Your Family’s Guide to Talking About College Finances

Let’s talk about money! It’s time to begin the conversation between students and parent(s) on how you will pay for college.

Welcome to the Cyclone Family

You are getting ready to embark on your Cyclone adventure! This time is full of excitement and a few nerves. We know that college is an investment and want to help students be prepared to make the most of their time at Iowa State. Now is the time to develop your financial plan and discuss what resources your family will use to pay your expenses. Having your financial plan developed before arriving on campus can help minimize stress for everyone when school starts.

Students: this will be your first big opportunity to take the reigns of your finances and financial future. Even if paying for college and using financial aid may feel overwhelming, we encourage you to be actively involved in paying for and/or securing financial aid to pay your expenses.

Parents: take this opportunity to educate your student on personal finance. We encourage you to involve your student in the planning and securing aid to pay their bill.

When in doubt, ask the Office of Student Financial Aid: we’re here to help!

How Do We Know How Much We Need? (Estimated COA explained)

Your costs for college are more than just tuition and fees. Your estimated Cost of Attendance (COA) should include everything you would need for one year at Iowa State. You will need to make sure you have money available to pay for items like room, meals, books and daily items like laundry. Full-time tuition, fees, standard double person room, Cyclone meal plan and an average for books and personal expenses were used to create your COA.

The COA is an estimate and your actual costs may differ depending on your major, your living arrangements and personal spending habits. The information entered on your Free Application for Federal Student Aid (FAFSA) determines the types and amounts of financial aid you are eligible to receive. Your Financial Aid Offer includes enough financial aid options, through a combination of grants, scholarships, work and loans to cover your COA. You may not need all of the financial aid offered to you; it will be your responsibility to figure out how much of your financial aid you might need each year.

The calculation on the right side of your Financial Aid Offer should help you estimate what you will still need to cover after grants, scholarships and federal student loans.

What Are Our Options?

You have a variety of options available to pay for college and it’s important your family finds a combination of resources that works best for you. Families can use any combination of financial aid (including grants, scholarships, employment and loans), university monthly payment plans, 529 College Savings, personal savings, or additional loans. Information on university monthly payment plans can be found at https://ubill.iastate.edu/students/mpp.

Make sure you file a FAFSA at https://fafsa.gov each year by December 1 to maximize your financial aid eligibility. If you file after December 1, you will only be considered for federal student loans and possibly a Federal Pell Grant.

The important thing when discussing your options as a family, is to make sure you are comfortable with options you have selected!

College is a multi-year commitment; make sure you also think about your overall cost, not just the first year. It’s hard to know what costs and financial aid options will be in future years, but you can estimate the costs now for a general idea of your expected total cost.

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<tr>
<th>Estimate of What I Will Owe This Year</th>
<th>Estimated Overall Cost</th>
<th>Estimated Overall Federal Loan Debt</th>
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<tr>
<td>Estimated COA from Award Offer</td>
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<td>Calculation</td>
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<td>- Grants &amp; Scholarships = Net Cost After Gift Aid</td>
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<td>Example Calculation</td>
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<td>- Federal Student Loans</td>
<td>X 4 years or 5 years = Estimated Overall Cost</td>
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<tr>
<td>= Estimate of What You Will Owe After Grant Aid &amp; Federal Student Loans</td>
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**Final Thoughts**

College is truly an investment in your future self, so if you make a plan, you don’t need to spend decades paying for it. As you create and discuss your financial plan as a family, consider these things:

- What will each family members’ role be in paying for college?
- If you borrow loans, find the loans that work best for you. There are federal student loans, federal parent loans and private student loans. All options can be found at [https://financialaid.iastate.edu/loans](https://financialaid.iastate.edu/loans).
- If you are borrowing loans, also consider the average starting salary for your major. A good rule of thumb is that your expected borrowing should not be more than your expected starting salary. Each college has average salary information available on-line.
- Make sure you are aware of deadlines. The FAFSA is available every October 1 and ISU has an annual priority deadline of December 1. Submit your FAFSA by December 1 for maximum financial aid consideration. File your FAFSA after December 1 for consideration in the Federal Pell Grant and loan programs only. OneApp scholarship application is also available in the fall. Check out [https://financialaid.iastate.edu/scholarships](https://financialaid.iastate.edu/scholarships) for deadlines specific to your major.
- Your mandatory fees provide you access to services you can use throughout the year. Services like CyRide, Cyclone Cinema, Lied Rec Center and more are available for you to use throughout the year.
- Don’t be afraid to ask questions. If you are unsure of the details of your financial aid options, ask the Financial Aid Office. If you need help budgeting or planning, ask the Student Loan Education Office. Staff in the Office of Student Financial Aid and Student Loan Education Office are ready to help you navigate the financial investment and adventure that is paying for college!