

TAX:

Notes By Sruthi Chetput

Work or Collage:

- a. Collage:
 - i. Tuition + Student Loans = Big Debt in the future
 - ii. Estimated Time for collage: 2 to 8 yr.
 - iii. Difficulty: Intermediate / Advanced
 - iv. Some difficulties you will face:
 1. Fear of Failure
 2. Lack of Direction
 3. External Expectations
 4. Financial Expectation
- b. Financial Aid Process:







c. Cost of Attendance:

- i. Cost of attendance includes both direct costs and indirect expenses:
 1. **Direct costs** are those paid directly to the college and include tuition and fees, housing, and meal plan.
 2. **Tuition** is the amount you owe to attend college for classes and instruction. Some colleges may charge one set tuition rate while others may charge per credit hour.
 3. **Fees** are additional charges to cover the costs of certain services, for example, technology or lab fees. It's worth noting these types of fees will vary per college.
 4. **Housing** is a charge from the college to live on campus. Different housing options on campus will cost different amounts depending on the amenities offered. Be sure to look up the different housing options at your college.
 5. **Meal plans** are how you pay colleges to dine on campus. Colleges have different approaches to charging for meal plans, with some offering meal credits and others

charging per food item. Check with your college to see what type of meal plans they offer and how they will impact the cost to you.

6. **Institutional health insurance** may be required depending on the college. If it's required, it will be automatically billed to you and can cost several thousand dollars. If you have a comparable health insurance plan, you can submit proof of your plan to waive this charge from your bill.
7. **Indirect expenses** are educational costs not paid directly to the college. They can include textbooks, transportation, dorm furnishings, and other personal expenses.

d. FAFSA

- i. Free Application for Federal Student Aid
- ii. Use this to unlock money to help you pay for collage
- iii. Some Information To Know About FAFSA
 1. You are not guaranteed to get financial aid Especially if you come from a family with high income but you should still apply since studies show that 85% of appliers get at least some from of financial aid
 2. Free to apply and only takes around 20 to 30 min
 3. Process online and only takes 3 to five days to get back
 4. Filing your FAFSA early is very important
 5. FAFSA open every year on October first so you want to make sure you fill in your application between the first few weeks of october since there are more funds available earlier on
 6. If you get a financial aid package that does not work for you and your family, then you can have plenty of time to ask for a change.
 7. You have to complete it every year you expect to get financial aid
 8. Colleges use the FAFSA to determine how much federal financial aid you're eligible to receive from the different types of financial aid buckets.
 - a. Grants and Scholarship
 - i. Grants: Needs - Based, Don't have to pay back
 - ii. Scholarships: Need or Merit, Don't have to pay back
 - iii. Work Student Jobs: Need based, don't have to pay back
 - iv. Student Loans: Pay back with interest, federal loans preferred over private
 9. There is a possibility to get money from your states government and/or college or university
 10. Top 2 safety tips
 - a. Don't pay for completing the FAFSA or help completing the FAFSA because it is free to file

- b. Protect your identity. Don't give out info over the phone or internet unless you are logged into your account at studentaid.gov
 - e. What you need to know about paying for collage
 - i. Must apply for FAFSA
 - 1. Open October 1 and Close June 3
 - 2. You will receive a Student Aid Report (SAR)
 - a. Make sure everything is correct
 - b. Then you will receive acceptance letters and financial aid letter as well
 - c. If you find that your Financial aid letter does not cover the full cost of college, then apply for Private Student Loans to fill any gaps. You should determine...
 - i. How much money is needed to cover the gaps
 - ii. The Interest rate on the loans
 - 1. Fixed or Variable Rat
 - iii. The loans term
 - 1. How long it will take to pay back your loans
 - iv. Calculate the payments
 - 1. ELFI's calculator will help you estimate your monthly payments and see if they fit your budget
 - v. If you don't have much history with credit or have limited income you may need a Co-signer on your private student loan
 - 1. Cosigner include:
 - a. Parent
 - b. Family Members
 - c. Friends
 - 2. They are also responsible for paying for your loan if you can't
 - vi. Only borrow money you need fro:
 - 1. Tuitions
 - 2. Books
 - 3. Supplies
 - 4. Living expenses
 - vii. www.elfi.com can help you find out what to borrow
- f. Understanding Sticker price vs Net Price vs. Value



g.

