



EMPOWERLY

A Parent's Guide to Financial Aid Basics



Introduction

Parents of 9th–11th graders: If college is in your child's future, one of the most important things you can do now is to [prepare financially](#). Empowerly knows that parents and guardians need to prepare for college, too! The way you organize your finances now can make a huge difference in your child's college options and how much you will be expected to pay. In fact, students are more likely to attend their top-choice colleges when parents have a well-planned college funding strategy.

Nonetheless, the student financial aid system in the US requires a particular set of forms and documents. **[Here are the basics of what you need to know.](#)**

First, let's take a look at what we're up against.

How much does college cost these days?

That depends on [the state in which you attend college](#), and whether you choose a public or private institution. In fact, there are a lot of factors that can impact your bottom line.

Average Tuition & Fees at Ranked Colleges

For the 2021-2022 school year

According to data from CollegeBoard, the average college tuition at a four-year university for the 2021-2022 school year was:



Private University
Avg. Tuition:
\$38,070



Out-of-State University
Avg. Tuition:
\$27,560



In-State University
Avg. Tuition:
\$10,740

<https://research.collegeboard.org/media/pdf/trends-college-pricing-student-aid-2021.pdf>

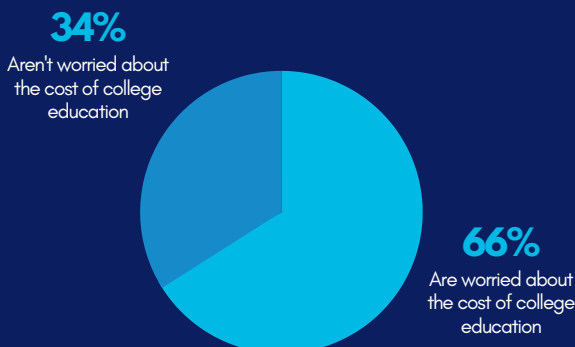
Still, the sticker price is not the only thing you need to know. After all, the real cost of college includes “room and board, textbooks and supplies, personal expenses, activity fees, and transportation,” which can “add up quickly,” [Business Insider](#) reports.

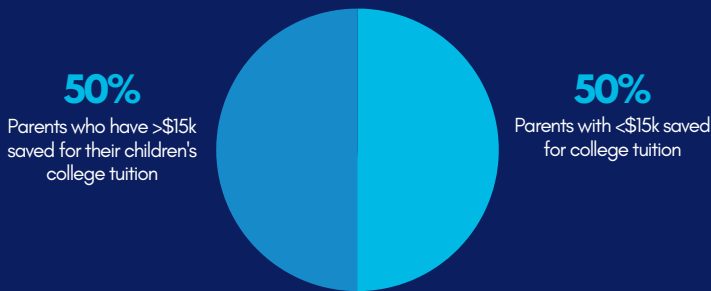
Type of college	Avg. annual room & board cost
Public two-year college	\$9,330
Public four-year college	\$11,950
Private four-year college	\$13,620

What's more, the cost of tuition at both private and public institutions has increased nationwide by 1-2% in the 2021-2022 school year, [US News and World Report](#) found.

Even families who are doing their best are struggling to balance all the costs. A recent study by [College Board](#), known for proctoring the SAT and AP exams, reported that as many as 30% of students graduated with loans in 2021-2022.

That's not a coincidence. A [study from Discover](#) found that "66% of parents with kids aged 16-18 planning to go to college are worried about paying for their child's education." And for good reason; the study also found that as many as "half of the parents have \$15,000 or less saved" for their kids' college tuition. Considering the level of costs we just reviewed and the likelihood that inflation continues, that amount won't be nearly enough.





"As families are faced with rising costs, we encourage them to have conversations with their students about paying for college early on," said [Rich Finn of Discover](#).

So what can families do to prepare now for this large investment? Let's cover the major types of financial aid.

FAFSA: The Free Application for Federal Student Aid

The official website for the FAFSA is <https://studentaid.gov/>. According to this site, the "U.S. Department of Education's Office of Federal Student Aid provides approximately **\$112 billion in financial aid** to help pay for college or career school each year." That could include you! Nearly every student in the US stands to gain from filing a FAFSA report since individual universities utilize the information for allocating aid as well.

CSS: College Scholarship Service Profile

The official website for the CSS Profile is <https://cssprofile.collegeboard.org/>. The US News and World Report [stated](#) that the "CSS Profile is an application for college financial aid **required by 300 colleges, universities, and scholarship organizations**." While not everyone needs to fill this out, you definitely don't want to miss out on the opportunity if it comes your way.



If you are an international student, then this is the form to complete. The CSS profile is used by colleges to determine their own level of aid for international students, as they are ineligible to apply for federal student aid.

State Grants

Depending on the state you live in, there are grants available to support students attending college in-state. The process varies, so we recommend seeking out the official information from your state or local government directly. Often, the only step you need to take to qualify is to submit your FAFSA application, since grants are need-based.

Scholarships

Scholarships are considered “gift money” for students and are awarded for a range of reasons, from identity representation to remarkable craftsmanship in woodworking! The application process typically requires some kind of submission (often a writing sample, application form about yourself, and/or accompanying project). These can be found in as many different places as there are scholarships available, but scholarship-focused search engines are one place to start looking.

