



College Keystones

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A College Planning Relief Publication

INTERPRETING THE FINANCIAL AID AWARD LETTER

So the financial aid award offers are rolling in and just when you think you have this all figured out, you discover they all look very different. You're asking yourself "What does it all mean?" but the more you look at the awards, the more complicated it gets. This is a response we receive every year from parents that have first-time college students. I encourage you to sit back, relax, and take a deep breath because the answers are here for you.

The first thing you need to do is wait for all of the offers to arrive before making any college decisions. I have seen many times students make a quick decision based on the initial award letter and before receiving an offer from every college they applied. If you don't already have one, create a designated file folder for all your financial aid offers.

Now that you have received a financial aid award letter from each college you applied, the next step is to put together a financial aid evaluation. This is a process that many families fail to complete and it could cost them thousands of dollars. Our goal with this evaluation is to determine if the offers from each college is considered a fair offer or if you should appeal the offer. Below is an example on how you should set up your evaluation.

The Ohio State University						Total Aid	Total out of Pocket	≈ 4 year projection
COA	\$21,703	Scholarship	\$4,000	Loan	\$4,500			
- EFC	\$2,500	Grant	\$1,000	Work-Study	\$2,000	\$11,500	\$10,203	\$40,812
= Need	\$19,203		\$5,000		\$6,500			

You now have all the schools financial aid information in an easy-to-read format. Compare the differences between the gift aid (scholarship & grant) and the self-help aid (loan & work-study). How do they compare to each other? How does your first choice college compare to the others? Is your financial need getting met? This is your opportunity to let the colleges know of any special other circumstances you have like a loss of income, unusual medical expenses, private high school tuition for children and many other scenarios. The financial aid office may be able to adjust your financial aid offer by using professional judgment.

The college financial aid office sends you an award letter and on it they ask you to indicate which financial aid you want. This is where it is up to you to tell them what you would like to accept. Of course you want to accept all the gift aid because that is free money. Calculate the remaining tuition expenses using just the gift aid. Is this an amount you are comfortable with paying for the year? If not, what is an amount you would be comfortable paying? What type of loan was offered? Is it a subsidized loan or an unsubsidized loan? The subsidized loan means it will not accrue any interest on it until you leave college or are enrolled below half time. Don't feel that you are required to accept the whole loan amount because you can accept any part of that loan. I personally see many families take the subsidized loan and put it away in a saving account to earn interest. When the student graduates from college, the student will then take that money and pay off the total loan amount they took out and keep the interest they earned on it for themselves. This way the student has a backup fund just in case there is an emergency situation during the college journey.

The last step you need to complete is letting the college know what you accept. Make sure you notify the college before the deadline date listed on your financial aid award letter. If you fail to notify the college by that date, they may cancel all your financial aid awards and then offer them to another student. There is no guarantee you will get them all back. Also let the colleges you will not be attending know you will not be attending their college. This is a courtesy step to complete so the college can offer that financial aid money to another student.

We are in the business of helping families through the major life transition of sending their children to college. For many, it will be one of the most expensive financial commitments endeavored as a parent and, if not handled properly, could greatly affect their retirement goals. If you or someone you know needs the help and guidance of a trained financial professional, don't hesitate to contact us. Remember, you shouldn't have to choose between your child's college and your retirement. We can help explore financial options, which may include the use of various insurance products, to help you meet your overall financial goals.

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