GREAT ADVICE FOR PARENTS 2020

Inceptia
A DIVISION OF NSLP

nerdwallet

TABLE OF **CONTENTS**

What can I say about 2020 that hasn't been said already? It has certainly been an unprecedented time of rapid change and, frankly, upheaval. For how long and to what extent we will be forced to adapt, we just don't know yet.

So as I sat down to write this year's letter to our readers, I knew I had to address two critical issues for the parents and students making college plans for 2021:

1. We are still at the beginning of a major shift in how higher education pivots to serve students during a pandemic, and that may continue for several years to come.
2. That doesn't mean that we give up on planning for college and our educational goals altogether.

I don't know what your/your student's freshman year in college will look like; it is my fervent hope we are able to make enough advances in the fight against COVID-19 that, in a year's time, we are able to have a relative return to normalcy for your student's college experience.

However, we must also prepare for a world in which we are still taking every necessary precaution to keep everyone healthy and well, while still finding a way to progress forward.

To that end, this year's edition of Great Advice for Parents begins with what we currently know about how the pandemic may affect your college plans. Though it focuses on the current academic year, we hope this piece is helpful in allowing you to consider your options over the next year, should we be in a similar place with similar choices.

The remainder of the guide remains focused on the discussions you and your students should be having about pursuing a degree, the questions you may have about financial aid, and how you can best prepare for managing the costs of college before, during, and after the experience.

Since 2020 has also been the year of the Hamilton musical, I am reminded of a line from one of its many great songs: "I am the one thing in life I can control." What fitting words for all of us right now, but especially for our students who are learning this valuable lesson during this unpredictable time.

Whatever the year ahead brings, I wish you and your student health and wellness, and hope you are undeterred in the dreams you have for the future.

Best,

Carissa Uhlman
Vice President of Student Success
Inceptia

888.529.2028 • Inceptia.org • @inceptia

MAKE INFORMED CHOICES

WHEN COLLEGES SAY STAY HOME

By Anna Helhoski, Cecilia Clark, Ryan Lane

Now that big-name colleges are announcing plans to go remote in the fall due to the coronavirus pandemic, others are expected to follow. How does that change the financial math? The answer can differ from school to school and depending on whether you are an undergrad, grad, veteran or international student.

Here's how a switch to remote learning could affect your costs and financial aid.

Don't expect a break on tuition

Colleges that aren't fully opening campuses for fall 2020 or are planning a hybrid model (a split between in-person and remote learning) are generally not cutting tuition.

Keep in mind, you'll be earning the same credits for the courses you complete, even if you're not getting the same college experience.

But tuition is just one of many expenses you encounter on campus.

> Your school calculates those expenses — tuition and fees; books and supplies; room and board; transportation and personal expenses — in a single number known as total cost of attendance.

While tuition may not fall, your other expenses might

You may not be paying for meals and a dorm room on campus, but you'll still eat and sleep.

And your school still needs an official total cost of attendance: It's used to calculate financial aid, your family's financial contribution and even how much you can borrow.

Colleges that go remote this fall are factoring at-home living expenses into the cost of attendance. Including these expenses as part of the cost of attendance means you can get financial aid and loans to help cover the amount. At-home costs are typically calculated as less money than room and board.

For example, Harvard University is charging tuition and fees for students studying from home, and it factors personal expenses into the overall cost of attendance.

At UCLA, part of the University of California system that announced it would be majority remote learning for the fall, the cost of attendance includes a higher amount for room and meals if you're living in an off-campus apartment versus living at home with family.

You may not be able to borrow as much

If you need to borrow to pay for college, there are annual and overall limits for federal loans for undergraduates. Parent or graduate PLUS loans and private loans limit borrowing to the total cost of attendance minus other financial aid.

You can use student loans to help pay for tuition and fees, as well as living expenses, which are factored into the official cost of attendance. Your school determines the cost of attendance, and it is confirmed by your lender. Call to double-check what the new total cost of attendance is if your college goes remote since its website might not have the most up-to-date information.

Be ready to adapt to changing circumstances

If you need more money for college due to a change in your family's financial situation, you can appeal your financial aid award with your school's financial aid office. You should also update the Free Application for Federal Student Aid, or FAFSA, you submitted to apply for aid.

If you have short-term financial needs during the semester, your college may have emergency aid available in the form of loans and small cash grants, scholarships to complete a semester, dining hall vouchers and food pantries.

Alternative options for undergraduates

To lower your costs altogether, you could defer enrollment at your preferred four-year school and spare yourself some debt by knocking out prerequisite courses at a community college — in person or online.

But you'll have to make sure credits will transfer to your school of choice.

You can also defer enrollment and take a gap semester or year. If you're a current student with loans, taking a gap year could trigger repayment to begin. And a gap year mired in travel restrictions, high unemployment and health risks might not be the best option.

You may feel strongly that remote learning is not for you, so you could opt to transfer to a school that's opening in-person. But consider this: If COVID-19 cases are high enough in your area, schools may shift to remote learning anyway, as they did this past spring.



Anna Helhoski, Cecilia Clark, and Ryan Lane are writers at NerdWallet.

The article When Colleges Say Stay Home: Options for Undergrad, Grad, Veteran and International Students originally appeared on NerdWallet.

A COLLEGE EDUCATION ISN'T PRICELESS

By Brianna McGurran

College-bound high school seniors of America: You are about to embark on one of the most formative periods of your life, full of new friendships, personal growth and over-caffeinated conversations on the nature of humanity.

Keep "ruinous student debt" off the list.

At this point, while you're working on applications and deciding which schools most excite you, you may be hearing that college debt is "good debt." That an education is priceless, and if you're going to borrow money for anything, it should be to expand your mind and career options.

That's only partially true.

It's OK to borrow some money for school. But a college education does come with a cost — one that becomes very real after graduation if student loan payments affect where you live and work, and how much you can save for the future.

Years from now, college should live as a memory of late-night library runs and lightbulb moments in class, not as a financial decision you regret. Here's how to make that happen.

Estimate your college costs

The Free Application for Federal Student Aid, known as the FAFSA, opens on October 1, 2020, for the 2021-22 school year. The form gives you access to free federal aid such as Pell Grants, plus low-interest federal student loans. Fill it out as soon as possible if you haven't already; some aid, such as federal work-study, is first come, first served.

The FAFSA will give you an Expected Family Contribution, the amount of money the government calculates your family can provide for college. Use the net price calculator for each school you're interested in to see how much you'll likely pay per year based on your family's income. These two numbers should give you a picture of the schools that will require massive yearly student loan borrowing, and those that are more affordable.

It isn't easy to let go of your vision of college if your dream school is too expensive. Yes, you can always appeal for more financial aid, and living at home or applying for outside scholarships can help offset costs. But your likely student loan burden should be one of the top factors you consider when figuring out where to apply and where to go.

Focus on your future student loan payment

Here's how to decide whether a school is truly affordable: Your student loan payment after graduation should be no more than 10 percent of your monthly take-home pay. That's true for both parents and students.

Use a student loan affordability calculator to find your maximum loan payment. As a student, you'll need to know your expected first-year salary, which you can find in the Bureau of Labor Statistics' Occupational Outlook Handbook. No idea what you'll do after school? Use $50,000 as an upper bound; that's the median annual salary for 25- to 34-year olds with bachelor's degrees, according to the National Center for Education Statistics. But depending on where you live, $30,000 or $40,000 could be more realistic, especially for your first year out of school.

