
Paying for College

a brief guide for parents and students



HEYER EDUCATION

Learn / Plan / Grow



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Merit & Need Based Aid

MERIT AID

Merit Aid is awarded to students based on academic and extracurricular performance.

Automatic merit scholarships are awarded by schools solely by meeting standards such as GPA and ACT/SAT scores. The criteria for scholarships are typically posted on school websites.

Competitive merit scholarships are usually awarded through an application – and sometimes interview – process. Some schools determine these awards based on the regular application only. These are based on a holistic review of student credentials. They can vary from a few thousand dollars to full tuition, room and board.

Outside scholarships are awarded through an application process through awarding organizations. While these can be very helpful, they are competitive because students at all colleges can apply. It is important to remember that the biggest source of scholarships is the school itself.

NEED BASED GRANTS

Grants are need based funds for college that do not need to be paid back – to the college or the government. Institutional grants are awarded from the college based on an internal assessment of need.

Pell Grants are automatically awarded by the Federal Government based to students in need. For 2021-22, they range from \$650 to \$6495. The criteria is an expected family contribution to college of \$5846 as determined by the FAFSA.

Student Loans

STUDENT LOANS

Student Loans are funds for college that must be paid back to the lender. There are three types of loans: federal loans to the student, federal loans to the parents and private loans. While loans are often an essential part of paying for college, it is important to remember that they cannot be discharged in bankruptcy.

FEDERAL LOANS TO STUDENTS

Undergraduate students can borrow up to \$31,000 over the course of their college career through unsubsidized and subsidized loans (if eligible). The yearly amounts are: \$5500 First year, \$6400 Second year, \$7500 third year and beyond. Loans repayment begins 6 months after graduation/leaving school.

FEDERAL PARENT PLUS LOANS

Parents can borrow up to the total cost of attendance less after merit aid, need based grants and student loans. These loans can be deferred so repayment can begin 6 months after graduation / leaving school. Plus loans must meet certain credit criteria. They can be consolidated with the parent's student loans.

PRIVATE LOANS

Private lenders also offer student loans. In many instances, undergraduate students can take these out with a cosigner,

LOAN REPAYMENT

Federal Loans offer four repayment types: standard, graduated, extended and income based. Private lenders sometimes offer similar repayment plans.

Paying for College: The Vocab

FAFSA: FREE APPLICATION FOR FEDERAL STUDENT AID

Any student needing financial aid must fill out the Free Application for Federal Student Aid. This determines eligibility for Pell Grants, and student loans. Dependent students must provide tax and basic asset information for themselves and their parents.

In the case of divorced families, the FAFSA is typically completed by the custodial parent – the parent who the student resides with for the majority of the year. Refer to the FAFSA website for more detailed criteria.

The FAFSA is often required for automatic state grants such as TOPS in Louisiana or the HOPE scholarship in Georgia.

CSS PROFILE

Over 230 most selective private and public college require the College Board's CSS profile to determine financial aid. The CSS provides more detailed information regarding assets, liabilities and unusual expenses. These schools take both parents' income into consideration but in the case of an absent parent, a non-custodial waiver can be obtained.

INDEPENDENT STUDENTS

Independent students who are at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, or someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless.

Paying for College: The Vocab

"FULL NEED" SCHOOLS

Approximately 65 of the nation's most selective schools with strong endowments have a policy of meeting the full financial need of every admitted students. They determine their own expected family contribution and awards grants to cover the remaining costs. Some require a federal student loan in the package, some do not. The majority of these schools do not offer merit aid.

"GAPPING" AID

When schools provide financial aid that does not meet the full need of the family after the EFC, they are "gapping" the student. Schools that "gap" essentially expect for families to obtain PLUS loans to cover the costs.

LOAN FORGIVENESS

The federal government offers public service loan forgiveness for teachers and public servants who work in their profession for 10 years and make 120 consecutive payments. Borrowers must be sure to follow the specific rules of the program to have loans forgiven.

Additional loan forgiveness programs are also available for military service and other critical government positions. Private companies sometimes offer loan repayment as a benefit.

Paying for College: Extras

529 PLANS

Parents and grandparents can establish tax advantaged 529 savings accounts to pay for educational expenses. There are over 100 529 plan options; most are administered by the states. Rules regarding the affect of these on the overall expected family and student contributions are changing between 2023 and 2025 so It is recommended that a financial advisor be consulted on these matters.

GI BILL, MILITARY AND VETERAN TUITION BENEFITS

Service in the military – by the student or their parent – leads to a variety of tuition benefits, Most commonly referred to as the "GI Bill", there are a wide range of programs that can be accessed at various points in military service or after leaving the military. If you think you are eligible for these benefits, Heyer Education can help you plan to use them.

WORK STUDY

Work Study is an opportunity provided by the college for students to earn money to cover college costs during the school year. Federal Work Study jobs are guaranteed by the Federal Government and included in the FAFSA financial aid package. Some colleges also offer work study jobs as a part of their financial aid packages to students not eligible for Federal Work Study. Students are not required to take these jobs, but they are available. At most colleges, any student who wants to work – and is persistent – can find a campus job.

ADDITIONAL INFO

[Studentaid.gov](https://studentaid.gov) is the #1 resource for financial aid information.

