



College Costs Up – Incomes Down

According to the Lumina Foundation, **college prices have increased a whopping 45 percent** on average over the last decade, while household incomes have declined by seven percent over the same period.

Plus, more than 90% of families view the cost of a college education as a major barrier to their child attending college. **I have known many a family to make the decision to not send their child to college once they receive the financial aid award letter.**

In my practice, Launching College Success, I work with students and families on all aspects of the college admissions process, including **finding schools that are both a good match and affordable.**

Discussions about college costs can easily ignite lots of disagreements among parents and their kids.

However, with my years of experience, I know how to interview parents and students, and draw out information on family finances and what they actually can afford.

PARENTS! Do This Homework to Avoid a College Debt Catastrophe!

Angry and afraid, a mother stormed into my office unannounced last April.

"I just received the financial aid packages for the five schools that my daughter is considering. Each school offered us little or no free money and is expecting us to take out a lot of loans.

"If we do that, my husband and I won't ever be able to retire! Don't get me wrong - we love Erin and want to help her. But I never imagined we would be expected to borrow so much money...and we have two more children at home who want to go to college.

"Is there anything we can do now so that we don't have to borrow so much? What about scholarships or grants? Is there any help you can offer us that could minimize the amount colleges' are expecting us to pay? Help!!!!!"

As I listened to this mom, I felt such compassion. The fear, confusion, and anger that she displayed that day was, I'm sure, felt by parents of many high school seniors throughout the country as they, too, opened their financial aid award letters.

Unfortunately, I was not able to offer this mom much in the way of support, because most local and state scholarships have deadlines in the winter – long before those award letters end up in a parent's mailbox.

Americans have heard a lot about the skyrocketing cost of college debt and much of it is true:

Students who graduated from college in May of 2016 walked away with more than \$1.3 trillion dollars in college debt, according to the Consumer Financial Protection Bureau.

This cost represents an average debt per student of well over \$38,000.



continued

Here's the problem:

Families spend a lot of time reviewing colleges both online and in person, but they fail to discuss what an 'affordable' school is, based on their financial situation.

Why? Couples don't often see eye to eye on how much debt is too much and which kind of debt is bad. **As a college consultant, I begin by asking them to do their homework on these topics:**

1. How much money is available in your budget and savings to pay for college, debt, income, living expenses, assets and future plans?
2. How much money can you afford to borrow over four (five, six) years of college, taking into consideration possible student earnings?
3. What will your student pay? Do you expect her to pay for part of her expenses, i.e. books, room and board, or are you expecting her to pay for everything?
4. What aspects of this process would you be willing to compromise on?

The family's next homework assignment is to gather facts on:

1. School's tuition + room and board + books.
2. The average amount of merit aid given by the college last year.
3. The length of time needed to complete the intended major.
4. The average salary your child can expect to make once he has graduated.
5. The terms and interest rates for:
 - Subsidized Loans
 - Unsubsidized Loans
 - Parent Loans
6. The Expected Family Contribution (EFC). This is the per student/per year cost forecaster. It is not the final amount the student/family will be expected to pay, but it is a good barometer at almost all colleges.
<http://www.finaid.org/calculators/finaidestimate.phtml>



IMPORTANT:

If your student is a junior or a senior in high school, **I strongly advise you to take these steps now** to learn what an affordable college budget means to you.

Then you can send your daughter or son off to college with the **peace of mind that you have a handle on all of your college costs**, and can minimize your debt.

After you've gathered all of this information and answered the questions to everyone's satisfaction, then you can create an affordable college budget that includes:

- The total amount of college loans both the parent and student are willing to shoulder.
- Any action steps you intend to take to minimize this debt, such as scholarships, summer jobs, etc.



Interested in help with your student's college planning or with finding scholarships to minimize your college debt? Contact me at 240.285.1920 or dianne_keilholtz@LaunchingCollegeSuccess.com. I can help!