



Citizens' Scholarship Foundation of Bedford

A Chapter of *Dollars for Scholars*®

DOLLARS FOR SCHOLARS FINANCIAL AID TIPS

DECISION-TIME: COMPARING FINANCIAL AID AWARD LETTERS

Are you a high school senior who just received two or more thick envelopes with college admission offers? Congratulations! Up until now, everyone's been evaluating YOU. Now you get to decide which offer to choose. Our advice: Look before you leap, and delay any final judgment until you've dissected and compared each school's financial aid award letter.

An award letter outlines how much financial support a particular school is offering you for the upcoming academic year. All schools follow a basic formula: cost of attendance (COA) minus the expected family contribution (EFC) equals financial need. Financial aid awards can cover up to the dollar amount defined as your "financial need". The award letter explains the type and amount of aid the student will receive (you accept or decline each part of an aid package), and cites the remaining amount the family is expected to pay.

Not surprisingly, this is the number that students and parents zoom in on, but the true differences between aid packages aren't always obvious. How an award package is structured is often as important as your out-of-pocket costs. A very expensive school can offer a tuition discount that makes it affordable. Another example, if School A's package has a lower "you pay" number but emphasizes loans that must be repaid, yet School B's package offers an outright gift aid grant then School B may be the better bargain.

Acceptances and award letters should arrive by April 1. First, confirm each accepting school's Candidate Reply deadline (usually May 1) so you know your decision window.

Use that time to evaluate each aid package carefully, and crunch the numbers for a true comparison.

Nellie Mae can help! Use the free, online award letter comparison calculator at www.nelliemae.com/calculators and enter the details of up to three schools' award packages at a time. The program generates an instant comparative analysis. Have questions about a particular award letter? Contact the specific school so financial aid officers can answer your questions.

Making your decision Once you have a solid handle on each financial aid package, re-examine the advantages and disadvantages of each school with fresh eyes. If you can, participate in accepted-student programs in April and spend a night in a dorm, attend classes, talk to students and other accepted students. You're looking for a school where you can stretch, grow and thrive.

Once you decide on which school and financial aid package is right for you, formally accept the offer of admission, and be sure to comply with all instructions and deadlines in the admissions letter. Notify the financial aid office that you're accepting their aid award either in whole or in part. And let the other colleges know that you are going elsewhere.

Dealing with "the gap" While cost is but one factor in choosing one school over another, it's a major consideration for most families. Financial aid rarely covers the entire cost of attendance. More typically, "the gap" looms--the shortfall between a school's total cost of attendance and the total aid awarded.

Parents looking to bridge that gap may face difficult financial choices in some circumstances. To help parents analyze all their options, Nellie Mae offers a free booklet: "***A parent's guide to planning and paying for college***" that spells out the pros and cons of parents' top 10 education financing options. For a copy of the parent's guide, visit www.nelliemae.com/PREP

EXCUSES, EXCUSES! WHAT'S THE HOLDUP IN FILING YOUR FAFSA?

*Attention high school seniors and parents: The best way to apply for financial aid for college for fall is to fill out the all-important **Free Application for Federal Student Aid (FAFSA)** as soon as possible after January 1.*

Not only is the [FAFSA](#) the gateway to all federal student aid, most states and colleges rely on the FAFSA to help formulate their nonfederal aid awards. While not the financial aid itself, the FAFSA is the actual form with which students request financial assistance from the government. Filing early in the calendar year may mean getting more money for next fall. So, if you're a senior who hasn't filed your FAFSA, what's the holdup?

"Why bother? I won't qualify for federal aid anyway." Virtually everyone is eligible to receive some form of federal financial aid, whether it is need-based grants, Federal Work-Study jobs, or low-interest federal loans. Colleges, states, and some scholarship programs also use the FAFSA in awarding nonfederal aid. Bottom line: Unless you fill out and submit your FAFSA form, you'll never know if and how much aid you actually qualify for.

