

# Paying for college responsibly

Use the 1-2-3 approach to help your student pay for college

When you're planning for college, the first question is often which school to choose. But equally as important is the question of how you'll pay for it. That's why we've partnered with Sallie Mae® to bring you their 1-2-3 approach to paying for college. These three steps can help you make more informed, responsible financial decisions for a big investment in your future.

## 1 Start with money you won't have to pay back. Supplement your college savings and income by maximizing scholarships, grants, and work-study.

Begin with any college savings that have been put aside in a dedicated college savings account and include current income that you're earmarking for college. Maximize "free" money you will not have to pay back, including scholarships and grants. Then consider work-study.

### Scholarships

Scholarships are offered by colleges and universities, federal and state governments, religious groups, professional associations, employers, and other companies. You might think they're only for academic or athletic accomplishments, but they can be awarded for a number of criteria:

- Organization memberships
- Community leadership
- Financial need
- Ethnic, religious, or national background

Apply for scholarships—the earlier, the better, since many have deadlines.



**Apply for scholarships every year you plan to attend college—not just for freshman year.**

### Grants and work-study

Grants and work-study are generally federally funded, so be sure to submit the Free Application for Federal Student Aid (FAFSA) to apply for them. The FAFSA is also used to apply for most state loan, grant, and scholarship programs.

- Pell Grants, the largest federal grant program, are based on financial need; unlike a loan, a Pell Grant doesn't need to be paid back.<sup>1</sup>
- Work-study programs are offered by federal and state governments, as well as schools. They offer part-time jobs that let students earn money to help pay education expenses.

## 2 Explore federal student loans. Apply by completing the Free Application for Federal Student Aid.

After you've maximized your free money, consider federal student loans, which are provided by the government. Direct Subsidized Loans are for students with demonstrated need and Direct Unsubsidized Loans are available regardless of family income.

- You can apply for both by filling out and submitting the FAFSA.
- They're issued in the student's name and the student is responsible for paying them back.
- They're eligible for income-driven repayment plans that link monthly payments to income.
- Federal loans may be eligible for loan forgiveness programs, such as the Public Service Loan Forgiveness Program for borrowers who are employed by a qualifying public service organization.

### 3 Consider a responsible private student loan.

#### Fill the gap between your available resources and the cost of college.

If you still need additional funds after following steps 1 and 2, consider a private student loan.

Private loans differ from federal student loans in several ways:

- They're originated by banks and credit unions.
- They're credit-based: the lender reviews your credit score and history to determine if you qualify. A cosigner—parent, guardian, or other adult—may improve the chances of approval. Some lenders offer a cosigner release option.
- Your interest rate is based on several factors, including your creditworthiness.
- Private student loans may offer different features, terms and options, and benefits that can help reduce your interest rate and/or total loan cost.



#### Senior year calendar

Use this checklist to help keep track of deadlines.

Note: Timing for acceptance and school-specific financial aid information can vary by school.

#### Summer

- Request admissions information and catalogs from your target schools.
- Start the search for scholarships.
- Combine vacation plans with campus visits.
- Start working on college application essays.
- Begin to gather information for the FAFSA.
- Start the Common Application online.

#### September/October

- Complete college applications.
- Take SAT, ACT or SAT subject tests.
- Ask your school counselor to send transcripts to selected schools.
- Submit a CSS (College Scholarship Service)/Financial Aid Profile, if required.
- Ask for letters of recommendation.
- Submit the FAFSA (fafsa.gov) beginning October 1.

#### November/December

- Take SAT, ACT, or SAT subject tests.
- Watch for the Student Aid Report (SAR); review for accuracy.

#### January

- Fill out and submit additional college or state financial aid forms, if required.
- Stay on top of financial aid deadlines.

#### February/March

- Check the mail for college acceptances and financial aid award letters.
- Discuss special financial situations with the financial aid office.

#### April/May

- Review all award letters carefully.
- Decide on a school and send the deposit.
- Review financing options; if a private student loan is needed, borrow responsibly and consider a cosigner.
- If applicable, confirm with your school that you have met the necessary requirements to secure on-campus housing.

#### June/July/August

- Pay first tuition bill.
- Start packing!
- Attend orientation and register for classes.

#### Borrow responsibly

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

<sup>1</sup> See <https://studentaid.ed.gov/sa/types/grants-scholarships#federal> for more information.

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