Choose the right loans

Keep an eye on the type of loans you opt for, too. Choose federal loans first, and take out the maximum amount of subsidized and unsubsidized federal direct loans that you can as a student.

Parent PLUS loans have higher interest rates and fees than federal student loans, and they have higher borrowing limits. Parents who work for nonprofits could get PLUS loans forgiven through the Public Service Loan Forgiveness Program, as long as they go through the process of making those loans eligible.

But in general, it's troublingly easy for parents to borrow too much in PLUS loans. Also, PLUS loans require a credit check, so if a parent can't qualify, a student may be able to get more unsubsidized federal loans.

Parents should keep their borrowing well below the 10 percent threshold referenced above, and potentially look into private loans, if they can get lower interest rates than PLUS loans offer. Many private loans also offer the option to remove the parent as the co-signer later on, leaving the student with the responsibility for payoff.

More than half of student loan borrowers in 2017 said their education wasn't worth the debt they took on, according to a NerdWallet survey. You don't have to be one of them.

Brianna McGurran
is a former personal finance columnist and staff writer for NerdWallet, a personal finance website.

The article A College Education Isn't Priceless originally appeared on NerdWallet.

GOING TO COLLEGE: CAN I STILL AFFORD TO DO THIS?

By Anna Helhoski

College is expensive on a good day. When you're living through a pandemic and a recession, it may feel downright unaffordable. But if you look ahead, college is still a worthwhile investment.

Having a college degree typically means hundreds of thousands of dollars more in lifetime earnings. An advanced degree? More than $1 million.

Right now "lifetime earnings" are probably not top of mind, but maybe another question is: Can I still afford to do this?

Yes, you can. But you're going to need to get comfortable with the unknown. Your goal will be the same — an education that provides a fulfilling livelihood. But how much you can afford to spend, how much federal aid you'll get, where you can turn for scholarships and grants, even whether you spend a semester or two learning from home — that's still a giant question mark.

Keep your eyes on the prize, and stay flexible. It's very likely your circumstances and those of the world around you will shift, and then shift again. The strategy below remains the same.

It's all relative

You're going to see a lot of numbers thrown at you about what you and your family are expected to pay. But you're the only one who truly knows the real-life amount you can pay now (from your savings or your income) or pay later (by making use of student loans).

Find out those numbers and keep them in mind as you shop for your education. Here's how to do it.

Look past the sticker price

A college's big sticker price might turn you off: $60,000 a year? But that's not the real cost. What's more important is the "net price." That's how much you owe after financial aid is factored in. If you compare net prices from a few different schools, you'll see that public colleges are typically cheaper than private ones. But if you get enough financial aid, the cost could end up being similar.

You can find a net price calculator on every college's website.

Know your resources

If your finances aren't what they used to be, consider multiple ways to cobble together a college payment.

Don't start by assuming you have to cough up the full price out of pocket, or that you have to take out loans for the full price. Most people use a mix of financial resources to pay for school. This is the optimal order to follow:

- Start with free aid, including grants and scholarships.
- Next, find a work-study job on campus.
- Then, consider what can come from income and savings.
- Finally, turn to student loans.

If you have to borrow, take out federal loans first over private student loans. Federal loans have benefits private ones don't, like income-driven repayment plans and loan forgiveness.

Does your major matter?

No one is saying you have to become a surgeon or study finance if you don't want to, but we'd be lying if we said your college major won't affect your lifetime earnings and your ability to repay debt.

Learn more about prospective majors and jobs using the U.S. Department of Labor's Occupational Outlook Handbook. Then find median starting salaries using sites like Salary.com or Glassdoor.

Once you have an idea of future earnings, your best bet is to aim for a student loan payment that will be "manageable."

Define what 'manageable' is

If you have to take on debt, your ultimate goal is to have a payment that won't exceed 10% of your projected after-tax monthly income your first year out of school.

That's a mouthful, so here's what that actually looks like: If you earn $45,000 a year, your estimated monthly take-home is just over $2,500. That means you shouldn't pay more than $250 a month toward student loans. At current rates, that would mean you could borrow $24,200 over four years of college.

Use our college affordability calculator to find out how much student debt is reasonable for you to repay, then revisit the net price calculator results.

You can afford this. Set reasonable expectations and redefine your dream school as the one that's not a nightmare to pay for.

Have a back-up plan if your finances change

During tough times you're going to be living with uncertainty about your family's future financial picture. But if your finances do change in the application process or while you're in school, you can always ask for more aid.

Asking for more aid via an appeal or updating your financial aid application are fail-safe options to use if something unexpected comes up, like a job loss or a medical emergency. There are two ways to get more aid:

- **Update your Free Application for Federal Student Aid**, or FAFSA. Make updates at fafsa.ed.gov. You can correct any errors and provide new financial information. You have until the FAFSA deadline (June 30) to make changes. For the 2021-22 school year you have until June 30, 2022, to do it.
- **File an appeal.** Contact your school's financial aid office and request for more aid. Make the request via email or phone and include the specific additional sum you'll need and supporting documents to demonstrate why you need it.

Anna Helhoski
is a staff writer at NerdWallet, a personal finance website.

The article Going to College: Can I Still Afford to Do This?
originally appeared on NerdWallet.

UNDERSTANDING **FINANCIAL AID**

THE PARENT'S GUIDE TO FILLING OUT THE FAFSA FORM

By the U.S. Department of Education

While the Free Application for Federal Student Aid (FAFSA®) form is the student's application, we know that parents often play a large role in the process. After all, students who are considered dependent have to provide parental information on the FAFSA form anyway and must have a parent sign it. While we recommend that the student start his or her own FAFSA form, we know that's not always what happens. With that in mind, we wanted to provide instructions for parents who are starting the FAFSA form on behalf of their child so you can avoid running into issues completing the form.

IF YOU ARE A PARENT COMPLETING THE FAFSA FORM FOR YOUR CHILD, FOLLOW THESE 8 STEPS:

1 Create an account (FSA ID)

An FSA ID is a username and password you use on Federal Student Aid websites such as studentaid.gov. If your child is considered a dependent student, two unique FSA IDs are needed to complete the FAFSA form online:

1. Parent's FSA ID

2. Student's FSA ID

We recommend that you and your child register for FSA IDs ahead of time, so you don't experience delays later in the process.

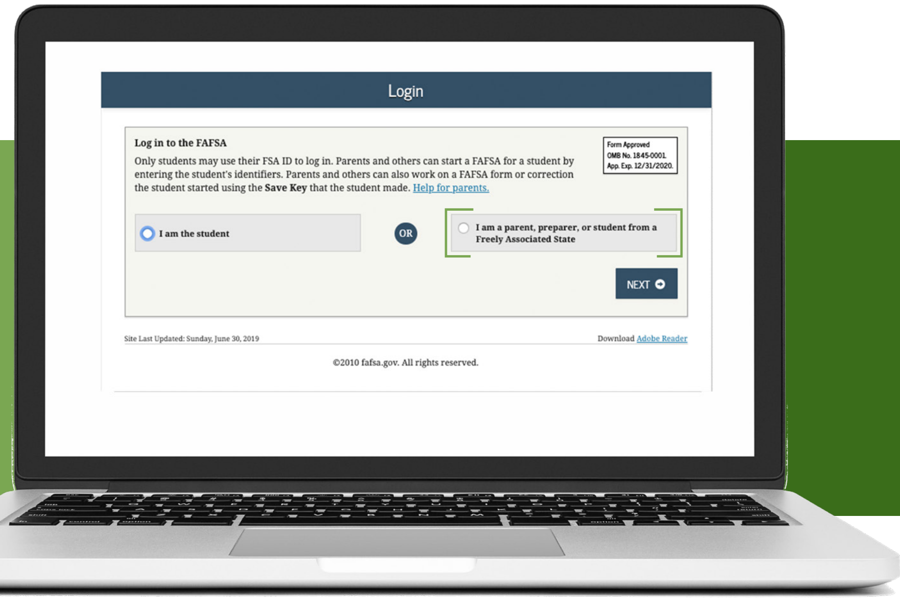
IMPORTANT:
Your child must create his or her own FSA ID. You cannot create an FSA ID for your child. Also, when you register, you'll be asked to provide an email address and mobile phone number. This is optional but highly recommended. These two items must be unique to each account. In other words, your email address and mobile phone number cannot be associated with more than one FSA ID.