"But our taxes aren't even done yet." Financial aid is handed out primarily on a first-come, first-served basis, so early filing can mean a better financial aid package. Get your FAFSA in before the schools to which you're applying allocate their pot of federal and non-federal financial aid. To encourage early filing, the FAFSA lets you estimate your taxes then update your application online. Better yet, try to file both your taxes and

FAFSA early. Think refund! Also, many professional tax preparers complete FAFSAs for their clients.

"My home life is complicated right now." Maybe you've recently lost a parent, or your family is experiencing financial hardship. Perhaps a step-parent won't provide necessary information to complete part of the FAFSA. Maybe a recent separation or divorce is making the paperwork difficult. If the [help section of the FAFSA website](#) can't guide you, count on your guidance counselor to advise you on special circumstances. Whatever the situation, you must provide truthful information. Your signature on the FAFSA is a promise that the specifics you reported are accurate. All your data is subject to verification.

"I hope to start school next fall, but it's not definite." Then it's wise to submit your FAFSA now. Filing is free, and you'll be under no obligation to attend or to take the aid offered. And if you decide to go to college or a professional school later in the year, you'll be all set.

"My folks aren't thrilled about disclosing personal information online." The online FAFSA processing system is a fast, secure federal government system, but you can certainly submit a paper FAFSA form via U.S. Mail—and you will receive your Student Aid Report (SAR) within 4 weeks. Simply print out a FAFSA form, or get one from your guidance counselor, local library, or a college financial aid office.

"What if I need help with the FAFSA?" Expert help is available at the FAFSA web site, www.fafsa.ed.gov. Or talk to a knowledgeable FAFSA customer service rep at the Federal Student Aid Information Center at **(800) 433-3243**. If you have a question while working on the online FAFSA form, click the "Live Help" button within the application, and ask away.

Warning: Be sure to use the U.S. Department of Education's official web site www.fafsa.ed.gov where there is no charge for filing your FAFSA form. There are all sorts of commercial, pseudo-FAFSA web sites out there. Beware of any company that says it will process your FAFSA for a fee. Remember, the first "F" in FAFSA stands for FREE.

THE SAT FACTOR: SAT SCORES IMPACT ON MERIT-BASED FINANCIAL AID

Ten years from now, it won't matter what your SAT scores were. But if you are a college-bound high school student today, it matters a whole lot. Your SAT test scores can affect both where you're admitted to college and your access to scholarships and merit-based financial aid. Here's a quick look at why that is---but first, some SAT basics.

The SAT I (the College Board SAT Reasoning Exam) is a standardized college entrance test designed to measure students verbal and math reasoning abilities without regard to the kind of schooling they've had. The SAT is held seven times year on a Saturday morning. The test format, updated in 2005, is 3 hours and 45 minutes long (plus breaks)

and comprised of ten timed sections (largely multiple-choice). The test starts with a 25-minute essay which is scored by a qualified teacher.

The SAT and admissions Your SAT test results are just one of several factors influencing which schools accept you. Solid advance preparation for the SAT rather than last-minute cramming can pay off, because your SAT score can represent up to 30% of a college's overall admissions decision process. Other selection factors include your GPA/academic record (often equaling 40% or higher), the difficulty of your course load, your level of extracurricular involvement, and the strength of the college application itself.

While some U.S. colleges and universities no longer require the SAT, the overwhelming majority of colleges only consider applicants who have taken the SAT or the ACT, a more curriculum-based achievement test favored by many Midwest schools visit www.act.org. Both these standardized tests offer admissions offices a useful across-the-board measure for assessing students from varying educational backgrounds.

The SAT and financial aid The impact of SAT can be even stronger on scores on merit-based financial aid, such as private and community scholarships, direct college gift aid, and state-sponsored grant programs. Unlike the detailed, highly-nuanced admissions process, awarding merit-based financial aid is more basic, and considers SAT scores in two ways. First, some scholarships only consider applicants with combined math and verbal SAT scores over a certain cutoff point. Second, scholarship selection standards tend to focus on some combination of SAT scores, GPA, an essay, or class rank. SAT scores are a common element.

