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Financing College Education Can Be Challenging, but Resources Do Exist

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Financing college education can be challenging, but resources do exist

Financing a college education is a major undertaking. According to the Department of Education, the costs associated with attending college at a public institution have increased by 30 percent over the past decade.

For most people, that increase in overall costs far exceeds income growth. Whether financing the education of a child or financing the furthering of your own education, finding a way to pay for the investment is a challenge.

With solid research and hard work, college or graduate education is within the reach of most.

Where to begin?

The first step in the process for financing a college education is to complete the Free Application for Financial Aid (FAFSA). This step holds true whether you are considering undergraduate or graduate studies.

The FAFSA is administered by the U.S. Department of Education and is a tool used to determine financial need, which can translate into federally funded assistance for education beyond high school.

Similar to a mortgage application, the FAFSA requests information that is typically found on your tax returns and bank/investments statements.

After the FAFSA is completed and processed, the education department will return a decision that will include an estimated family contribution, the cost that one is expected to bear based on the information provided.

The difference between the actual cost of attending the chosen institution and the estimated family contribution is the financial need.

Financing the need

There are several sources of funding to address one's financial need. The primary and most significant source of educational funds is the United States government.

The government sponsors a variety of programs that include federally funded grants, subsidized and unsubsidized loans and work-study programs. Other funding sources come from private entities and range from scholarships to private loans. Most people finance their need through a combination of sources, utilizing both federal

and private options.

Evaluating the options

There are two basic types of funding for higher education — funds that have to be repaid and funds that do not.

After the FAFSA is processed and the estimated family contribution is determined, the financial aid office at the chosen institution will make an award.

This award will include any federally funded grants or subsidized loans for which a family might be eligible. If that award does not fully cover one's financial need, then private funding sources should be investigated.

Most large financial institutions offer some sort of private educational loan program.

While federally subsidized loans may not accrue interest or require any payment while a student is enrolled in school, private loans mirror other consumer loan products (i.e. car or mortgage loans) and may require amortization payments soon after closing.

The elusive scholarship

The most challenging part of the financial aid process is finding scholarships that are privately funded.

Because the funds do not have to be repaid, the pool for scholarships is often competitive. However, there are a wide variety of funding sources out there — it is just a matter of finding them. Websites such as scholarships.com or fastweb.com are excellent resources for finding scholarship for which one might qualify.

Many large corporations offer scholarship or tuition reimbursement plans for their employees or their children. Often, professional and civic organizations offer scholarships to their members or members of the community. The State of Georgia has a merit based scholarship program — HOPE, which can help defray the costs of college at state institutions.

Finally, affinity groups, such as alumni associations, often are a good resource for scholarship funds. Financing a higher education is a daunting task, but there are resources to help make the dream of education a reality.

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Melissa Holland



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