

# Tips on Paying for College

## An investment in yourself

A college education is a good investment in your future.

### Average Annual Earnings for People 25 and Older Based on Education Status

High school dropout, no degree	\$20,506
High school diploma or GED	\$27,384
Associate's degree (2-year college)	\$35,274
Bachelor's degree (4-year college)	\$46,435
Master's degree (4-year + 2-year or more)	\$55,445
Professional degree (4-year + 2-year or more)	\$85,857

*U.S. Census Bureau, Statistical Abstract of the U.S.: 2012*

## Understand college costs

College costs vary widely. Direct costs are those you pay to the school (such as tuition, fees, room and board) and differ depending on whether you choose a public or private, in-state or out-of-state, college or university. Indirect costs are discretionary expenses since they are not paid directly to the school. These include things like books, supplies, personal expenses, and transportation and may be similar wherever you go.

Don't let the cost of a school keep you from considering it. Financial aid is usually available if you need help. Get cost information on more than 110 North Carolina colleges and universities under "Plan" at CFNC.org.

## Consider all your options to pay for college

There are four main ways students and their families usually pay for college:

- **Savings**, which may include a college savings plan, such as the NC 529 Plan.
- **Current income** from family and your earnings from a job or work-study. Many colleges offer work-study programs which help you pay for college while working part-time on campus or in the community.
- **Gift aid**, such as scholarships and grants. Look for gift aid first since it is money that does not have to be repaid. Federal, state, college, and private programs are available. Get a full list of scholarships and grants just for North Carolina students and other gift aid possibilities on CFNC.org.
- **Loans**, federal or private. This money must be paid back over time. Federal loans for education are usually lower cost than private loans and should be considered first.

Some of the most frequently used federal student loans for college are Direct Loans, which can be either subsidized or unsubsidized, and are available from the US Department of Education. PLUS

Loans for parents or graduate/professional students are federal loans also available from the Department of Education. More information at [studentaid.gov](http://studentaid.gov).

## Plan ahead

Paying for college is a responsibility usually shared by the family, state, college or university and federal government, and private sources. Your family will be responsible for paying as much of the cost as it has the ability to pay. Your share can vary by school, depending on the cost of the college you attend and other factors.

Whether you are several years away from college or about to start, use tools and calculations in the Pay section of CFNC.org to get an idea of what your share of college costs might be.

Most financial assistance for college is need-based. The Free Application for Federal Student Aid (FAFSA), uses a standard formula to determine need based on the students and parents financial information on the FAFSA to determine the family's expected family contribution (EFC). Need-based aid is usually a combination of gift aid, loans, and work; sometimes it is offered in the form of loans and/or work only.

## How is eligibility for need-based aid determined?

Standard formulas compute parental and student contributions to determine EFC and eligibility for need-based aid.

Parent's Contribution
+ Student's Contribution
= Expected Family Contribution
Cost of Attendance
- Expected Family Contribution
= Eligibility for Need-Based Funds

## Don't pay to find financial aid for college.

Beware of companies or individuals who charge to locate or "guarantee" scholarships for you. Talk to your school counselor, go to school-sponsored financial aid workshops, get help from CFNC, and check with college financial aid offices to get the information you need at no charge. There is plenty of free information available about the financial aid process and your aid options.

## Planning timeline

- As early as your sophomore year of high school, learn as much as you can about ways to pay for college. Attend financial aid information sessions and look at the Financial Aid Primer in “Pay” at CFNC.org.
- In your junior year, if you have outstanding abilities in areas such as academics, sports, drama, music, or debate, there may be merit scholarships you can pursue. If you are an athlete, talk with your coach about eligibility for college sports this year.
- Early in your senior year, ask your counselor about local scholarships, check with financial aid offices at the colleges you are considering and get information on NC scholarship, grant, and loan programs at CFNC.org.
- Before the second semester of your senior year, get your electronic signature (called a Federal Student Aid ID). It is required on the FAFSA, federal loan applications, and your aid report. Apply for this signature at <https://fafsa.ed.gov>. Keep a copy of your FSA ID in a secure place and do not share it with anyone.
- As soon after January 1 of your senior year as possible—and at least a month before the financial aid deadlines of the colleges you are considering—fill out the FAFSA. It is required to receive any federal and most state and institutional financial aid. Colleges use information on your expected family contribution as part of their financial aid review. Complete the FAFSA carefully, and be sure to include both student and parent signatures.

A link to the FAFSA is in “Federal Loans under “Pay” at CFNC.org. Even if you think your family income is too high to qualify for aid, fill out the FAFSA anyway. You’ll never really know unless you try!

## Need help with the FAFSA?

CFNC, North Carolina financial aid administrators, and State Employee Credit Union staff are available to help high school seniors and their parents at a free, statewide FAFSA Day program held each year on a Saturday in February. Register online at CFNC.org or call 866-866-CFNC to find the event most convenient for you.

## Complete any institution-specific financial aid forms

Some colleges and universities require aid forms in addition to the FAFSA, such as the PROFILE or individual scholarship applications. To be considered for all possible financial resources, make sure you fill out all forms required by the schools to which you are applying and meet all application deadlines.

## Consider your financial aid package carefully

Once you are accepted to a college or university, if you have applied for financial aid, the school uses the information from your FAFSA to determine your eligibility for need-based aid. You will get an award letter stating the amount for which you are eligible and how the school plans to meet your financial need. Most award packages are a combination of grants, scholarships, loans, and/or work-study.

## Apply for loans

After you consider the resources available from your personal income, savings, and aid package (grants, scholarships, work-study, and loans), then decide the best way to handle your college costs. Certainly using as much “free money” as possible is always smart, because most grants and scholarships don’t have to be paid back. Then, if your next step is to borrow, apply for federal education loans first.

### Federal loans include:

- Direct Loans, either subsidized or unsubsidized. A subsidized loan is available to a student who demonstrates financial need; the federal government pays the interest on these loans under certain conditions. An unsubsidized loan is available to students regardless of financial need and you are responsible for paying all interest.
- PLUS Loans, for parents of dependent students or for graduate/professional students and may require a credit check to be eligible. Some families use this loan to help meet their expected family contribution for college costs.

Apply for private, or alternative, loans to fill in what you cannot get in grants, scholarships, or federal loans. Terms and/or interest rates on private loans may be more expensive. Whether you take out federal or private loans—or both—all loans have to be paid back, so borrow only what you really need.

## Call CFNC or your college financial aid office with any questions

CFNC representatives are available to help you at the toll-free number 866-866-CFNC Monday through Thursday between 8:00 a.m. and 8:00 p.m. and Friday between 8:00 a.m. and 5:00 p.m. Get information 24/7 at the CFNC website, CFNC.org.