

Paying for College

By Karen Denney

Disclaimer

- This information is for general informational purposes only.
- I make no guarantees regarding results, present or future.
- You should not act or refrain from acting on the basis of any content presented without consulting with your parents, high school counselors, or college admissions representatives. DO YOUR RESEARCH.
- We disclaim all liability for actions you take or fail to take.

Cost of Attendance (COA) – Is an average cost for 1 year at THAT college

- **Direct Costs** (college bills for)
 - Tuition & Fees (≈\$4,000-\$67,000)
 - Room & Board (≈\$10,000-20,000)
- **Indirect Costs** (college does not bill for)
 - Books (≈\$1,200)
 - Personal expenses (≈\$2,000)
 - Travel (≈\$1,500)

YOUR COA is determined by YOUR choices (# of credits you take, dorm & meal plan selected, how much you spend for personal items, how often you go home...

Average COA 2024-2025

\$29,910 Public (in-state)
\$49,080 Public (out-of-state)
\$62,990 Private

How do families pay for college?

1. Current Income

2. VA Educational Benefits

▪ Post 9/11 GI Bill (36 months)

To transfer benefits, the **service member** must be currently on active duty or in the Selected Reserve and meets all the following:

- completed at least 6 years of service on the date request is approved, and
- agrees to add 4 more years of service, and
- the dependent is enrolled in DEERS

▪ Hazlewood (150 credit hours)

- veteran's home of record is Texas
- veteran received an honorable discharge or separation

- Seek other financial aid (FAFSA, scholarships)
- Service member must initiate
- Meet with VA rep (see your local college)
- Use for college with higher COA

Check out VA benefits <https://www.va.gov/education/>

3. Savings & Investments

Save \$25 per week for 18 years = **\$23,400** out-of-pocket
EARN interest (say 6%) ends up being **\$42,000**

Borrow \$42,000 in loans at the age of 18
PAY interest (say 7%) ends up repaying **\$60,000**



How do college savings options compare?

There are a number of investment accounts you can use to help save for a child's education which differ in features and benefits. The following are three types of accounts that many families consider:

529 College Savings



These are tax-advantaged plans designed to pay for qualified higher education expenses. Qualified distributions are federal income tax free.

Uniform Gifts to Minors Act/ Uniform Transfers to Minors Act (UGMA/UTMA) Accounts



Custodial accounts invested in the child's name. Funds may be used for any expense for child's benefit, not just school, and the child ultimately controls the account once the age of majority is reached. A portion of withdrawals are taxed at the child's rate.

The Coverdell Education Savings Account



Formerly known as the Education IRA, is not offered by Fidelity. It offers tax benefits but has a maximum contribution limit of \$2,000 per year.

Texas Tuition Promise Fund

Locks in current undergraduate tuition rates at Texas public colleges



4. Tax Credits

- Must claim student as a dependent on your tax return.
- Have a modified adjusted gross income (**MAGI**) of
 - \$80,000 or less (\$160,000 or less for married filing jointly) to receive full credit
 - Up to \$90,000 (\$180,000 or less for married filing jointly) to receive partial credit
- Pay **Qualified Higher Education Expenses** (QHEEs) (tuition & books) in the calendar year

American Opportunity Tax Credit (AOTC)

- **\$2,500 max per year, per student**
- **only for undergrad**
- **four-year limit**

The Lifetime Learning Credit (LLC)

- **\$2,000 max per tax return**
- **for undergrad, grad or prof degree**
- **no limit on the number of years**

5. Financial Aid

5-1 FAFSA

- Free Application for Federal Student Aid
- It is now a Texas Graduation Requirement starting with Class of 2022
- It is the first step in applying for financial aid (federal, state, institutional funds)
- It determines a student's SAI – Student Aid Index (the minimum amount the family may pay for one year of college...not necessarily what they are actually willing to pay)
- Students might qualify for work study, grants, and/or federal loans
- Opens Oct 1 the year prior to attending
- The sooner it is completed, the better...know deadlines (federal, state, institutional)
- Students should continue to complete the FAFSA each year they plan to attend college
- Some scholarships require the FAFSA

Texas Application for State Financial Aid (TASFA) for Texas residents who are not U.S. citizens to be eligible for state and institutional financial aid, but not federal aid.

Resources

- **Net Price Calculator** (estimates your cost at a college) check college's website
- **Estimate Your Federal Student Aid** (sophomore/junior year) <https://studentaid.gov/aid-estimator/>
- **FAFSA** (senior year) <https://studentaid.gov>

5-2 Scholarships

Institutional Scholarships (from **some** colleges & usually require FAFSA)

- **Automatic**
 - Guaranteed if the institution's criteria is met (GPA/Class Rank & Test Scores)
 - **Usually renewable, but must meet requirements** (GPA & # of credit hours)
- **Competitive**
 - Awarded based on merit: academics, test scores, community service, extra curricular, leadership, athletics, music...
 - More likely to receive if in the top 25% academically at that institution

Private/Outside Scholarships (from businesses, clubs, & organizations)

- Local (**less competition**)
- State
- National
- International



Scholarship committees look for the **BEST** candidate

- Characteristics
- Talent
- Academics (GPA & Test Scores)
- Leadership Experiences
- Community Service

