



Focusing on the Future Planning and Paying for Higher Education

Today's Presentation

- The goal of today's session is to provide information, resources, and tools to help you support your families.
- We'll focus on three key areas:
 - **Step One: Get Financially Prepared**
 - **Step Two: Build a List of Schools**
 - **Step Three: Compare and Understand the Options**

Step One:

Get Prepared Financially

Get Prepared Financially

- The college decision making process starts early!
- Those families who are unprepared and don't know what to expect when paying for college will have fewer good options.
- We'll start by focusing on two areas that can help families have more options:
 - **College savings**
 - **General financial wellness**

The Importance of Saving

- Saving for college is absolutely critical!
 - **Lower income families:**
 - Students with the highest level of need typically have an unpaid balance even after financial aid.
 - The only schools in Maine that meet full need are Bates, Bowdoin, and Colby.
 - **Middle income families:**
 - Students from these families have *Expected Family Contributions* (EFC) that are higher than anticipated.
 - Let's look at EFCs for middle income families.

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The Importance of Saving

In the following scenarios, none of the families have savings.

	Family A	Family B	Family C	Family D
Income	\$40,000	\$60,000	\$90,000	\$120,000
Assets/Savings	\$0	\$0	\$0	\$0
Expected Contribution from Income	176	3,547	11,023	20,520
Expected Contribution from Assets/Savings	0	0	0	0
Total Expected Parent Contribution	176	3,547	11,023	20,520

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The Importance of Saving

- What might a financial aid offer look like from a typical University of Maine System (UMS) school when **parents earn \$100,000?**
- Here is how need based aid is calculated:
$$\begin{array}{r} \$21,000 - \text{Cost of Attendance} \\ - \underline{15,286} - \text{EFC} \\ \$5,714 - \text{Need} \end{array}$$
- Likely, the only need-based aid will be a Federal Subsidized Direct Loan.

The Importance of Saving

- What about for those with a **lower EFC** at typical University of Maine System school?
 - If Pell eligible, tuition and fees covered at UMFK, UMA, UMPI, and UMM with grants and scholarships.
 - However, often the only aid available to cover room and board is a \$5,500 Federal Direct Loan.
 - Even 0 EFC students typically have a “**gap**” which can be several thousand dollars.

The Importance of Saving

- How will students and families pay the bill?
- What if the parents had savings?

The Importance of Saving

	Family A	Family B	Family C	Family D
Income	\$67,000	\$67,000	\$67,000	\$67,000
“Countable” Assets (before Asset Protection Allowance)	\$0	\$25,000	\$50,000	\$100,000
Expected contribution from income	4,614	4,614	4,614	4,614
Expected contribution from assets	0	635	1,510	3,650
Total Expected Parent Contribution	4,614	5,249	6,124	8,264

The Importance of Saving

- Families earning under \$50,000 typically do not even have to provide savings and assets on the FAFSA.
- Having savings gives a family options.

■ Common Savings Vehicles

- 529s
 - Coverdell Education Savings Accounts
 - Savings Bonds
 - Roth IRA
 - Taxable Savings and Investment Accounts
 - Uniform Gift to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA)
- Best if savings is in the parent's name, not the student's or another family member's.

For information on possible federal income tax benefits for the various vehicles, visit irs.gov/forms-pubs/about-publication-970
Please consult your investment and/or tax advisor for guidance.

What can families do to have more options?

- Pay off other debt and reduce financial obligations.
- Free up money in the family budget so that a portion of the bill can be paid through a tuition payment plan.
 - These plans allow families to pay over time.
 - Payment plans aren't loans. No interest charged, just a small enrollment fee.

- **Another benefit of saving for college....**
 - Parents who have been making contributions to a college savings fund are already accustomed to living on less.
 - Once student enrolls, those regular saving contributions can be diverted to tuition plan payments.

■ Have the conversation

- One way to maintain financial wellness is for parents and students to discuss the plan to pay for college.
- Ideally, the conversation should start prior to senior year.
- Laying the groundwork and establishing expectations will make it easier once financial aid offer start arriving.

Paying for college is a piecemeal approach

- Increasing the number of “pieces” available will result in an increased number of options.
- More pieces are needed than ever before!
- Other pieces beyond financial aid, savings, and payment plans include merit aid, student income, student savings, and scholarships.

Step Two:

Building a List of Schools

Building a List of Schools

- **Research schools from a financial aid perspective**
 - Schools vary dramatically in terms of the types of aid offered and their ability to meet full need.
 - Focus should be on **Net Price** – not sticker price.
 - Net Price is the amount a student pays for a single year AFTER subtracting grants and scholarships.

Building a List of Schools

- What matters is how much a school is going to cost that individual student.
- Get started by researching “percent of need met” to find schools that traditionally have good financial aid offers.
- Where can “percent of need met” be found?

