HOW TO FINANCE YOUR COLLEGE EDUCATION.
A Planning Guide for Students.

John F. Kennedy University
An affiliate of the National University System
INNOVATIVE

John F. Kennedy University offers nationally recognized on campus and online programs designed to help students achieve personal and professional growth. Students can pursue undergraduate, graduate, or doctoral degrees at John F. Kennedy University.
THE COST OF EDUCATION

College costs have climbed steadily over the past 30 years, with reports saying tuition has risen as much as 1,120 percent. That means that college loan debt has grown too, outstripping car loans and credit cards as the largest sources of personal debt.

Along with higher costs, many public colleges and universities are spending less per student today than they have in many years because of decreased education funding by other sources. Even severe cuts to per-pupil spending are not enough to make up for the drop in school funding, so tuitions have continued to increase.

College enrollment has declined correspondingly, but not because people do not want to go to college. The fact is that many families simply cannot afford the increased cost.²

OUTSTANDING STUDENT LOAN BALANCES REACHED $1.2 TRILLION IN THE FOURTH QUARTER OF 2015, MAKING STUDENT LOANS THE SECOND LARGEST CATEGORY OF DEBT AFTER MORTGAGES.¹
THE PERCENTAGE OF FOUR-YEAR COLLEGE GRADUATES WHO DONATE THEIR TIME TO ORGANIZATIONS IS OVER TWICE AS HIGH AS THE PERCENTAGE OF HIGH SCHOOL GRADUATES WHO VOLUNTEER.³

When most people consider the value of a college education, the first thought is the economic advantage a degree affords. And indeed, that benefit is widely documented. A recent report in the Washington Post estimates that an individual with a bachelor’s degree is likely to earn a million dollars more over the course of a lifetime than their peers who have only completed high school. Using those calculations, the study estimates that the value of a college degree is $970,000.⁴

The financial benefits are not just for those with a bachelor’s or a more advanced degree. When a student completes just one or two years of college, earnings increase accordingly.⁵ During the recent recession, the population that suffered the greatest job loss was that group with no post-secondary education, followed by the group with some post-secondary education. The group that suffered the least was that group with college degrees and advanced college degrees. In fact, 86 percent of college graduates find their college education worth the money they put into it.⁶
BENEFITS

A college education offers benefits far beyond those of financial comfort and increased job security. A report from the Institute for Higher Education Policy indicates that college graduates enjoy greater savings, a wider range of personal and professional options, a better quality of life, and more leisure activities.

A study by the Carnegie Foundation shows a correlation between higher education and health, not only for graduates, but also for their children. Another benefit: college graduates tend to have a more optimistic view of both the past and the future.7

86% OF COLLEGE GRADUATES FIND THEIR COLLEGE EDUCATION WORTH THE MONEY THEY PUT INTO IT.5
HOW ARE OTHERS PAYING FOR A COLLEGE EDUCATION?

Understanding the value of an education, the vast majority of students will end up incurring debt.

Even if you use a combination of efforts, like working while going to school or spending a year or more before starting school working hard and saving money, it is unlikely you will complete your degree without taking some sort of loan to cover tuition.

Among the students that have historically avoided debt are those who have served in the military. Most adult students work full-time while taking flexible online or on-campus evening courses, or intensive weekend classes to increase their level of education.

One thing most of these students have in common is a goal of getting through school as quickly as possible.

No matter how you fund your education, getting through quickly is one way to save on tuition fees.
A PRIMER ON FINANCIAL AID

Most college students pay for their education with grants, scholarships, loans, or a combination of the three. Here is a quick overview:

Grants are a great way to fund your education because, unlike loans, they never have to be paid back. Grants are essentially free money, though each will have unique qualifiers that must match your situation. For federally issued government grants, you can find more information, including eligibility requirements at studentaid.gov.

TYPE OF GRANT

PELL GRANT
Pell Grants are awarded to undergraduate students who are working toward their first bachelor’s degree and have a high financial need.

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG)
This is a grant for undergraduate students with exceptional financial need.

STATE GRANTS
States offer grants to residents. A list of the various grants offered by each state can be found at ed.gov or grants.gov.

CAL GRANT A, B
Cal Grants provide aid to California residents who are undergraduates. Grants are based on financial need and GPA competitiveness.

TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION (TEACH) GRANT
TEACH provides grants of up to $4,000 a year to students who are completing or plan to complete course work needed to begin a career in teaching. Students must maintain a 3.25 GPA.

GRANTS ARE GIVEN TO QUALIFIED STUDENTS ON A FIRST-COME, FIRST-SERVE BASIS, SO APPLY FOR GRANTS AS EARLY AS YOU CAN.
SCHOLARSHIPS

Scholarships are usually awarded based on merit, need, or other specific requirements. Sometimes those requirements may be based on minority status, special talents, or may even be awarded to students that win academic competitions. Scholarships, like grants, do not need to be repaid.

You can learn about scholarships in many ways, starting with contacting the admissions office at the school you plan to attend. Remember that you do not have to pay any agency or individual to find scholarships or other financial aid opportunities.

ANOTHER GOOD PLACE TO FIND SCHOLARSHIP INFORMATION IS THE U.S. DEPARTMENT OF LABOR’S SCHOLARSHIP SEARCH TOOL.
LOANS

Loans come in all sizes and varieties and differ from grants and scholarships in that they must be paid back. Some loans may be subsidized by the U.S. Department of Education while others are offered unsubsidized.

The difference is that the U.S. Department of Education pays the interest on a Direct Subsidized Loan while you are in school, and you are responsible for paying the interest on a Direct Unsubsidized Loan.

For a full list of federal student loans, descriptions and criteria for eligibility, visit studentaid.gov.

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<th>TYPE OF LOAN</th>
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<td><strong>Direct Subsidized Loan</strong></td>
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<td>This is a loan program to assist students with educational expenses. The interest rate is currently at 3.76 percent for loans July 1, 2016 through June 30, 2017. Stafford loans are subsidized, so recipients are not required to make payments or pay the interest during full-time attendance or the first six months after the student’s last day of attendance.</td>
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| **Direct Unsubsidized Loan** |
| This program is available to students who may not qualify for a subsidized Stafford loan or for students who may qualify for only a partial subsidized Stafford loan. The terms and conditions are the same as the subsidized Stafford loan, except that the borrower is responsible for the interest that accrues while the student is in school and during the grace period. |

| **Direct PLUS Loans for Parents** |
| Plus loans assist parents of undergraduate dependent students with educational costs. |

| **Direct PLUS Loan** |
| This government-insured educational loan is designed for graduate and professional students at a fixed rate. Visit studentaid.gov for the current interest rate. |

| **Private Loans** |
| Available through various lenders, private student loans are credit based and can have a variable interest rate. |
WHAT ARE THE CRITERIA FOR RECEIVING FEDERAL STUDENT AID?

Generally speaking, you must demonstrate financial need for a majority of the federal student aid programs.

This need is typically defined by the difference between the cost to attend a school and your expected contribution to the cost.

General eligibility for federal aid:
- Be a U.S. citizen or an eligible non-citizen
- Have a valid Social Security number
- Have a high school diploma or General Educational Development (GED) certificate
- Be enrolled or accepted to a college
- Be registered for Selective Service if you are a male between the ages of 18-25
- Have filled out, signed, and submitted a Free Application for Federal Student Aid (FAFSA)

If you do not meet the citizen eligibility status, there may be options through the U.S. Department of Labor or your country’s embassy or consulate that may afford you aid. Ask the college or career school you plan to attend whether they offer any aid for students in your situation.

For a complete list of eligibility criteria, check the government website studentaid.gov. You can also speak with a financial aid advisor at the school you are interested in attending for answers about specific criteria.
NOW IS THE TIME TO INVEST IN YOUR FUTURE

Research indicates a college degree is worth every penny you put into it, but applying for college can seem daunting when you start thinking about how to pay for it. Here are some tips to follow:

Know what degree you want to pursue

Colleges may have different funding for different programs. An admissions advisor will help you determine the full cost of your program from prerequisites on through to your final class.

Plan ahead and apply early

Financial aid packages take time to apply for and to process, so allow as much as 90 days to get them all set up and approved. Also note that in some cases, grants and scholarships are given to qualified students on a first come, first-serve basis, so apply for grants as early as you can.

