



**Tools to Help Students Build a List of Schools and
Make Informed Financial Decisions**
WILL BEGIN IN A MOMENT

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Today's Agenda: The Path to Affording Higher Education



The handout can be found here:
[Calculators & Tools - Finance Authority of Maine \(FAME\)](#)
[\(famemaine.com\)](#)

Consider the Piecemeal Approach

- Families who take a **piecemeal approach** find paying for higher education more manageable.
- More “pieces” = more options and less reliance on any one source.
- Here are some of the “pieces” families use:
 - **Financial Aid** (need-based grants and scholarships)
 - **Merit Scholarships** (offered by the college)
 - **Private Scholarships** (i.e. from the high school or employer)
 - **Savings**
 - **Parent Earnings**
 - **Student Earnings**
 - **Tuition Payment Plans**
 - **Tax Credits**
 - **Federal Direct Loans**
 - **Private Student or Parent Loans**

Step One:

Save

Why is saving so important?

- **Most schools do not meet full need** - even low income students often have gap
- Middle income families often find that their Expected Family Contribution (**EFC**) is **higher than anticipated**
- Today, **summer earnings won't be enough** to cover tuition at most schools
- **Savings will have little (or no) impact on financial aid!**

Expected Contribution 2022-23

Income	Family A	Family B	Family C	Family D
\$60,000	\$75,000	\$90,000	\$105,000	
“Countable” Assets/Saving	\$0	\$0	\$0	\$0
Expected contribution from income	3,348	6,156	10,561	15,028
Expected contribution from assets	0	0	0	0
Total Expected Parent Contribution	3,348	6,156	10,561	15,028

Expected Contribution 2022-23 Income vs. Assets

	Scenario A	Scenario B	Scenario C	Scenario D
Income	\$75,000	\$75,000	\$75,000	\$75,000
“Countable” Assets/Saving	\$0	\$10,000	\$25,000	\$50,000
Expected contribution from income	6,156	6,156	6,156	6,156
Expected contribution from assets	0	240	852	1,910
Total Expected Parent Contribution	6,156	6,396	7,008	8,066

Common Savings Vehicles

- 529s – visit **savingforcollege.com** for an overview of state programs
- Coverdell Education Savings Accounts
- Savings Bonds
- Roth IRA
- Taxable Savings and Investment Accounts
- Uniform Gift to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA)
- Best to save in parent's name, not the student or another family member



INVESTMENT OPTIONS PERFORMANCE FAQs WHAT'S NEW MAKE CONTRIBUTIONS FORMS MY ACCOUNT

WHY NEXTGEN

OPEN AN ACCOUNT

GIVE A GIFT

GRANTS FOR MAINE RESIDENTS

**It's About Your
Future Success**

[OPEN A NEXTGEN 529 ACCOUNT »](#)



IMPORTANT Upcoming Program Changes to NextGen 529®

Some account services will be interrupted.

[LEARN MORE](#)

Help your child succeed by opening and making contributions to a NextGen 529 account!

NextGen 529 is Maine's section 529 plan, which many families use to save for higher education.

1 Open a NextGen 529 account

[ENROLL TODAY »](#)

2 Learn about Grants for Maine Residents

[TELL ME MORE! »](#)

3 Make a Contribution

[INVEST IN YOUR CHILD »](#)

NextGen 529 is a Section 529 plan administered by the Finance Authority of Maine (FAME). Before you invest in NextGen 529, request a NextGen 529 Program Description from your Merrill advisor or Maine Distribution Agent or call Merrill at 1-877-463-9843 and read it carefully. The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen 529, which you should carefully consider before investing. You also should consider whether your or your designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer, member SIPC, is the program manager and underwriter.


