

LEARNING MADE EASY



# Paying For College

for  
**dummies**<sup>®</sup>  
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Figure out what  
college will cost you

Get more scholarships, financial  
aid and tackle the FAFSA<sup>®</sup>

Explore faster, cheaper  
alternatives to college

**Eric Tyson, MBA**

Best-selling author,  
*Personal Finance For Dummies*



If you're thinking of sending your child to college one day, you have a lot of decisions to make. Decisions regarding how to save money for college, which colleges may be a good fit, whether an alternative to a four-year college may be a better option, plus seeking financial aid, scholarships, and grants. *Paying For College For Dummies* can help you make the most of your money and guide you through the decisions of choosing which post-high school path is right for your child.

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## Saving and Schooling Options: Tips to Guide You through College Decisions

- » The prices at four-year colleges and universities, especially private ones, are daunting to most people. So, you should absolutely, positively look around, inspect, and compare to see what you're getting for all that money.
- » Increasing numbers of alternatives to traditional four-year colleges offer students lower-cost and shorter-term programs. Take some time to find out and consider what's out there and compare those options to the best traditional colleges you're considering.
- » Raising children is a long-term and costly endeavor. So, get your personal finances in top shape to run this financial marathon. You should also understand how colleges set prices based upon your financial situation, as that may impact how you save and invest your money.
- » As your kids grow up, be sure to expose them to important money lessons, including helping them to make the connection between working and earning money.
- » A challenging and rewarding part of raising kids is helping them recognize and develop their talents and abilities. Be careful not to steer them in a particular way thinking that may make them more attractive to certain colleges. More often than not, such perceptions aren't correct. Teach your kids the value of hard work, integrity, and developing their strengths and interests.
- » There's no substitute for visiting and investigating colleges and other programs of interest. Set aside time with your teen to discuss a process for checking out schools and what factors — including the cost and expected benefits — will influence the final selection.

- » Where appropriate and cost-effective, enlist experts to help with evaluating and applying to colleges. Understand the strengths and limitations of school-based counselors and outside experts. Spending lots of money won't necessarily lead to better outcomes.
- » Understand how colleges collect and evaluate your personal and financial information to decide how much to charge you.
- » Four-year colleges are certainly one of the most popular options for high school graduates. But there are others including community colleges, trade schools, apprenticeships, boot camps, last-mile programs, and more. Visit schools, take tours, ask lots of questions, and do your homework on each.
- » Generally speaking, parents will be better off regarding financial aid applications and college pricing if they save and invest in their own names (as opposed to their kid's) and take advantage of retirement savings plans.
- » Financial aid forms can be intimidating and tedious to complete. Understand how to complete those forms accurately and to your best advantage.
- » Colleges are the biggest purveyors of grants and scholarships — which are really a reduced price offered to those deemed in need of financial aid or displaying academic or some other merit (for example, sports). While some outside scholarships are significant, most are relatively small in amount and often reduce the amount of aid a given school will provide your family.
- » Ideally, your teenager will gain acceptance to multiple schools, which enables comparing the value (price and quality) offered by each to one another. You should also realize that you may be able to improve upon the financial aid offered by a given college.
- » Conduct more due diligence before making your final decision, which should include more campus visits.
- » Federal and state tax codes include numerous tax breaks for college expenditures. Find out what's out there so you can take advantage of what you're eligible for.
- » Getting through college in a timely fashion can greatly reduce your costs of attendance. Be sure you understand how to evaluate your likelihood of completing a given college program in four years.
- » As your teenagers enter young adulthood, be sure you're sending them off with the financial skills and knowledge they can use and benefit from for the rest of their lives.
- » Know how to best deal with student loans. In addition to keeping track of them, be sure you're aware of the myriad programs that help reduce your interest costs and repayment.

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Eric Tyson is doing something important — namely, helping people at all income levels to take control of their financial futures. This book is a natural outgrowth of Tyson’s vision that he has nurtured for years. Like Henry Ford, he wants to make something that was previously accessible only to the wealthy accessible to middle-income Americans.”

