

Parents & Caregivers

• cost • associate degree • campus • grants • room
• applications • grades • scholarship • gpa • public
• sticker price • affordability • savings • private
• colleges • summer job • fafsa • loans • campus • financial aid •
bachelor's degree • work-study • transportation • tuition • fees
• certificates • expenses • major • need • merit • scholarships
• test scores • enrollment • advanced placement courses •

DOLLARS — FOR — COLLEGE

a student financial planning toolkit

forms • savings • transfer • mentor • deposit • expected family
contribution • verification • merit aid • follow up • accepted •
award letter • grant • high school • summer job • lender • sap •
budget • tuition payment plan • advocate • payment • 529 plans
• borrowing • net price calculator • college searches • family •
grades • admissions • cost • associate degree • gpa • campus
• grants • room & board • applications • grades • scholarship
• gpa • public colleges • sticker price • affordability • savings
• private colleges • summer job • fafsa • loans • campus •
financial aid • bachelor's degree • work-study • transportation
• tuition • fees • certificates • expenses • major • need • merit •
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courses • accepted • award letter • grant • high school • summer
job • lender • sap • budget • tuition payment plan • advocate •
payment • 529 plans • borrowing • net price calculator • college

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Parents & Caregivers

WELCOME!



Thank you for taking the time to read this toolkit. By doing so, you will learn important information that will assist you in helping your son or daughter successfully transition from high school to college.

Although the toolkit is primarily designed to support your child on his or her path to and through college, identifying ways to pay for college will be **impossible** without your support and input. While it's important to be there for your child during all parts of the college process—visiting campuses, taking preparatory courses and standardized tests, writing essays—the financial aid process is the only piece that is impossible to complete without your help. Your son or daughter needs your help, from planning how to pay for college to completing forms to deciding which school to attend.

The goal of this toolkit is to help families navigate the complex financial aid process. If you need more information about other aspects of the college process, you are encouraged to talk to your son or daughter's school officials about other resources.

- There are some areas of the toolkit that make more sense to share with family members instead of students, although all parts were created with both audiences in mind, and family members are strongly encouraged to read and reference all sections with their children.
- To help you know where to start. There is a lot of information in this toolkit, so this section helps you focus on exactly what you, as the parent or caregiver, need to know.

The toolkit is organized chronologically by the student's grade level, as is this parents' chapter. You are encouraged to read the entire chapter of the stage at which your son or daughter is currently, and you may find it helpful to read ahead so that you know what's coming before your son or daughter reaches that stage.

Use this toolkit to help you understand and work through paying for college. ***The cost of college should not be a barrier for you or your son or daughter.***

Pre-High School

Although college seems far away when your children are in middle school, there are important things to think about and conversations to have now, so that there's time to prepare and shift actions or beliefs to make the path easier for you, your son or daughter and the rest of the family.

THE POWER OF SAVINGS

How Can Savings Help?

Research shows your children are motivated by your investment in them¹.

- Children of parents who save are more likely to enroll and complete college than parents who don't save.
- Children of parents who save are more likely to perform better in school, in terms of higher grades and better behavior.
- And even better, if the student and the family both save, the benefits increase.

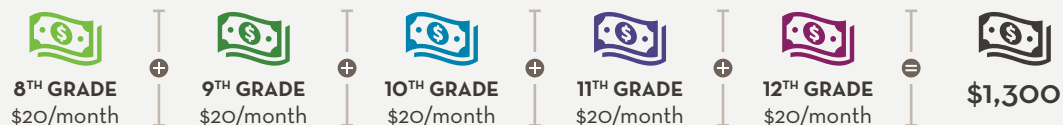
It's the **act** of savings, not the **amount** of savings, that supports college completion. Make savings part of your family practice. A little bit goes a long way. Here's an example:

RESOURCES | These articles from the Center for Social Development will give you more information about the positive impact of savings:





- <http://tinyurl.com/m4vbwrt>,
- <http://tinyurl.com/mr9pjh5>
- More information about how savings works: <http://www.collegesavings.org/>
- Why saving early is important: Department of Education: <http://tinyurl.com/lxv9uwy>

Saving is not an easy habit, but it can make a huge difference, especially when it comes to college. Imagine your son is in 8th grade. If you started saving \$20 a month from now until he entered college, you could save a little over \$1,300. That amount could be a difference maker!