Building a List of Schools

bigfuture.collegeboard.org

- Schools can be looked up individually.
- On the “At a Glance” page, you can find % of need met.

College of the Atlantic

Bar Harbor, ME

[+ Add to My College List](#) [See if you're on track](#) [Compare colleges](#) [Print complete college profile](#)

At a Glance

Deadlines

Majors & Learning Environment

Campus Life

Applying

Paying

For Transfer Students

For International Students

MORE TO EXPLORE

Students who viewed this college also viewed these:

[See similar colleges](#)



A small, 4-year, private liberal arts college. This coed college is located in a small town in a rural setting and is primarily a residential campus. It offers bachelor's and master's degrees.

www.coa.edu

Quick Facts

February 1

Regular application deadline
[See all deadlines](#)

Small

349 total undergrads
91 degree-seeking freshmen
[See more about student body and campus life](#)

66% graduate within six years

[See info about majors and learning environment](#)

\$47,010 average financial aid package

77% of financial need met (average)
Tuition and fees: \$43,542 in-state, \$43,542 out-of-state

[See more about aid and aid info](#) [Calculate Your Net Price](#)

Are you on track?



See if you're set to meet this college's requirements — and how you can get there.

[Go to Academic Tracker](#)

Does this college have what you want and need?

1. Go to [College Search](#)
2. Identify what's important
3. Check back to see how this college compares

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Building a List of Schools

BigFuture™ Get Started ▾ Find Colleges ▾ Explore Careers ▾ Pay for College ▾ Get In ▾ Make a Plan ▾

Home / Find Colleges / College Search

College Search

Save Selections Clear All Selections

SELECT FILTERS

- Test Scores & Selectivity
- Type of School
- Location
- Campus & Housing
- Majors & Learning Environment
- Sports & Activities
- Academic Credit
- Paying
- Additional Support Programs
- Diversity

Save Selections Clear All Selections

You have 3,788 college options. Choose a category on the left to find the right ones for you. We'll help along the way.

Not sure where to start? Go to College Search Step-by-Step, an interactive guide.

BigFuture™ Get Started ▾ Find Colleges ▾ Explore Careers ▾ Pay for College ▾ Get In ▾ Make a Plan ▾

Home / Find Colleges / College Search

College Search 2866 results

Save Selections Clear All Selections

SELECT FILTERS

- Test Scores & Selectivity
- Type of School
- Location
- Campus & Housing
- Majors & Learning Environment
- Sports & Activities
- Academic Credit
- Paying**
At least 80% avg. need met
- Additional Support Programs
- Diversity

Save Selections Clear All Selections

Paying CLOSE AND SEE RESULTS

Select the percentage of financial need you'd like a school to meet:
At least 80%

% Of Financial Need A School Can Meet

No Preference 100%

☒ Include colleges that don't report this data

Tuition & Fees

Find colleges by tuition and fees — the cost of taking classes:
No Preference

No Preference \$60,000

Many schools have lower tuition costs for residents of that state.

Choose Your Home State ▾

Work-Study Programs

☐ Work-Study programs are available

International Students

☐ Financial aid available for international students

College Application Fee Waivers

☐ College application fee waivers available

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Building a List of Schools

■ Research using Net Price Calculator (NPC)

- Schools are required to have a NPC on their website (usually in the financial aid section).
- NPCs use school specific data to provide estimated net price based on a student's individual circumstances.
- Up next, NPC results for two schools using exact same information (\$67,000 – 5,012 EFC)

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Building a List of Schools

Boston University

Estimated Cost of Attendance ?

Tuition & Fees ?	\$ 52,082
Room & Board ?	\$ 15,270
Books & Supplies ?	\$ 1,000
Transportation ?	\$ 630
Personal Expenses ?	\$ 1,320
Estimated Total Cost of Attendance	\$ 70,302

Estimated Grant/Gift Aid ?

Estimated Federal Pell Grant	\$ 670
BU need-based Scholarship	\$ 15,000
Estimated Total Grant/Gift Aid	\$ 15,670

ESTIMATED NET PRICE ? \$ 54,632

Estimated Self Help ?

Student Loan	\$ 5,500
Student Work	\$ 2,000
Estimated Total Self Help	\$ 7,500

ESTIMATED REMAINING COST ? \$ 47,132

Northeastern University

Estimated Cost of Attendance ?

Tuition & Fees ?	\$ 49,497
Room & Board ?	\$ 15,660
Books & Supplies ?	\$ 1,000
Transportation ?	\$ 900
Personal Expenses ?	\$ 900
Estimated Total Cost of Attendance	\$ 67,957

Estimated Grant/Gift Aid ?

Estimated Federal Pell Grant	\$ 670
Northeastern University Award	\$ 51,300
SEOG (Federal Grant)	\$ 3,000
Estimated Total Grant/Gift Aid	\$ 54,970

ESTIMATED NET PRICE ? \$ 12,987

Estimated Self Help ?

