

# Senior College Financial Aid Workshop:

## How to Make a Good Decision For Your Future



# How Do Colleges Determine Your Financial Aid?

Financial information from your **FAFSA** or **Cal Dream App** to help determine your financial need at each college.

Your **Student Aid Report (SAR)** is generated directly from FAFSA and is a helpful summary, but is not an official financial aid award letter from the college you want to attend.

Each college that you are accepted to should send you a financial aid award letter as long as you send them everything they ask for.

# What if you think the income report on your FAFSA is wrong or your family has had a recent loss in income?

You will want to **contact each college(s) directly** at this point to see if you can appeal and submit updated financial aid documents that prove that your family's income is now lower and possibly qualify you for additional financial aid.

# Cost of Attendance (COA)

**Cost of Attendance (COA):** This is how much it costs to attend a college typically for one year without financial aid (“sticker price”). This should include tuition (i.e., cost of classes), room and board (i.e., housing and food), books, along with some other expenses.

Approximate Cost of Attendance for Various Types of Colleges (per year in the dorms):

**\*California State University: \$25,000 (\$100,000 over four years)**

**University of California: \$35,000 (\$140,000 over four years)**

**Private College like UOP: \$70,000 + (\$280,000 over four years)**

*\*Some students live at home and just pay the tuition at Sac State for about \$8,000-\$9,000 or so per year to save a lot of money.*

**CA Community College tuition is free for the first two years**, but you will still need to pay for housing and food if you don't live at home along with books and fees. Some students get additional financial aid for community college too, but not much in terms of living expenses.

# Best Paying Job on Campus

Paying to live in the dorms and for food can be the most expensive part of your college education. If interested and if you live in the dorms your first year get involved in student housing committees and help your **Resident Advisor (RA)**.

RA's typically have their own dorm room paid for along with their meal plan. This can be a **\$15,000-\$20,000** value.

If you get experience being involved in student housing issues and helping your RA, then you may be able to apply to become a RA starting your sophomore year of college and this can be a game changer to help make college more affordable.

# Expected Family Contribution (EFC)

This is the amount of money that the government thinks your family should be able to pay (based on FAFSA info) for college without any financial aid ranging from \$0-99,999.

If the EFC is greater than the Cost of Attendance (COA) for the college, then typically no financial aid will be offered and they will expect that your family can pay the COA without assistance. This doesn't make it true and not all families can provide that much financial support, but it is how it works.

**COA - EFC = Financial Need (Not Everyone Will Have Financial Need)**

**COA = \$20,000** per year and **EFC = \$5,000**, then

20,000 - 5,000 = \$15,000 is your Financial Need

and \$5,000 has to come from somewhere else (e.g., family support, work, etc.)

# Grants, Work Study, & Loans

**Grant or Scholarship (\$\$\$):** This is **free gift money** given that is not expected to be paid back.

**Work Study (say yes!):** Some colleges may offer you work study. This may appear as a dollar amount in your award letter (e.g., Work Study = \$2,000), but you will only receive that money if you apply for a work study job and then you will be paid hourly up to the amount approved. This money is not a guarantee and you have to work for it, but it is worth saying yes and see what jobs are out there.

**Loan:** Someone lets you borrow money, but expects you to pay it all back. Most loans charge **interest** as a fee (i.e., percentage of the loan) for letting you borrow their money. Click [here](#) to learn about the different types of federal student loans for college and click [here](#) to review the current student loan interest rates.

# Types of Federal Education Loans

**Subsidized Federal Student Loans (cheapest/best):** The government agrees to pay the loan interest as long as you stay in good standing at college (full-time and passing classes), but you will still have to pay back the loans after your graduate. They offer a 6 month grace period after graduation if needed. **These are the most affordable loans.** Click [here](#) to see the current interest rates and loan fees.

**Unsubsidized Federal Student Loans (in the middle):** The big difference is that the government charges interest for these loans while you are in college and after you graduate you will need to pay back your loan money plus all the interest that built up over your years in college. Click [here](#) to see the current interest rates and loan fees.