Now that you understand how important the SAT may be in decisions affecting admissions and merit aid, how do you plan to get ready for this exam?

Practice, practice There's a huge exam prep industry out there--SAT study books, classes, tutors, DVDs, but there's also a raft of free tests and study materials online. Decide what makes sense for your learning style and budget, then DO IT. Practice tests will help familiarize you with test instructions and format, pace and timing, and help you identify and correct your weaker areas. Ask your guidance counselor about timed practice tests offered in your area. Practice writing timed 20-minute essays.

Being prepared both mentally and physically will reduce stress, build confidence in your abilities, and keep the entire process in proportion. Visit the College Board website for details about the SAT I, the practice PSAT for sophomores and fall-term juniors, and SAT II subject exams. Check out and use their sample test questions and practice exams. NOTE: Seating may be limited at certain test locations; early registration will help you get the test site you desire. To register for the SAT visit www.collegeboard.com or phone (800) 728-7267

PAYING FOR COLLEGE: FEDERAL & PRIVATE STUDENT LOANS AT A GLANCE

If you are a college-bound high school senior, you're smack in the middle of application season for colleges and scholarships. When your college acceptances start arriving in

the months to come, there may be a gap between the cost of attendance (COA) and your available funds. That's where student loans come in.

Going to college takes both book smarts and money smarts, and borrowing to help earn your degree is a wise investment in your future. To encourage brilliant borrowing, Nellie Mae recommends that students and families follow a simple “1-2-3 approach” when applying for financial aid:

- Look for free money (pursue grants and scholarships)
- Apply for low-cost federal loans
- If necessary, use private education loans to cover any remaining unmet need

To apply for all federal student aid, you must file the *Free Application for Federal Student Aid* (FAFSA) annually at www.fafsa.ed.gov after January 1. Apply early because financial aid is awarded on a first-come, first-served basis. About four weeks after submitting your application, you'll receive a student aid report (SAR) with your expected family contribution (EFC), the amount your family is expected to pay for one year of college. Each college that accepts you prepares a financial aid package or “award” based on FAFSA results that may be comprised of federal, state, and direct aid from the school.

Filing your FAFSA is a gateway to Federal student aid that includes federal grants, the Federal Work-Study Program, and student loan programs such as Stafford Loans, Perkins Loans, and PLUS Loans for parents and graduate students. Many colleges, states, and scholarship programs rely on the FAFSA in awarding non-federal aid.

FEDERAL EDUCATION LOANS

The most popular student loan is the **Federal Stafford Loan**, which allows eligible students to borrow low-interest, guaranteed (insured) loans. There are two kinds of Stafford Loans, and both have annual loan limits set by the federal government.

- **Subsidized Stafford Loans** are awarded based on a student's financial need as determined by the FAFSA process. Interest is not charged during school, grace, and authorized deferment periods.
- **Unsubsidized Stafford Loans** are awarded regardless of financial need, and interest is charged immediately upon loan disbursement. Students may pay interest while attending school or let the interest accrue until repayment begins six months after leaving school.

While not part of the financial aid package, **Federal PLUS Loans for parents** are fixed-rate loans that can help finance the expected family contribution (EFC) for a dependent, undergraduate child's education. There is no income requirement to qualify, but the borrower must have good credit. Parents can borrow up to the cost of attendance (minus other financial aid) without tapping into investments.

PRIVATE EDUCATION LOANS

Since Federal Stafford Loans are capped by annual borrowing limits, many students and their families turn to private student loans (which are not need-based) for additional education funds. With competitive rates, online pre-qualifications and applications, and flexible repayment options, Nellie Mae can help creditworthy applicants with private loan funding for those remaining education costs.

Headquartered in Braintree MA, Nellie Mae, Massachusetts' #1 provider of student loans, offers Federal Stafford and Federal PLUS Loans, along with private loan products, for students and their families—all at very attractive terms.

