

HOW TO AFFORD CHRISTIAN COLLEGE:

*A Student Guide to
Financial Aid*

PROVIDED BY



Cairn
UNIVERSITY

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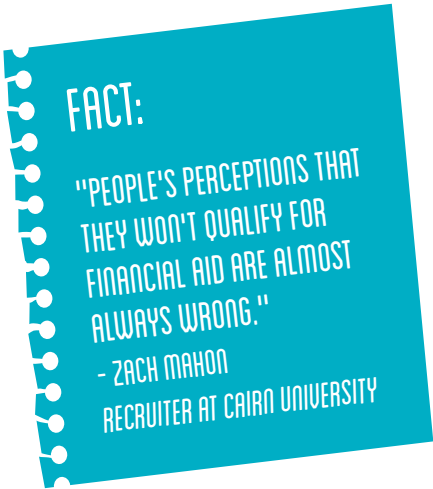
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“My Mom Says We Can’t Afford a Christian College.”

At first glance, the difference between tuition at a Christian college and tuition at a state school might be as much as \$20,000. For those unfamiliar with today’s financial aid opportunities, that might seem to signal “case closed.”

That’s the danger of the “**sticker price**”: the apparent price tag for higher education. By itself, the “cost of attendance” (including tuition, room, and board) might seem to be the “cost of college.”



But for nearly every student, it’s not. Financial aid packages change this picture in a huge way, depending on sometimes dramatically different criteria for scholarships, grants, and other types of financial aid.

And when choosing a college, that realization changes everything.



It’s like this...

Imagine that you’re shopping for a car. As you walk around the lot, you see your dream car, a handful of others you’d be very happy to own, and a bunch more that don’t thrill you in any way.

With such a wide difference in available makes and models, you know that the price of each vehicle must vary... and you suspect that not all of them are in your budget. Cost is definitely going to play a role in your final decision.

The thing is, all of the posted price tags are wrong.

Some of the cars are actually deeply discounted (or deeply discounted for people who meet certain criteria). Others have much smaller discounts. You don't know what's available to you unless you speak with a salesperson and fill out some paperwork.

Knowing that the “sticker price” is not what you would actually pay, how might your shopping habits change?

No more looking at the price tag, sighing, and walking away. No more simply assuming that your dream car is way more than you can afford.

Instead, you approach a salesperson about your top picks. You fill out the paperwork. You dig around to make sure that you're not missing something you're eligible for.



In this world of unreliable sticker prices, you make decisions by putting the qualities you're looking for first, then considering cost second.

In the same way, the best time to narrow down your college choices is when you know the “real price”—after you've done the paperwork and received your financial aid award letters from each university.

When you realize that the sticker price is not the real price, “no way” turns into “what if?”

What Is the FAFSA?

Technically, **FAFSA stands for “Free Application for Federal Student Aid.”** But don’t let the name fool you: This form is used to determine your eligibility for need-based financial aid at all levels, including state- and university-based aid.



Especially at the state and university levels, **“need-based aid”** applies more broadly than most families initially assume. Few families can cover the \$150,000+ cost of attending a four-year college out of pocket. Therefore, nearly every family qualifies for some form of need-based aid.

For this reason, all families should fill out the FAFSA.

I repeat: ALL families should fill out the FAFSA.

For families concerned about debt, “applying” for financial aid can seem risky, especially if you’re unsure what you’ll qualify for. You don’t want to wind up borrowing money you don’t need.

Fortunately, your FAFSA application simply helps a school’s financial aid office determine what you **qualify** for—**not** what you ultimately accept.

Interested in grants, but not loans? No problem! When financial aid officers receive your college application and FAFSA information, they pull together an **award letter: a list of the scholarships, grants, work-study, and loan options available to you.** From that list, you can choose to accept (or decline) anything or everything.

Need Help Understanding Your Financial Aid Award Letter?

