

KEY COLLEGE FUNDING DATA 2022-2023

Teresa S. Sampleton, CFP®, CLU, ChFC, CLTC
Vice President
Sampleton Wealth Management

230 Park Ave. West
3rd Floor
New York, NY 10169
(888) 336-6884
TSampleton@SampletonWealth.com
www.sampletongroup.com



Roadmap to Affording College

- ❑ Consider taking SAT or ACT test prep classes after sophomore year.
- ❑ Determine your Estimated Family Contribution (EFC) with the free calculator at CollegeBoard.org. Your EFC is the minimum you are expected to pay for one year of college.
- ❑ Get an analysis from a financial professional to determine how you'll pay.
- ❑ Build a wide list of schools based on location, size, majors, etc.
- ❑ Narrow list by using each school's net price calculator to see what your estimated price would be after aid and/or scholarships are deducted.
- ❑ Start visiting schools in junior year, ideally while class is in session. See if schools require an interview.
- ❑ Begin your college application essay no later than the summer before senior year. Common App prompts are released in the spring.
- ❑ Weigh pros and cons of early action/early decision.
- ❑ Complete your Federal Application for Student Aid (FAFSA) and CSS Profile early, starting October 1. Check Student Aid Report that you'll get online days after FAFSA is sent.
- ❑ Make a list of all admission and financial aid application requirements for each school (supplemental essays, CSS Profile, etc.) and keep track of deadlines.
- ❑ Compare award letters and consider appealing for more aid.
- ❑ Complete the FAFSA and other aid applications each year throughout college.
- ❑ Review loan options if needed and learn about interest deferral and repayment schedules.

FAFSA and EFC

- Completing the FAFSA, as well as the CSS Profile for many private colleges, is the only way to qualify for need-based financial aid.
- 71% of families complete the FAFSA—average completion time: 31 minutes.
- File early to increase chances of getting aid on a first-come, first-served basis.
- The FAFSA uses your prior-prior tax returns. Families applying for aid in 2023 will use 2021 returns.
- Two or more children in college at once reduces a household's EFC and boosts aid chances.

Applying for Financial Aid

- Recent average aid - \$15,210: \$9,520 in grants; \$4,480 in loans and work-study; \$1,210 in tax credits and deductions
- Financial aid trap: colleges might reduce the financial aid package by the amount of an outside scholarship.

Admissions

- Only 32% of colleges met new student enrollment goals by May 1 in 2021.
- Biggest admission factors: college prep grades, strength of high school curriculum, and SAT/ACT scores
- "Showing demonstrated interest" can be important, too: ask for materials, visit the school, email the admissions officer, and follow the school on social media.
- Most selective schools are test-optional and can be found at FairTest.org.
- Early decision (ED) and early action (EA): Both involve early application deadlines. With ED, you promise to attend the college if accepted, while EA is nonbinding.
- 75% of students get into their first-choice college, according to a UCLA survey.

Award Letter Confusion

- Award letters are confusing and misleading. A 2018 study found:
 - » Over 33% of letters didn't include cost information.
 - » 136 unique terms for federal student loans including 24 that didn't include the word "loan."
 - » 15% of letters included parent loans as an "award."
- Definitions are important: grants and scholarships are free money, while loans must be repaid. To qualify for a work-study job, you must complete the FAFSA and check the work-study box.

Appealing Aid

- College is a buyer's market for most: you can appeal financial aid and merit awards.
- An appeal can continue after the official deposit deadline (May 1).
- Share competing offers—but don't use the word "negotiate."

Tuition, Expenses, and Graduation Rates

- 89% of students at private schools get an institutional price cut—an average tuition discount of 60%.
- 59% of students at public schools get a price cut from the government or school.
- Average tuition—public in-state: \$10,740 (out-of-state \$27,560); private: \$38,070
- Average cost per credit hour is \$594—120 credits typically needed.
- Average room and board: \$11,620 public; \$12,140 private
- Average books and supplies: \$1,240
- Average family in 2019-2020 spent \$30,017:
 - » 44% covered by family income and savings
 - » 58% covered by scholarships and grants
 - » 21% covered by borrowing
- National 4-year grad rate: 50% (F), 40% (M)
- National 6-year grad rate: 67% (F), 60% (M)
- Roughly a third of students at four-year private and public colleges end up transferring.

Borrowing and Loans

- 2022 federal student loan rates—Undergraduate Subsidized and Unsubsidized Direct Loans: 4.99%; Graduate and Parent PLUS Loans: 7.54%
- 70% of 2020 students graduated with debt.
- Average debt: \$27,550 (public school); \$32,300 (private school)
- Latest data shows 9.7% defaulted on student loans.

Scholarships and Grants

- Most scholarships are based on merit—awarded for proven academic, athletic, or other ability.
- Many scholarships require maintaining a certain GPA to continue receiving aid.
- Most grants are awarded based on the family's financial situation.
- Discover a college's average need-based aid package and merit scholarship by looking at a school's profile on CollegeData.com and clicking on the *Financials* link.
- Public universities often post merit award requirements on their website.

Tax Credits

- American Opportunity Tax Credit: up to \$2,500 per child for eligible parents for 4 years.
- Lifetime Learning Tax Credit: up to \$2,000 for any taxpayer for any number of years.
- You can only get one tax benefit for the same educational expenses, including tax-free withdrawals from a 529 savings plan.

Resources

CollegeBoard.com

COLLEGEdata.com

Federal College Navigator

CollegeResults.org

EducateToCareer.org

ScholarshipStats.com

This information is accurate as of 7/11/22. It is subject to legislative changes and is not intended to be legal or tax advice. Consult a financial professional regarding your specific circumstances. This material is furnished "as is" without warranty of any kind. Its accuracy and completeness is not guaranteed and all warranties expressed or implied are hereby excluded.

Advisory Services offered through Sampleton Wealth Management LLC, a Registered Investment Advisor.