



Open Doors with Higher Education: Resources to Pay for College Checklist

Parents and students need financial knowledge and skills to help them acquire the resources to pay for a higher education. Financial education is very important even when students are in elementary, junior, and high school because obtaining a college education requires a great investment of money, time, and effort. Parents need to take action from the time their children are born to assure that they will be accepted into their college of choice and to secure resources to fund their higher education.

A college education is truly an asset that will benefit students for the rest of their lives.

- Higher education gives people the opportunity to express their opinions and act based on informed decisions.
- A college graduate is more likely to get a job, and be able to adapt to it.
- Research shows that college graduates in 2006 had a greater earning potential than individuals who did not have a college degree: graduates of a two-year college earn 22% more than high school graduates and college graduates earn 45% more than high school graduates.
- College graduates are more likely to afford health insurance, to buy a home, and to make financial investments.
- Between 2008 and 2016 more than 70% of all jobs that pay more than \$15 per hour will require some level of college education.
- In Minnesota more than 50% of all jobs will require some college training or higher during the next 10 years.

Financial aid experts indicate it is *probably not necessary to save the full cost of your children's education prior to their attending college*. They suggest that college costs be covered by the one-third rule:

- 1/3 from savings prior to enrollment
- 1/3 from current income & financial aid during the college years
- 1/3 borrowed using a combination of parent and student loans.

The main objectives of the present checklist is to help you understand the benefits of education beyond high school, the importance of your children having appropriate education even before going to college, and to know the importance of using and managing money—for example, knowing your options for paying for education beyond high school. Some of these options could be your own economic resources, interest gained from financial investments, loans, and financial aid from the government or other nonprofit organizations.

This guide provides basic information about paying for college costs. However, you are encouraged to consult other sources of information cited in the references section. Consult this check list periodically to keep up to date on each subject.

Directions: Read the bold sentence and check the box for the information you have learned and the actions you and your child have taken in order to pay for higher education. In addition, try to fill in the blank.

I have taught my child how to manage his or her money.

I have helped my child develop good money habits around spending and saving money, how to manage a savings and checking account, and how to make and manage a budget. It is also important to teach my child how interest works when it comes to saving and investing or when one has a debt. We can begin teaching our children money management skills at a very young age.

Once a _____ my child receives an allowance and makes his/her own decisions about how to spend it.

I have an idea about how much it costs to attend a public or private two-year college or a four-year university.

In the Midwest, the cost of a public two-year college was estimated at **\$8,733** in 2008-09 (\$3,065 tuition and fees plus \$5,668 room and board) not including financial aid received. A four-year university cost for the same year was **\$14,995** (\$7,785 tuition and fees plus \$7,210 for room and board). A private four-year university/college cost was **\$31,128** (\$23,431 for tuition and fees plus \$7,697 for room and board).

My child can talk with _____ to get information about grants and/or scholarships.

I know that my child can take college courses while he or she is still in high school.

Depending on their grades, students may be eligible to take college courses while they are still in high school. This program is known as *College Credit Classes* or *Advanced Placement AP*. Taking university courses can save students time and money when they enter college because they will have already completed some required classes. Additionally it gives them an advantage in being accepted by a college.

My child's Grade Point Average (GPA) is _____.

I know that my child, depending on his or her grades, can finish the last two years of high school taking courses at a college or university.

Schools districts in Minnesota must pay the tuition and fees for students who choose to take certain courses at the college level during the last two years of high school. This allows students to save two years worth of money and time when they continue with their college career. This program is known as *Post Secondary Education Option* or *PSEO*.



I know that my child has the opportunity to learn another language in high school. Also my child may take university or college level classes and earn high school credits at the same time. Such classes may be recognized by foreign colleges or universities.

Junior and senior high school students may take higher education classes such as a second language, mathematics and computer science, experimental sciences, arts, and humanities free of charge in their high school. Students in an International Baccalaureate diploma program in the high school may transfer these credits to Minnesota universities and foreign colleges.

*My child speaks or wants to learn this language:*_____.



My child has filled out the Free Application for Federal Student Aid, otherwise known as FAFSA.

The student must fill out the Free Application for Federal Student Aid (FAFSA) in order to receive financial aid. This application, from the federal government's Department of Education, can be filled out online. To be eligible, one must be a U.S. citizen or have permanent residency, as well as have a valid social security number. Financial aid is also given by the state government once the FAFSA is filled out. The amount of aid is determined by the economic need of the student. Most high schools offer a parent meeting or assistance in completing the FAFSA forms. Contact your high school counselor's office for more information. To aid in completing the FAFSA forms you must complete your family income tax forms soon after January 1 of the child's senior year in high school and each year while your child is enrolled in college. Financial aid may come in the form of a grant or a loan:

- Grants: Eligible students can qualify for funds to pay for tuition, housing, meals, books, and other materials, such as transportation. These grants do not have to be paid back.
- Loans: Loans must be paid back to the lender after graduation. Some examples are: Perkins, FFEL, and Stafford (subsidized and not subsidized). FFEL PLUS or Direct PLUS loans are offered to parents of students who are in school at least half time.

The office or the school's counselor that can provide information about FAFSA is:

_____.



I know that my child may work part time on campus or off campus while attending a university.

These jobs are known as "work study" and can be on campus or sometimes off-campus. Students should request this when they fill out FAFSA. These jobs are offered through the university for students who are eligible. Students may also apply for non-work study jobs off campus. Look for available positions at a local workforce center or in the newspaper. Apply for these positions at the various places of business.