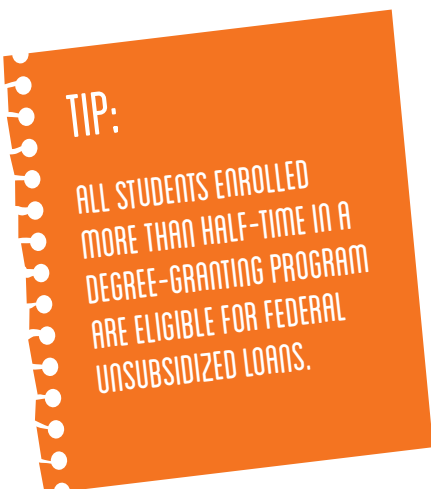
Here are some simple definitions for terms you’re likely to encounter:

- **Expected Family Contribution (EFC):** An estimate of the amount of money that you and your family might reasonably be expected to pay towards college (based on your FAFSA information crunched through the government’s financial aid algorithms).

- **Scholarships:** The most familiar form of “gift money”—money that you don’t need to pay back. Mostly awarded on the basis of merit (academic, athletic, or extracurricular talent or achievement).
- **Grants:** A form of “gift money” usually awarded on the basis of financial need alone.
- **Work-study:** Funds provided to a university to help ensure part-time employment opportunities for students with financial need. Funds support specific student-worker positions, both on and off campus.

Finally, let’s talk about loans. The federal government offers two major kinds of loans: subsidized and unsubsidized. Many students qualify for a combination of subsidized and unsubsidized loans. The difference between the two is whether interest *accrues* (or is added to the loan amount you’ll need to pay back) while you’re taking classes.

- When talking about student loans, **interest** is a percentage of the loan amount charged regularly until a loan is fully paid off.
- Regardless of the type of loan, the interest on your student loans is paid by someone. For **subsidized loans**, the federal government “subsidizes” your education by paying interest on those loans while you’re in school. Therefore, when you graduate, you only owe the amount that you borrowed. Six months after graduation, you begin to pay your own interest as it accrues.



- **Unsubsidized loans**, on the other hand, accrue interest while you’re attending school. Without the government paying interest as you go, your debt upon graduation includes the original amount of the loan, plus the interest accrued.

Armed with the necessary vocabulary, you can tackle your FAFSA application and respond to your award letter with confidence!

Financial aid statistics are based on information from the National Center for Education Statistics.

3 Steps to Maximizing Your Need-Based Aid

Boost your award letter by using the following strategies to maximize need-based aid:

#1 Don't procrastinate. The federal government's deadline for the FAFSA is June 30—so what's the rush?

Besides earlier deadlines for state aid, some state grant programs distribute awards on a first-come, first-serve basis. So fill out your FAFSA as soon as possible after January 1. (You don't even need to do your taxes first!)

#2 Make sure your money is in the right place. Money is money. What you've got is what you've got—right?

Not if you're calculating financial need for college aid. Students are expected to contribute a greater percentage of their own income and savings to their education than their parents are. Therefore, more government aid may be awarded if tuition payments will be coming out of parents' bank accounts (or 529 tuition savings accounts belonging to the parents or student).

Furthermore, certain assets are "sheltered," or not counted as money that could be used to pay for college. For example, your parents' retirement funds fall into this category—so it's important to remember not to tap into this money to pay for college. If they do, it may actually hurt your eligibility for financial aid. (Homes and small businesses are also sheltered assets, so don't "sell the family farm" to pay for college.)

And while college savings are certainly important, the more you have, the less aid you need. Make sure that the money you have for college is accurately represented: Make necessary big purchases before reporting your assets on the FAFSA, not afterward:

- Will you be purchasing a car, laptop, or mini-fridge for college?
- Does the family home need a roof replacement?
- Do you or your parents owe money on car loans, a mortgage, or credit card debt?

Of course, make sure that you always have six months' living expenses saved up for emergencies, and don't empty your bank account to buy a Ferrari.

