

# DOINGWHATWORKS



SAMPLE MATERIAL

## Paying and Saving for College

University of California Early Academic Outreach Program

**Topic:** Helping Students Navigate the Path to College

**Practice:** Assist With College Entry

This handout, created for students and families by the University of California, explains options for paying for college. The handout includes definitions of common terms, a financial aid timeline, tips for saving, and frequently asked questions.

# Paying and Saving for College

*Affording a college education is a **real** possibility for your family!*

■ **Grants:** Money you don't have to repay; based on financial need.

- **Cal Grant:** Thousands of dollars for free. Three types of Cal Grants pay for tuition and fees. For more information, visit [www.calgrant.org](http://www.calgrant.org).
- **Pell Grant:** The largest source of free federal money for students with financial need. Awards range from \$400 to over \$4000 per year.
- **Other Federal Grants:** Find out about other federal grants at <http://studentaid.ed.gov>.

■ **Scholarships:** Money you don't have to repay, usually based on student skills, interests, area of study or merit.

- Athletic, musical or other special talents,
- Community service,
- Good grades, or
- High test scores

Scholarships are available through community organizations, foundations, religious organizations, businesses, and labor unions. Talk to school counselors for more information.

Beware of scholarship scams! Be on the alert if a company makes scholarship promises, charges a fee, or asks for your credit card information to hold a scholarship.

■ **Work-Study:** Students with financial need earn money with part-time jobs.

- Students must indicate interest on the Free Application for Federal Student Aid (FAFSA).
- Colleges assist students in finding job placements.
- Non-need-based employment opportunities are also available through colleges.
- Jobs often have flexible work hours that will fit a student's schedule.

■ **Loans:** Borrowed money that must be paid back, usually with interest. Federal loans have a low interest rate and are paid over a minimum of ten years. For more information on loans, see the Frequently Asked Questions section. Three federal loans are:

- **Federal Stafford Loan:** The most common student loan. There are two types, subsidized (government pays the interest while student is in college) and unsubsidized (student pays interest that accrues while he/she is in college).
- **Federal Perkins Loan:** Low-interest loans for students with significant financial need.
- **Federal PLUS Loan for Parents:** Parent loan to help their students pay for their education.

## COLLEGE FINANCIAL AID FAMILY TIMELINE

### JUNIOR YEAR

- Begin researching colleges and scholarships now!
- Become familiar with the costs of attending the colleges your student is researching (including tuition, room and board, fees, and books).
- If your student is eligible for a social security number and doesn't have one, visit your local post office or social security office to apply for it, or visit [www.ssa.gov](http://www.ssa.gov) for more information. Although needed for your student to apply for federal and state aid, a social security number is not required for many private scholarship applications.

### SENIOR YEAR

- **December:** Get a Federal Student Aid personal identification number (PIN), needed to complete the FAFSA online. Parent and student each need a separate PIN.
- **January:** File taxes as early as possible, but no later than April 15.
- **January or February:** Attend a free California Cash for College workshop for help completing the FAFSA. A \$1000 scholarship is given away at each event! For dates and locations near you, go to [www.californiacashforcollege.org](http://www.californiacashforcollege.org).
- **February:** Submit the FAFSA.
  - Early submission: January 1
  - Deadline: Early March
  - Community college awards: Early September

The FAFSA deadline is early March, but it can be submitted as early as January 1. Some colleges may have earlier financial aid deadlines and additional forms (such as the CSS/Financial Aid Profile) for private financial aid or scholarships.

- The Student Aid Report (SAR) will arrive by mail or e-mail, if your student provided an e-mail address on the FAFSA. Make any necessary corrections and return immediately.
- Call the Federal Student Aid Information Center toll free at 800-433-3243 if you don't receive the SAR within four weeks after submitting the FAFSA.

- Student or school must submit the verified Cal Grant GPA by the Cal Grant deadline. Get the form from [www.calgrant.org](http://www.calgrant.org) or [www.csac.ca.gov](http://www.csac.ca.gov).
- **March:** Colleges mail financial aid award letters after acceptance letters are sent. If your student has not received his or her award letter within a month after receiving his or her acceptance letter, contact the college financial aid office immediately.
- **June:** Return the form indicating acceptance /rejection of financial aid.