Flexibility In Use of Assets

- Assets can be used at eligible accredited post-secondary schools* including:
 - In-state or out-of-state schools
 - Public or private university
 - Two year, four year and graduate schools

- Qualified expenses for post-secondary institution attendance:
 - Tuition and fees
 - Books and supplies
 - Computer equipment, software and services
 - Required equipment
 - Room and board**

**Eligible higher education institutions include all accredited post-secondary institutions that are eligible to participate in Federal Student Assistance Programs. Post-secondary institutions could include public or private universities and colleges, graduate schools, proprietary institutions, foreign institutions, and vocational schools.*

***Beneficiary must be attending an accredited institution at least on a half-time basis for room and board to be considered an eligible expense.*



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Grants for Maine Residents

Grants for Maine residents can really add up!

Grants for [opening a NextGen 529 account](#) and [making additional contributions](#) are real investments in the future. Matching grants are available for accounts owned by a Maine resident or for the benefit of a Maine resident. Grants are limited to one per beneficiary.



Don't Have a NextGen 529 Account?

OPEN AN ACCOUNT TODAY!

\$100 Initial Matching Grant

Open your account, add \$25 and get a \$100 Initial Matching Grant.

[LEARN MORE »](#)

\$100 Automated Funding Grant

Set up and make six consecutive automatic contributions from your payroll or bank account and get a \$100 Automated Funding Grant.

[LEARN MORE »](#)

30% NextStep Matching Grant

Make contributions and get a 30% NextStep Matching Grant up to a \$300 match per year.

[LEARN MORE »](#)

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Step Two:

Get Financially Fit

Focus on the Following

- **Work toward paying off debt** and reducing financial obligations
- **Reduce existing expenses** where possible.
- **Resist the urge** to take on new expenses
- Consider ways to **increase income**
- **Free up money in your budget** for college savings (divert to tuition payments once in college)
- Families who are unprepared and don't **know what to expect often** find themselves with **fewer options**

Step Three:

Have the Chat

Engage in Family Conversations About Money

- A 2017 study¹ noted that **69% of parents are reluctant to discuss finances** with their kids.
- Parents are **nearly as uncomfortable talking to their children about money** as they are about sex.
- A recent² survey found that:
 - **53% believe that discussing paying for college with their parents earlier** would have decreased the amount borrowed
- It's important to lay the groundwork and **set expectations**

1 - T. Rowe Price. "Parents, Kids & Money Survey." <http://www.moneyconfidentkids.com/content/money-confident-kids/en/us/media/research/2017-parents--kids---money-survey-results.html>.

2 - Citizens Bank. "Those With Student Debt Wish They Could Turn Back Time." <https://investor.citizensbank.com/about-us/newsroom/latest-news/2018/2018-10-02-140530235.aspx>

CONVERSATION STARTERS

Savings, Direct Payments, and Tuition Payment Plans

- ☐ Are you (the parents or family members) saving for higher education? If so, how much will be available when your student graduates from high school?
- ☐ Are you (the student) saving for higher education? What are the savings expectations when you receive birthday or holiday gifts or money from work?
- ☐ Do you (the parents or family members) plan to use tuition payment plans to help pay for higher education? If so, how much per month can you afford? Is there a strategy to make more money available? Is it possible to pay down debt or other obligations to free up money in the future?
- ☐ Considering all sources, how much can you (parents or family members) contribute per year?
- ☐ Considering all sources, how much can you (the student) contribute per year?

Scholarships

- ☐ Are you (the student) applying for scholarships? What is the expectation related to the number of applications?
- ☐ Do your grades open up the possibility of merit-based scholarships?

Borrowing

- ☐ How do you feel about borrowing? No borrowing? Limit borrowing to only Federal Direct Loans (\$5,500 for the first year)? Will you consider additional borrowing (which will have a credit component)? Are parents or family members willing to co-sign a private loan?
- ☐ How much total debt is acceptable (for all years of education)?
- ☐ Who will be responsible for repaying the debt?

Pathways

- ☐ Is there agreement that you (the student) can apply to any school, including those that appear to be a financial reach? What happens if you get accepted but it is not affordable?
- ☐ Are you (the student) open to considering multiple pathways (i.e., community college for a year or two, starting at a more affordable school with a plan to transfer, or attending school locally and living at home)?

