

UNCOVERING THE MYTHS OF COLLEGE FINANCIAL AID

It's that time again - college planning is in the air. High schools students have taken their PSAT's and SAT's, college visits are being arranged, and the financial aid forms are being filed. Even if you have a child who is just out of crib, this article is for you, because it is important to know about how to plan for college financially, and the myths that are abound when it comes to financial aid.

Myth #1: My income is too high!

This is the big one - I make too much - why bother? Here's the real story: There are two types of financial aid, need based aid which is calculated based on formulas, and merit aid which is given out for students who have done well academically, or have excelled in sports, music, and/or other specific talents. The need based aid formula, when calculated, shows that parents with incomes of over approximately \$150,000 will not qualify. However, when two children are going to school at the same time (as often is the case), those numbers expand to incomes of over \$200,000.

Many colleges are also using their own money, i.e. merit aid, to attract students to attend their school. Merit is need blind, which means that income does not figure in how much a student gets.

Myth #2: My child's grades are too low!

Need based aid does not consider grades, whatsoever! It is true, though, that students who have done well in their studies, will generally receive higher awards than students who do not. But the federal needs calculations are only based on the parent and students financial picture, grades do not enter into the calculation.

Myth #3: Aid is only available to special groups or types of students!

To be eligible for financial aid, a student must have a High School Diploma, or General Education Development Certificate. They must be a citizen, have a valid social security number, and a few other basic requirements. The bulk of aid comes from the federal government. This money has been collected from us while our children were growing - in the form of taxes. When we receive it, we're just getting our fair share in return.

Myth #4: It's an easy process.

The financial aid process can be time consuming and difficult. A complete disclosure of your financial records must be made by completing the Free Application for Federal Student Aid (FAFSA). Over 300 schools also require the College Board PROFILE to be completed as well. If you own a business, there are supplemental forms and some colleges have their own requirements in addition to ones mentioned above. These forms require you to disclose your financial situation in detail and over 80% of them are filed with some kind of error.

Myth #5: There are many sources of help.

The financial aid process is not a mystery and can be uncovered by reading books, talking with guidance counselors, and dealing with financial specialists who excel in this area. In the year 2000/2001, over \$80 billion of financial aid is available and will go out to those parents and students who follow the process, meet the deadlines, and get things done early. Many others will be on the sidelines wishing they were paying less. Don't let this be you!