Possible Required Documents

- Application
- Essay or Video
- Letters of Rec
- Resume
- Transcript

Scholarship Essays



- **Specific Topic**

- Climate change
- Patriotism
- Healthcare in America

- **Generic Topic** (**YOUR** story in **YOUR** words)

1. Introduction
2. Life Purpose...future goals (education/career)
3. Family Background
4. Obstacle/Challenge (lessons learned; values gained)
5. Community Service & Leadership Experience (one experience each)
6. Conclusion (why you need/deserve this scholarship to include future impact it could have in college and beyond)

Scholarship Portfolio



- ▶ Community Service documentation
- ▶ Résumé (honors & awards, club involvement, employment)
- ▶ Essays
- ▶ Recommendation Letters
- ▶ Transcript w/ GPA, Class Rank & Test Scores
- ▶ Other Info
 - Financial Reports (FAFSA Submission Summary FSS)
 - Samples of your work (certifications, photos, videos, articles, artwork...)
 - Copy of birth certificate/passport (proof of citizenship)
 - Professional photography (headshot)
- ▶ Tracking Scholarships Spreadsheet
 - Keep copies of the entire scholarship packet for your records

5-3 Appeal for more Aid

- Apply to more than one college
- Compare financial aid offers
- Write an Appeal Letter
 - To Admissions Office for more merit aid because your GPA or test scores have improved
 - To Financial Aid Office for more need-based aid because something has negatively impacted your finances

5-4 Student Loans

An education loan is a form of financial aid that must be repaid, with interest.

 **Federal Loans** (FAFSA required)

Private Loans



RULE OF THUMB - Never borrow in total more than your 1st year's salary after graduating college

\$10,000 in student loans = \$100 monthly payments for 10 years

6 Tips & Tricks

6-1 High School Opportunities to earn College Credit

- Early College HS
- Dual Credit
- Advanced Placement <https://apstudents.collegeboard.org/getting-credit-placement/search-policies/course/32>
- International Baccalaureate
- Texas Bioscience Institute
- OnRamps

6-2 Exams for College Credit

ACT/SAT

- ▶ Good scores might exempt you from introductory classes



CREDIT BY EXAM

Each college sets its own minimum exam score requirement for granting credit

CLEP College Level Exam Program

by College Board

- ▶ 90-minute exam (\$97 per test)
- ▶ accepted at 2,900+ colleges

dsst

by Prometric (not just for the military anymore)

- ▶ 2-hour exam (\$100 per test + proctor fee)
- ▶ accepted at 1,500+ colleges

Modern States <https://modernstates.org/>

- A new, high-quality path to free college credit launched in 2017
- Their goal is to make college more accessible and affordable dubbed “Freshman Year for Free”
- Offers free online college courses taught by college professors which prepare students for the introductory (CLEP) exams and the test fee is paid by Modern States

6-3 Service Commitment Programs

Programs that help upfront, but require some sort of commitment of service AFTER college graduation:

- ROTC
- National Health Service Corps
- TEACH

Programs that require commitment of service BEFORE they will assist:

- AmeriCorps
- Peace Corps

6-4 Study Abroad (Many public colleges in Germany are tuition free)

- [University of Cologne](#)
- [Ludwig Maximilians University Munich](#)
- [Goethe University Frankfurt](#)
- [RWTH Aachen University](#)
- [University of Münster](#)
- [Ruhr University Bochum](#)
- [University of Duisburg-Essen](#)
- [Universität Hamburg](#)
- [FAU Erlangen-Nürnberg](#)
- [Technical University of Munich \(TUM\)](#)
- [University of Würzburg](#)

Other countries offering free or reduced rate tuition: Sweden, Denmark, Finland, Ireland, Iceland, Norway, Czech Republic

6-5 Community College for Basics

- **Tuition cost is lower**

Compare a 3-credit course

- **\$ 375** Temple College (\$125 per credit hour)
- **\$1,500** UT Austin (average \$500 per credit hour for 12+ hours)
- **\$3,430** UMHB (\$1095 per credit hour)

- First 2 years
- Summers

- **Free room and board if living at home**

- **Many students can take on a part-time job**



IMPORTANT: Check with the 4-yr college
BEFORE taking classes at CC to make sure
they transfers for YOUR degree!

6-6 Textbooks

Campus bookstores are usually more expensive

Check out other textbook services like Chegg.com, Amazon Prime Student, Barnes & Noble College, BookFinder, eCampus, & AbeBooks.

6-7 Tuition Payment Plan

- Most colleges offer the opportunity to pay your tuition in monthly payments over the semester
- Usually interest free, but most have minimal fees or other charges
- Go through the **Business Office**

6-8 Become an RA Resident Assistant (RA) at the school's dormitory for possible perks

- Private room
- Reduction (or partial reduction) in dorm fee
- Earn income

6-9 Live Off Campus with Roommates

Average cost of room and board

- \$12,770 at public colleges (≈\$1,300 per month)
- \$14,650 at private institutions (≈\$1,500 per month)

6-10 Graduate on time

- Know major **BEFORE** starting college
- Get a **DEGREE PLAN** **before** registering for any classes and take only the classes listed
- Take 30 credits per year (15 fall & 15 spring or use summer school if you need to)
 - Associate's – 60 credits
 - Bachelor's – 120 credits