It may be that putting your money in the wisest places could help you pay for college—but every family's situation is different, so be sure to speak to a financial aid counselor or financial advisor about how to make *the most of your own financial situation*.

#3 Be open. Financial aid counselors can only help if they know what you need.



After applying to any college or university, feel free to **contact** the financial aid office for help filling out the FAFSA—even if you're not yet sure where you want to enroll.



Talk to each school about any additional **forms** you may need to fill out, such as a state grant application or school-specific form.



Write a letter explaining any extenuating circumstances not reported on the FAFSA, such as a parent's recent job loss or medical expenses.

More Ways to Maximize Your Award Letter



Merit-Based Awards

What will you bring to the student body? Are you a leader in the classroom? The valedictorian of your class or an NMSC Merit Scholar? A disciplined athlete? A talented musician? An inspiring leader of ministries and other student activities?

This is the question that drives merit scholarships. Whether awarding academic merit, athletic promise, musical talent, or recent short-term missions or ministry leadership experience, schools are interested in your gifts and contribution to the student body.

Merit scholarships vary from school to school, so be sure to provide all potentially relevant information on your application, including your GPA and ACT/SAT scores. And don't be afraid to call the financial aid office to ask, "Is there anything I might be missing?"



Family Awards

Many schools offer scholarships to children of alumni. Some even offer discounts for siblings or spouses attending at the same time.

In addition, Christian universities often provide additional aid for children of those serving in full-time ministry, missions, or non-profits.



Matching Scholarships

Church matching scholarships, ranging from \$500-\$1000, are common among Christian colleges. If your church contributes toward your education costs, universities will often double the impact by adding an equal amount to your aid.

More Ways to Maximize Your Award Letter



Early Deposit Award

The early bird gets the worm—and at some schools, “the worm” is an extra award up to \$750.

Awards for early acceptance are a “no-strings-attached” reward for not procrastinating on your applications, and awards for early deposit are a no-brainer if you know where you want to go. Don’t dawdle!



Partnerships

Finally, many schools offer scholarships for previous involvement in partner programs. These partnerships vary, but often include attendance at Bible institutes like Word of Life or achievement in AWANA programs at your local church.

Advice on Pursuing Outside Scholarships

Many students plan to win a lot of money for school through applying for outside scholarships. Many fewer students actually make time to apply for those scholarships. And when students do apply for a scholarship or two, many see little fruit of their efforts.



So is it worth it? If you only apply to a few scholarships, probably not.

Scale big. Your ambition should not be to win a scholarship, but to win a bunch of scholarships. The majority of scholarships are small—\$500 to \$2000 per year. But a \$250 award here, a \$750 scholarship there—those add up.

But to win a lot of scholarships, you need to be realistic about the competition. On an online scholarship site, often thousands of students apply for the same scholarship. Scale your expectations appropriately. Hypothetically speaking, if you were to only win **one out of every seven scholarships you applied to**, would you still bother?

Fortunately, the more scholarships you apply for, the greater return on investment. The first scholarship application is a lot of work: writing an essay, requesting recommendation letters, compiling information about your academics and community service. The second application is slightly less work. **But by scholarship application #7 or #8? You're copy-pasting, tweaking, and churning out one or two scholarship applications per day.**

Think small. To up your odds, narrow the playing field. Look for scholarships focused on what makes you distinct, like your ethnicity and your planned major or career. Feel free to get even weirder: Are you adopted? From a small town? Left-handed? Willing to make your prom tux out of duct tape?

More importantly, don't follow the crowds. Everyone (and their mom, literally) look for scholarships online. Instead, take a hands-on approach:



Walk down to the guidance office or your high school's career center, and ask to see their scholarships list.



Call up other high schools and do the same.



Go to the library and check out Kaplan's annual scholarship book.



See if you can tap into scholarships offered by the companies that employ your parents, siblings, or grandparents.

In the end, scholarship winners are the ones who make a plan, do the work, and tackle the task wholeheartedly.