PREPARING YOUR COLLEGE APPLICATIONS - TAKE THE TIME TO PUT YOUR BEST FOOT FORWARD

Your college application is your best opportunity to present yourself to admissions officers as a capable, multi-faceted, appealing addition to their student body. Rushed, last-minute applications often have mistakes and omissions that could knock you out of the running for your favorite colleges. Aim to submit an error-free, signed, dated application several weeks before each school's official deadline. Here are some nuts-and-bolts tips to help you complete your applications correctly—and with a lot less stress.

Get organized Let's say that your research is done and you are applying to six chosen colleges. Carefully read each school's application, confirm its application deadline, and note all admissions requirements and fees. Sit down with a calendar, and create a master to-do list that includes all your target schools. Assign a date for each task to ensure your applications are completed and delivered on time. To minimize confusion and mix-ups, check off each task as you complete it—including those all-important confirmations that each college has received your application.

Treat it like a part-time job Allow plenty of time for getting your forms, verifying that your transcripts are accurate, writing essays, obtaining letters of recommendation, and completing other tasks. Prepare a complete list of your extracurricular activities, any paid or unpaid work history or internships, and relevant non-school activities that you can selectively reference when working on your applications. Choose a recommender who knows you as a student and a person, and be sure that individual has sufficient time to produce a recommendation. Keep copies of all documents you submit. Organize your information in a filing folder, box, or cabinet.

Follow each application's instructions Student applicants who ignore instructions, skip entire sections and questions, or submit sloppy, inaccurate, incomplete, or late applications are often the first to be rejected. Do any of your targeted schools have rolling admissions? If so, submitting an application early could significantly boost your chances. Be sure to complete each question and space--write in "not applicable" or a dash to indicate that you read the sentence and it doesn't apply to you. One advantage

of online applications is that many won't allow you to proceed until you complete each question.

Ask for help proofreading Enlist others to help you edit and proofread your application and essays for both tone and technical errors (misspellings, grammar, and punctuation). Even professional writers need editors. While it's smart to get advice, it's crucial that your application is your work and reflects your voice. Using an online application? Don't forget to hit SUBMIT—and be sure to get confirmation of receipt. Don't laugh. Smarter people than you have messed this up.

Multi-school applications save time Over 10% of the nation's 4,000 colleges participate in multi-school applications programs. Are any of your target schools among them? The Common App is the largest, and lets you use one form to apply to 318 private and public colleges and universities. Check www.commonapp.org to see if your schools participate.

Then there is the new Universal Common Application with 46 participating schools featuring a single application without the Common App's essay and teacher recommendation components [www.universalcollegeapp.com]. Similar multi-school application programs exist for Jesuit universities, 34 historically black colleges and universities, and the state university systems in Texas and North Dakota.

GETTING THE MOST FROM COLLEGE FAIRS

College fairs are a smart and speedy way to check out many different colleges at a single time and place. Are you a senior firming up your college application short list? Or are you a junior or sophomore starting your research phase? Then you—and your parents—would be wise to take advantage of these free events held during the fall and spring.

To get the most from college fairs—and to avoid feeling overwhelmed—students and parents are advised to:

- Get a list of local and regional college fairs from the student's guidance counselor with dates and locations. Ask if there are web sites or printed Student Guides that detail what specific college fairs have to offer.
- Complete a personal inventory before attending a college fair. Knowing what's right for you is a process. Start with a list of your interests, skills, academic strengths, and personal preferences.
- What types of schools are you considering—and why? Review the list of each college fair's attending schools, and note which fairs and school booths you plan to visit. Visit the web sites of colleges that you're considering ahead of time. What concerns didn't the web site answer? Make a list, and bring it to the fair.
- Many fairs offer workshops or individual counseling sessions in which you might like to participate. Do you need to register in advance, and how—online or at the event?

