

Clinic presented by Jason Robb

Where we are going?

College tuition rate have been rising through the roof the last 10 years



What is the AVERAGE cost of a College Education? (Tuition & Fees over 4 years)

PRIVATE UNIVERSITY:

\$105.092

PUBLIC UNIVERSITY:

\$28,100

What is the AVERAGE cost of a College Education? (Room & Board over 4 years)

PRIVATE UNIVERSITY:

\$33,292

PUBLIC UNIVERSITY:

\$27,200

What is the AVERAGE TOTAL cost of a College Education?

PRIVATE UNIVERSITY:

\$138,384

PUBLIC UNIVERSITY:

\$55,300

\$17,357.60

Amount of FREE aid I received in 2007

\$69,200

Amount of aid you could accrue over your 4 years in school

VOCABULARY LESSON

KNOWING WHAT WE ARE LOOKING FOR

Learning the Lingo!

- □ Categories
 - Need Based
 - Non-Need Based
- Types
 - □ Grants Free
 - Loans Payback
 - Work Earned

□ Sources

- Private
- $\color{red}\blacksquare \ \text{Institutional}$
- □ State
- Federal

Categories of Financial Aid

All types of financial aid fit into one of TWO categories

- 1. Need Based
- 2. Non-Need Based

Need Based Aid

- □ AWARDED on solely NEED basis
- □ Funds are awarded after the Department of Education analyzes the family's financial resources

Non-Need based

- □ Non-need based aid is often referred to as merit-based aid
- Awarded to students in recognition of special skills, talents, or academic abilities.
- Qualifications for non need-based aid are usually competitive in nature
- Can be awarded based on ethnicity or religious background

Category Review

Need Based = Government Awarded

Non-Need Based = Merit-based Award

Types of Financial Aid

- 1. Grants = FREE
- $_{2}$. Loans = DEBT
- 3. Work = EARNED

Grants

□ Grants are considered "gift" aid since do not have to be repaid.

We will put <u>scholarships</u> in this category because they do not have to be repaid.

Grants are our friends

After the vocabulary lesson this is what we hunt down

- □ FREE MONEY out there up for grabs:
 - All amounts from \$50 to \$5,000
 - All places Federal Government to your local Church
 - All stipulations For interview essays to filling out an online application

Grant Review

Grant = Free

Grant = GOOD

Loans

□ Loans are very complicated.

Generally, I DISCOURAGE any student loan use.

There are THREE types of loans we will cover:

- 1. Subsidized Loans
- 2. Non-Subsidized Loans
 - 3. Private Loans

1.Subsidized Loans

Repayment on this loan does not begin until AFTER you graduate from college.

The government <u>PAYS</u> the interest on this loan while you are in school.

2. Non-Subsidized Loans

Repayment on this loan also does not begin until AFTER you graduate from college.

However, the government <u>does NOT pay</u> the interest on this loan, it continues to accrue interest while you finish school.

Subsidized and Non-Subsidized Loans

Both types are awarded through your schools financial aid office.

They are the safest loans because the interest rates are controlled through the state/federal government.

3. Private Loans

- Private loans are through private loan companies like Sallie Mae or common banks like Bank of America.
- The government has no regulation on any part of this loan.
- Most students use a parent to cosign to take advantage of lower interest rates.
 - Rates still average about 5.8% higher

Private Loans

Private Loans should be avoided at ALL COSTS



Why is this all important?

Subsidized Loan

Un-Subsidized Loan

Borrow - \$5,000

Borrow - \$5,000 Interest - 6.8%

Interest – 4.5% Fees – 1.5%

Fees - 1.5%

What is the difference after I spend it?

The Bottom Line

Subsidized Loan

Un-Subsidized Loan

Borrowed - \$5,000 Cost per \$1000 - \$1,262.60 Monthly Payment - \$51.82 Total Repay = \$6,218.30 PER DOLLAR = \$1.24 Borrowed - \$5,000 Cost per \$1000 - \$1,807.17 Monthly Payment - \$74.17 Total Repay = \$8,900.31 PER DOLLAR = \$1.78

WHY WOULD YOU TRADE \$1 NOW FOR \$2 LATER?

In Perspective

Subsidized Loan

Un-Subsidized Loan

Borrowed - \$20,000 Cost per \$1000 - \$1,262.60 Monthly Payment - \$207.28 Total Repay = **\$24,873.20** PER DOLLAR = \$1.24 Borrowed - \$20,000 Cost per \$1000 - \$1,807.17 Monthly Payment - \$296.68 Total Repay = \$35,601.24 PER DOLLAR = \$1.78

\$10,728.04 is too much money for you to not keep from your pay checks!

Private Loans

YOU DON'T WANT ME TO SHOW YOU THE NUMBERS ON THESE



LOAN REVIEW

- Subsidized Loans are the only acceptable type of student loan.
- □ Un-Subsidized Loans have higher interest rates and the government does not pay any of my interest.
- Private Loans are dangerous and I will never look at them!

Work

Most people would not consider work programs a source of financial aid, but hundreds of thousands of students work their way through college every year.

Fun Fact: Financial Aid offices can sometimes award more grant money if you are holding a steady job!