You and your child should create your FSA IDs now at studentaid.gov/fsa-id/create-account.

Your FSA ID serves as your legal electronic signature throughout the federal student aid process. Do not share your FSA ID with anyone, not even your child. Your child should also not share his or her FSA ID with you. Keep your FSA ID information in a safe place. You'll need it to renew your FAFSA form each year and to access federal student aid information online.

② Start the FAFSA form at studentaid.gov

- Go to studentaid.gov and click "Start Here" under the "New to the FAFSA Process?" heading.
- Once on the log-in page, you will see two options. If you are starting the FAFSA form on behalf of your child, choose the option on the right, "I am a parent, preparer, or student from a Freely Associated State."
  - Enter your child's name, Social Security number, and date of birth. Then, click next.



If you are the parent, read The Parent's Guide to Filling Out the FAFSA Form.

- Choose which FAFSA form you'd like to complete. **2020–21 FAFSA form** if your child will be attending college between July 1, 2020, and June 30, 2021.
- **2021–22 FAFSA form** if your child will be attending college between July 1, 2021, and June 30, 2022.
- **Both:** If your child will be attending college during both time periods and hasn't completed the 2020–21 FAFSA form yet, complete that first, wait until it processes (one to three days), then go back in and complete the 2021–22 FAFSA form after.
- **Were you given the option to submit a FAFSA Renewal?** If your child is present, you should choose this option. If you do, a lot of the demographic information required will be pre-populated. Your child must be present because he or she will need to enter the student's FSA ID to continue. If your child is not present, you should select "Start NEW FAFSA."

- **Create a save key**. A save key is a temporary password that allows you and your child to "pass" the FAFSA form back and forth. It also allows you to save your child's FAFSA form and return to it later. Once you create a save key, share it with your child. He or she will need it to complete later steps.

IMPORTANT TIPS:

- **The FAFSA form is the student's application, not yours.** When the FAFSA form says "you" or "your," it's referring to the student (unless otherwise noted).
- **Avoid simultaneous logins.** Your child should not be filling out their FAFSA online at the same time you are. Your progress can be lost if they click "Save" at a different point in the application.
- **If you need help:** Click on the blue question mark symbol at the corner of each question.

3 Fill out the Student Demographics section

After the introduction page, you will proceed to enter basic demographic information about your child, such as name, date of birth, etc. If you chose the FAFSA renewal option in step two, a lot of his or her personal information will be pre-populated to save you time. Make sure you enter your child's personal information exactly as it appears on his or her Social Security card so you don't encounter any errors. (That's right, no nicknames.)

4 List the schools to which you want your FAFSA information sent

In the School Selection section, you'll add all the schools you want to receive your child's information. It is important that you add every school your child is considering, even if he or she hasn't applied or been accepted yet. It doesn't hurt to add more schools; colleges can't see the other schools that have been added. In fact, you don't even have to remove schools if your child later decides not to apply or attend. If your child doesn't end up applying or getting accepted to a school, the school can just disregard his or her FAFSA form. You can remove schools at any time to make room for new schools. You can add up to 10 schools at a time. If your child is applying to more than 10 schools, here's what you should do.

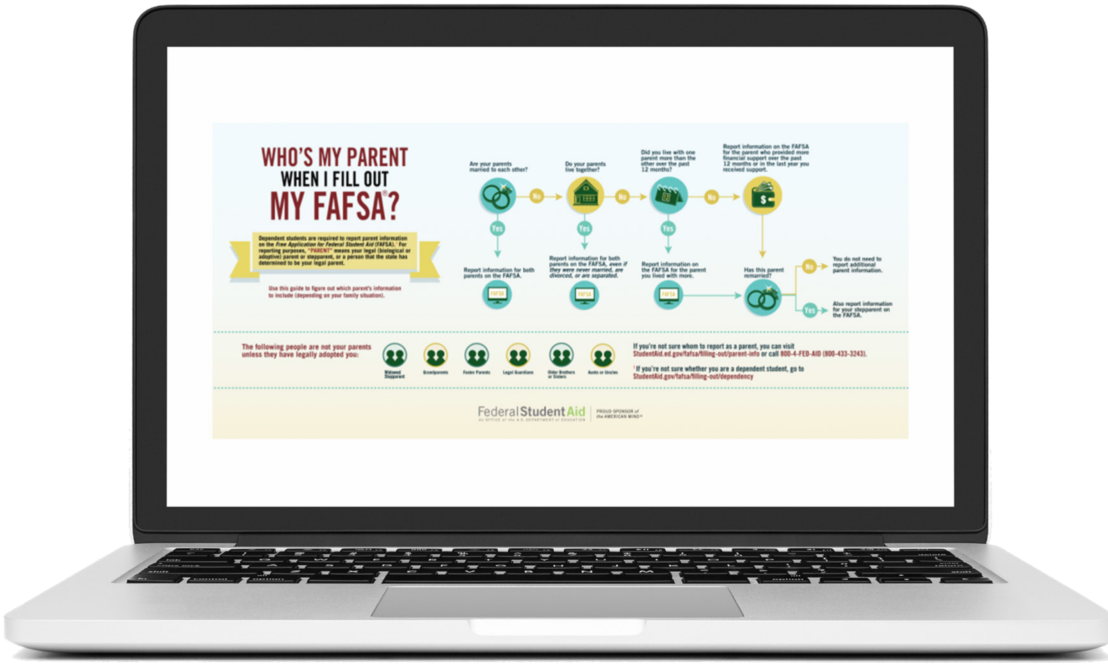
5 Answer the dependency status questions

In this section, you'll be asked a series of specific questions to determine whether or not your child is required to provide your (parent) information on the FAFSA form.

- These dependency guidelines are set by Congress and are different from those used by the Internal Revenue Service (IRS).
- Even if your child doesn't live with you, supports him or herself, and files taxes separately from you, he or she may still be considered a dependent student for federal student aid purposes.
- If your child is determined to be a dependent student, he or she will be required to report information about you. If your child is determined to be an independent student, you can skip the questions about providing parent information (unless otherwise noted by the school).

⑥ Fill out the Parent Demographics section

This is where you'll provide your own demographic information. Are you divorced? Remarried? Below is a guide to determining which parent's information needs to be included on your child's FAFSA form. For specific guidance, review our "Reporting Parent Information" page.