As you may have noticed, given each option so far, there are already thousands of sources of financial aid out there. In addition, there are a lot of facts to remember (check out [FAFSA 101](#) on [our blog](#) for further reading). To save time, keep in mind that there are ways to optimize your search in order to reap the most rewards for your effort.

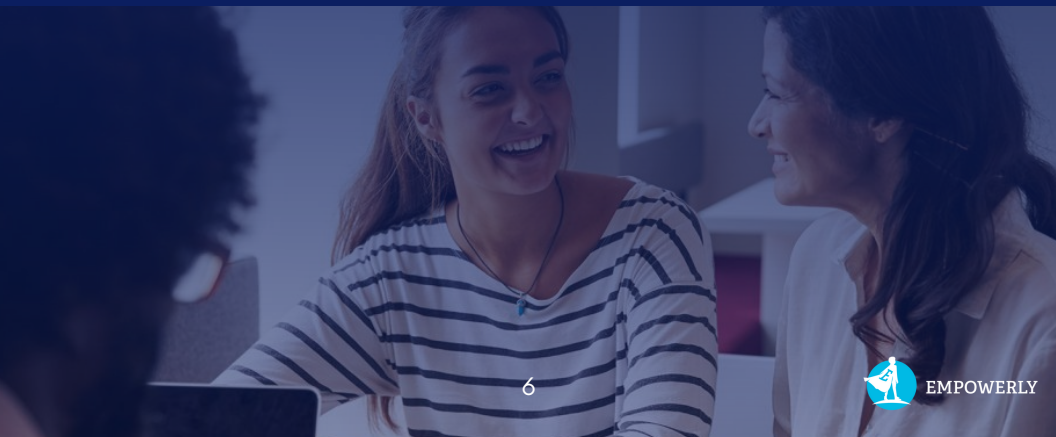


Next, make a playbook.

Once you feel you have a handle on those options and what you will need to do, it's time to strategize. When planning, try to think about the bigger picture and how to utilize what you have!

Here are some other important facts about college funding you may not know.

- Even if you think you make too much money or have too many assets to qualify, you still may be able to qualify for significant scholarships, grants, and merit money.
- The way you structure your businesses, rental properties, taxes, and estate can dramatically affect your college costs.
- Understanding how the financial aid formulas really work—and how you will be assessed by those formulas—can make a substantial difference in the amount of aid you are awarded.
- There are specific types of savings accounts that may reduce or eliminate your eligibility for grants, scholarships, and merit money.
- Expensive private colleges can be even more affordable than in-state public schools, depending on the total number of scholarships and aid you receive.
- It's crucial to know the most cost-effective, tax-advantaged college funding strategies specific to your family because these strategies can make college far easier to afford.



Frequently asked questions

Q: We don't expect to get financial aid because of our income and assets. How can you help us save money?

A: You might be surprised to learn that even with a high income or assets, you can be eligible for gift aid. Additionally, HOW you pay for college and how you organize your taxes or business before and during the college years can lead to significant savings. Financial advisors are experts at analyzing your financial profile to identify your best college funding strategies.

Q: We are counting on scholarships for our student(s). What happens if we don't get enough?

A: The ultimate goal is to help you improve your grant potential and provide additional funding options to help you close the gap and reduce your dependence on loans. That way, your tuition affordability isn't left up to chance.

On the other hand, Empowerly can also help you put together a tailored list of opportunities and put your best application out there. When it comes to scholarships, you can save a lot of time and energy by applying for the right awards. If you're concerned about finding enough scholarships that you qualify for, our Research Team is ready and waiting to begin.



Q: Why do I need an advisor if I already have an accountant or wealth manager?

A: Just as your CPA understands the tax code or your wealth manager understands the stock market, a College Funding Advisor has an expert understanding of how the financial aid system will assess your family and how to mitigate red flags in your financial profile that will be counted against you. Because college funding takes such specific expertise, your accountant or financial planner's best intentions may actually limit your eligibility for aid.

Did you know...

As an enrolled Empowerly family, you can access experts in funding college tuition? SMARTTRACK® College Funding's Advisors will help you develop and implement a comprehensive money-saving college funding plan. They will show you how to best pay for college, how to pay less for college, and how to keep your retirement safe in the process.

One critical piece of advice

We asked the experts if there was one critical piece of advice to make college more affordable, what would it be. Their answer? **Parents need to start planning now.** The key to shaving tens of thousands off the cost is to begin planning for how you're going to pay for college, while your student is still in 9th or 10th grade! How you organize your taxes, business and finances will greatly impact how much you will pay for college later.

Cyndi Menegaz, National Program Director at SMARTTRACK® explains, "The government and universities will base your grant/scholarship eligibility in large part on the financial decisions you make years before your student is a senior."

But what if you've got a junior now, are you too late? Cyndi says, "No, but you're cutting it very close. It's even more critical that you review your situation ASAP so you don't miss out on thousands of dollars in savings. Parents frequently tell me they're frustrated they didn't pay attention to their college funding plans sooner. They kick themselves for waiting so long to review their financial profile and now they'll likely pay more for college."

The issue is timing. Families with current high school students need to take this seriously now if they want to see significant cost savings later. On the other hand, the good news is that if you're reading this resource and working with an advisor—you're on the right track to success. Don't stop now.

If you have further questions about the broader college admissions process, reach out to Empowerly. Our college admissions counselors are ready to help you on the journey toward your best future. **Take the first step today!**