

HOW TO FINANCE YOUR COLLEGE EDUCATION:

A Planning Guide for Students



NATIONAL
UNIVERSITY

WITH MORE THAN 130 PROGRAMS, 85 OF WHICH CAN
BE TAKEN 100 PERCENT ONLINE, YOU CAN EARN YOUR
ASSOCIATE'S, BACHELOR'S OR MASTER'S DEGREE AT
NATIONAL UNIVERSITY.

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The cost of education

College costs have climbed steadily over the past 30 years, with reports saying tuition has risen as much as 1,120 percent. That means that college loan debt has grown too, outstripping car loans and credit cards as the largest sources of personal debt. In 2011 it was estimated that Americans owed more than a trillion dollars in student loans, and almost one in five families was currently paying off student loans¹.

Along with higher costs, many public colleges and universities are spending less per student today than they have in many years because of decreased education funding by other sources. Even severe cuts to per-pupil spending are not enough to make up for the drop in school funding, so tuitions have skyrocketed.

College enrollment has declined correspondingly, but not because people do not want to go to college. The fact is that many families simply cannot afford the increased cost².

Is college worth the cost?

When most people consider the value of a college education, the first thought is the economic advantage a degree affords. And indeed, that benefit is widely documented. A recent report in the *Washington Post* estimates that an individual with a bachelor's degree is likely to earn a million dollars more over the course of a lifetime than their peers who have only completed high school. Using those calculations, the study estimates that the value of a college degree is \$970,000³.

The financial benefits are not just for those with a bachelor's or a more advanced degree. When a student completes just one or two years of college, earnings increase accordingly⁴. During the recent recession, the population that suffered the greatest job loss was that group with no post-secondary education, followed by the group with some post-secondary education. The group that suffered the least was that group with college degrees and advanced college degrees. In fact, 86 percent of college graduates find their college education worth the money they put into it⁵.

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A college education offers benefits far beyond those of financial comfort and increased job security. A report from the Institute for Higher Education Policy indicates that college graduates enjoy greater savings, a wider range of personal and professional options, a better quality of life, and more leisure activities. A study by the Carnegie Foundation shows a correlation between higher education and health, not only for graduates, but also for their children. Another benefit: college graduates tend to have a more optimistic view of both the past and the future⁶.

How are others paying for a college education?

Understanding the value of an education, the vast majority of students will end up incurring debt. Even if you use a combination of efforts, like working while going to school or spending a year or more before starting school working hard and saving money, it is unlikely you will complete your degree without taking some sort of loan to cover tuition. Among the students that have avoided debt are those who have served in the military. Most adult students work full-time while taking flexible online courses or intensive weekend classes to increase their level of education.

One thing most of these students have in common is a goal of getting through school as quickly as possible. No matter how you fund your education, getting through it quickly is one way to save on tuition fees.

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A primer on financial aid

Most college students pay for their education with grants, scholarships, loans or a combination of the three. Here is a quick overview:

Grants are a great way to fund your education because, unlike loans, they never have to be paid back. Grants are essentially free money, though each will have unique qualifiers that must match your situation. For federally issued government grants, you can find more information, including eligibility requirements at studentaid.gov.

- **Pell Grant** – Awarded to undergraduate students who are working toward their first bachelor’s degree and have a high financial need
- **Teacher Education Assistance for College and Higher Education (TEACH) Grant** – Provides grants of up to \$4,000 a year to students who are completing or plan to complete course work needed to begin a career in teaching. Students must maintain a 3.25 GPA
- **Federal Supplemental Educational Opportunity Grant (FSEOG)** – A grant for undergraduate students with exceptional financial need
- **State Grants** – States offer grants to residents. A list of the various grants offered by each state can be found at ed.gov or grants.gov
- **Cal Grant A, B, S** – Provides aid to California residents who are undergraduates, vocational training students and those in teacher certification programs. Grants are based on need and GPA competitiveness

Scholarships are usually awarded based on merit or other specific requirements. Sometimes those requirements may be based on minority status, athletic ability, or may even be awarded to students that win academic competitions. Scholarships are awarded to undergraduates, and like grants, do not need to be repaid.