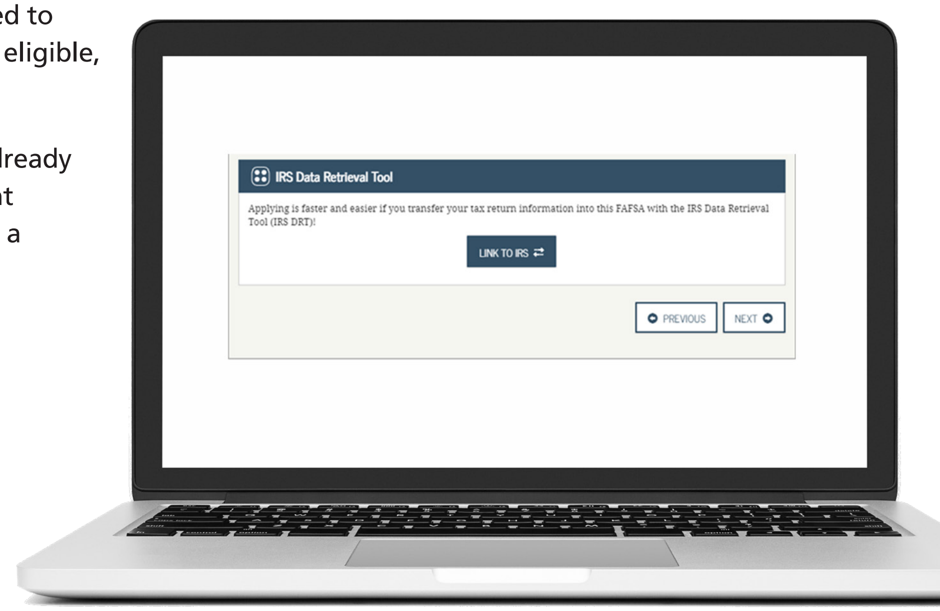


Infographic: Who's my Parent when I Fill Out my FAFSA?

⑦ Supply your financial information

This step is incredibly simple if you use the IRS Data Retrieval Tool (DRT). The IRS DRT allows you to import your IRS tax information into the FAFSA form with just a few clicks. Using this tool also may reduce the amount of paperwork you need to provide to your child's school. So if you're eligible, use it!

To access the tool, indicate that you've "already completed" taxes on the student or parent finances page. If you're eligible, you'll see a "LINK TO IRS" button.



Next, you'll likely be asked to provide your child's financial information.

- If your child filed taxes, the easiest way to complete this section is to use the IRS DRT. **Your child would need to be present** because he or she needs to provide his or her FSA ID to use the tool. If your child is not present, save and exit the application and instruct your child to log in with his or her FSA ID, retrieve the FAFSA form using the save key, and then use the IRS DRT to complete the FAFSA form and sign it.
- If your child did not file taxes, you can enter his or her financial information manually (if you have access to the required information). If you don't have access to the information, save and exit the application and instruct your child to log in with his or her FSA ID, retrieve the FAFSA form using the save key, complete the FAFSA form, and sign it.

NOTE: If you need to save and exit your child's FAFSA form so he or she can complete the remaining information, you'll need to log back in and sign your child's FAFSA form before your child can submit it.

8 Sign your child's FAFSA form

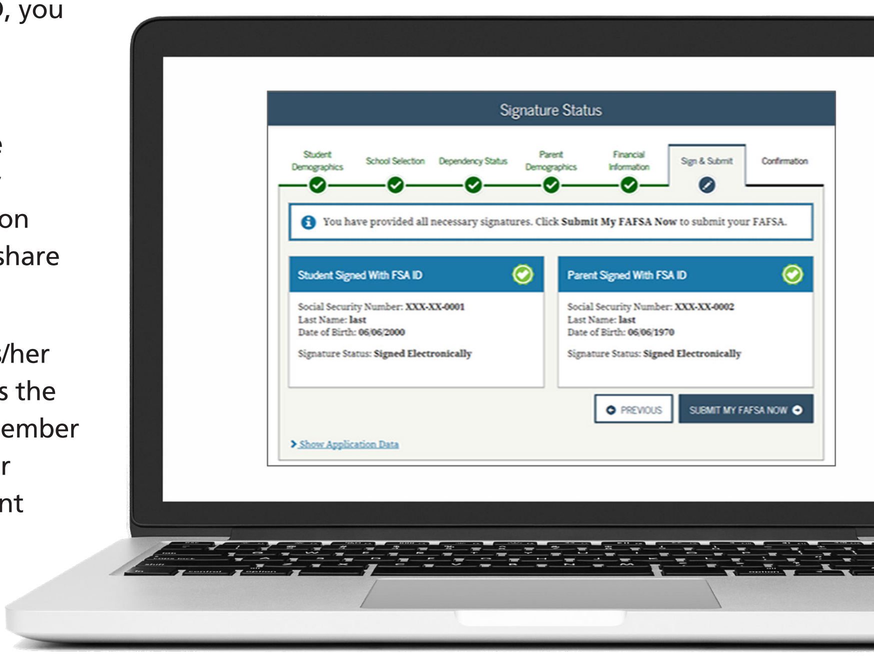
Both you and your child need to sign the FAFSA form. The quickest and easiest way to sign your child's FAFSA form is online with your FSA ID.

If your child is not present, here's what you do:

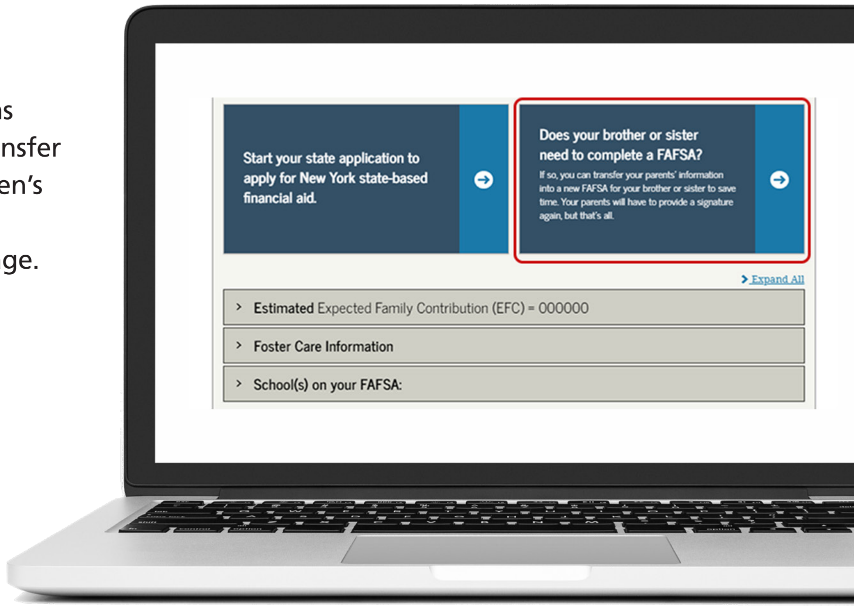
1. Sign your child's FAFSA form with your FSA ID first.
2. Save and exit the application.
3. Instruct your child to log in using their FSA ID and sign the FAFSA form.

SIGN AND SUBMIT TIPS:

- If you or your child forgot your FSA ID, you can [retrieve it](#).
- Make sure you and your child don't mix up your FSA IDs. This is one of the most common errors we see, and why it's extremely important for each person to create his/her own FSA ID and not share it with anyone.
- Make sure the parent who is using his/her FSA ID to sign the FAFSA form chooses the right parent number. If you don't remember whether you were listed as Parent 1 or Parent 2, you can go back to the parent demographics section to check.