\$20 per month (\$5 per week) starting in 8th grade through end of senior year = \$1,300



\$1,300 could be the extra dollars you need to pay for...

-  ...the first bill
-  ...textbooks for the first year of school
-  ...plane tickets home at the holidays and the summer
-  ...a laptop

¹ Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing-wilt|| between expectations and college attendance. Journal of Children & Poverty, 17(2), 65-185.

WHAT YOU NEED TO KNOW ABOUT 529 PLANS



529 plans are savings plans specifically dedicated to college costs.

Two kinds of plans exist: Pre-paid Tuition Plans and College Savings Plans. We're going to focus on the 529 College Savings Plans. If you want to explore saving outside of the 529 Plan, contact your local bank. If you want to start saving a few dollars a week, open a savings account to save that money.

The most important thing isn't HOW you save, it's that you start saving.

The Basics of 529 Plans

- An adult can open a 529 for any beneficiary, no relation needed.
- Unlike other savings accounts, 529s are tax exempt, meaning withdrawals (for educational expenses) don't get taxed and earnings aren't taxed either.*
- Every U.S. state has either a Pre-paid Tuition Plan or a College Savings Plan. You **do not** have to choose your own state's plan. Do your research and find a plan that's a good fit for you.
- There are different limitations by state on how much you need to put into an account to open it, but many states are now opening 529s for as little as \$25.
- Once the student gets to college, resources can be withdrawn in one lump sum or over time. Funds can also be transferred to another beneficiary.
 - ▶ Example: If your son or daughter gets a full scholarship and doesn't need any of the savings accumulated, you may transfer the money to another son or daughter or withdraw it (note that it is taxed if not used for educational purposes).

*All 529s are free from federal taxes, although some states do impose limited taxes. Check this before opening a 529 account.

Tools for Your Toolbox

There are great tools out there to learn more about 529s, compare different plans or access other financial resources.

RESOURCES

- Overview of individual states' plans, basic information; best to use to see where to start and what your states' options are: <http://www.collegesavings.org/viewState.aspx>
 - State-by-state information, "did you know" tips, free downloadable guides for families, calculators and other tools: <http://www.savingforcollege.com/>
-

COMMON THOUGHTS ABOUT SAVINGS

I don't make enough to save.

- You don't have to save a lot to get the benefits. It's the act of savings that makes a difference.
- 529 plans can be opened for as little as \$25 in some states, with a monthly direct deposit of \$10 minimum. Consider collaborating with other friends and family to raise that amount.
- Anyone can open an account for a future college student; it doesn't have to be the parent. It could be an older sibling, grandparent or family friend. Work with those around you to share the monthly contributions.

I won't get as much financial aid.

- Financial aid is awarded more heavily based on income than on savings and assets. In most cases, you'd have to save a significant amount for this to affect your financial aid award amount. Income makes a bigger difference in what you will or will not receive for financial aid.
- Check out this chart, which helps predict Expected Family Contribution (EFC) for four different financial scenarios:

	FAMILY A	FAMILY B	FAMILY C	FAMILY D
Family Income	\$40,000	\$60,000	\$60,000	\$60,000
Savings & Assets (not including residence or retirement)	\$0	\$0	\$30,000	\$60,000
Expected Family Contribution (EFC)	\$282	\$3,026	\$3,026	\$3,623

FOR MORE INFORMATION | Visit the 12th Grade chapter

9th & 10th Grades

Early high school years are pivotal for setting the tone for later in high school and understanding what types of opportunities will be available to your son or daughter. It's also an ideal time to uncover myths that exist around college costs and affordability, so that you don't wait until a son or daughter's senior year to learn something brand new. Finally, it's beneficial for you and your son or daughter to begin learning about the financial aid process early, to have ample time to navigate potential roadblocks.

FINANCIAL AID

RESOURCE | Here is an overview on the types of aid that exist: <http://tinyurl.com/mwatehw>

To receive financial aid, you must apply for it and be eligible to receive it.

