



Funding Higher Education

It's that time of year again! Actually, it is always that time of year, the time to start finding money for college. Whether you are in grammar school and the word "college" isn't even in your vocabulary or in high school preparing for college, it is never too late (or too early) to start looking for funds.

"Where do I start?" you may wonder. There are many resources available. With the price of college increasing, it is important to be prepared as much as possible for when it *is* your time to apply and attend the college of your choice.

There is not one way to get funding that is perfect for every family. You have to consider your age, class status (i.e., tax bracket), how much money your family (or even yourself) will be able to contribute, put towards, college and how much financial aid you expect to get.

WHAT YOU MIGHT NOT REALIZE

- Financial aid is based largely on income. Income is how much money someone makes in a year. Financial aid considers income of the parents, but also of the student.
- Loans, not scholarships, make up about 60% of financial aid packages. Thus, even if your parents' savings reduce your ability to get financial aid later, don't be mad, they're simply saving you from future debt. Thank them!
- Many youth with disabilities can have college covered (or items like text books, a computer, etc) by Vocational Rehabilitation (also called Voc Rehab). Voc Rehab can pay for these things if a degree is needed for you to get the job in your Voc Rehab plan. If you are not a client of Voc Rehab and have a disability see KASA info-sheet "What is Vocational Rehabilitation" at: <http://www.fvkasa.org/resources/files/work-voc-rehab.html> to find a Voc Rehab center in your area.

SAVING FOR COLLEGE: THE EARLIER THE BETTER

If you and your family still have time to save, you might consider a "529 Plan". "529 Plans" are state-sponsored investment accounts that let you put aside money for college. The money isn't taxed by the government (grows tax-deferred) and is tax-free when withdrawn to pay qualified education expenses. "529 Plans" are considered the parent's asset, not the student's, decreasing the



effect on other financial aid you may apply for (need-based aid based on income). A “529 plan” works much like a 401(k) because your parents take the investment risk. Many things are involved in choosing to use a “529 plan” including; where you live, whether your state offers tax breaks and other incentives for its plan, your age, and other factors. To see if it is right for you, go to: http://www.savingforcollege.com/college_savings_101/ or <http://www.collegesavings.org/index.aspx>. At both websites, you will find the lowdown on what a “529 plan” is, be able to research state plans and compare them, and use a college cost calculator. At the website, www.collegesavings.org, you will find additional links, publications and articles.

A second option is a **prepaid tuition plan**. The prepaid tuition plan allows parents to lock in today’s tuition prices for the future. This plan is called an **Independent 529 Plan** and is related to the state-run savings plans, however unlike the savings plans these take the investment risk away. This prepaid plan covers all or part of the costs of a state’s public college or university and may be transferred to private and out-of-state colleges. To read more about the **Independent 529 Prepaid Tuition Plan**, visit: <http://www.independent529plan.org/>.

With any savings plan, your parents might assume that tax laws will be pretty much the same until you grow up. Don’t ASSUME! Congress makes frequent changes, so you and your parents should check yearly what tax breaks you might qualify for and rethink your strategies frequently.

WAYS YOU MIGHT NOT THINK OF TO SAVE EARLY

- If you have a niece or nephew on the way or a sibling, throw a “send my baby to college” shower. Set up a college fund for them and inform guests on how to make deposits.
- At as young of an age as possible, set up a savings account so you or the student you’re saving for can be involved in the college planing.
- Participate in credit card rebate and loyalty programs, such as **Upromise** or **BabyMint**. These provide rebates or credits to a “529 plan” account in exchange for shopping at participating retailers or purchasing particular products. Go to <http://www.upromise.com/> and <http://www.babymint.com/> for more information.



- Look into getting savings bonds. They offer a safe way to save, not to mention a potential tax break (it is tax free under some circumstances). For more info, visit the U.S. Treasury's website:
<http://www.savingsbonds.gov/>.

IF YOU HAVE FIVE YEARS OR LESS LEFT UNTIL COLLEGE

If you have five years or less left until your first college bill, you may want to skip the tax-deferred options. You may not have time to earn with investment returns, so tax breaks on earnings may not be much help.