- If you get an error saying that your FSA ID information doesn't match the information provided on the FAFSA form, here's what you should do. Note: This is often the result of mixing up the student and parent FSA ID.
- We recommend signing the FAFSA form with an FSA ID because it's the fastest way to get your child's FAFSA form processed. However, if you and/or your child are unable to sign the FAFSA form electronically with an FSA ID, you can mail in a signature page. From the sign and submit page, select "Other options to sign and submit" and then choose "Print A Signature Page." Just keep in mind that your child's FAFSA form will take longer to process if you go this route.
- If you have multiple children who need to complete the FAFSA form, you can use the same FSA ID to sign FAFSA forms for all of your children. You can also transfer your information into your other children's applications by choosing the option provided on the FAFSA confirmation page.



Congrats you're finished!

Your child is one step closer to getting money for college. With the hard part over, learn what your child should do next after submitting the FAFSA form.

ACCEPTED! HOW TO DECIPHER YOUR COLLEGE AID

By Anna Helhoski

With college acceptances in hand, now comes the hard part: understanding your financial aid offers.

These letters are notorious for being laden with jargon that differs from offer to offer, making comparison difficult. But you can learn how to interpret award letters to understand the costs and choose an affordable option.

What to expect from aid offers

Financial aid offers should include all of the federal, state and school aid you can access. That could mean free aid, such as grants, scholarships and work-study opportunities, that doesn't need to be repaid, and unsubsidized and subsidized federal loans, which do. If these aid types are grouped together without explanation, they can be hard to distinguish.

Your offer also might include a parent PLUS loan as part of the award, but avoid using it if possible. These loans have higher interest rates than loans made directly to students. And unlike typical student loans, only parents can take them on, and they require credit history to qualify.

Schools also must provide the cost of attendance, but that's not the amount you owe. It bundles indirect costs like books, supplies and transportation, with direct costs such as tuition, fees, housing and food.

The cost of attendance is usually an average, says Brenda Hicks, director of financial aid at Southwestern College in Winfield, Kansas. Things like room and board could be pricier if you opt for a more expensive package, like a single room.

Why offers are difficult for students to read

Schools use different names to refer to the same type of loan.

For instance, one college's aid offer might list a "Federal Unsub Stafford Loan," and another school's might say "DL Unsubsidized Loan." But they're the same thing.

Unsubsidized federal student loans are the only type of federal loan every student can access, regardless of financial need. They're different from subsidized loans, which don't accrue interest while the student is in school. Subsidized loans ease costs for students, which is why they're given to those who demonstrate need.

But among 455 college aid award letters, there were 136 different names used to describe the federal unsubsidized loan, according to a 2018 study by New America, a nonpartisan think tank, and uAspire, a Boston-based college affordability nonprofit.

"How can we expect families and students to navigate this process if even the aid that everyone qualifies for is called something different?" says Rachel Fishman, deputy director for research with the education policy program at New America.

There are two main obstacles for colleges in standardizing offers, according to Fishman: There's no legal standard for language in award letters, and schools use different software to manage aid.

In a push for more consistency, the U.S. Department of Education recently issued guidance on what schools should avoid, such as presenting the cost of attendance without a breakdown. There's also bipartisan support in Congress to make aid offers more uniform, including two current bills.

Some colleges have tried to address the problem, but others continue to use the same format they've used for years, says Brendan Williams, director of knowledge at uAspire.

The financial aid office at the University of Nebraska Kearney overhauled its award letter last year, including color coding each aid type and providing an estimated net cost. Net cost is the cost of attendance minus free aid. It represents the amount that borrowers will have to cover.

Despite the changes, families still often want a walk-through, says Mary Sommers, the school's financial aid director. "That's OK, that's our job," she adds.

How to compare financial aid award offers

To compare financial aid award offers, experts recommend these steps

- Create a spreadsheet with separate columns for each school.
- Under each column, start with the total cost of attending each school.
- List each award type and amount.
- Add all free aid together first and subtract from the total cost to attend.

Since you want to take all free aid first, what you have left is the amount you would need to cover with savings, income or loans. Compare this bottom-line amount with other schools on the list.

You can also use tools like the Consumer Financial Protection Bureau's Compare Schools tool or the National Association of Student Financial Aid Administrators' Aid Offer Comparison Worksheet.

"Bottom line: I would encourage people to take a long look at that letter, read it all, make sure they understand it and reach out when they don't," says Hicks.

If it's unclear how to accept one type of aid or reject another, contact the school's financial aid office.

Anna Helhoski
is a staff writer at NerdWallet, a personal finance website.

The article Accepted! How to Decipher Your College Aid
originally appeared on NerdWallet.

4 WAYS TO PAY FOR COLLEGE IF YOUR FINANCIAL AID ISN'T ENOUGH

By Ryan Lane

For 61% of students, college costs more than they expected, according to a recent survey from College Ave Student Loans conducted by Barnes & Noble College Insights.

Yoselin Guzman, an 18-year-old UCLA freshman from Compton, California, can see why.

"There's like little costs you don't even see," says Guzman, noting how expensive dorm items, books and student orientation are.

When those unexpected costs arise — and your existing financial aid won't cut it — here are four options to get more money for school.

1 Crowdfund the shortfall

When Guzman realized her savings and scholarships wouldn't cover her college expenses, she started a GoFundMe campaign to crowdfund $5,000.

"I was a little embarrassed to show people I'm struggling financially," Guzman says.

Getting over those fears helped cover her funding gap. Now, she says the donations have "given me that confidence that I'm not alone in this world."

She's certainly not alone on GoFundMe: The website hosts over 100,000 education-related campaigns each year, though not all are for college tuition, and success varies.

"We've seen an increase in crowdsourcing as an option for covering college costs," says Brad Lindberg, assistant vice president for enrollment at Grinnell College in Grinnell, Iowa.

But Lindberg cautions students to work with their school's financial aid office before starting a campaign. The additional funding might affect future aid eligibility, he says.

2 Increase your work schedule

GoFundMe allows students to keep any funds they receive, even if they fall short of their overall goal. But there's no guarantee you'll get any money. Working, though, is a surefire way to do that.

If you're eligible for a work-study job, that's typically the best option.

"Your supervisor is a built-in mentor; they understand you are a student first [and there's] flexibility in scheduling," says Ashley Bianchi, director of financial aid at Williams College in Williamstown, Massachusetts.

If you already have a job, consider working more hours. That may be tricky with work-study positions, since earnings are capped at a specific amount, so look off campus or on a college student-focused job board.

Just be careful not to overextend yourself. Bianchi says her college recommends students work six to seven hours a week; Lindberg puts 10 hours as a reasonable amount. But some students may be able to handle more based on their schedules and activities.

3 Check emergency aid programs

Many schools offer emergency financial assistance. For example, the University of California, Davis, has emergency grants that don't require repayment. It also offers short-term loans that range from $500 to $1,500.

Always opt for grants first, and know the costs of any loan before borrowing. Leslie Kemp, director of the Aggie Compass Basic Needs Center at UC Davis, also encourages students facing financial shortfalls to think long-term.

"What's your plan when the $500 runs out?" she says.

One solution is to use free resources that make other expenses, like groceries, more manageable. Kemp says there's a line out the door when her school's food pantry opens.

If you can't find similar services on your campus, Kemp says to look for help at religious organizations, food banks and other nonprofit groups.

4 Borrow student loans

Money you don't repay — like donations, wages and emergency grants — is the best way to address unexpected college costs.

But student loans may be a necessity for some: Among the 61% of students surprised by the cost of college, 30% underestimated what they needed by $10,000 or more.

"If you're short by enough that there's a comma in the number, you might need to borrow," says Joe DePaulo, CEO and co-founder of College Ave Student Loans.

That assumes you haven't already reached your borrowing maximum.

The government limits the amount of federal loans you can receive. Most first-year students can take out up to $5,500 in their name, and no one can borrow more than their school's cost of attendance, the total needed for tuition, fees, room and board and other expenses.