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Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, [www.wiley.com](http://www.wiley.com)

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Published simultaneously in Canada

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Library of Congress Control Number: 2020904217

ISBN 978-1-119-65147-5; 978-1-119-65148-2 (ebk); 978-1-119-65149-9 (ebk)

Manufactured in the United States of America

10 9 8 7 6 5 4 3 2 1



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# Introduction

**W**elcome to *Paying for College For Dummies!* I know this may be a stressful and challenging topic. But, not to worry! You've come to the right place — this book will help you to lower your anxiety, increase your knowledge, and take control of the process.

In this book, I emphasize these important topics:

- » Making the most of your finances and developing your children's potential without breaking the bank.
- » Getting the best education at an affordable price. Spending more doesn't equate to getting a better education or better employment prospects. You should look for value — meaning seek out service providers that deliver quality at a reasonable, or in some cases even an attractive, price.
- » Understanding proven alternatives to traditional and costly college education. Increasingly, high-cost, four-year colleges are seeing their enrollment squeezed while far lower cost and faster alternatives to college are seeing enrollment growth.
- » Navigating and making best use of financial aid. After baring your financial soul to colleges, they will tell you how much they will charge you. They aren't actually giving you money when they award aid so much as they charge different customers widely differing prices based upon the college's assessment of your ability to pay. I help steer you through understanding the various ways to get better pricing as well as filling out all those forms.

## About This Book

College price increases, for too many years and decades, outstripped the general rate of inflation. While particular degrees from leading schools do still seem to provide a ticket to some well-paying jobs and careers, now more than ever families are questioning the value of a college degree. A recent Wall Street Journal poll found that 47 percent of Americans no longer believe that having a college degree will lead to a good job and higher lifetime earnings. Among Millennials, only 39 percent continue to believe in college.

*Paying For College For Dummies* helps you to sort through the range of post-high school options, including attending a traditional four-year college. If you think buying a car or a home was complicated, just wait until you begin to understand the intricacies of how colleges set their prices. Colleges charge each of their customers different prices based upon their own (hidden) analysis of your supposed ability to pay. I will explain how various colleges determine what to charge you and how you can best complete college financial aid forms and position your finances to receive more favorable pricing.

As a former financial counselor, I have counseled thousands of clients on a variety of personal finance, investment, and spending decisions, including higher education and college. With four years at the “best” private colleges having broached \$300,000, and the best public college educations costing well into the six figures, more and more people who aren’t wealthy are questioning the value that such an experience will provide. And increasingly, folks are wanting to evaluate and consider the alternatives, which this unique guide will also help you to do.

## Foolish Assumptions

Whenever I approach writing a book, I consider a particular audience for that book. Because of this, I must make some assumptions about who the readers are and what those readers are looking for. Here are a few assumptions I’ve made about you:

- » You want the best for your kids and would like to understand the pros and cons of different options before making an informed choice. (**Note:** While the vast majority of readers of this book are parents, I expect that some inquisitive teens are readers too — that’s great! For simplicity, please accept my apologies for choosing to write as if parents are the readers so that sentences like the one before this aside aren’t more complicated.) Because money doesn’t grow on trees and you’re not super-wealthy, you want value for your money and need to contain costs.
- » You have some understanding about the reputation of particular colleges but don’t know how that translates into post-graduation job and career prospects.
- » You’ve heard some rumblings from young adults and perhaps even your own teenagers about alternatives to college, and you’d like to know more about those options and whether they may make sense for your offspring. It’s not unusual these days for parents and teenagers to have different aspirations

and expectations. I hope and expect my book to get both sides to see the other's point of view and bring you closer to a happy agreement or compromise!

- » You'd like a more detailed understanding of how college financial aid, scholarships, student loans, and such works.

If any of these descriptions hit home for you, you've come to the right place.

## Icons Used in This Book

Throughout this book, you can find friendly and useful icons to enhance your reading pleasure and to note specific types of information. Here's what each icon means:



TIP

This icon points out something that can save you time, headaches, money, or all of the above!



WARNING

Here we're trying to direct you away from blunders and boo-boos that others have made when making college and other post-high school decisions.



