

Radio Glencoe Podcasting

The Money Roundtable

Episode 1 – College Financial Planning

Glenn and McGraw interview an expert in college financial planning who explains how to obtain financial aid for college and the different kinds of aid available.

Glenn Good day, everyone. Welcome to Radio Glencoe Podcasting. I'm your host Glenn Coe.

McGraw Hi. I'm your host McGraw Hill. And this is *The Money Roundtable*, where we talk about financial topics of importance in today's world.

Glenn Our show today is devoted to financial planning for college. And our guest is Eric Gelb, a college financial aid expert here at State University.

Eric Hello everyone. Nice to be here to talk about your college future.

McGraw Eric, I'm sure students and their families constantly ask you a question: "Is it worth it to go to college, given how much it costs?"

Eric Let me say right off the bat, getting a college degree really pays off for most people. Statistics show that college educated workers earn about 50% more per year than people with only a high school diploma.

Glenn 50%? Wow, that's a lot.

Eric Sure is. It's like the difference between earning \$45,000 a year versus \$30,000, or \$75,000 versus \$50,000. Over the course of a 40-year career, that extra salary adds up to a very large difference in financial success.

McGraw So Eric, how do teens and families pay for college these days? Aren't the costs sky high?

Eric No, not at all. In fact, there's a wide range of choices for students today, so I don't rule anything out if a teen wants to go to college. We can make it work.

Glenn What are some of those choices? And how much do they cost?

Eric First of all, many cities have community colleges that charge just a few hundred dollars per course. That's an affordable way to get an Associate's Degree or to start a Bachelor's Degree. Then, just about every state in the country has one or more public state colleges and universities that charge from maybe \$3,000 to \$8,000 dollars per semester for tuition and fees if you live in that state. Finally, there are hundreds of private colleges. These are expensive ones, like \$20,000 to

\$40,000 per year, but they often help students pay for college with scholarships and loans.

Glenn With all these choices, Eric, should students wonder if “You get what you pay for?” I mean, does it matter if you go to an expensive college or one that costs less money?

Eric Schools that have higher tuition fees usually have smaller classes, and that can be good. But, the truth is, what really counts is that each student choose a college based on finding the best program for himself or herself. Whether you want to do engineering or business or fashion design, begin by picking out the colleges that offer the program you want.

McGraw What if you apply for—and get into—a college that costs more money than you have? How do you pay for it?

Eric There is money out there, I assure you. I spend a lot of time teaching families and teens about *three* ways they can get money for college outside of their own savings.

Glenn What’s the first one?

Eric The first way is to get a scholarship. I bet you didn’t know it, but there are *thousands* of scholarships out there. That’s free money. No need to pay it back.

Glenn Don’t you have to be a genius to get a scholarship?

Eric Yes, some scholarships are for academic ability, but there are hundreds that reward other talents and interests—like musical ability, drama, writing, community service work, church volunteering, political work, science, an interest in outer space or robots. There’s even a scholarship for being left-handed.

McGraw How much money can a student get?

Eric Some scholarships award just a few hundred dollars, but some offer thousands of dollars towards tuition at the school of your choice. You can even apply for and win several scholarships.

Glenn What do you need to do to get a scholarship?

Eric It varies. For some, you have to write an essay about yourself, but for others, you just fill out an application and send in your high school transcripts or recommendations from teachers.

Glenn Who gives out all these scholarships? And how do you find them?

Eric You'd be amazed at how many companies, church groups, charities, corporations, and private donors give out scholarships. There are so many out there today, that a number of Web sites have been created just to list all the scholarships and help students apply for them.

McGraw What a great idea. Web sites that list scholarships.

Eric I recommend two of them in particular. Can I give them out?

Glenn Definitely. Tell us.

Eric One Web site is called www.fastweb.com and the other is www.finaid.com. Both of these are totally free, and students can research the scholarships and see if they qualify for any of them.

McGraw Eric, you said there's two other ways to pay for college, too. What are they about?

Eric Another way to pay for college is a loan. Of course, you have to pay loans back when you get out of college, so it's not free money. But if a loan helps you get a better job and improve your chances of financial success, it's a worthwhile investment, right?

Glenn So do students just go to banks and take out a college loan?

Eric This is where the U.S. government helps out. You see, the U.S. Department of Education created a form that students and their parents fill out and that colleges use when they decide whether to give money to students. The form is called the Free Application for Federal Student Aid, but everyone just calls it the FAFSA.

Glenn And what does this form do?

Eric The form asks questions about a family's income and assets, and that information allows schools to decide whether a student should receive any in the form of scholarships or loans.

Glenn So do the colleges give out scholarships and loans?

Eric Yes, some colleges offer scholarships in addition to the private ones we just talked about. As for loans, if the student qualified based on the FAFSA form, the colleges refer them to banks that the U.S. government has set up to offer special student loans that have lower rates of interest.

Glenn So the FAFSA is very important to fill out if you want to get money, right?

Eric Absolutely. I tell every college-bound senior to use the Internet and log

onto the official government Web site called www.fafsa.ed.gov. Or they can go to their guidance office and get the form. One thing though—students and their parents have to fill out this form *after* January 1st of their senior year when they're applying to college.

McGraw But Eric, if you fill out this form in January of your senior year, how can you apply to a college if you don't know if you're going to have enough money to pay for it?

Eric It's confusing, I know. But if you filled out the FAFSA and you get accepted by a college, they will notify you about the package of financial aid they can offer you. It often includes a combination of loans and scholarships and possibly what's called work-study money.

Glenn Work-study money? Is that the third way to pay for college?

Eric That's right, Glenn. Colleges often have jobs on campus, and students can work to pay off their tuition and fees.

McGraw Eric, this has really been great. I'm sure our audience can use this information, so remind us again of the Web sites you suggested?

Eric For scholarships, go to the two Web sites, www.finaid.com and www.fastweb.com. For the FAFSA form, go to www.fafsa.ed.gov.

McGraw Okay, that a wrap for today's show of *The Money Roundtable*. I'm your host, McGraw Hill and happy college hunting.

Glenn And I'm Glenn Coe. Remember, it's your college education so get out there and find the money to make it work for you.