Visit your school's financial aid office to discuss your options — especially if your financial situation has changed since you started school.

"It's important to work through why the student is experiencing a shortfall in order to determine the best course of action," Lindberg says.

That action may be borrowing, or it could be something else like starting a tuition payment plan or earning an outside scholarship. Ultimately, the financial aid office should be your first stop if you run into trouble.

Ryan Lane
is a staff writer at NerdWallet, a personal finance website.

The article 4 Ways to Pay for College If Your Financial Aid Isn't Enough originally appeared on NerdWallet.

WHAT PARENTS/GUARDIANS SHOULD KNOW

SHOULD PARENTS PAY FOR COLLEGE?

By Anna Helhoski

Parents, you may want to pay for your child's college education, but it's only a good idea if you can afford it.

Whether you decide to take on the entire financial responsibility or split the cost with your child, first answer these questions to determine if you should pay for college:

- **Will it put your retirement at risk?** Your child can always borrow to pay for college, but you can't borrow for your retirement. Make sure you're on track to save enough for retirement; use this calculator if you're unsure.
- **Do you have other debts to pay off?** If you're deep in credit card debt or have other high-interest debt, you shouldn't add to your burden.
- **Can you afford the payments?** Add the tuition or parent loan payments you'd make to your existing debts to make sure you can fit both into your budget.
- **Will you have an emergency cushion?** You don't want to choose between fixing the car and paying a student loan bill.
- **Can you accept the risk?** Taking on a parent loan could jeopardize your credit or ability to borrow for something else. Co-signing also leaves you on the hook for your child's behavior.

Nearly nine in 10 families expect their children to go to school, but only just over one-third — 36% — have a plan to pay for all four years of college, according to How America Pays for College 2017, a study by Sallie Mae and market research firm Ipsos.

If your own finances are solid and you can afford to help pay for college, you may decide to take on a parent loan. Before you borrow, consider these tips to avoid taking unnecessary risks with your own finances.

Max out federal loans first

Turn to private loans only after your family has exhausted grants, scholarships, savings earmarked for school, work-study and federal student loans.

The higher your income, the less free aid your child will receive. If you opt not to help pay for school, less free aid means your child may have to take on more loans to fill the gap. Free aid such as grants

and scholarships, along with work-study, is largely determined by the family income reported on the Free Application for Federal Student Aid, or FAFSA.

If there's a gap to close after all financial aid is considered, your child may need a private loan. Private loans tend to carry higher interest rates than federal loans and don't offer the federal protections, loan forgiveness and flexible repayment options that federal student loans do.

And if your child is under 21, he or she will likely need a co-signer — only a few lenders make loans to borrowers with no credit history and no co-signer. If you co-sign a private loan for your child, you'll be legally responsible for the debt if your child can't pay. Co-signing a loan will also impact your credit history, and may make it more challenging for you to take on other loans or lines of credit.

The only way to get your name off a co-signed loan would be paying off the debt; taking advantage of co-signer release after a period of time if your lender offers it; or by refinancing.

Your best option is to exhaust all other financial resources before borrowing a private loan. If you co-sign a loan, discuss the seriousness of the debt with your child. If you do co-sign a loan, make sure there is a co-signer release policy.

Don't overborrow Parent PLUS loans

The annual and overall limits on federal direct subsidized and unsubsidized loans can keep students from taking on too much student debt. But the lack of a similar limit for direct PLUS loans can lead to overborrowing by parents. Direct PLUS loans are federal loans that parents of undergraduates can take out to pay for their child's college education; they're also available to graduate students. PLUS loans are similar to private loans in that they require a credit check. Parent borrowers can take on up to the total cost of attendance annually in federal direct PLUS loans.

Among those who borrow to pay for college, parents borrow an average $1,431 more in loans than students, according to the Sallie Mae study. In the 2016-17 academic year, parents borrowed an average $10,266 in PLUS loans, while students borrowed an average $8,835 in federal student loans.

Taking on loans is especially costly for parents because interest rates on PLUS loans are significantly higher than those of federal direct loans available to undergrads: 7.08% compared with 4.53% for the 2019-20 academic year. For parents with good credit scores and solid finances, private loans could be cheaper.

PLUS loan borrowers who run into trouble making payments also have fewer options than federal direct loan borrowers: PLUS borrowers can qualify for only one of the four income-driven repayment plans available to federal loan borrowers.

Make sure your child completes the FAFSA to get free aid first before turning to loans.

If your family needs to borrow, make sure your child maxes out subsidized and unsubsidized federal loans before borrowing money yourself.

Choose a fixed interest rate

When borrowing a student loan for your child's education, consider the type of interest rate a loan carries. PLUS loans have fixed interest rates, which will stay the same through the life of the loan, but many private loans do not. A variable interest rate may initially be lower than a fixed one, but it could fluctuate over time.

Stick with loans that have fixed interest rates so you can lock in lower rates before another increase.

If you have existing federal loans with a variable interest rate, which were last issued in 2006, you can consolidate them through a federal direct consolidation loan to lock in a fixed rate.

If you have a private loan with a variable rate, you could refinance through a lender to get a fixed-rate loan. If you don't opt to consolidate federal loans or refinance private ones, then make a plan to pay off your loans quickly.

Anna Helhoski
is a staff writer at NerdWallet, a personal finance website.

The article Should Parents Pay for College? originally appeared on NerdWallet.

TEACH YOUR TEENS ABOUT COLLEGE COSTS LONG BEFORE THEY APPLY

By Liz Weston

Many families struggle to pay college expenses for one or two kids. Certified financial planner Sarah Carlson, mother of two sets of twins, will soon have all four of her children in college at the same time.

The older twins are already there, to be joined soon by the younger two. But years ago, Carlson started teaching her children how to get an affordable education. One of the first steps was making clear what she would contribute.

"I let them know early on what I was comfortable spending and what I wasn't," says Carlson, who's based in Spokane, Washington.

The time to spell out exactly how much education you can afford is long before the first application essay is written. This summer could be a great time to talk with younger teens about the reality of college costs, how much they can expect you to help and affordable alternatives that can keep your family from drowning in debt.

Start with the sticker prices

A good way to start "the talk" is to have your kids research prices for a variety of colleges — public and private, in state and out, large and small. Sites such as CollegeData show total cost of attendance figures that include tuition, fees, room and board, books and other expenses.

That should be an eye-opener for your kids, and perhaps for you. Few people pay the sticker price, but the actual cost can vary dramatically based on your family's resources and the school's aid package.

Next, use each college's net price calculator to see how much your family might pay. These calculators, required by federal law, vary in their complexity and accuracy but can give you a rough idea of the bill after possible financial aid is deducted. You may find, as Carlson did, that some private colleges could be less expensive for your family than some public ones.

Assess your resources

Families spent an average $19,100 last year on an undergraduate education after scholarships and grants were deducted, according to education lender Sallie Mae. Parents shouldered most of the burden, with $5,109 paid from their current incomes, $3,782 from savings and $2,648 from loans, on average. Students borrowed $3,833, on average, and contributed $3,339 from their own income and savings.

When totaling up your own available resources, be cautious about tapping retirement funds or borrowing too much. Your child has a working lifetime ahead to benefit from the education and pay back any loans. The time until you retire will be much shorter.

Set expectations of what your child will contribute

Most teenagers can't "work their way through college" or pay for an education entirely on their own. Working too many hours can result in lower grades and increase the odds of dropping out. But it's OK — smart, even — to expect them to contribute something through part-time or summer jobs, says CFP Leon LaBrecque of Troy, Michigan. All three of his kids worked summer jobs, and two worked multiple jobs during the school year.

