



Top Ten Mistakes Families Make in Applying for College

1. **Not Applying for Financial Aid.** Many parents assume that they won't be eligible for financial aid if they bring home a decent salary and own their home. Yet in most cases, parents **are** eligible for some form of financial aid, because today's formulas account for total number of family members, how many of these family members will be attending college at the same time, the cost of the colleges and universities being applied to, and so forth. Parents should not, therefore, assume they cannot receive aid. There are even strategies available for many higher income families to pay for college **...on a tax favored basis.**
2. **Relying Too Much Upon the Schools for Information.** Many parents unknowingly assume that all of their concerns will be addressed at their high school "Financial Aid Night," by their child's guidance counselor, or by the colleges being applied to. This is rarely the case. A "Financial Aid Night" will typically focus on how to fill out the forms. Guidance counselors do a great job, but they are not trained to explain how to maximize eligibility for financial aid through strategic income and asset planning. Colleges, naturally, are simply not interested in helping you pick schools based on each school's ability to provide a good financial aid package; they will not help you to navigate through the system. And none of these people or resources will help you to adjust your household financial situation to provide you with the cash flow you need to pay for college.
3. **Assuming What Different Schools Will Cost Based Upon "Sticker Price."** Believe it or not, many private schools end up being less expensive to attend than a state school or a local community college. You should prepare to pay your "Expected Family Contribution," which is the minimum amount of money the government expects your family to pay at any school. For example, let's say your child applies to two schools - one private university costing \$45,000 per year and one state college costing \$20,000 per year. Let's assume your family contribution is calculated to be \$10,000 -- which is the minimum the government expects you to pay towards either school. But here's what can happen. If the private university is well-endowed and has a lot of money to give out, it may offer you financial aid that will cover all expenses above \$10,000 - so all you pay out of pocket to send your child to a \$45,000 a year school is \$10,000. Unfortunately, the state school does **NOT** have a lot of money to give out, and offers you only \$2,000 worth of aid. You can end up paying \$10,000 plus the \$8,000 shortfall, for a total of \$18,000! "Sticker prices" can be very misleading.
4. **Not Knowing that Certain Assets Are Counted More Heavily in the Financial Aid Formulas than Others.** Where you keep your money can mean the difference between getting a big financial aid award and getting nothing. If you don't know how you can legally and ethically make financial adjustments to increase financial aid eligibility or to provide a college cash flow solution, you could end up losing big. This is perhaps the most fatal oversight we see families make.
5. **Not Considering Some Schools They Should.** Some schools are well-endowed and have the ability to award a lot of money to students. Other schools have very little money to give away. It's important for you to know this information **before** you apply to a school. By knowing, in advance, which schools give the best financial aid packages; you can pick schools that have a strong track record of providing aid. Don't waste time and money applying to and visiting schools you will never be able to afford.
6. **Not filling out the Financial Aid Forms Completely, Correctly and Early.** According to the Department of Education, over 90% of all financial aid forms are submitted with errors or inconsistencies. Simple mistakes like omitting a social security number, using white-out to make corrections, and not registering a male student for the selective service can actually "bump" a form. If this happens, you will have to reprocess your financial aid forms, which will take another 4-6 weeks. Since financial aid is awarded on a first come, first served basis, it is imperative that

you get your forms in accurately and on time (or early). Otherwise, you may miss out on thousands of dollars in financial aid.

7. **Not Finding Every "Need-Based" Scholarship, Grant, and Low-Interest Loan for which Your Child May Be Eligible.** Leave no stone unturned when searching for money for college. Be sure to apply for all "need-based" sources of funding through the federal government, the state you live in, and the colleges and universities to which your child is applying. Most of these financial aid programs can be applied for by simply filling out the federal form (the FAFSA) and, in some cases, the institutional form (typically the Financial Aid Profile). Follow up by searching for private scholarship sources. (Note: be careful, and **don't pay** for a private scholarship search – this area is fraught with fraud).
8. **Not Prioritizing the Hunt for Aid Properly.** Well over 95% of financial aid comes from governmental sources and through the colleges themselves. Make sure you have done everything you can to obtain help from those sources before investing much time looking for private scholarship assistance.
9. **Not Using the Tax Code to Full Advantage to Increase Financial Aid Eligibility.** The Tax Code provides a number of advantages to families paying for college. Use every legal and ethical means available to save money in this area.
10. **Failing to Consider College Funding in Context with Retirement Planning and Other Needs.** You can borrow for college. You can't borrow for retirement. Parents make a critical mistake when they damage their retirement plans, ignore their future lifestyle needs, or overpay for a first child's college expenses to the exclusion of later children. A college planning specialist can help you pay for your child's college education and can even, in many cases, enhance your retirement options. Make sure your college planning specialist can offer **complete planning** to help you in four major areas: (a) selecting, applying for and being accepted at the right college; (b) identifying cash flow solutions to pay the college bills in the most efficient manner (tax deferred if possible); (c) paying for college without damaging your family and its lifestyle, and (d) paying for college without damaging your ability to retire successfully.