Fill out the FAFSA application for federal student aid, including federal student loans. You can do this before you decide what school you will attend. You can fill out the form online for the fastest response (and online help) or download an application at fafsa.ed.gov to fill out and return by mail. If you apply online you can expect a response in a week or less. If mailed, give your application a few weeks to process. You will then receive a Student Aid Report (SAR) that helps your school determine the types of federal aid for which you are eligible.
Seek free money first

Once you receive the SAR results of your FAFSA application, a financial aid advisor at your school can use the expected family contribution you'll receive along with your report to help find the right amount and type of aid you qualify for. They will also calculate your school fees, tuition, and estimated costs for books and supplies to help you determine the total amount you will need to attend.

A simple rule of thumb is to take advantage of free money first, like scholarships, grants, and gifts, as it is difficult and time-consuming to save up enough ahead of time. Then look into borrowing money, starting with federal student loans. There are specific timetables that must be adhered to in order to qualify; so do not delay applying for them.

Borrow wisely

Federal student loans are a great place to start since the interest rate is fixed and is often lower than private loans and most credit card interest rates. You can easily find the current rates on federal student loans at studentaid.gov. You will not need to get a credit check for most federal student loans (except for graduate & dependent PLUS loans) and federal student loans can help you establish a good credit record. You usually do not need a cosigner to get a federal student loan.
LOAN CONSOLIDATION OPTIONS

If you have a number of student loans, you can consolidate them into a Direct Consolidation Loan. Learn about loan consolidation options at loanconsolidation.ed.gov.

Delay payments when needed

If you are having trouble repaying your loan, you may be able to temporarily defer or lower your payments while you are continuing your education. If you work in public services for healthcare or education, you may be eligible to have some portion of your loans forgiven. Learn about loan deferments at studentaid.gov.

Make sure any debt is reasonable

Whether you go with a federal or private loan, ask your school’s financial aid advisor for starting salaries of recent graduates in your field of study to get an idea of how much you are likely to earn after you graduate. You can use the Department of Labor’s career search tool, My Next Move, to augment that information so you can consider your debt-to-income ratio before taking on debt.

Use free resources to help figure out what you need

A college financial aid office is a free resource that will assist in providing all the information you need to find money—you should not pay anyone for these services.
WHAT IS THE ROLE OF A FINANCIAL AID ADVISOR?

There are a wide variety of resources to help you pay for college and a financial aid advisor can help you navigate them. Every school is different, so contact the financial aid office of the school you’re interested in early and arrange a meeting to get all of the latest information.

**A good advisor will help you:**

- Complete your FAFSA application
- Find all the aid you’re eligible for
- Set a realistic budget to get you through college
- Remember all application deadlines
- Understand your payment options after you graduate

**Useful Links:**
- Apply for Financial Aid
- General Federal Aid Questions
- Federal Grant
- State Grants
- Scholarships Search Tool
- Federal Aid Eligibility Criteria
- Loan Consolidation
- Loan Deferments

**A FINANCIAL AID ADVISOR CAN REVIEW THE RESULTS OF YOUR STUDENT AID REPORT WITH YOU. THE ADVISOR CAN HELP DETERMINE THE AMOUNT OF AID YOU’LL NEED AND WHAT AID OPTIONS ARE AVAILABLE TO YOU.**
John F. Kennedy University is approved by the Department of Education to accept all federally funded financial aid programs including grants, loans, work-study, and scholarships. The University awards tuition scholarships and grants based on merit and need, and provides several scholarship options for military students or students transferring from community college. An accredited, nonprofit institution, John F. Kennedy University offers innovative and nationally recognized programs that will help you realize personal and professional growth.

John F. Kennedy University at a Glance

- Founded in 1964, one of the first universities in the United States dedicated to helping lifelong learners meet their higher education goals and contribute to their communities
- Bachelor’s completion, master’s, doctoral, and certificate programs available
- Accredited by the WASC Senior College and University Commission, the American Psychological Association (for the Doctor of Psychology), the Committee of Bar Examiners of the State Bar of California (for the College of Law), and the American Bar Association (ABA) for the Bachelor of Arts in Legal Studies.
- Campuses in Pleasant Hill, Berkeley, and San Jose
- Classes are held during the day, evenings, weekends, and online to accommodate busy schedules
- Most programs are on a quarter system; College of Law programs are on a semester system with the exception of the legal studies program.
 References