- My child has identified and applied for other kinds of scholarships that are available to students who stand out because of their grades, art, or athletic ability.**

High school seniors may apply for various scholarships available through their school or community. Contact your high school counselor early in your student's senior year to determine requirements and deadline dates. Students should also inquire at the financial aid office of the university or at the ethnic diversity offices. It is very important to note the submission date on the application forms. Those scholarships don't have to be paid back. Beware of scholarship scams.

I know that my child is good at _____.

- My child has submitted or received a private scholarship from a foundation, non-profit agency, professional organization, or the company where I work.**

The student, according to financial need, can request and receive a scholarship from an organization that is related to the major the student will pursue. Here are some examples of organizations where you could request a scholarship form: from the Department of Education through the Leveraging Educational Assistance Partnerships (LEAP program), Byrd Scholarship Program, the Gates Millennium Scholars Program, AmeriCorps, religious institutions, and professional associations such as medical, law, engineering, chemistry, journalism, and accounting. Permanent residents are also eligible for many scholarships. There are also many scholarships available for all students regardless of their legal status.

The career my child wants to study is: _____.

- I know that if my child chooses to join the military he or she may qualify for education assistance, such as Tuition Reimbursement and Assistance, Enlistment Bonus, the Montgomery GI Bill, and GI Bill Kicker. Military members may also qualify for scholarships. Apply for the scholarships at the university's military or veteran services offices on campus.**

In my city/town there is a military office at or near _____.

- My child is taking or will take classes at a two-year college or community college. I know this will allow him or her to save money.**

Taking general education classes at a two-year institution or community college that can be transferred to a university lets a student save money because those classes or credits generally cost less than they would at a four-year school. Make sure that the credits will be accepted at the school your child intends to transfer to.



I have learned that my child may take exams on what he or she already knows before entering a college or post-secondary school or while attending one, This program, known as *CLEP (The College Level Examination Program)* lets the student test out classes, save money, and receive a college degree quicker.

Students who pass the CLEP program's college level exams receive college or university credits. These exams cost less than courses at the university and also save time. A student may obtain up to 12 college credits in different courses. The exams can be taken in high school, but there is a cost to obtain the college credit. The College Level Examination Program is an opportunity for students to test their knowledge in up to 34 different content areas. Students may have gained knowledge from independent study, on-the-job training, other course work, internships, or professional development. CLEP provides an opportunity for the student to show the knowledge gained and obtain credit without taking the course.

My child and I can get more information about CLEP in:



I know that if my child is a resident of Minnesota, he or she will pay less money for college tuition than a non-resident will.

In Minnesota, residents are defined as those students who have

- lived in the state for at least one year before applying for admission,
- are dependents of a parent or legal guardian living in the state;
- have lived out of the state, but did not establish a residency there;
- moved to the state and obtained a full-time job before applying for admission or are the spouse or dependent of a person who has full-time employment in the state.

Students from states where Minnesota has a reciprocity agreement also pay the resident tuition rate. There are some required exceptions for nonresidents of Minnesota, such as military personnel on active duty, migrant farm workers, high school graduates in Minnesota, employment-related relocated workers, and refugees. In addition, a student may qualify for a discretionary exception. Note: for more information about required exceptions, discretionary exceptions, and other possible classification as a state resident check with your college office of admissions.



I know that I may qualify for a tax credit or deduction when my child is attending a college or post-secondary school. In addition, if I file a Minnesota Income Tax Return, I may receive a tax credit or subtraction for certain school expenses while my child is in Kindergarten through grade 12.

- When dependent children are in college, parents may receive credit for education expenses when filing federal income tax forms. The American Opportunity Credit modifies the existing Hope Credit for tax years 2009 and 2010, allowing the credit to be claimed for four post-secondary education years and adds required course materials to the list of qualifying expenses. Prior to the changes for 2009 and 2010, the Hope Credit was available for the first two years of post-secondary education. The Lifetime Learning credit applies to students of all levels at most

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post-secondary education for an unlimited number of years. For detailed information, consult Tax Benefits for Education: Information Center available at www.irs.gov.

- Depending upon the income level and the tax situation, it may be more advantageous to claim a Tuition and Fees Deduction. Choosing the deduction over the Hope or Lifetime Learning credits may increase the taxpayer's Earned Income Tax Credit.
- You cannot claim more than one tax benefit for the same education's expenses!
- The Minnesota Education Credit and Subtraction is for costs related to children's schooling in kindergarten through high school. You can use costs for items like: tutors, music lessons, and other academically related expenses plus computer hardware and educational software (\$200 limit). Receipts are needed for cost documentation. For more information, see <http://www.taxes.state.mn.us/>.
- Some employers may pay tuition or provide a benefit for courses taken.
- Interest paid on student loans may also be a tax deduction.
- A tax advisor is a good resource to answer questions specific to your case.

I can get more information about taxes from _____.



I know that there are sites on the Internet where I can use a calculator to find out how much I will need in order to pay for my child's higher education.

Calculators are available on the Internet that allow you to estimate how much money you will need for college. You can calculate loan interest costs and other things related to paying for a college education.



I know that there are saving or investing plans for the payment of my child's college education.

Taking advantage of the benefits of time value of the money through savings or investments can be another option or a combination of this with other resources to pay for college. In the market there are various plans or investment options you can take advantage of in order to pay for your children's college education, depending on their age when you start. See the related resource: Types of Investments to Pay for College.

To learn more about my financial situation, I'd like to talk with

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