Student Loan	\$ 5,500
Student Work	\$ 2,200
Estimated Total Self Help	\$ 7,700

ESTIMATED REMAINING COST ? \$ 5,287

Building a List of Schools

■ When making the decision...

- Don't make decision based on NPC – it is just an estimate!
- Merit aid may impact the end result at some schools.
- If the estimated aid offer isn't great, the student may want to consider adding additional schools to the list.

Building a List of Schools

■ About that list

- Encourage student to apply to multiple schools (four to eight?).
 - Students should try very hard not to get their heart set on one specific school early in the process.
- Important to have a financial aid “safety school” on the list.

Step Three:

Comparing Offers and Financing Options

Comparing Offers and Financing Options

Get an “apples to apples” comparison

- Focus, first on the direct costs after grants and scholarships.
 - This will provide the direct cost “net price” which then can be compared across schools.
- Next, if borrowing is needed, subtract Federal Direct Loans.

Comparing Offers and Financing Options

COMPARING COSTS & FINANCIAL AID OFFERS

Use this worksheet to compare estimated college costs and financial aid offers. Find the information you need to complete this worksheet in your financial aid notification or your school's website. Costs and financial aid offers can vary significantly from one college or university to another.

College Name	Example School X	School 1	School 2	School 3
Direct Costs to Attend				
Tuition & Mandatory Fees	\$10,600			
Room & Board	+ \$1,277	+	+	+
Direct Costs (Billed by School)	= \$11,877	-	-	-
Financial Aids: Grants & Scholarships				
Grants & Scholarships	- \$8,730	-	-	-
Net Cost Before Loans	= \$11,167	-	-	-
Financial Aid: Loans				
Federal Direct Subsidized Loan	\$3,500			
Federal Direct Unsubsidized Loan	+ \$2,000	+	+	+
Total Loan Amount ¹	= \$5,500	-	-	-
Estimated Total Cost				
Balance Due (Direct Costs minus grants, scholarships, & loans)	= \$5,667	-	-	-
Indirect Costs (Books, supplies, travel)	+ \$1,500	+	+	+
Estimated Total Cost ² (Out-of-pocket cost)	= \$7,167	-	-	-
Financial Aid - Work Study				
Work Study	\$1,500			

¹ Most schools do not list Federal PLUS or private loan eligibility as part of the offer, as these loans are credit-based and may not be approved for everyone. If PLUS or private loan eligibility is listed, please exclude for the purposes of comparing offers.

² Estimated Total Cost would be the amount paid by the student and/or the student's family using savings, outside scholarships and/or loans.

³ Federal Work Study funds are earned throughout the year so are not available to help pay the full balance.

CALCULATING RESOURCES TO PAY THE BALANCE

After you have used the "Comparing Costs & Financial Aid Offers" tool on the front of this sheet, use this calculator to determine what resources you have or will have available to help cover the "Estimated Total Cost" at each school. Prefer an electronic version? Check out the iGrad Financial Aid Award Letter Analyzer. Create a free account at FAME.iGrad.com.

	Example School X	School 1	School 2	School 3
Estimated Total Cost				
Estimated Total Cost (out-of-pocket cost from the front of this sheet)	\$7,167			
Outside Scholarships				
Outside Scholarships	- \$1,000	-	-	-
Remaining Balance	\$6,167			
Student Savings				
Student's Current Savings	- \$200			
Student's Estimated Summer Savings	- \$1,100	+	+	+
Remaining Balance	\$4,867			
Family Savings/Resources				
College Savings	- \$1,000	-	-	-
Family Savings/Investments	- \$0	+	+	+
Other (i.e. gifts from relatives)	- \$500	-	-	-
Remaining Balance	\$3,367			
Additional Options for Bridging the Gap				
Monthly Payment Plan	\$3,367/10 = \$336.7/month			
Federal Plus Loan (parent borrows) or Private Loan (typically student borrows with a co-signer)	\$3,367 plus interest			
Contribution from Work Study/Student School Year Employment	\$1,000			
Other				

Comparing Offers and Financing Options

Consider the Return on Investment (ROI)

- What are the future job openings in the student's desired field?
- What are the potential earnings and benefits?
- Great place to research this information is Career One Stop: careeronestop.org

