



The Nuts & Bolts of College Financial Aid

by Cynthia Fick

The U.S. Department of Education provides financial aid for college students to help cover tuition, room and board, books, and more. The three categories are:

- **Grants**—usually don't have to be repaid and are typically based on financial need. Most common is the Pell Grant (\$600.00-\$5,500.00).
- **Work-studies**—are money earned by a student through a job on or near campus while enrolled in school and does not have to be repaid.
- **Loans**— must be repaid with interest. If you have a greater need the loans can be subsidized for lower rates. Most common is the Stafford Loan (up to \$12,500 per year).

To determine eligibility for federal student aid in any category, you need to know your *Expected Family Contribution* (EFC) number. It's based on family income and assets, family size, and the number of family members who will be attending college. This number is then used to file an official **Free Application for Federal Student Aid** (FAFSA).

Before you file a **FAFSA**, use the **FAFSA4caster** tool at www.fafsa.gov to help *estimate* eligibility and do some smart planning. Your estimate displays in a *College Cost Worksheet* where you provide estimated amounts of other student aid and savings to be used towards college education.

Family and student assets are used in the estimate, for example, cash, savings, and checking accounts, businesses/farms, and other investments such as stocks, bonds, and certificates of deposit, and real estate. You do *not* have to include the home you live in or the value of life insurance and retirement plans.

My most important advice? If your children are going to college, plan, plan, plan and start using the **FAFSA4caster** when they are in middle school.

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Finance options for college

Grants, work-study, loans help with costs

By Cynthia Fick

SPECIAL FOR THE REPUBLIC

First of two columns.

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