So, the real question isn't **"Is it worth it?"**

The real question is **"Are you in or not?"**

“What if financial aid doesn’t cover everything?”

What if, even after optimizing your **need-based aid** and other **awards**, you still owe money for tuition?

Unless you have money saved up (or some well-off and generous grandparents), it’s probably time to explore the following **three options**:

#1 Tuition Payment Plan After financial aid, tuition payment plans may be the best option for paying the cost of college. By breaking your costs into monthly payments, you avoid unnecessary debt and maximize your long-term financial situation. Here are the perks to setting up a tuition payment plan:

- **No interest:** Unlike loans, which require you to ultimately pay more than you borrow, a monthly payment plan allows you to pay exactly what you owe the school—no more. (Some plans do include a small one-time setup fee, but it’s a lot less than paying interest.)
- **Independence:** At this point, unless your parents get rejected for a Parent PLUS loan (which may enable you to borrow more), a tuition payment plan is your only option for paying for college yourself. If your parents aren’t comfortable taking out an education loan in their own names (or if you’re simply reluctant to ask them), you still have a manageable way to cover your bills yourself by working and/or dipping into savings.
- **Flexible responsibility:** Anyone can put money toward your monthly payments, allowing you to split the cost with your parents or ask them to cover you if an emergency taps out your bank account.

If you don’t plan on working during college or your family doesn’t have the monthly margin to break up the payments evenly, you still have options. Your parents can take out loans to cover part or all of the remaining cost.

#2

Parent PLUS Loan

The Parent PLUS Loan is a federal education loan made available to parents of full-time undergraduate students—and if approved, it can cover up to 100% of your college costs (after factoring in all other financial aid). Benefits of this payment option include:

- **Fixed interest rates:** Like other federal education loans, the Parent PLUS loan typically has affordable fixed interest rates. This means that your interest rate can never go up.
- **Repayment options:** Parent PLUS loan repayment options are as diverse as those for other student loans. Your parents can choose to start paying immediately or after graduation, and they can choose from a variety of payment plans (including one based on your parents' annual income).
- **Flexibility:** Again, like other federal education loans, your parents have options if they get in a pinch and can't afford to make payments. Depending on their circumstances, they may qualify for deferment or forbearance, allowing them to postpone or reduce payments for up to a year.

In order to qualify for a Parent PLUS Loan, the borrower must have a good credit history. But if your parents have poor credit and won't qualify for a PLUS loan, **apply anyway**. If their application is denied, you (the student) automatically qualify for additional federal loans that you can take out in your own name.

#3

Private Loans

Your parents may also choose to take out a private (non-government) loan. Depending on their financial situation and credit history, they may be able to choose from a variety of loan types, including personal loans, home equity loans, or life insurance policy loans.

