

Tips on Paying for College

An investment in yourself

A college education is a good investment in your future.

Average Annual Earnings for People 25 and Older Based on Education Status

Less than a high school diploma	\$25,636
High school diploma or GED	\$35,256
Some college, no degree	\$38,376
Associate's degree (2-year college)	\$41,496
Bachelor's degree (4-year college)	\$59,124
Master's degree (4-year + 2-year or more)	\$69,732
Professional degree (4-year + 2-year or more)	\$90,220

Source: Current Population Survey, U.S. Bureau of Labor, U.S. Bureau of Labor Statistics. Note: Data are for persons age 25 and older. Earnings are for full-time wages and salary workers. Last Modified Date: March 15, 2016

Understand college costs

College costs vary widely. Direct costs are those you pay to the school (such as tuition, fees, room and board) and differ depending on whether you choose a public or private, in-state or out-of-state, college or university. Indirect costs are discretionary expenses since they are not paid directly to the school. These include things like books, supplies, personal expenses, and transportation and may be similar wherever you go.

Don't let the cost of a school keep you from considering it. Financial aid is usually available if you need help. Get cost information on more than 110 North Carolina colleges and universities under "Plan" at CFNC.org.

Consider all your options to pay for college

There are four main ways students and their families usually pay for college:

- **Savings**, which may include a college savings plan, such as the NC 529 Plan.
- **Current income** from family and your earnings from a job or work-study. Many colleges offer work-study programs which help you pay for college while working part-time on campus or in the community.
- **Gift aid**, such as scholarships and grants. Look for gift aid first since it is money that does not have to be repaid. Federal, state, college, and private programs are available. Get a full list of scholarships and grants just for North Carolina students and other gift aid possibilities on CFNC.org.
- **Loans**, federal or private. This money must be paid back over time. Federal loans for education are usually lower cost than private loans and should be considered first.

Some of the most frequently used federal student loans for college are Direct Loans, which can be either subsidized or unsubsidized, and are available from the US Department of Education. Direct PLUS Loans for parents or graduate/professional students are federal loans also available from the Department of Education. More information at studentaid.gov.

Plan ahead

Paying for college is a responsibility usually shared by the family, state, college or university and federal government, and private sources. Your family will be responsible for paying as much of the cost as it has the ability to pay. The amount your family is able to pay usually stays the same, but college costs often vary by school.

Whether you are several years away from college or about to start, use tools and calculations in the "Pay" section of CFNC.org to get an idea of what your share of college costs might be.

Most financial assistance for college is need-based. The Free Application for Federal Student Aid (FAFSA), uses a standard formula to determine need based on the students and parents financial information on the FAFSA to determine the family's expected family contribution (EFC). Need-based aid is usually a combination of gift aid, loans, and work; sometimes it is offered in the form of loans and/or work only.

How is eligibility for need-based aid determined?

Standard formulas compute parental and student contributions to determine EFC and eligibility for need-based aid.

Parent's Contribution
+ Student's Contribution
= Expected Family Contribution
Cost of Attendance
- Expected Family Contribution
= Eligibility for Need-Based Funds

Don't pay to find financial aid for college.

Beware of companies or individuals who charge to locate or "guarantee" scholarships for you. Talk to your school counselor, go to school-sponsored financial aid workshops, get help from CFNC, and check with college financial aid offices to get the information you need at no charge. There is plenty of free information available about the financial aid process and your aid options.

Planning timeline

- As early as your sophomore year of high school, learn as much as you can about ways to pay for college. Attend financial aid information sessions and look at the Financial Aid Primer in “Pay” at CFNC.org.
- In your junior year, if you have outstanding abilities in areas such as academics, sports, drama, music, or debate, there may be merit scholarships you can pursue. If you are an athlete, talk with your coach about eligibility for college sports this year. Attend financial aid workshops if available.
- In your junior or senior year, ask your counselor about local scholarships, check with financial aid offices at the colleges you are considering and get information on NC scholarship, grant, and loan programs at CFNC.org.
- Spring of your junior year or the summer before your senior year, get your electronic signature, the Federal Student Aid Identification (“FSA ID”) at fsaid.ed.gov. It is required on the FAFSA, federal loan applications, and your aid report. Keep a copy of your FSA ID in a secure place and do not share it with anyone.
- As soon after October 1 of your senior year as possible—and at least a month before the financial aid deadlines of the colleges you are considering—fill out the FAFSA at fafsa.gov. Results of the FAFSA determine whether you are eligible for federal, state, and institutional financial assistance for college. Colleges use information on your expected family contribution as part of their financial aid review. Complete the FAFSA carefully, and be sure to include both student and parent signatures. Prior year income will be needed.
- A link to the FAFSA is under the “Pay” tab at CFNC.org. Even if you think your family income is too high to qualify for aid, fill out the FAFSA anyway. You never really know unless you try!
- Go to [NCResidency.org](https://ncresidency.org) to use the Residency Determination Service (RDS) to determine your eligibility for in-state tuition and state grant awards, and to receive a Residency Certification Number (RCN).

Need help with the FAFSA?

CFNC and North Carolina financial aid administrators are available to help high school seniors and their parents at a free, statewide FAFSA Day program held each year on a Saturday in October. Register online at CFNC.org or call 866-866-CFNC to find the event most convenient for you. Additional FAFSA help is available at a FAFSA Phone-In or from State Employees’ Credit Union staff. Check CFNC.org for dates and locations.

Complete any institution-specific financial aid forms

Some colleges and universities require aid forms in addition to the FAFSA, such as the PROFILE or individual scholarship applications. To be considered for all possible financial resources, make sure you fill out all forms required by the schools to which you are applying and meet all application deadlines.

Consider your financial aid package carefully

Once you are accepted to a college or university, if you have applied for financial aid, the school uses the information from your FAFSA to determine your eligibility for need-based aid. You will get an award letter stating the amount for which you are eligible and how the school plans to meet your financial need. Most award packages are a combination of grants, scholarships, loans, and/or work-study.

Apply for loans

After you consider the resources available from your personal income, savings, and aid package (grants, scholarships, work-study, and loans), then determine the best way to handle your college costs. Certainly using as much “free money” as possible is always smart, because most grants and scholarships don’t have to be paid back. If you still need money for college, borrow responsibly and repay your debt. Compare your loan options and carefully consider the terms of the loans available to you, which may include federal loans and private or alternative loans.

Federal loans include:

- Direct Loans, which may be either subsidized or unsubsidized. A subsidized loan is available to a student who demonstrates financial need; the federal government pays the interest on these loans under certain conditions. An unsubsidized loan is available to students regardless of financial need and you are responsible for paying all interest.
- Direct PLUS Loans, for parents of dependent students or for graduate/professional students and may require a credit check to be eligible. Some families use this loan to help meet their expected family contribution for college costs.

Private or alternative loans include:

- Loans from banks, credit unions, or other lending institutions including state-based nonprofit lenders.

Each loan has its own terms and conditions. Those terms include interest rates and repayment plans, and they define what is expected of you as the borrower and what you should expect from your lender. Whether you take out federal or private loans—or both—all loans have to be paid back, so borrow only what you really need.

Call CFNC or your college financial aid office with any questions

CFNC representatives are available to help you at the toll-free number 866-866-CFNC Monday through Thursday between 8:00 a.m. and 8:00 p.m. and Friday between 8:00 a.m. and 5:00 p.m. Get information 24/7 at the CFNC website, CFNC.org.