You can learn about scholarships in many ways, starting with contacting the admissions office at the school you plan to attend. Remember that you do not have to pay any agency or individual to find scholarships or other financial aid opportunities. Another good place to find scholarship information is the U.S. Department of Labor’s scholarship [search tool](#).

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GRANTS are given to qualified students on a **FIRST-COME, FIRST-SERVED** basis, so apply for grants **AS EARLY** as you can.

Loans come in all sizes and varieties and differ from grants and scholarships in that they must be paid back. Some loans may be subsidized while others are offered unsubsidized. The difference is that the U.S. Department of Education pays the interest on a Direct Subsidized Loan while you are in school, and you are responsible for paying the interest on a Direct Unsubsidized Loan. For a full list of Federal student loans, descriptions and criteria for eligibility, visit studentaid.gov.

- **Federal Stafford Student Loan** – A loan program to assist students with educational expenses. The interest rate is currently at 3.86 percent for loans issued after July 1, 2013. Stafford loans are subsidized, so recipients are not required to make payments or pay the interest during full-time attendance or the first six months after the student's last day of attendance
- **Unsubsidized Federal Stafford Loan** – This program is available to students who may not qualify for a subsidized Stafford Loan or for students who may qualify for only a partial subsidized Stafford loan. The terms and conditions are the same as the subsidized Stafford Loan, except that the borrower is responsible for the interest that accrues while the student is in school and during the grace period
- **Federal PLUS Loans for Parents** – PLUS loans assist parents of undergraduate dependent students with educational costs
- **Federal Perkins Loan** – This is a low-interest (currently 5.0 percent) loan program that assists students with tuition cost and is funded on a limited basis to students with exceptional need
- **Grad PLUS Loan** – This government-insured educational loan is designed for graduate and professional students
- **Federal Subsidized Student Loan** – This program is available to undergraduate students with financial need. The U.S. Department of Education pays the interest on a Direct Subsidized Loan
- **Federal Subsidized William D. Ford (WDF) Student Loan** – A loan program to assist undergraduate students with educational expenses. The interest rate is fixed. WDF recipients are not required to make payments or pay interest during full-time attendance; interest will start accruing the day after the last day of attendance
- **Federal Unsubsidized William D. Ford (WDF) Student Loan** – This program is available to students who may not qualify for a subsidized WDF Loan or may qualify for only a partial subsidized WDF loan
- **Private Loans** – Available through various lenders, private student loans are credit based and can have a variable interest rate

What are the criteria for receiving federal student aid?

Generally speaking, you must demonstrate financial need for a majority of the federal student aid programs. This need is typically defined by the difference between the cost to attend a school and your expected contribution to the cost.

General eligibility for federal aid:

- Be a U.S. citizen or an eligible non-citizen
- Have a valid Social Security number
- Have a high school diploma or General Educational Development (GED) certificate
- Be enrolled or accepted to a college
- Be registered for Selective Service if you are a male between the ages of 18 – 25
- Have filled out, signed, and submitted a Free Application for Federal Student Aid application (FAFSA)

If you do not meet the citizen eligibility status, there may be options through the U.S. Department of Labor or your country's embassy or consulate that may afford you aid. Ask the college or career school you plan to attend whether they offer any aid for students in your situation.

For a complete list of eligibility criteria, check the government website studentaid.gov. You can also speak with a financial aid advisor at the school you are interested in attending for answers about specific criteria.

A simple rule of thumb is to TAKE ADVANTAGE of **FREE MONEY** first, like **SCHOLARSHIPS, GRANTS, and GIFTS.**

If you are **HAVING TROUBLE** repaying your loan, you may be able to **TEMPORARILY DEFER** or **LOWER** your payments.

Now is the time to invest in your future

It is clear that a college degree is worth every penny you put into it, but applying for college can seem daunting when you start thinking about how to pay for it. Despite all the bad news about rising tuition costs there are financial aid solutions that can help you get the education that might otherwise be outside your financial reach. Following are tips to help you build your own solution.