- Set financial goals. In other words, if you are able to get a part-time job, set a small amount of your paycheck aside for your college fund and put it into a savings account. Don't waste all of your earnings on entertainment and material goods, be wise and plan ahead. You can set half of your paycheck aside for the future and half for things you want to buy now. As a result, you will gain more respect and freedom for making smart financial decisions.
- Increase the amount you save each year to keep up with tuition inflation.
- Look for scholarships now. There are many sites to look for scholarships. Look for scholarships based on ethnicity, disability, gender, etc. (*See below under "Searches and Books" for web links and books to scholarship information.*)
- Become a client of Vocational Rehabilitation and discuss options for covering part of college expenses to reach your employment goal (your goal for the kind of job you want to do).
- Once you are in college, look for ways to save money. One option is to sell any unwanted textbooks. Whether or not you paid for the books (e.g., an agency's, not your household's money was used), you can sell them. There are many ways to do so. You can sell them back to your college bookstore. At half.com, (sponsored by eBay) you are able to set your own price for books and buy ones you need. Another option is to go to www.betterworldbooks.com. They buy back books at a set price, which you can donate all or part of to a non-profit organization from their menu. BetterWorldBooks can help a good cause and you can also buy books from all genres and categories, including textbooks.



What You Might Not Know About Financial Aid

Financial aid is based on income brackets. This means when you apply for financial aid, how much money you and your parents make a year places you in an income bracket. Income brackets are defined by the government when you pay taxes.

The more money you and your parents make, the less you might qualify for some kinds of financial aid. However, anyone can qualify for loans and you might be able to get some merit, rather than need-based, scholarships. Merit based scholarships are scholarships given to you for things you do, like having high grades or winning an award for competition, etc. If your parents have not just you but your sibling/s at college, your family may also qualify for other aid.

- Consider having your parents' savings in their name because parents' assets count less heavily in financial aid calculations.
- Research if "529 plans" will work for you. There are no income limitations and your parents will benefit from significant tax advantages, but they may not be the best choice for everyone.
- Apply for financial aid. You'll need to fill out the Free Application for Federal Student Aid, (FAFSA). Review this form when you are thinking about applying for college so you know what information to collect and have to fill it out completely.

Going to college is worth it. It's a time for studying and getting ready for what you've been waiting to be when you finally grow up and graduate, but it's also a time for finding yourself. Travel abroad, do internships, and make friends that will last a lifetime. Don't be a 24/7 book worm; have fun responsibly. A lack of finances shouldn't stop you from seeing, smelling, touching, tasting, hearing and doing it all.

FAFSA Facts, Links, and Phone Numbers

- <http://www.pin.ed.gov/PINWebApp/pinindex.jsp> - you need to fill out the PIN Application before you complete the FAFSA. The PIN is used as an electronic signature (password) to access your financial aid records online and allows you to reapply for federal aid each year by adjusting the previous year's application. Your PIN is *not* to be shared with anyone.
- <http://www.fafsa.ed.gov/> - to complete the online version of the **Free Application for Federal Student Aid, (FAFSA)** known as **FAFSA on the**



- Web.** You can fill out the web-based version or there are PDF and paper applications available. Whichever you choose complete it early in your senior year of high school, even if your college acceptance letters have not yet arrived.
- Students may obtain up to three copies of the paper version by calling 1-800-4-FED-AID (1-800-433-3242) or 1-391-337-5665. (The hearing impaired should call the TTY number 1-800-730-8913.) You can also call 1-800-4-FED-AID if you have technical questions about using FAFSA on the Web.

WEB SEARCHES* AND BOOKS

- <http://www.finaid.org/> - scholarship search, financial aid application help and tips on loans and other savings plans.
- <http://www.fastweb.com/> - scholarship search by many criteria and contests, as well as job offerings. If you register, you get updated emails on approaching scholarship deadline from your saved profile criteria.
- <http://www.princetonreview.com/> - all there is to know about college, and then some.
- http://www.collegeanswer.com/paying/scholarship_search/pay_scholarship_search.jsp - run by Sallie Mae. You must be registered to search for scholarships.
- <http://www.rspfunding.com/index.html> - key to the best financial aid info. Suggests funding opportunity books for youth with disabilities and for study and training abroad. Finding financial help with specific degrees (such as law and nursing) and graduate school, veterans, non-disabled youth, women, and minority specific financial aid.
- Hurley, Joseph F. The Best Way to Save for College: A Complete Guide to 529 Plans. 2006
- Schlachter, Gail A., Weber, David R. Financial aid for the disabled and their families 2008/2010. San Carlos, CA: Reference Service Press, 2008. "A list of scholarships, fellowships/grants, loans, forgivable loans, grants-in-aid, and awards designed primarily or exclusively for persons with disabilities or members of their families and a set of six indexes." ISBN 1588411834; Price: \$40.00; 518 pages

*all searches are free.

Note: This KASA tip-sheet has some ideas for getting funding for college, but there may be other ideas out there. Doing lots of research and asking a lot of questions are the best way to find out all of the options.