



Healthy matters to keep in mind.

# Life Balance

August 2013

## College: A Great Investment and How to Fund It

So your little one is not so little anymore. In fact, your child is headed for college in a few years. Yes, you'll miss him greatly, but right now your greatest concern is not sentimental, but financial: How will you pay for college? In today's economic environment, you have every right to be concerned.

### A Family Decision

Whether you've been saving for college since her birth, or meant to and just never got around to it, the truth is the cost of education has risen tremendously. In fact, in the last two years tuition at a four-year, public institution has shot up 15% and almost 10% in private schools<sup>1</sup>.

According to SallieMae's national study How America Pays for College<sup>2</sup>, 83% of students and parents surveyed agree that a college education is vital for the student's future and they're willing to make the investment. Currently, that investment is hovering around:

- \$8,000 to \$15,000/year for a 2-year public institution
- \$20,000 to 30,000/year for a 4-year public institution including room and board
- \$40,000 to 50,000/year for a 4-year private institution including room and board

Parents and students are sharing the brunt of these costs. They are tapping into their income and savings, or borrowing and accessing grants and scholarships. One thing many are also doing is eliminating college choices because of rising costs, opting instead for the more affordable alternative of a community college<sup>2</sup>.

### Choosing the Best Option

While cost may be a concern, tuition sticker price should not be the only thing you and your teen consider when looking for colleges. Sometimes a more expensive school can actually turn out to be more affordable when you factor in the financial aid that is available. You should also consider the cost of room and board, books and other expenses, and whether a work/study program is feasible.

The Department of Education, in its quest to provide parents and students with clear and concise information about college costs, has developed several College Affordability and Transparency Lists. You can find them at <http://collegecost.ed.gov/catc/Default.aspx>. You can search based on your preference for public, private, 4-year, 2-year or less, tuition and net prices. Comparing apples to apples will give you a good foundation to start making your selection.

## College Planning Tools You Can Access Now

- Visit [www.liveandworkwell.com](http://www.liveandworkwell.com), enter your access code and under the Work Well section select Career Planning.
- Click on "Eureka! College and Career Planning" for access to powerful education and career exploration tools.
  - Research scholarships, grants, or financial aid for which you may be eligible.
  - Search filterable databases for schools that meet your needs in majors or programs, activities, degrees and certificates offered, location, and more.
- Or click on "My Future – Career and College Planning" to learn more about college and career options. Here you'll find information on everything from choosing a four-year, two-year or trade school education to applying and paying for tuition.

## SEAP

Call toll-free  
(800) 692-7459  
(800) 824-4306 TDD

or log on to  
[www.liveandworkwell.com](http://www.liveandworkwell.com)  
access code: Pennsylvania

## Marketing or Nuclear Physics?

Chances are that with only a few years before heading for college, your teen may still be ambivalent about what he wants to study. That's understandable as your teen is still young, program options are many and trial and error is often how we learn about who we truly are and what we want out of life. To help your teen make educated decisions, the National Center for Education Statistics has created an online College Navigator at <http://nces.ed.gov/collegenavigator/> where you can find colleges based on location, programs/majors, level of award (bachelors, masters, etc) and type of institution (length of program and whether it's public or private, for- or non-profit.)

This website allows you to compare up to four different institutions, in terms of:

- Estimated student expenses and net price for the years they will be in college
- Financial aid available by household income
- Admission requirements (SAT and ACT score requirements)
- Enrollment demographics (age/gender, race/ethnicity and residence (in-state vs. out-of-state))
- Retention and graduation rates

Another great resource is College Board, the creators of standardized tests. Besides being able to compare almost

4,000 colleges based on costs, location, majors, etc., at [www.collegeboard.org](http://www.collegeboard.org) your teen and you can learn about the application process and start taking the steps necessary to fulfill all the requirements. You'll also find information about a number of topics such as what is the best college fit, free practice SAT test, how and when to prepare for the PSAT, and much more.

## Ready for the Future

In today's economy, a higher education is crucial for opening doors. The worldwide job market is fiercely competitive and candidates need to be adequately equipped to meet the rising standards required by employers the world over.

A higher education is a worthy investment. But, as with all investments, there's much to consider. With the right information and resources, you and your teen can now make one of the most important decisions of life.

## Facts Paying it Back

Fast-forward several years: teary-eyed you hug your child, beaming in cap and gown. She graduated! Now she, along with the other 35% percent of students who took out loans to finance their education, needs to start paying back a large portion of her college costs.<sup>3</sup>

First of all, you need to be aware that a student loan is not a debt that can be dismissed through bankruptcy. It is a real loan and must



be repaid, usually within 10 years following graduation. The exception to this rule is an extended loan for costs exceeding \$30,000, which can be paid back 12-25 years after graduation.

Defaulting on student loans can have serious consequences:

- The loan is handed to a collection agency
- Additional student loans will be denied
- Federal and state tax refunds can be withheld
- Federal employees may see 15% of their wages garnished
- Employers may be asked to withhold wages on behalf of the federal government

For more information on student loans, servicers, applications and calculators, visit <http://studentaid.ed.gov/repay-loans>.

## Resources

[www.liveandworkwell.com](http://www.liveandworkwell.com)

Visit the Live Well section for more information, tools, articles, self-help programs and resources related to life, family and relationships.

1 <http://collegecost.ed.gov/catc/Default.aspx>

2 [https://www1.salliemae.com/about/news\\_info/research/how\\_america\\_pays\\_2012/](https://www1.salliemae.com/about/news_info/research/how_america_pays_2012/)

3 Ibid