**Parent PLUS Loans (most expensive):** This is the most expensive federal loan type. This loan will be in your parents or guardians name. The interest rate and loan fees are higher, but still may be better and safer than private loans if they are absolutely needed. Click [here](#) to see the current interest rates and loan fees.

# Unsubsidized Loan Interest Example

Loan amount per year is **\$3,000** and assume you will need an additional \$3,000 every year for four years. Assume a 5% (0.05) annual interest for an **unsubsidized loan** (you pay interest while in college).

Calculate the interest for the first year:  **$\$3,000 \times 0.05 = \$150$**

Add interest to loan + an additional \$3,000 for the second year of college  **$3,150 + 3,000 = \$6,150$**

Calculate the interest for the second year of college:  **$\$6,150 \times 0.05 = 307.50$**

# Unsubsidized Loan Interest Example Continued

	Loan Principal	Interest (by end of year)
1st Year	\$3,000	150
2nd Year (add another loan)	6,150	307.50
3rd Year (add another loan)	9,457.50	472.88
4th Year (add another loan)	12,930.38	646.52
End of 4th Year Total	<b>13,576.90</b>	Total Interest After 4 Years = <b>1,576.90</b>

**Note:** Subsidized Loan of \$3,000 per year for 4 years would be \$12,000 (no interest), but unsubsidized would be 13,576.90 as shown. Subsidized loans will start charging interest once you start paying back the loan after graduation, but it offers a 6 month grace period while students work to find a job.

# Do I Have To Accept College Loans?

**NO.** Different types of loans may be offered with specific maximums you can take out in your financial aid award letter, but you do not have to accept them and you can request to take out a lower loan amount than offered.

For example, some students will accept their **subsidized loans**, but decline the unsubsidized loans as long as they have a plan to make up the money with a summer job or additional family financial support.

It is not always worth it. You have to think about how you would pay back all of that money and it really adds up over 4-5 years of college.

# College Financial Aid Comparison Example

Assume the COA for one year at a public four-year college is **\$25,000 (public)** and one year at a private college is **\$70,000 (private)**.

Let's assume you do not receive any financial aid at the public college **\$0 (public)** and you receive **\$30,000 (private)** in grants and scholarships at the private school.

**Which college would be cheaper to attend? How much cheaper would it be over one year and four years?**

**Private College Math: \$70,000 COA - \$30,000 Grants = \$40,000**

**Comparison College Math: \$40,000 (private) - \$25,000 (public) = \$15,000**

# Remember

- ▶ Check out our Financial Aid page for more information:  
[http://frhs.egusd.net/our\\_school/counseling/college\\_career/financial\\_aid](http://frhs.egusd.net/our_school/counseling/college_career/financial_aid)
- ▶ Use California Colleges to help compare financial aid award offers:  
<https://www.californiacolleges.edu/#/compare-your-financial-aid-offers>
- ▶ Everyone in here I can tell is a future leader in some way, shape, or form!
- ▶ One thing to remember is that you do not need the college, but the college needs you.
- ▶ There are many paths up the mountain and *you* make the biggest difference in what you get out of college, not where you are going to school.
- ▶ I will be just as excited for you if you go to Stanford, UC Davis, Sac State, or CRC!
- ▶ Please reach out to your counselor if you have any further questions and you got this!

# Financial Aid Quiz & Questions!

We are going to do the following brief quiz together to make sure you understand all the key concepts!

[https://docs.google.com/forms/d/e/1FAIpQLScY62DAHCR-IThnQQOHnPDcclbVtmlM6MxijHijSSfiXIUSkw/viewform?usp=sf\\_link](https://docs.google.com/forms/d/e/1FAIpQLScY62DAHCR-IThnQQOHnPDcclbVtmlM6MxijHijSSfiXIUSkw/viewform?usp=sf_link)

As we complete the quiz together, please ask questions! That is what we are here for! :)