.0% at public two-year schools
  – 2.6% at public four-year schools
Average Costs 2019-20

Types of Colleges Families Are Choosing

Source: How America Pays for College 2019 – Report by Sallie Mae and Ipsos
How are Families Paying for College?

On average, families spent $26,226 on college and used a mix of sources.

Source: How America Pays for College 2019 – Report by Sallie Mae and Ipsos
Start Your Research!
For Cost Info: Research School Websites
Important to Know: The EFC

• The **Expected Family Contribution**, or EFC, provides a guideline for schools to determine a student’s need-based aid eligibility
  – Calculated using a federal formula based on the answers to questions on the FAFSA
  – Stays the same regardless of college selected
The FAFSA4Caster on FAFSA.gov

- Get an estimate of your federal student aid eligibility
- See the kind of questions you will be asked on the actual FAFSA
Impact of Savings on Financial Aid?

• Parent or student owned 529, Prepaid Tuition, or Coverdell
  – Considered a parent-owned asset
  – minimal to moderate impact on need-based aid eligibility, depending on parent income, amount saved

• Non-parent or non-custodial parent owned 529, Prepaid Tuition or Coverdell
  – When distributions are made it becomes student’s “other untaxed income” on future FAFSA filing
  – Assessed by some schools via the CSS Profile
What About Custodial Accounts, Trusts

- Custodial Account (UGMA/UTMA) and trust funds are considered student-owned assets with a significant, negative impact on need-based financial aid eligibility
  - FAFSA: 20% of asset contributes to EFC
  - CSS Profile: Varies by college
Use Net Price Calculators
What About Financial Aid?

• Financial aid programs help pay the cost of attending college
• Financial aid may awarded based on
  – Financial need (need-based)
  – Other criteria, such as academic or athletic ability (merit-based)
Different Types of Aid

- Scholarships  
  *Free Money*
- Grants
- Work Study  
  *Self-help aid*
- Loans
Do I Qualify?

**Cost of Attendance**
- Tuition/fees
- Room/board
- Books/supplies
- Transportation
- Determined by school

**Expected Family Contribution**
- Amount family may contribute
- Determined from FAFSA
- Same across schools

**Financial Need**
- Need-based aid eligibility
- May not always be fully met

Just Apply!
Sources of Financial Aid

- Federal Aid
- Private Scholarships
- State Aid
- Institutional Aid
What is the FAFSA?

- Free Application for Federal Student Aid
- Reviews income, asset info to determine need-based aid eligibility
- Available on FAFSA.gov starting October 1st, senior year of high school
FAFSA Question: Impact of Assets

**Account Balances**
- **Total cash, savings, check account balances**
- **Custodial (UGMA, UTMA) accounts** are considered assets of the student

**Investments net worth**
- **Retirement plans, annuities, life insurance and value of primary residence are excluded**
- **529 plans**, for all children, must be reported as parent investment

**Business values**
- **Excludes business or farm that is majority family-owned and employs 100 or less full-time employees**
NYS Student Aid Programs

Tuition Assistance Program (TAP)

Excelsior Scholarship

Enhanced Tuition Award

STEM Incentive Program

More programs and info at hesc.ny.gov
What About the Excelsior Scholarship?

• Provides free tuition at SUNY or CUNY
• Student, parents must have a combined federal adjusted gross income of $125,000 to qualify
• In-school and post-award requirements
Institutional Aid Options

- Depends on each school’s requirements
  - Admissions application for merit-based aid
  - FAFSA and/or institutional application for need-based aid
What is the CSS Profile?

• Form used by colleges to determine institutional aid
• Asks more detailed questions than FAFSA
• Collects asset values excluded by FAFSA, e.g. home value, retirement accounts
• Non-Custodial Parent Supplement
Private Scholarships

- Online scholarship search websites
  - Fastweb.com
  - Collegeboard.org
  - Scholarships.com
  - Careeronestop.com

- Check local library, employer or union
Student Loan Options

Nearly 6 in 10 families who borrow say it was always part of their plan

More students borrow money for college than parents

- 38% of students vs 21% of parents

41% of families are making payments on student loans while the student is in school.

- 64% of families say the student will pay back their loans alone
- 75% of families expect students to help repay parent loans

27% of students with federal loans anticipate receiving public service loan forgiveness for their federal loans

- Federal
  - Direct Subsidized Stafford Loan
  - Direct Unsubsidized Stafford Loan
  - Direct PLUS Loan (Parents)

- Private
Tax Benefits

• Credits (reduces the amount of income tax you may have to pay)
  – American Opportunity Credit
  – Lifetime Learning Credit

• Deductions (reduces the amount of your income that is subject to tax)
  – Tuition and Fees Deduction
  – Student Loan Interest Deduction
Questions?

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1-888-NYSHESEC (1-888-697-4372)