

How to Pay for College

GOAL	To be prepared to pay for college by taking important financial steps now.
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1. Research Cost of Attendance (COA)

The first step in knowing how to pay for college is understanding what it costs. Colleges calculate the “cost of attendance” (COA) to represent the “sticker price” for a student to attend for a full school year. You can find this information and what it includes on a school’s website and by using the [R2C Insights](#) tool. The actual amount a student pays is the “net price” – the COA less any aid, grants, or scholarships.

GO DEEPER	Understanding the Cost of Attendance (COA): A Vital Tool for College Financial Planning
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2. Estimate your Student Aid Index (SAI)

Once you understand COA, explore what the federal government estimates that families will contribute to their child’s college education. This is called the SAI (formerly EFC) and is calculated based on the parent’s and student’s income and assets. You can find this using the free [Federal Student Aid Estimator](#). Individual schools will look at your SAI to determine how much financial aid you may need. The lower your SAI, the higher your chances of qualifying for need-based aid. Once you complete the [Free Application for Federal Student Aid](#) (FAFSA), your official SAI will be noted on your [FAFSA Submission Summary](#).

GO DEEPER	Six Key Strategies to Lower Your SAI
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3. Find out how much you can borrow in loans

Schools determine the type and amount of **federal loans** a student may qualify for each year. A loan may be [subsidized \(need-based\)](#) or [unsubsidized \(not need-based\)](#), but the maximum amount a student can borrow annually without a cosigner is [capped](#). The loan amount is calculated by **(a)** using the information you provide on the FAFSA and, **(b)** considering whether a student is dependent or independent. Parents may also apply for a [parent plus loan](#) from the government or **private loans**, which have different rates/features that vary by lender and credit score.

GO DEEPER	Student Loan Amount Limits
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4. Create an affordable college budget

Now that you've reviewed COA and SAI and read about federal student loan limits, families should have honest discussions about how to pay for college. Look at income, savings (including 529s), and potential family contributions. Then use a school's free [net price calculator](#) (NPC) to review college costs less any estimated aid. The goal is to set realistic expectations so that students apply to schools they can afford.

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[Complete Guide to Paying for College: Strategies and Tips](#) (see "Creating a College Budget")

5. Compile a spreadsheet

Organize school net price calculator results in a spreadsheet so you can easily compare and contrast the information. Keep in mind that results are based on how much similar students paid to attend the school the previous year. This means you'll have a better idea of how much you may actually pay for college than the SAI can provide, since the SAI gives a broader view of college costs.

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[College Spreadsheet: The Ultimate Guide](#)

6. Find colleges that are more likely to offer merit scholarships

Once you've created a budget, search for colleges that can offer [need-based aid or merit scholarships](#). This money does not need to be paid back and will help to fill in funding gaps before having to consider loans. A good way to know how likely your student is to receive aid at a particular school is to see how their stats compare to those who've been accepted in the past.

To do this, you can go to school websites and/or use the all-in-one [R2C Insights](#) tool. You'll also be able to see what percentage of students at a particular school receive need-based aid.

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[How to Find Merit Scholarships – You Tube Link](#)

[Get Help With a College List Strategy Session](#)