

# How to Pay for College Without Going Broke

## COLLEGE FUNDING & FINANCIAL AID MADE SIMPLE

Yes, it's somewhat presumptuous to **summarize the entire area of college funding in a two-page report**. The term "college funding" simply refers to financing a college education. It is a very complex subject in the sense that there are many details and it would take anyone a long time to become thoroughly well-versed in the subject matter. Yet there is a simple way of breaking it down—and that's what we're going to do here.

Five categories of parents don't worry about college funding. That would include you if:

- You are low income, to the point that your child will be a shoo-in for need-based aid.
- You are so fabulously wealthy that college costs will not threaten your retirement plans.
- You have sufficient savings and are not interested in learning how you might get aid.
- You are middle income, without savings, but unmotivated or opposed to getting aid.
- Your child is so gifted at something that s/he will receive a full merit-based scholarship.

If any of the above describes you, you may wish to save yourself the time and trouble of reading any further, as your time will probably be better spent in some other way. Those whose situation is not described by any of the five described above will in turn subdivide into two basic groups. The first (a small minority) is those who have the ability and inclination to become subject matter experts and use their sophistication about the process to do their own college funding. If you're a member of this very small elite, you too need not read any further. If you don't belong to this small minority, however, the few minutes you devote to reading what follows may well represent the biggest return on investment that you will ever realize.

**How is it that a more affluent family might receive more *need*-based financial aid than a less affluent family?** This is a key point around which the entire subject of college funding turns.

The answer to this question, simply stated, is that the more affluent family that receives more need-based financial aid than a less affluent family has **restructured assets in such as way as to maximize eligibility for financial aid**. Such "restructuring" can also be termed repositioning or sheltering. This is analogous to the situation with income taxes: You will pay more or less, depending on the deductions you make and the measures you take to shelter your assets in a way that will result in maximum financial benefit to you.

Before getting into any of the details, we need to take a step back, to summarize the problem and explain the basic dynamic relating to college funding.

Annual tuition and fees at some U.S. colleges now tops \$70,000. This does not include the cost of room and board or any of the many other related expenses, such as travel, books, supplies and so on. **The "sticker price" to put one child through four years of college, then, can easily exceed a quarter million dollars.**

For two children, of course, that would be more than half a million dollars. **For most parents, this amounts to depleting assets and taking on debt to an extent that threatens the security of their retirement.** This is the gist of the college funding problem.

The basic dynamic may be summarized in the form of the equation for need-based financial aid: COA (cost of attendance) – EFC (expected family contribution) = (recognized) financial need. Three different methodologies are used to calculate EFC: (1) the Federal Methodology (FM), which utilizes the FAFSA (Free Application for Federal Student Aid), (2) the Institutional Methodology (IM), which utilizes the CSS (College Scholarship Service) Profile and (3) the recently developed Consensus Methodology (CM), which utilizes the CSS Profile in a way that is different from more than 90 percent of the IM schools. As if this were not complicated enough already, individual schools use various supplemental forms.

**College financial aid officers typically tell parents not to bother with the FAFSA,** advising them that filling out the school's individual forms is sufficient. **This can be a big mistake,** however, as **parents who think they cannot qualify for financial assistance often actually can.** Meticulously completing both the FAFSA and Profile forms is part of a larger strategy that involves ultimately getting schools to compete against each other for financial aid awards to applicants.

According to studies by both Harvard and H&R Block, it can take more than ten hours to complete the FAFSA—and **parents who get expert help typically get more money.** The Profile can also be complicated, confusing and take many hours to fill out. One mistake can cost a family thousands of dollars that it might otherwise have received in financial aid, for each year of college. (With this in mind, **we offer parents assistance in filling out the forms.**) Remember that even merit-based aid can sometimes be tied to completion of the FAFSA!

What would be **a simple example of how an asset could be legitimately restructured,** in order that a family may qualify for additional financial aid? On the Profile—which is used by the majority of elite, competitive schools—parents are effectively penalized for home equity. Annuities, however, are not counted. Parents who transfer home equity, by means of a loan, to a qualifying annuity may thereby better qualify themselves for free money for college.

Make no mistake about it: This is a complex area in which parents should tread carefully. It is confusing in part because so many of the rules of the game are so counter-intuitive, with parents effectively penalized for saving and student savings counted up to ten times more than that of parents. For those take appropriate action, however, the rewards can be substantial.

ABOUT THE EXPERT: **Daniel K. Berman** is a Harvard graduate & Ph.D., a published author who has taught in different departments at several major Bay Area universities, including UC Berkeley. For more than 30 years, he has been helping students achieve their educational dreams at both the undergraduate and graduate levels, collectively earning him dozens of five-star reviews on consumer rating sites such as GooglePlus, Thumbtack and Yelp. **CollegeSolutionsUSA.com** (CSU) is the only service that allows students and their parents to work directly, one on one, with an expert with Dan's credentials. CSU offers solutions in the realms of both college admissions and college funding. For free additional information on CSU's unique **College Funding Solution Package**, email [Info@CollegeSolutionsUSA.com](mailto:Info@CollegeSolutionsUSA.com).