- Show up properly equipped. Translation: clean casual clothes and comfortable shoes, and carry a light, roomy tote bag or back pack to lug all the brochures and materials you'll pick up.
- Prepare self-stick labels in advance with your name, address, e-mail, phone, name of your high school and graduation date, intended major(s), and extracurricular activities. When visiting booths at fairs, college reps want you to fill out interest cards. Slapping on a sticker instead of filling out dozens of cards is a major time saver.
- Bring a notebook and pen to make notes on your impressions of schools. Don't depend on your memory. Once home, you'll often forget who said what.
- Grab a floor plan of the event when you arrive. Stop and take a moment to map out which booths you need to hit and in what order.
- Talk to college reps; don't just wander aimlessly collecting brochures and free stuff, then go home. Each college booth is staffed with admissions and financial aid representatives, and sometimes local alums offering a personal sense of what a school is like. Ask questions. Get a business card. Then take a minute to jot down what you learned.
- Pace yourself. Hit your priority schools, but leave enough time to discover what could be a great college that you've never considered.
- Within a day or two after a fair, start reviewing your notes and impressions. Sort through your brochures and weed out those schools that don't interest you.

At best, a college fair will help you clarify your options, introduce you to new schools and new directions, and even help you figure out which schools can be ruled out. At the very least, a college fair gives you a vivid perspective on how many education options are available to you.

GETTING CREDIT

Establishing good credit habits—and earning a high credit score—is a smart personal goal for all students as they move into a wider economic world. Do you receive a monthly bill in your name for a cell phone, credit card, or car payment? Then credit bureaus are already tracking your payment habits, and issuing credit reports on you—and will do so for the rest of your life. Credit reports and credit scores exist to help lenders evaluate the degree of risk in lending you money. Basically, will you pay them back, and pay them on time?

Each fall, millions of college and high school students are lured with easy-to-obtain credit cards, and start using them without understanding how credit works. Yet the credit

history you build during school has the potential to help or harm your future more than your college grade point average (GPA). Employers, landlords, car dealers, insurance companies, and others, routinely check the credit records of applicants. More immediately, credit problems may often delay, interrupt, or derail more students' college careers than academic failure. Up to ten percent of college students now drop out due to consumer debt, according to Dr. Robert Manning, a professor at the Rochester Institute of Technology and author of "Credit Card Nation".

Building good credit is up to you Your credit "score" is a mathematical calculation that represents all the information in your credit report as a single number. Your credit score is "fluid" (i.e. it is recalculated every time a credit inquiry is made against you) and ranges from 300-850 points. 692 is the national average credit score according to Experian, the credit-tracking firm. A very good credit score (720-750 and up) will help you borrow (a car, your first home, a business start-up loan) at more desirable financial terms. Over time, that can save you tens of thousands of dollars. The longer you have a positive credit history, the higher your credit score will be. Here are some basic tips about building and maintaining good credit.

- Pay your bills on time
- Pay more than the minimum balance on revolving credit accounts (e.g. credit cards).
- On revolving credit accounts, keep balances (the outstanding amount owed) under 50% of your assigned credit limit. The closer your balance is to the credit limit, the more negatively it will affect your credit score.
- Exceeding your credit limit on an account will reduce your credit score.
- Avoid late payments. A single reported 30-day delinquency (late or missed payment) can reduce your credit score as much as 75 points, and further delinquencies (i.e. 60 days, 90 days, 120 etc.) lower it even further when combined with a short credit history.
- Avoid 100% financing on a depreciable item (one that loses monetary value over time) like an automobile. The more costly the item being financed, the more negatively it will impact on your credit score.

Know what your credit reports say By law, everyone is entitled to one free credit report every 12 months from each of the three major credit bureaus—Experian, Equifax, and TransUnion. You can request your reports at www.annualcreditreport.com or call toll-free (877) 322-8228. Errors are fairly common, so be sure to review and correct any inaccuracies. (Note: Credit scores are not included, but you can purchase your personal scores at www.fico.com).