Why is critical for families to know about financial aid eligibility?

Knowing whether or not your son or daughter is eligible to receive aid early in high school allows you to help connect to resources that may change his or her eligibility before 12th grade. Even if eligibility can't change, knowing now gives you a longer amount of time to save, explore scholarships and weigh your options.

To complete the FAFSA, and therefore be eligible to receive federal, some state and some college financial aid, your son or daughter must be a U.S. citizen or eligible non-citizen. If you know your child is not, don't hide that information from him or her. Talk to your child about his or her status and work together to find external support. This toolkit provides you with many resources and options for an affordable path.

FOR MORE INFORMATION | Read the 9th & 10th Grades chapter.

RESOURCES | These resources share eligibility requirements and describe different citizenship types

■ <http://tinyurl.com/lh6jr5l>

■ <http://tinyurl.com/mqpfst3>

Do not navigate the financial aid process alone. Rely on the help that's available to you: legal services, community organizations, colleges, etc. One great guide to help you from now until your son or daughter enters college is on a website called Educators for Fair Consideration. (FYI: It's also in Spanish.)

RESOURCE | This guide is designed just for parents: <http://tinyurl.com/ko8pmaf>



BIG TIP | Please understand that there is not a connection between financial aid and immigration. These processes are separate. *You will not be at risk by researching options for your child.*

BORROWING

This section is worthwhile to read if you are wondering about whether or not you or your son or daughter should borrow money for college expenses or if you feel strongly about borrowing.

The toolkit’s message: Borrowing is a reality for most students going to college today. Unless you pay out of pocket, receive a full scholarship, or go to a school that’s inexpensive for your family, your son or daughter will most likely have to take out some loans. It’s important to consider as a family what a good amount would be for you to borrow. Also, consider from where you are borrowing. Federal loans have more favorable interest rates than private loans, so consider those first.

For more information or support around borrowing for college, this resource is a good place to start.

RESOURCE | This describes the differences in loans offered by the federal government:
<http://tinyurl.com/p4yuh87>

YOUR NOTES

Dotted lines for note-taking.

11th Grade

The 11th Grade chapter focuses on financial aid preparation leading to your son or daughter's senior year. There are a lot of financial aid-related steps and tasks during senior year, and having advance notice that they are coming is important for both you and your son or daughter. This toolkit asks your children to have conversations with you about these tasks. One of the best things you can do is be open to these conversations and help your children get the answers they need.

Here are some of the questions they may have:

Does our family have any college-related savings plans?

It's never too late to start saving for your son or daughter. Even if you have not started already, let this conversation help you learn what next steps you can take to begin this process. Refer back to the pre-high school content earlier in the parents' chapter.

Does our family have money set aside for college expenses?

It's time to begin to take note of what kind of help you can provide your son or daughter.

Can you please give me some information for my financial aid forms?

To complete the financial aid process in 12th grade, your son or daughter will need information from you. Some of this information includes:

- Your Social Security Number
- Date of birth
- Income information (W-2s, income tax forms, etc.)

For a glimpse of other information you'll need to provide, check out this guide that walks you through the FAFSA questions.

RESOURCE | Federal Student Aid FAFSA walk through: <http://tinyurl.com/q6633hv>

 **FOR MORE INFORMATION** | Visit the 12th Grade chapter

When your son or daughter starts the college search process, you can help by making sure that affordability is a part of that search process. Here are some tools that can help you and your son or daughter understand what you might have to pay for college, and what specific schools might cost for your family.

12th Grade

This is a big year: Your son or daughter's last year of high school and a year full of big processes (applying to college, applying for financial aid) and big decisions (where to go, what to pay). You are HIGHLY encouraged to read through the entire 12th Grade chapter with your son or daughter. There will be a lot of details to remember around the financial aid process, and having more than one person aware of deadlines, next steps and available resources will be helpful.

The biggest activities that you will participate in are form completion and helping your son or daughter decide where to go.

FORM COMPLETION

As you recall, students will need support with form completion. Financial aid forms are the one part of the entire college process in which **parents must be involved**. Here's how you can help:

- Provide required information
- Understand whose information to put into these forms
- Sit side by side with your children (and their advisors or counselors) to help them complete these forms.