Types of federal aid:

- i. Scholarship and Grants
- ii. Work Study
- iii. Federal Student Loans
- iv. Loans from your state government or collage
- v. Private loan
 - 1. Don't ever get but if you need to use credit union
 - 2. Don't mention the word Collage
- h. Government, Non - profit, and Private
 - i. General Info
 - 1. Take care of your core credit score at local community college and transfer it to your school of choice.
 - 2. Some colleges allow you to skip a cause if you show you are perfect in the subject matter which can reduce your overall tuition.
 - 3. Make a proactive plan
 - 4. Go for free money
 - a. Grants
 - b. Scholarship
 - c. Award
 - d. Can come from government, non profit and private
 - i. Your employer
 - ii. Parents employer
 - iii. Professional associations
 - iv. Service clubs
 - e. Education saving or part time job or work study program
 - f. Borrowed money make sure you trim down the amount you borrow
 - g. To save on tuition then use (in this order)...
 - i. Free money
 - ii. Your money
 - iii. Borrowed money
- i. Federal Loans:
 - i. Subsidized loans
 - 1. Subsidized loans are based on need and are available to undergraduates. You don't have to pay interest while in school, but there's a lower borrowing limit than for unsubsidized loans.
 - 2. Direct
 - 3. Fixed interest

4. The government will pay the interest on your loan when you are in school at least $\frac{1}{2}$ time
 5. Borrow wisely. Never more than you need.
 6. Go to CentisibleStudent.ca
 7. Approximately 4.99% Fixed interest rate
- ii. Unsubsidized loans
1. Unsubsidized loans are available for those with and without financial need and can extend to graduate school. You will have to stay on top of interest payments, but you'll get a higher borrowing limit.
 2. Direct
 3. Fixed interest
 4. Government will not help you pay, so it will build up right away so you have to pay your interest payment while you are in school
 5. Borrow wisely. Never more than you need.
 6. Approximately 4.99% Fixed interest rate
- iii. Direct Plus
1. Loans
 2. Fixed interest
 3. Similar to unsubsidized loans but offered for graduate and professional students as well as parents of dependent undergrads.
 4. Borrow wisely. Never more than you need.
 5. Approximately 7.45% Fixed interest rate
- iv. Direct Subsidized Loans (2)
1. Available to undergrad students with financial news.
 2. Your school determines the amount you borrow
 3. You cannot exceed the limit
 4. The U.S department of Education pays the interest on the loan while you are in...
 - a. School (at least half the time)
 - b. First six months after you leave school (referred as the grace period)
 - c. During a period of deferment. (a postpone of loan payment)
 - d. Approximately 6.54% Fixed interest rate
- v. Direct Unsubsidized Loans(2)
1. Available to undergrad and grad students; there is no requirement to demonstrate financial need
 2. Your school determines the amount you can borrow based on your Cost of Attendance and other financial aid you receive.
 3. You are responsible for paying the interest even when you are in school.

4. Approximately 6.54% Fixed interest rate



j.

k. Responsible Borrowing

- i. The amount you borrow depends on the location of your school
- ii. Make sure the school is right for you
 1. Educationally
 2. Financially
- iii. Find out your future income
- iv. Your student loan should be a small part of your starting salary

l. What college Majors are worth the money

- i. Why college is expensive
 1. Supply and demand
- ii. College is a financial investment
- iii. How much time it takes to pay back your student loan
 1. Communication - 5.3 years to pay back student loan
 2. Psychology - 11 years to pay back student loan

3. Arts 8.8 years to pay back student loan
4. Business - 3.2 years to pay back student loan
5. Engineering - 2 years to pay back student loan



iv.

v. How to prevent lots of debt

1. Shop around
 - a. Most university can connect you to alumni and how much the alumni makes in the workforce
 - b. They can connect you with graduates who can answer your question
 - c. Make sure you factor the cost of living since some cities are expensive
2. You can consider community college
 - a. Slash your debt in half
3. Alternative Financing
 - a. Income SHare Agreement (ISA)
 - i. Student agrees to pay a fixed percentage of their salary for a fixed period of time
4. Understanding your financial aid
 - a. ONce you applied to FAFSA, you can receive different financial aid packages from the colleges that have accepted you either in mail, email or their student portal
 - i. 3 main thing to look for:
 1. Estimated COst of Attendance (COA)
 - a. Direct Cost and Indirect Cost
 - b. Direct Cost

- i. Tuition
 - ii. Fees
 - iii. On campus room and board
 - c. Indirect Cost
 - i. Books
 - ii. Transportation
 - iii. Personal expenses
- 2. Types of financial aid
 - a. Don't have to pay back
 - i. Grants
 - ii. Scholarship
 - iii. Gift Aid
 - b. Do have to pay back
 - i. Student Loans
 - c. Work study
- 3. Net Price
 - a. $COA - \text{Financial Aid} = \text{Net Price}$
 - b. $\text{Net Price} - \text{loans} = \text{how much you owe each semester}$
 - c. www.aic.org/understanding-financial-aid-offer.

m. Accept Financial Aid in This Report

- i. Free money first
 - 1. Scholarships
 - 2. Grants
 - 3. Parents
 - 4. Grandparents
- ii. Earned - Money
 - 1. Work Study
 - a. Part time job and school at same time
- iii. Borrowed Money
 - 1. Federal Student Loans