## DID YOU KNOW?

**TIP:**

*The financial aid process and the college admissions process are independent of each other. Students must apply and meet deadlines for each process.*

- Students (and their parents) don't need to be U.S. citizens to receive financial aid. U.S. permanent residents and other eligible non-citizens qualify for most federal and state aid.

- Undocumented students who attend a California high school for three years and graduate may be eligible to pay in-state tuition rates at California's public colleges, including UC, CSU and community college, and are eligible for private scholarships.

**TIP:**

*The "F" in FAFSA stands for FREE! Never pay to file the FAFSA, and always go to [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Other websites with similar names are not the official FAFSA website and may charge a fee.*

- Approximately two-thirds of undergraduates at the University of California receive some form of financial assistance from the UC, including grants, scholarships, loans and work-study. In 2005–2006 the average award was more than \$13,000.

### PAYING AND SAVING FOR COLLEGE WEBSITES

[www.FAFSA.ed.gov](http://www.FAFSA.ed.gov)

[www.csac.ca.gov](http://www.csac.ca.gov)

[www.calgrant.org](http://www.calgrant.org)

[www.scholarshare.com](http://www.scholarshare.com)

<http://students.berkeley.edu/fao>

[www.californiacashforcollege.org](http://www.californiacashforcollege.org)

<http://studentaid.ed.gov.oiep.bia.edu>

<http://profileonline.collegeboard.com>

**TIP:**

*Want to get an early estimate of your student's eligibility for federal student aid? Get a personalized federal financial aid estimate by visiting the FAFSA4caster at [www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov)*

## SAVING FOR COLLEGE

The more money you can save, the less you will need to borrow. Begin setting aside a small amount per week as soon as possible. For many families, saving even the most minimal amount can be a challenge. However, the most important thing is not *how much* you save, but rather that you *do save*. This sets the expectation in your family that college is part of your student's future and is an opportunity to open a dialogue about planning and saving for college. See the sidebar for more information on the 529 College Savings Plan.

Amount Saved		Starting in 7th grade	Starting in 10th grade
Saved per week	Saved per year	Total saved with interest*	Total saved with interest*
\$10	\$520	\$3,464	\$1,655
\$20	\$1,040	\$6,929	\$3,311
\$35	\$1,820	\$12,126	\$5,749
\$50	\$2,600	\$17,322	\$8,277
\$75	\$3,900	\$25,984	\$12,416

\*Examples are based on a 3% interest rate.

### 529 College Savings Plan for Your Family

California's ScholarShare program can help your family save for college. With a ScholarShare 529 College Savings Plan, your money grows federal and state tax-free as long as it is used for qualified college expenses. You can open an account with as little as \$15. Learn more about ScholarShare by visiting [www.scholarshare.com](http://www.scholarshare.com) or calling toll free 800-544-5248.

## FREQUENTLY ASKED QUESTIONS ABOUT FINANCIAL AID

**Q:** Are good grades required for financial aid?

**A:** No. Merit-based scholarships are awarded based on a student's academic performance. However, most financial aid, including grants and loans, is "need-based" or awarded based on a family's finances. Federal student aid will help a student with even an average academic record complete a college education.

**Q:** Do only students from extremely low-income families qualify for financial aid?

**A:** While most grant aid is reserved for families with the most financial need, assistance is available to help all families cover costs, including low-interest parent and student loans. All families should complete the FAFSA and apply for financial aid. Many factors besides income are taken into account—from family size to the age of the older parent. Eligibility for financial aid is determined by a mathematical formula, not by parent income alone. Completing the FAFSA is an important part of the financial aid-seeking process, as it is often used to determine eligibility for other types of financial assistance that colleges may award.

### Parent Spotlight: Anita L.

Anita is the parent of a first-generation college student who will be attending UC Berkeley this fall. Anita believes that getting a college education opens doors for young students, creating independence and pursuit of a meaningful career.

Participating in her daughter's education allowed Anita to learn alongside her daughter. When her daughter was in elementary school, Anita helped with school activities, assisted teachers and got involved in the school community. One of the most eye-opening experiences was her participation in "Parent University," a series of weekly workshops held at her daughter's school for parents who want to help their children go to college.