The two most common financial aid forms are the FAFSA and the CCS/Financial Aid Profile®. This latter form is required by some private colleges. To understand more about the CSS/Profile® and what your role is in completing that form, visit this website: <https://bigfuture.collegeboard.org/pay-for-college/financial-aid-101/how-to-complete-the-css-financial-aid-profile>.

LOANS FOR PARENTS

Months after FAFSAs and other financial aid forms are submitted, acceptance letters begin to arrive and shortly after that, award letters (with financial aid amounts) also arrive.

Some of you who are providing resources for your son or daughter's education might play more of a role in where your son or daughter decides to go. Regardless of how much you are contributing, supporting your child through this very BIG FINANCIAL DECISION is extremely helpful.

If your child is relying on you for financial support, you will need to determine together what's possible, including what you are able to pay out

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RESOURCE | Learn more about the steps and what's required here:
<http://tinyurl.com/nxvgr5m>

.....
RESOURCE | Helpful tips about what type of parental information is needed: <http://tinyurl.com/k7k8ej4>

.....
 **FOR MORE INFORMATION** | Visit the 12th Grade chapter

of pocket. Use award letter analysis to really compare the options your son or daughter has and see what's more affordable.

When looking at award letters and figuring out how to **close the gap***, the option of loans may arise. Most loans are taken out in the student's name, but there is one loan available to parents, called Parent PLUS. Some quick facts are listed below; use the cited resources for more information.

The Parent PLUS Loan

- The federal **Parent Loan for Undergraduate Students (PLUS)** lets parents borrow money to cover costs not already covered by the student's financial aid package, up to the full cost of attendance.
- Responsibility for the loan falls on parents only.


How to apply:

- Parents must complete a Parent PLUS loan application and promissory note, which the school can mail to the parent upon request.
- Or visit www.studentloans.gov for an online application.

Basic Terms:

- Federal loan set at 7.9 percent fixed interest rate, 4 percent **disbursement fee***.
- Amount allowed to borrow for one year: Cost of attendance minus financial aid offered.
- Must be the biological parent or adoptive parent. (Sometimes, step-parent).
- If parent is denied, student is eligible for additional \$4,000 unsubsidized Stafford.
- If parent is denied, there is an option for an **endorser***. The endorser must complete an application and MPN as well.
- Parent can defer payments while the student is in college (interest will accrue), or make interest-only payments while student is in college.
- Three repayment options are offered: standard, extended and graduated. 10-25 years to pay back.

* **CLOSE THE GAP** = Cover the dollar difference between what the school costs and what financial aid you were awarded.

 **BIG TIP** | Although you can borrow a lot of money through the PLUS loan program, think about what your family can afford to pay back. Consider that this is the loan that you will take out for multiple years, so borrow what you feel is manageable over time.

* **DISBURSEMENT FEE** = Amount charged by the lender to borrow principal (loan amount)

* **ENDORSER** = An endorser is an individual who agrees to make a loan payment if the primary borrower is unable to make a payment.

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FOR MORE INFORMATION | See the College Years chapter

College Years

Congratulations, your son or daughter has made it to college! You were a huge part of his or her journey to this point.

Financial aid processes do not end here, but your involvement is less frequent (beyond yearly FAFSA renewals). Your son or daughter is now responsible, and you should rely on them to remind you of the activities in which you need to be involved.

There are still many steps to take during the summer before college, so read up with your son or daughter so you can understand those steps. This includes when to anticipate that first bill.

 **FOR MORE INFORMATION** | See the College Years chapter

RESOURCE | The Big Future website, designed by College Board, has some wonderful yearly checklists for parents. These checklists include all tasks, not just financial aid-related, and can be very helpful if you don't know where to start.

-  Pre-High School
-  9th Grade
-  10th Grade
-  11th Grade
-  12th Grade

Big Future parent guides: <http://tinyurl.com/lvptc5y>

Continue to stay involved with your son or daughter's success in all parts of his college career. Thank you for playing such an active role so far!

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