Comparing Offers and Financing Options

Search by Occupation

Nurse Practitioners

Location

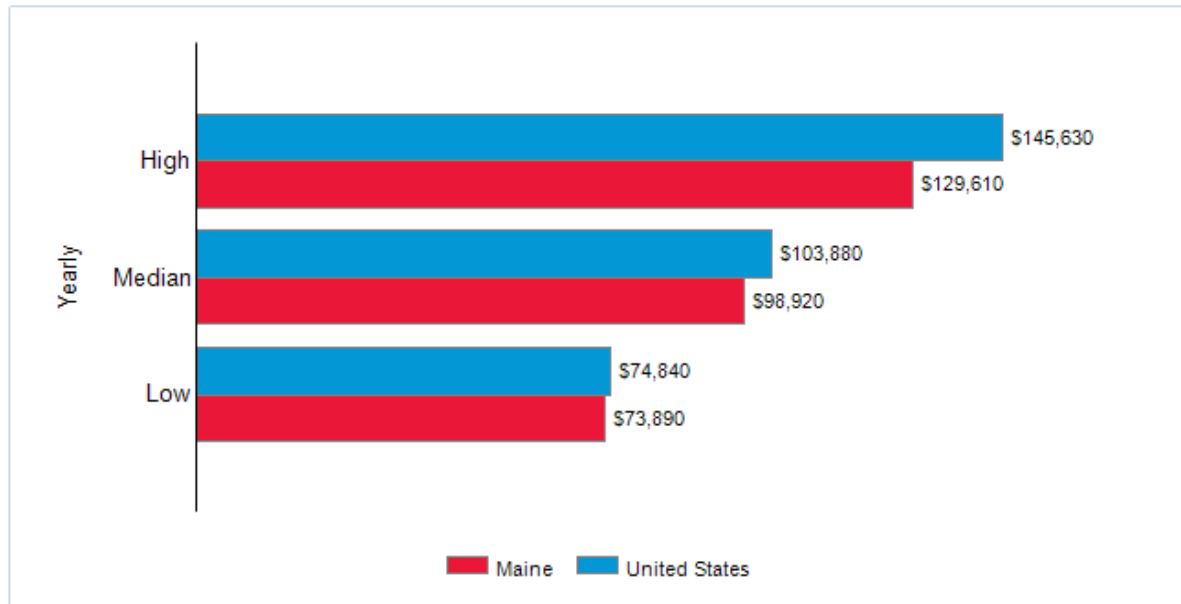
MAINE

Search 

Wages for **Nurse Practitioners** in **MAINE**

[View Hourly Wages](#)

[View Table](#) : [View Chart](#) : [View Map](#)



Comparing Offers and Financing Options

FAMEmaine.com – Quick Tips – Calculator & Tools

STUDENT LOAN / SALARY CALCULATOR

Visit [CareerOneStop.org](https://www.careeronestop.org) to get an estimate of your annual salary. Once you have that, use the calculator below to calculate the maximum amount of student loan debt that is reasonable for your circumstances.

Interest rate: %

Repayment Period: (years)

How much should I expect in student
loans?

Expected salary:

Annual



It is recommended that you should borrow no more
than \$46,512.13

What salary would I need to support this
debt?

Current Debt:

Future Borrowing Needs:

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Comparing Offers and Financing Options

We want students to avoid this disconnect!

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Interest rate: %

Repayment Period: (years)

How much should I expect in student loans?

Expected salary:

Annual

It is recommended that you should borrow no more than \$46,512.13

What salary would I need to support this debt?

Current Debt:

Future Borrowing Needs:

Your estimated monthly payments to service \$150,000.00 of debt would be \$1,590.98 per month. To support repayment of this debt, you should earn at least \$116.98 Hourly, \$19,887.28 Monthly, or \$238,647.41 Annually

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Comparing Offers and Financing Options

Make it relatable...

- On the surface, borrowing \$50K vs \$80K may not see like that big of a difference. It is a lot either way!
- However, knowing that to support that debt an income of \$80K vs \$127K is needed may mean more.
- Or, share the rule of thumb that each \$10K borrowed equates to a little more than \$100 per month payment (at 4% interest rate). That is a monthly payment of \$506 vs \$809.

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Comparing Offers and Financing Options

- If loans are necessary beyond Federal Direct Student Loans, encourage students/families to visit [TheLoanforME.com](https://www.theloanforme.com)
 - This site will help them compare loan options and make informed decisions.
- For most students and parents, private loans are more affordable than PLUS Loans (though approval criteria is stricter).

■ FAME Resources:

- [Calculators & Tools](#) -
FAMEmaine.com/education/quick-links/calculators-tools/
- [Filing the FAFSA](#) - FAMEmaine.com/FAFSA
- [Informational Videos](#) -
FAMEmaine.com/education/quick-links/informational-videos/
- [TheLoanforME](#) - TheLoanforME.com

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Closing Thoughts

- Encourage students and families to create scenarios where they have as many **options** as possible.
- For most students, there are **multiple pathways** and schools where they can achieve their goals.
- Living on the “cheap” and **making financial sacrifices while in school** will help students have more options after school – stay focused on the long term.



Thank You!

Finance Authority of Maine

5 Community Drive

P.O. Box 949

Augusta, ME 04332

1-800-228-3734

TTY: 207-626-2717

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