"Busy people get more done," LaBrecque says.

If your child plans to borrow, they probably should stick to federal student loans, which are limited to $5,500 the first year and no more than $31,000 for a typical undergraduate education. Scholarships can be another way to help pay the bills.

Talk about the gaps

Discussing options can keep your child from fixating on an education you can't afford. Alternatives might include choosing the school that gives the best financial aid, starting at a community college or living at home rather than in a dorm.

Also, be careful about making promises, since life happens. A divorce left CFP DeDe Jones of Lakewood, Colorado, with less money for college than she'd hoped. Each of her twins, now 26, received a fixed amount for college that would allow them to graduate without debt, but only if they chose in-state schools and lived at home.

Both did. Her daughter stretched her college fund to pay for six years of college after she switched majors from nursing to computer science. Her son got both a bachelor's degree and a master's in just four years and is now pursuing a Ph.D. on a fellowship."They really took it to heart," Jones says.

Liz Weston
is a columnist at NerdWallet, a personal finance website.

The article Teach Your Teens About College Costs Long Before They Apply originally appeared on NerdWallet.

WHAT
YOUR STUDENT SHOULD KNOW

3 REASONS TO CHOOSE A COLLEGE BASED ON PRICE

By Anna Helhoski

Many prospective students choose a college for its location, its reputation or even its campus vibe. Here are three reasons to choose a college based on price.

1 You can avoid high debt

If you pick an affordable college, you're less likely to be burdened with high debt. Borrowing less now will leave you with more money for other things you might want to do eventually, like buy a home, take the vacation of a lifetime or start a family. It also frees up money for you to make smart financial decisions like build an emergency fund or save for retirement.

The sticker price of a school will show you tuition, fees, room and board. But the net price is the best indicator of affordability – it's how much you'll pay after factoring in free financial aid.

"In California, if you were looking only at sticker price, I would say, 'Go to a community college,'" says Jessica Thompson, director of policy and planning at the Institute for College Access and Success. But because of how the state grant aid system works, the net price for attending a four-year University of California school is often less, Thompson says.

In general, public colleges and universities are cheaper than private ones. But say you get $35,000 in grant aid and scholarships to attend a private school with a sticker price of $50,000. It would be more affordable than a $20,000-per-year public college that offers you nothing.

Before you apply, use the net price calculator available on a prospective college's site. Then when you get your college acceptances, compare financial aid award letters to see how much free financial aid you qualify for, such as grants, scholarships and work-study, along with federal loans.

2 You'll give your parents a break

If your parents plan to help you with college costs, choosing a less expensive school can help them avoid tapping their savings, home equity or retirement.

Along with using income and savings for college costs, parents might take on private loans or federal PLUS loans. Parent PLUS borrowers take an average of $16,100 per year, according to The Brookings Institution, a nonprofit public policy organization.

PLUS loans have higher interest rates and fewer repayment plans available compared to federal direct loans, which undergraduates take. That means it's cheaper for you to borrow than your parents, and you'll have more time to repay the debt. It also leaves your parents' savings intact.

③ You'll get a better return on your investment

The lower your college costs, the better the chance you'll get a satisfying return on your investment. That means earning enough after graduating to justify the expense of attending school.

To figure out which schools have the best chance of setting you up for success, start with the U.S. Department of Education's College Scorecard. It has key details including average net price, graduation rates and typical salaries after attending. It also shows you popular majors, which you can use as a starting point to learn more about possible careers.

Next, research potential careers and earnings using the U.S. Department of Labor's Occupational Outlook Handbook. It includes job descriptions, schooling required and potential job growth. Sites like PayScale, Salary.com and Glassdoor also have information on salary potential.

Using that salary information, aim to keep your payments under 10% of projected after-tax monthly income in your first year out of school.

Say you think you'll earn $45,000 in your first year out of college and you have only federal loans with the standard 10-year repayment term and 4.53% interest rate. Limiting payments to 10% of your income means a monthly payment of about $250, which would allow you to borrow no more than $24,185. A student loan affordability calculator can show more estimates.

Remember to factor in total costs for at least four years of school, too. At Making Waves College and Alumni Program, a nonprofit program geared toward low-income high school graduates in the San Francisco Bay Area, Director of Financial Services Ivette Chavez says she talks to students about the impact of taking out loans year after year.

"We break it down to them: If it's $5,000 this year, but your financial profile stays the same, it will translate to this much after four years," Chavez says. "Do you really want to start life after college in a deficit?"

Anna Helhoski
is a staff writer at NerdWallet, a personal finance website.

The article 3 Reasons to Choose a College Based on Price originally appeared on NerdWallet.

3 COLLEGES THAT HELP YOU HANDLE STUDENT DEBT

By Teddy Nykiel

With collective U.S. student loan debt nearing $1.5 trillion, some colleges are testing innovative solutions to help reduce student borrowing.

Using no-strings-attached student loan payoff-assistance programs, college loan alternatives and annual student debt letters, these three universities are doing their part to curb college debt.

1 University of Pittsburgh

The University of Pittsburgh is offering graduating seniors up to $5,000 in federal student loan relief with one request: They pay it forward.

The school's new program, Panthers Forward, will help recent graduates chip away at student debt and introduce them to alumni mentors to encourage professional development. Students have no obligation to repay the gift, but the university is encouraging recipients to make financial contributions to sustain the program.

The university selected 150 class of 2019 seniors for the program's inaugural year, including history major Cassidee Knott.

"I like the fact that Pitt was able to acknowledge that student debt is so outrageous and work with students to help them make it less daunting," says Knott, who estimates she has about $100,000 in student loans.

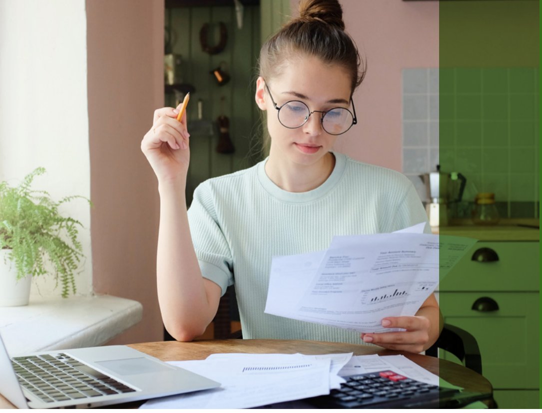
After graduation, the university will make loan payments directly to participants' loan servicers.

2 Purdue University

Purdue University's Back a Boiler income-share agreement program is an alternative to private student loans and parent PLUS loans.

In an income-share agreement, or ISA, students get tuition funding in exchange for a fixed percentage of their future income for a set period of time. There's a cap on the total amount they can pay back.

2017 Purdue graduate Andrew Hoyler received $16,000 through an ISA in his second year of school. Now, 5.89% of the monthly income he earns as a regional pilot goes toward repayment. Hoyler will make payments for 104 total months — about eight and a half years — or until he has paid back 2.5 times the initial amount, or $40,000.



Hoyler, who also has federal student loans, says the ISA has been “more streamlined and easy to understand.” He also has peace of mind knowing that he can afford payments even with entry-level pilot wages.

But income-share agreements aren’t right for everyone.

Depending on the terms of the agreement, high-earners could end up paying far more than the amount they received and more than they would have with a student loan. Students can use Purdue’s Back a Boiler comparison tool to weigh the costs of an ISA against private student loans and parent PLUS loans.