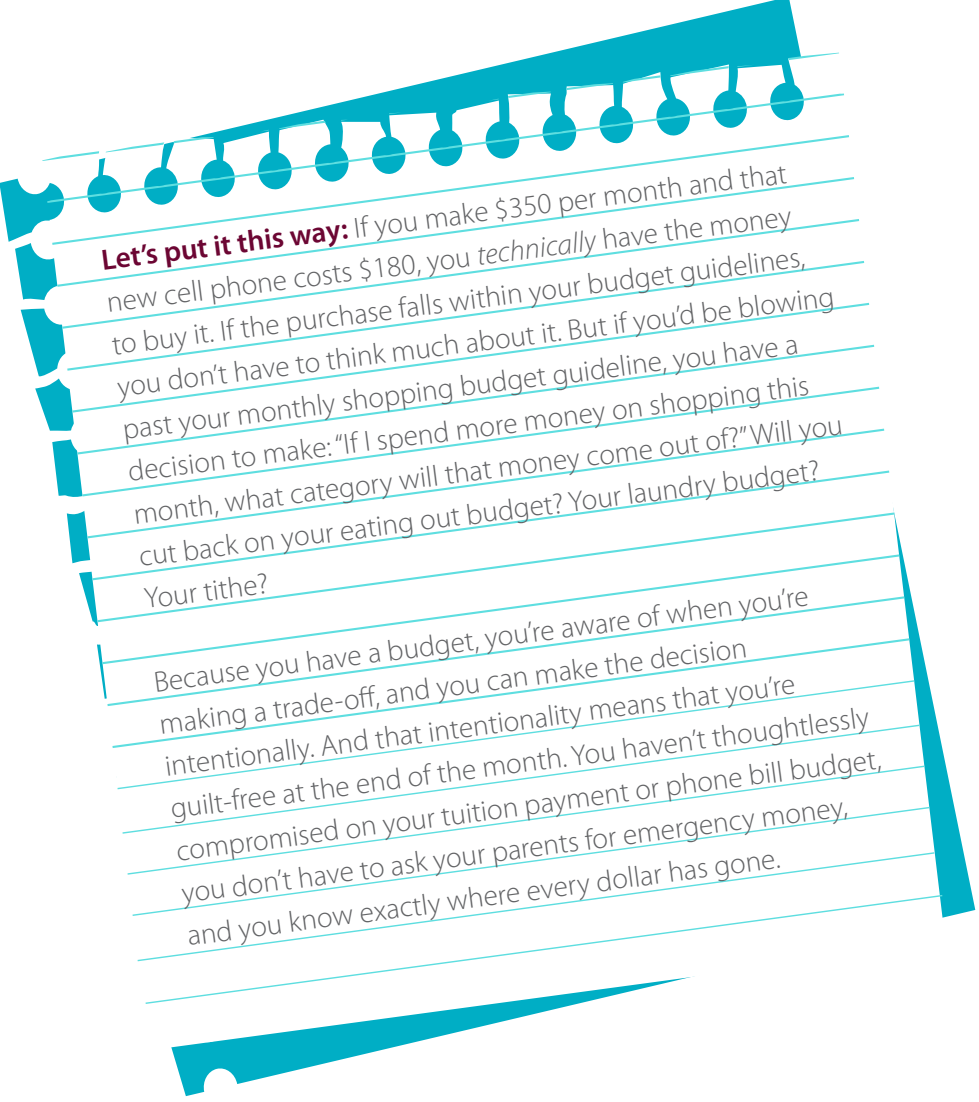
- **Options tailored to individual situation:** Your parents' options might be wide open if they've made wise financial decisions the past. If they have equity in their home or a life insurance policy with cash value, they may be able to get low-interest loans or even tax benefits. If they have a good relationship with their bank, they may be able to secure a personal loan with interest rates comparable to a Parent PLUS Loan's.

Budgeting: Tools, Not Rules

Whether you're on a monthly tuition payment plan or scraping together enough cash for textbooks and laundry, **budgeting** is an essential skill for college students.

But while the word "budget" is famously (and negatively) associated with "limitations" and "sacrifices," you don't necessarily need to cut off your Netflix account or stop drinking coffee.

Don't get into a rut of thinking "I can't afford that" or indulging in guilt-inducing splurges. Instead, think of budgets in terms of guidelines and choices.



Let's put it this way: If you make \$350 per month and that new cell phone costs \$180, you *technically* have the money to buy it. If the purchase falls within your budget guidelines, you don't have to think much about it. But if you'd be blowing past your monthly shopping budget guideline, you have a decision to make: "If I spend more money on shopping this month, what category will that money come out of?" Will you cut back on your eating out budget? Your laundry budget? Your tithe?

Because you have a budget, you're aware of when you're making a trade-off, and you can make the decision intentionally. And that intentionality means that you're guilt-free at the end of the month. You haven't thoughtlessly compromised on your tuition payment or phone bill budget, you don't have to ask your parents for emergency money, and you know exactly where every dollar has gone.

Budgets are tools, not rules. When you begin each month with realistic guidelines and only deviate from those guidelines through intentional trade-offs, your spending will reflect your true priorities. And that's what budgets are really all about.



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is more than just our tagline.

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