

Invest in your future



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Get schooled on paying for college

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There's no way around it: College is expensive.

As it now stands, the average annual tuition for a private four-year university is \$26,273; a public four-year university is \$7,020; and a public two-year university is \$2,544. And these numbers do not even reflect the true cost of attending college because they do not include additional expenses such as fees, room, board, books, travel, health insurance and living expenses that a full-time student incurs. These things add an average of \$3,500 to the annual bill. Make sure to factor these extra expenses into your anticipated annual college expenses.

The silver lining in all this is that there are quite a few financial aid options that will help you substantially lower these costs:

Scholarships: If you are a top athlete or student, you may be able to win a "full ride" to a school. Scholarships give you money that you do not have to pay back, but they are contingent on you either continuing to play a particular sport or maintain a certain G.P.A. during your college career.

Grants: Along with scholarships, grants are the best kind of financial aid because they are money that you do not have to pay back. Three common forms of grants include federal grants such as the Pell grant; grants from civic-minded organizations; and an employment benefit in which a student qualifies for tuition assistance through an employer. Most grants are awarded based on financial need.

Loans: A loan, which can come from the government, bank, credit union or other private lender, is a debt that you must repay, usually with interest tacked on.

Work-study: The federal government subsidizes campus and nonprofit jobs for financially needy students. These jobs, which are usually limited to less than 15 hours per week, do not reduce a student's future financial aid awards.

Because you do not have to repay scholarships and grants, you will want to explore these two options first. But don't start your research without first filling out the Free Application for Federal Student Aid (commonly known as the FAFSA). The FAFSA asks many questions about you and your family's finances that are then entered into a formula that comes up with the Expected Family Contribution (EFC). The EFC is included on a Student Aid Report (SAR), which is in turn used to determine your eligibility for



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Though higher education is often expensive, there are options out there to help you bring down its cost.

all forms of federal financial aid.

The Department of Education accepts this form from current and anticipating college students beginning Jan. 1 of each year. But submit your form as close to Jan. 1 as possible, because some schools award aid on a first-come, first-served basis. You can fill out the FAFSA at www.fafsa.ed.gov. (A warning: steer clear of www.fafsa.com, which is not associated with the U.S. government or the Department of Education.)

If scholarships and grants will not cover all of your college expenses, it's time to consider a loan. Start by looking into government loans like the Federal Perkins Loan or Federal Stafford Loan, which typically charge less interest than private loans. Also

KEY POINTS

- Remember that various fees, room, board, books, travel, health insurance and living expenses for a full-time student add an average of \$3,500 on top of tuition. Make sure to factor these extra expenses into your anticipated annual college expenses.
- Four options that can help you pay for college are scholarships, grants, loans and work-study. Because you do not have to repay money from scholarships and grants, try for these two options first.
- The first thing you should do when searching for financial aid is to fill out the Free Application for Federal Student Aid (commonly known as the FAFSA). This form will generate a Student Aid Report (SAR) which is used to determine your eligibility for all forms of federal financial aid.
- If you must take out a loan, first seek out low-interest loans from the federal government or no-interest loans from foundations or charities.
- Exercise caution when entering into private loans that are not issued by a bank or a credit union.
- To learn more about affording college, visit www.college.gov, www.educationplanner.org and www.students.gov.

seek out charities and schools that offer college loans at zero percent interest.

Always exercise caution when entering into a private loan. Private loan scams are on the rise, which is why it literally pays to follow this advice when dealing with private lenders that are not banks or credit unions:

■ **Refuse to "pay" for money.** Never trust an unsolicited check that arrives in the mail that you must pay money to cash.

■ **Be aware of suspicious language.** Common lines include: "Guaranteed or your money back," "You can't get this information anywhere else" and "We'll do all the work."

■ **Consult trusted resources.** Rely on high school counselors and college financial aid offices if you need help finding or assessing the reliability a loan.

With some work, you can put the dream of attaining a college education within financial reach. To learn more about funding your higher education, visit www.college.gov, www.educationplanner.org and www.students.gov.

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The information on this weekly page is helping local students become more financially savvy.

Students show 27.6 percent gain in financial knowledge

The numbers show that students participating in the Invest in your Future program reap big financial literacy knowledge gains.

The Invest in your Future page reaches over 5,000 local sixth- through 12th-graders through Newspaper in Education, a program that brings sponsored newspapers into classrooms four days per week. Friday's program is made possible through generous funding from four businesses and organizations that are committed to educating young people about financial literacy and work force readiness: Erie Business Center, Erie Federal Credit Union, Junior Achievement and United Way of Erie County.

A random sample of students participating in the program completed pretests in September that measured how much they knew about financial topics that they would learn about by reading the articles on the Invest in your Future page. Then, in December, those same

students took midyear tests to assess their knowledge gain over the semester. Some of the questions included the minimum number of months of living expenses you should stash away in an emergency fund (six months) and the minimum times per year that you should check your credit report (once per year).

Once the numbers were crunched, they revealed that students scored an average of 27.6 percent higher on the midyear tests than on the pretests.

"It's great to see the results of our efforts, and to know that students will have the knowledge and skills to help them with their future personal financial well-being," Erie Federal Credit Union Vice President of Business Development Sandi Carangi said.

Testing will be administered at the end of the school year to assess how much students learned from participating in one entire year of Invest in your Future.

When our elected officials create annual budgets, some of their decisions affect how affordable higher education will be. And that's because the government decides how much money to allocate toward postsecondary federal grants, loans and work-study programs and how much families can deduct on their taxes for college expenses. Watch the newspaper for information about government budgets. What do you learn about how your government manages money? Where does the government get money? What priorities do you find in spending? Do you think the government is doing enough to make higher education affordable for Americans?



Check out these Web sites to learn more:

www.teachmeaboutmoney.org
www.eriefcu.org/savings/financial-literacy

www.unitedwayerie.org/financial-stability
www.goerie.com/nie

www.erie.ja.org
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