□ **Know what degree you want to pursue**

Colleges may have different funding for different programs. An admissions advisor will help you determine the full cost of your program from prerequisites on through to your final class

□ **Plan ahead and apply early**

Financial aid packages take time to apply for and to process, so allow as much as 90 days to get them all set up and approved. Also note that in some cases, grants are given to qualified students on a first-come, first-served basis, so apply for grants as early as you can

Fill out the FAFSA application for federal student aid, including federal student loans. You can do this before you decide what school you will go to. You can fill out the form online for the fastest response (and online help) or download an application at fafsa.ed.gov to fill out and return by mail. If you apply online you can expect a response in a week or less, if mailed, give your application a few weeks to process. You will then receive a Student Aid Report (SAR) that helps your school determine the types of federal aid you are eligible for

□ **Seek free money first**

Once you receive the SAR results of your FAFSA application, a financial aid advisor can use the overall score you'll receive along with your report to help find the right amount and type of aid you qualify for. They will also calculate your school fees, tuition and estimated costs for books and supplies to help you determine the total amount you will need to attend

A simple rule of thumb is to take advantage of free money first, like scholarships, grants, and gifts, as it is difficult and time-consuming to save up enough ahead of time. Then look into borrowing money, starting with federal student loans. There are specific timetables that must be adhered to in order to qualify, so do not delay applying for them

□ **Borrow wisely**

Federal student loans are a great place to start since the interest rate is fixed and is often lower than private loans and most credit card interest rates. You can easily find the current rates on federal student loans at studentaid.gov. You will not need to get a credit check for most federal student loans (except for PLUS loans) and federal student loans can help you establish a good credit record. You usually do not need a cosigner to get a federal student loan

□ **Consolidate your loans**

If you have a number of student loans, you can consolidate them into a Direct Consolidation Loan. Learn about loan consolidation options at loanconsolidation.ed.gov

□ **Delay payments when needed**

If you are having trouble repaying your loan, you may be able to temporarily defer or lower your payments while you are continuing your education. If you work in public services for healthcare or education, you may be eligible to have some portion of your loans forgiven. Learn about loan deferments at studentaid.gov

□ **Make sure any debt is reasonable**

Whether you go with a federal or private loan, ask your school's aid officer for starting salaries of recent graduates in your field of study to get an idea of how much you are likely to earn after you graduate. You can use the Department of Labor's career [search tool](#) to augment that information so that you can consider your debt-to-income ratio before taking on debt

□ **Use free resources to help figure out what you need**

A college financial aid office is a free resource that will assist in providing all the information you need to find money—you should not pay anyone for those services

COLLEGE
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ENJOY
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a wider range of personal
and professional options,
A BETTER
QUALITY OF
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Useful Links:

Apply for Financial Aid

Federal Student Aid site: fafsa.ed.gov

General Federal Aid Questions

US Department of Education: studentaid.gov

Federal Grants

US Department of Education: ed.gov/fund/grants-apply.html

State Grants

Grants.gov: www.grants.gov

Scholarships Search Tool

CareerOneStop site:

careerinfonet.org/scholarshipsearch/ScholarshipCategory.asp

Federal Aid Eligibility Criteria

Federal Student Aid site: studentaid.ed.gov/eligibility

Loan Consolidation

Federal Consolidation Direct site:

loanconsolidation.ed.gov/help/aboutconsol.html

Loan Deferments

Federal Student Aid site:

studentaid.ed.gov/repay-loans/deferment-forbearance

About National University

National University is approved by the Department of Education to accept all federally funded financial aid programs including grants, loans, and scholarships. National University awards tuition scholarships and grants to educationally and economically disadvantaged students and provides several scholarship options for military students or students transferring from community college.

National University offers all students an accelerated program to earn your degree faster and start a career sooner. National University's commitment to affordability means a cost-effective, quality education for you. In fact, our undergraduate tuition is 59 percent lower than the average tuition for private four-year colleges.

National University At-A-Glance

- 28 campuses in California and Nevada
- Second-largest private, non-profit institution of higher education in California
- Regionally accredited by the Western Association of Schools and Colleges (WASC) for more than 35 years
- More than 130 graduate and undergraduate degrees with more than 85 degree programs that can be taken completely online
- Named one of America's Top Military-Friendly Colleges and Universities by *Military Advanced Education* magazine

With more than 139,000 alumni, National University is the flagship institution of the National University System.

To learn more:

- Call us 1-800-NAT-UNIV (628-8648)
- E-mail us at finaidinfo@nu.edu
- Visit us online at nu.edu

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