5 College Planning Mistakes to Avoid

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The following guide is intended to discuss tips for families when planning to pay for college. It is general and opinionated in nature and isn't designed to give specific advice. After reading this paper, feel free to reach out for a 30 minute call to look at your individual needs.

1. Not having the college money talk with your child first

We put the college money talk as the first thing on our college planning to do list. This discussion with your child lays the landscape for how the college conversation should go. It involves you and your child sitting down to discuss their interests, and what major that they are looking to pursue. This conversation involves you letting your child know how much you're willing to pay for their education and at the same time allows them to think about how much they're willing to have in student loans after graduation.

Too often, we see parents start the college planning process with their child by touring schools before they've talked about how much college is going to cost. This is like taking your son or daughter to buy their first car and not giving them a price range. In this scenario, it's the equivalent of your 16-year-old falling in love with, and using your credit card to buy a sports car over a used car for their first vehicle. While the sports car or college out of your price range may seem nice now, the mountain of debt that comes later on can have devastating consequences on your retirement, or your student's life after graduation.

2. Focusing only on the "sticker price" of each school

It is often the assumption for families that private colleges cost more to attend than public colleges. When considering the cost of college at a school, the all-in cost without receiving any aid or scholarship is looked at as the "sticker price" of a school. This sticker price is the cost of tuition and room in board for your child without receiving any type of aid. When looking at just this sticker price it is often true that private colleges are often more expensive than public colleges.

However, let's consider the example of a student deciding between attending Boston College and UMass Amherst. When looking at these schools on the surface, the sticker price for Boston College is estimated at $74,456 for the 2020-2021 schoolyear, while UMass Amherst is estimated to have a sticker price of $32,872 for the 2020-2021 schoolyear. Based on this, many assume that for an in-state student, the public university is always the more affordable option. Yet for some families, Boston College can be less expensive. Why? It all comes down to the individual situation for each student and their family.

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3. Not filling out the FAFSA

Despite the growing student loan crisis, the one correctable mistake that many families make is not filing out the FAFSA (Free Application for Federal Student Aid). The FAFSA is submitted each fall for high school seniors to determine eligibility for federal financial aid programs.

Even if you think your family won't qualify, it is often best to fill it out anyway. Why?
You may be closer to need based aid than you think. For families with multiple children in school, the amount of aid received by each child from their university can be increased substantially in those years with multiple children in school at the same time.

Another reason: the low interest loan that your family will qualify for no matter their income, and can be issued in the name of the student. For some students, these low interest federal student loans can be a great way to build credit. If situations change after graduation, parents can also elect to pay off the loan at a later date.

4. Not taking advantage of the free money available

When looking at reducing the cost of college, there are a number of approaches to take. One that often goes under the radar for high school seniors however is utilizing private scholarships. It makes sense: with the cost of a private college in the range of upwards of 70k per year, the $2,000 scholarship from your local Rotary does not seem as appealing, as it would otherwise.

However, when looking at the plethora of options available to students, it can be a very time effective way to reduce the cost. Think of it this way. Let's say your high school senior starts in September completing one scholarship application per month, taking one hour to complete each application until April (8 months). In May, your student only receives one of the 8 scholarships that they applied for at a total of $2,000. While only receiving one scholarship, your student effectively was making $250 per hour for the 8 hours that it took to fill out those applications and write the required essays. That's not a bad payout for a 17 year old!

5. Not using the resources available to you

Not all children plan the same path for college, and as such planning for college is unique for each family. For high school seniors, utilizing the resources available to them such as guidance counselors and Certified College Planning Specialists™ can be extremely beneficial.

Guidance counselors are a great resource to help your student learn what college majors may be a good fit for their personality and interests, as well as a resource to find great local scholarships to apply for. Certified College Planning Specialists™ on the other hand are a great compliment to ensure the fit of the school is on target to match the finances of the student and their family. With your child utilizing these resources to plan now before college, they'll be prepared to succeed both when they head off to college and after graduation.

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If you have any questions on college planning for your son or daughter, feel free to reach out to me by clicking HERE.

All the best,

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