Anita's advice for other parents: "Tell your stories. Parents can compare their life to the life of their kids who are given big opportunities here. All sorts of opportunities are out there, especially compared to other countries. Put into your child's head that education is always the priority."

Sending her only daughter off to college is a big transition for Anita, but she believes and trusts in her daughter. Her advice to her daughter is: "Pursue the career you love most, and no matter what, you can do it!"

**Q:** Is my student eligible for financial aid if he or she goes to community college?

**A:** Yes. Apply for a Cal Grant and all federal student aid by completing the FAFSA in the senior year of high school. If a student is awarded Cal Grant A but decides to attend a California community college first, the award will be held up to three years until he or she transfers to a four-year college.

**Q:** How difficult will it be for my student to pay back loans once he or she is out of college?

**A:** Student loans are designed to make repayment manageable. A student who graduates from UC with a \$16,640 loan debt will have a monthly loan payment of approximately \$185. In addition, educational loan repayment doesn't begin until six months after a student graduates from college, leaves school or enrolls less than half-time.

**Q:** If we save money for college, does that mean my student will get less financial aid?

**A:** The amount in a parent's savings account is used in the federal formula to determine a family's net contribution. However, a large portion of those savings are protected from consideration; only a small percentage of the remaining amount is assessed in the calculation of a student's financial aid eligibility.



## FREQUENTLY USED FINANCIAL AID TERMS

**COA: Cost of Attendance.** The total cost of college for the school year as calculated by colleges. Includes tuition, fees, books, supplies, transportation, food, housing and personal expenses.

**CSS/Financial Aid Profile.** The financial aid application administered by the College Board and required by some independent colleges and scholarship organizations to award private aid; available online at <http://profileonline.collegeboard.com>.

**EFC: Expected Family Contribution.** The portion of your family's financial resources that should be available to pay for college, based on a federal formula using the information on your FAFSA.

**FAFSA: Free Application for Federal Student Aid.** Completing the FAFSA is the key to applying for most financial aid. Without it students won't be considered for federal loans, grants & work-study. Colleges also use information from a student's FAFSA to put together financial aid packages. Find more information at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

**Financial Aid Package.** The total amount of financial aid offered to a student, usually a combination of grants, scholarships, loans and work-study.

**PIN: Personal Identification Number on the FAFSA.** Serves as your e-signature on the FAFSA on-line.

**SAR: Student Aid Report.** The report summarizing the information you provide on the FAFSA.

### SCHOLARSHIP WEBSITES

*Scholarship Portal for All Students*  
[www.fastweb.com](http://www.fastweb.com)

*African American Scholarships*  
[www.uncf.org](http://www.uncf.org)

*Asian American Scholarships*  
[www.apiasf.org](http://www.apiasf.org)

*Athletic Scholarships*  
[www.ncaa.org](http://www.ncaa.org)

*Foster Youth Scholarships*  
[www.chafee.csac.ca.gov](http://www.chafee.csac.ca.gov)

*Latino Scholarships*  
[www.hsf.net](http://www.hsf.net) & [www.latinocollegedollars.org](http://www.latinocollegedollars.org)

*Native American Scholarships*  
[www.collegefund.org](http://www.collegefund.org) & [www.oiep.bia.edu](http://www.oiep.bia.edu)

*Undocumented Students*  
<http://maldef.org/pdf/Scholarships.pdf>

## AVERAGE COLLEGE COSTS IN CALIFORNIA

Estimated costs of attending California colleges and universities.

Type of college or university	Living at home and commuting	Living off campus	Living on campus
California Community Colleges	\$9,228	\$14,772	\$12,268
California State University	\$11,776	\$17,871	\$17,194
University of California	\$17,378	\$22,087	\$23,976
Independent Colleges	\$31,142	\$36,686	\$35,740
Private Career Colleges	\$29,274	\$36,545	—

Costs include tuition, fees, room and board, books, supplies, transportation and personal expenses such as clothing, laundry and entertainment.

Source: California Student Aid Commission, 2007–2008.

### TIP:

You can complete the FAFSA even before you file your yearly income taxes, and make corrections later on the Student Aid Report (SAR).