3 Indiana University

Student loan borrowing at Indiana University has dropped 19% across all IU campuses from the 2011-12 school year to 2017-18, according to the university. During that period, the administration has implemented a suite of resources and programs to reduce borrowing.

Most prominently, the university began sending annual letters informing students of the amount they’ve borrowed and their estimated future monthly loan payments. Since then, states including Indiana, Nebraska and Florida have passed laws requiring colleges and universities to disclose similar information to federal student loan borrowers annually.

“This is a personalized summary of your estimated current student loan indebtedness,” a letter might begin.

A student would then find details such as:

- Total education loans: $25,000
- Assumed interest rate: 6.80%
- Monthly payment: $287
- Cumulative payments: $34,524
- Projected interest paid: $9,524

The debt letters were one piece of a larger initiative to reduce borrowing; it’s not clear that the debt letters alone caused Indiana University’s student borrowing reduction, according to a 2017 independent report published through Brookings Economic Studies program.

The initiative also includes the university’s MoneySmarts program, which offers financial literacy education and tools, one-on-one consultations, and for-credit personal finance courses.

How to keep student debt affordable

Regardless of whether you attend one of the above schools, choose a college that enables you to keep student loan payments manageable.

As a rule of thumb, limit college borrowing such that future monthly payments don't consume more than 10% of your projected income. A student loan affordability calculator can help you make this estimation.

Then, look for relevant programs that are relatively low-cost or award enough scholarship money to offset your out-of-pocket expenses.

This approach isn't as fun as believing your dream school is priceless. But you'll thank yourself when paying the monthly student loan bills in the future.

Teddy Nykiel
is a former staff writer at NerdWallet, a personal finance website.

The article 3 Colleges That Help You Handle Student Debt
originally appeared on NerdWallet.

'SHADOW' LENDERS CAN LEAVE COLLEGE STUDENTS IN THE DARK

By Ryan Lane

A new high school graduate may take out about $37,200 in student loans for college, according to a recent NerdWallet study.

And for many of them, that won't be enough.

Thirty-eight percent of students borrow additional money for college via credit cards, home equity loans and other non-student loans, according to a May 2020 report from the Federal Reserve.

The Student Borrower Protection Center, a Washington, D.C.-based nonprofit, has dubbed this the "shadow education finance market" because these options can lack transparency.

"A lot of these entities are operating with very little accountability or oversight," says Seth Frotman, executive director of the SBPC.

If you need loans to cover unexpected costs or attend a school that doesn't qualify for traditional loans, here's how to make sure you understand what you're borrowing — and whether the investment will be worth it.

Spot unfavorable loan terms

The line between student loans and loans marketed toward students can be murky. Frotman says the latter are often just personal loans.

You could pay much more if you can't tell the difference.

For example, if you borrowed a $2,000 personal loan at 20% interest, you'd repay $3,179 over five years. A private student loan at 10% — roughly the highest current rate — would save you more than $600 over the same time frame.

The easiest way to avoid the shadow market is to borrow from the federal government. You can apply for federal loans by completing the Free Application for Federal Student Aid, or FAFSA.

But if federal loans won't cover everything, closely read any alternative loan's paperwork. Beware features like high interest rates, double-digit fees and loans that don't require a credit check. And make sure payments will be affordable.

"Some [lenders] are really good at obfuscating the risk," Frotman says.

Check your school's credentials

Students should exhaust federal aid before turning to private options. But you may need to explore alternatives if you want to attend a non-accredited school or program.

Accreditation is a process in which a third party reviews an institution or educational program — from its enrollment procedures to its curriculum and more — to ensure its quality. Only accredited programs can receive federal student aid.

If a school or program isn't accredited, be cautious about taking on debt to attend it.

"The inexperienced learner may hand over their credit card, and next thing you know, their bill is thousands of dollars," says Leah Matthews, executive director of the Distance Education Accrediting Commission. "And then [the school] disappears."

Federal loans can be discharged if a school closes while you're enrolled. But you'd likely still owe other debt borrowed to attend the school.

You can see if an entity is accredited via the Database of Accredited Postsecondary Institutions and Programs. For non-accredited options, look for other independent vetting — for example, if your state department of education has approved a career-based training program.

"Non-accredited options [aren't] bad or horrible; there's lots of good quality out there," says Matthews. But students must do their research, she says.

Determine the education's quality

In an April 2020 report, the SBPC says alternative lending products are "frequently marketed toward borrowers at for-profit institutions."

If you're attending such a school, make sure you not only understand what type of debt you're taking on, but also if you'll get your money's worth.

"There are good and bad schools in every sector of higher education," says Steve Gunderson, president and CEO of Career Education Colleges and Universities, a national membership organization for career schools. "What matters is outcomes."

You can find those in the Department of Education College Scorecard. Look at information like median salary and median debt to help you better understand the potential value of a program.

If your program isn't in the College Scorecard, be mindful of data that comes directly from a school around things like job placement — especially if the numbers sound too good to be true.

"There are numerous stories of schools that shade their statistics," says Robert Shireman, director of higher education excellence and senior fellow at progressive, independent think tank The Century Foundation.

Be extra vigilant if you're returning to school to add skills due to the economic effects of the coronavirus. Shireman worries that for-profit schools will exploit the pandemic, becoming more aggressive with their marketing and lending.

"We see virus and unemployment, and they see dollar signs," he says.

Ryan Lane
is a staff writer at NerdWallet, a personal finance website.

The article 'Shadow' Lenders Can Leave College Students in the Dark originally appeared on NerdWallet.

MASTERING YOUR MONEY JUST GOT A LOT EASIER

FINANCIAL AVENUE AND THE KNOWL

Inceptia can work with your student's school to provide a leg up on financial education with our online program, Financial Avenue. Financial Avenue offers smart resources to help demystify the world of personal finance. Trust us — getting a handle on your money doesn't have to feel overwhelming or restrictive. It's all about empowering students with smart basics, and planning from there.

With Inceptia's money mascot — the Knowl — as a trusty guide, students can choose from ten online courses that take on big financial topics without snore-inducing jargon. Using quizzes, videos, interactive tools, and easy-to-understand tips, the Knowl explains subjects such as paying for college, budgeting, credit and identity theft, career planning, managing student loans, understanding a paycheck, and even bigger concepts like the psychology of money, which helps you to understand your personal relationship with money, and why you spend the way you do.

Getting started is easy. Ask your student's teacher to visit Inceptia.org/high-school-access-code to create an account and receive an access code to share with you. Before you know it, your teen will be so money-savvy that she or he may have some advice for you!

www.financialavenue.org

nerdwallet

For more great articles and tips from NerdWallet, be sure to check out their online guide to the FAFSA.

About Inceptia

Inceptia, a division of National Student Loan Program (NSLP), is a nonprofit organization committed to offering effective and uncomplicated solutions in verification, financial aid management, financial education, and repayment wellness. Our mission is to support schools as they launch brilliant futures for students, armed with the knowledge to become financially responsible citizens. Since 1986, we have helped more than two million students at 5,500 schools reach their higher education dreams. Each year we help nearly 340,000 students learn how to pay for college, navigate financial aid, borrow wisely, and resolve their student loan repayment challenges. Our solutions are designed to support student success by helping financial aid administrators maximize resources, so they can spend more time focusing on students. Learn more at Inceptia.org.

Inceptia

A DIVISION OF NSLP

Talk to Us

talktous@inceptia.org 888.529.2028 @inceptia @MoneyKnowl /FinAve