Step Four:

Build a List of Affordable Schools

Research Schools From a Financial Aid Perspective

- Schools vary *dramatically* in terms of the types and amount of aid offered
- Types of aid
 - **Merit**-based
 - **Need**-based

So, how is financial need calculated?

	Low-Cost School EFC = \$6,000	Mid-Cost School EFC = \$6,000	High-Cost School EFC = \$6,000
Annual Cost of Attendance	\$ 9,600	\$ 24,500	\$ 62,000
- EFC	\$ 6,000	\$ 6,000	\$ 6,000
= NEED	\$ 3,600	\$ 18,500	\$ 56,000

- Research “**percent of need met**” to find schools that have strong financial aid awards
- **Focus on Net Price – not sticker price**
 - Net Price is the amount a student pays for a single year **AFTER** subtracting grants and scholarships

Building a List of Schools

The screenshot shows the College Search interface with an 'Affordability' filter overlay. The main search results list colleges like Yale University and Brown University. The filter overlay allows users to select their financial need level and application fee preferences.

College Search

Major: Environmental S... X

606 Colleges Found

Yale University →
New Haven, CT
4-year • Private • Medium
97% graduation rate
\$18K average per year
SAT 1460-1570

Brown University →
Providence, RI
4-year • Private • Medium
96% graduation rate

Affordability

Financial Need Met
The higher the percent met by a college, the less you need to pay.

- 65% or more ☐
- 75% or more ☐
- 90% or more ☐
- 100% ☐
- No Preference** ☒

Application Fees

- Application fee waivers offered ☐
- Free to apply ☐

Clear All Show Colleges

Sort by ▾

Add to List

<https://bigfuture.collegeboard.org/college-search>

Net Price Calculator (NPC)

- Schools are required to have a NPC on their website (usually in the financial aid section)
- NPCs use **school specific data** to provide estimated net price based on a **student's individual circumstances**

- Don't make the final decision based on NPC
- **Merit aid** may have an impact
 - Many of the **most prestigious schools don't offer merit aid**
 - **"Second" tier** schools are often a **good source of merit aid** – worth considering for good students with limited financial need

- Encourage students to **apply to multiple schools**
- Families should try very hard to not to get their heart set on one specific school early in the process
- Important to have a **financial aid “safety school”** on the list

Step Five:

Comparing Offers and Financing Options

Comparing Offers and Financing Options

- Families need to do an “**apples to apples**” comparison of aid offers
- Focus on **direct costs after grants and scholarships**
- If borrowing is needed, subtract Federal Direct Loans
- Remember that your financing plan needs to cover multiple years

Comparing Offers and Financing Options

Beyond financial aid.....

- **Scholarships** – start with school and local scholarships
- **Savings** - work and save during the summer
- **Tuition Payment Plan** - monthly payments to the college
- **Private Loans** - credit based, require co-signer
- **Federal Parent PLUS Loan** - credit based, fixed interest rate
- **Education Tax Credits & Deductions**
 - American Opportunity Tax Credit
 - Lifetime Learning Tax Credit
 - Student Loan Interest Deduction
 - Opportunity Maine Tax Credit

The **piecemeal approach** works best!

Comparing Offers and Financing Options

- Consider the **Return on Investment** (ROI) – especially if loans are needed
- What are the **future job** openings in the student's desired field?
- What are the **potential earnings** and benefits?

■ FAME Resources:

- **Calculators & Tools** -
FAMEmaine.com/education/quick-links/calculators-tools/
- **Filing the FAFSA** - FAMEmaine.com/FAFSA
- **Informational Videos** -
FAMEmaine.com/education/quick-links/informational-videos/
- **Financial Aid Information Sessions** -
www.famemaine.com/events/

- Create scenarios where you have as **many options** as possible
- Often there are **multiple pathways** and schools where students can achieve their goals
- Remember that your financing plan must cover multiple years and in some cases, multiple children
- Living on the “cheap” and making **financial sacrifices** while in school **will allow for more financial freedom later in life**



Thank you for joining us today!
Find more FREE resources and information at
FAMEmaine.com/education.

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