TECHNICAL  
STUFF

Here we point out potentially interesting but nonessential stuff.



TRUE  
STORY

Look for this icon to find real-life examples of college decisions to help exemplify a point.



INVESTIGATE

We use this icon to highlight when you should look into something on your own or with the assistance of a local professional.



REMEMBER

This icon flags concepts and facts that we want to ensure you remember as you make your college and other post-high school decisions.

## Beyond This Book

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In addition to the content of this book, you can access some related material online. Head to [www.dummies.com](http://www.dummies.com) and type in “Paying For College For Dummies Cheat Sheet” in the search box to find additional tips.

## Where to Go from Here

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If you have the time and desire, we encourage you to read this book in its entirety. It provides you with a detailed picture of how to best make post-high school decisions to maximize your returns while minimizing your costs. But you may also choose to read selected portions. That’s one of the great things (among many) about *For Dummies* books. You can readily pick and choose the information you read based on your individual needs. Just scan the table of contents or index for the topics that interest you the most.

# 1

## **Understanding Paying for College**

### **IN THIS PART . . .**

Check out college prices, the job market, and the value of higher education.

Find out how to save and invest for college and other goals while your kids are young.

Get your kids on board with making a connection between working and earning money.



## IN THIS CHAPTER

- » Scrutinizing the steep sticker price of many traditional colleges
- » Understanding the employment reality upon graduation
- » Getting the best pricing by understanding how colleges see your situation
- » Seeing the disconnect between college academics and what some employers are seeking in graduates
- » Comprehending how the college landscape is changing and evolving

## Chapter **1**

# Confronting High College Prices and the Modern Job Market

**P**lanning ahead. When you have kids, even if you've been a live-in-the-moment, what's-up-today kind of person, it's hard and could be costly not to do some thinking about your children's future.

Think ahead to an important and often bittersweet milestone – high school graduation. Many parents look back at the prior 18 or so years and wonder where all that time went and how fast it flew by. When your child graduates from high school, you may breathe a sigh of relief and feel a sense of accomplishment. But, what will Johnny do next and how will he (along with you) make that difficult decision?

Most parents envision their kids heading off post-high school graduation to a hopefully “good” college for four years. If that’s what you did and had a mostly positive experience, of course it’s natural to want the same for your own kids. Maybe you didn’t attend college and have felt that you missed out on particular career options or some needed time to grow up and explore what’s out there.

You may have concerns about the path you did or didn’t choose or have spoken with others who do. A recent Wall Street Journal poll found that 47 percent of Americans no longer believe that having a college degree will lead to a good job and higher lifetime earnings. Among Millennials, only 39 percent continue to believe in college. And for some good reasons — high and rapidly escalating costs, increasingly specialized jobs which most college educations don’t prepare you for and the political climate on many college campuses that may not match what you want for your children’s formative young adult years.



REMEMBER

My goal throughout this book is to present you with the facts and the pros and cons of alternatives. While I understand that many people reading this book will end up at a traditional four-year college, I know from the statistics that increasing numbers of families are choosing alternatives to that route. Despite the fact that I attended a four-year college, I truly want what is best for your kids. Your children are unique and the post-high school options best suited to them should reflect what fits them. Choosing a particular college because it’s on someone else’s “best” list won’t be a good idea if it’s not what’s best for your child’s situation.

In this chapter, we confront the high prices at many colleges and universities, look ahead to the employment reality students face upon graduation and discuss how the college and post high school landscape is evolving to address these important trends.

## Confronting the High Prices of Higher Education

Okay, let’s get the bad news out of the way. Yes, college is expensive. Consider the supposedly “best” private colleges which on most lists includes colleges and universities like Brown University, Carnegie Mellon University, Colgate University, Columbia University, Cornell University, Dartmouth College, Duke University, Georgetown University, Harvard University, Johns Hopkins University, Lehigh University, MIT, Northwestern University, Princeton University, Rice University, Stanford University, Tufts University, University of Chicago, University of Notre Dame, University of Pennsylvania, University of Southern California, Vanderbilt University, Washington & Lee University, Washington University, and Yale University.