

# Financial Literacy

## How Do We Pay For College?

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# Agenda

- Terms and Vocabulary
- Process Overview
- Tips
- Questions



# Vocabulary

- Financial Aid – Monetary Assistance that is...
  - Gifted
  - Loaned
  - Available through on campus work

...to help a student reduce the cost of education and meet their financial need.



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# Scholarships

- Merit based
  - Academic (ACT/GPA)
  - Athletic
  - Competitions (Full Ride)
  - Major Specific (Art/Biology)
  - Honor Societies
- Effort (Essay Contests)
- Characteristics
  - Ethnicity/Race
  - Bilingual
  - Left Handed
  - Family Demographics

# Grants

- Based on Financial Need
- No repayment required
- May receive a portion or multiple



- Sources
  - Federal
    - Pell
    - SEOG
  - ILMAP
  - Institutional

# Loans (Subsidized vs. Unsubsidized)

- Subsidized
  - Need-Based
  - Federal government pays while student is in college and during grace/deferment periods
- Unsubsidized
  - Non Need-Based
  - Payment is always student's responsibility
- PLUS??



# Are Loans really that bad?

## What NOT to say:

- I don't want my child to be in a lot of debt after college!
- I don't want to pay my loans for the rest of my life!
- I'm not going to a school where I have to take out a loan.

## What we SHOULD be asking:

- ✗ What is the national student loan debt after a bachelor's degree?
- ✗ What is the institution's student loan debt after a bachelor's degree?
- ✗ What is the institution's default rate?

# FAFSA

- Free Application for Federal Student Aid
- One big calculation to determine need = EFC
- Factors include
  - Size of Family
  - Number of students in college
  - Student and parent income/assets
    - Retirement accounts and primary residence NOT counted



## Cost of Attendance

Tuition/Fees.....\$29,000

Room & Board.....\$9,000

Books.....\$800

Personal.....\$2,000

Transportation.....\$1,000

+Loan Fees.....\$55

**Total Cost of Attendance.....\$41,855**

# Qualifying for funds

Cost of Attendance

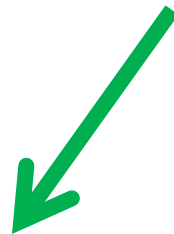
-Estimated Family Contribution (EFC)

Total Financial Need

\$41,855

-\$6,000

\$35,855



This is the Gap that  
Schools will be  
working with!!

# Process timeline (Current)

- **August-December:** Apply and receive academic scholarships from colleges
- **October:** Complete and submit FAFSA (MAP "deadline")
- **October-March:** Receive award letters with overall estimated awards and cost
- **April-May:** Work with schools to determine final cost, payment plans and decide!



# Things to remember

- Take the jargon out!
- Comparing free money vs. out of pocket costs
- Is there anything we should know (Medical, loss of income)
- Evaluate resident vs. commuter costs
- It's not always final!



# Tips

- Search for city, county, state, and national level scholarships
  - Smallest competitive pool is best
- Parents' employers
- Local restaurants
- On campus roles can pay for a portion of all of room and board
  - Resident Assistant
  - Peer Minister



**FYI:** Just because you got your FAFSA in early does not mean you'll know earlier

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# Questions



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