Sources of Financial Aid

The four directions that we look in:

- Private: Local organizations; religious organizations; civic clubs, corporations, etc.
- □ Institutional: School's financial aid office
- $\hfill\Box$ State: High school counseling office; state grant agency
- Federal: School's financial aid office; U.S. Department of Education

Private - Start in YOUR backyard

- □ Local organizations in your community
 - □ Church
 - Rotary Club
 - School PTA
 - Local Businesses
 - Local Country Club
 - Local Government









Institutional Aid

This is simply any aid that is available at your school and includes the following:

- Music Scholarships
- University Scholarships
- Work Study Programs











State Aid

State-supported financial aid varies from state to state and may have residency or attendance restrictions.

For anyone wanting to travel OUT of State

State aid services are able to offer vouchers that allow students to pay in-state tuition rates.

Federal Aid

- □ Federal aid is the largest source of money for students who can demonstrate that they have financial need.
- □ If your family is in true need there are several programs fund financial aid

Federal and State Forgiveness Programs

There are several programs which offer low to no interest loans for eligible student, which can be forgiven if the student meets certain stipulations

Forgiveness = You DON'T have to repay it

Forgiveness = FREE MONEY

Texas B-On Time Loan

A good forgiveness example is found right here in Texas

- □ Must be have a FASFA completed
- □ Must graduate within 4 years
- □ Must complete all the courses that you enroll in
- □ Must graduate with at least a 3.0

YOU CAN BE AWARDED UP TO \$8,000 PER YEAR!

Pay Attention to Details

When you enter loan forgiveness you need to cross your T's and dot your i's

I participated in a Loan Forgiveness
Program and was responsible for a
\$15,000 loan after because I missed a
detail in the fine print!

Reviewing the Lingo!

- CategoriesNeed Based
- Need based
- Non-Need Based
- Types
 - Grants Free
 - Loans Payback
- Work Earned

SourcesPrivate

- Institutional
- Caman
- Federal

What to do first?

FAFSA — Free Application for Federal Student Aid (http://www.fafsa.ed.gov)



Keep in Touch

- □ Check back often with your schools financial aid office
- □ THEY control the payout of Federal aid
- Applications turned in early will be awarded more aid

Step 2: Start Applying

Private Scholarships and Grants

- Apply for every scholarship that you are eligible for
 - \blacksquare From \$5,000 to \$50 it all adds up to your final bill
- □ Start a log of everything you apply for
 - □ Getting organized will help you get into an application groove

The Dreaded Essay

Over 90% of scholarships require an essay

- □ Schedule a meeting with your councilor and your senior English Teacher
 - Ask you English Teacher to read over your first couple of Essays before you submit them
 - □If you ever hit a road block THESE people are who you can turn to

Good Rule of Thumb

When I went through this process I began coming up with the 1 in 10 rule:

You will be awarded 1 out of every 10 scholarships

Wasted effort?

Isn't that a lot of effort wasted?

If you apply for 100 scholarships that are on average \$250 each you will average \$2,500 in awards

\$17,357.60

Amount of FREE aid I received in 2007

Private - Start a GLOBAL Search

Internet sites can uncover a wealth of Scholarship opportunities:

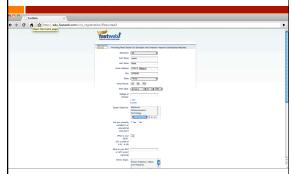
- www.collegescholarships.com
- www.fastweb.com
- www.collegeboard.com
- www.finaid.org

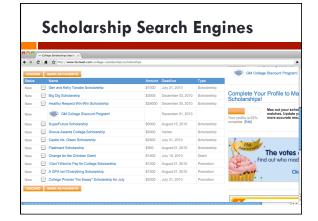
There are plenty of resources online to get you pointed in the right direction

Scholarship Search Engines



Scholarship Search Engines





Start a GLOBAL Search

There are thousands of organizations donating MILLIONS of dollars a year to education.

"You miss 100% of the shots you don't take"

Wayne Gretzky

Start a GLOBAL Search

"You be awarded \$0 of the scholarships you don't apply for."

- Jason Robb

Checks in the Mail.....

- □ As you are awarded \$
 - A LARGE portion of \$ will be sent directly to YOU by check
- □ Put ALL of it aside
 - DO NOT touch any of it until August

Budgeting for a YEAR

Controlling Spending is the #1 way to graduate college without debt

 College is the first time most adults are given financial independence in their life.

Curbing the appetite

- Cutting down your spending to the extreme will set you up for success
 - You have to take IN more \$ than you SPEND
- □ Saving money is not a habit, it is a *Lifestyle*

WANTS vs. NEEDS

Budgeting

- $\hfill\square$ Plan out the MINIMUM amount you can live on
 - Keep bills/expenses as low as possible
- □ Budget every dollar
 - Your bottom line each month should be -0-

Coming out Ahead

There is the **OPPORTUNITY** to **MAKE** money

College for free? How about getting paid TO GO!!

Four Months of LIMBO

- □ Prepare to weather the storm
 - Moving
 - Deposits
 - Rent
 - Utilities
 - New work clothes
 - Emergency Funds

First paycheck is in SEPTEMBER

Putting ideas into action

The money is out there, you just have to go GET IT

- □ Know what you are looking for
 - Fine untapped resources
- □ Look in all areas
- □ Private, Institutional, State, Federal
- □ Spend with a PLAN
 - □ Protect your hard work by making a \$ plan

Contact me!

web.me.com/jasonbuellrobb/TBA

- This Presentation
- Additional Resources
- Contact information