



PAYING FOR COLLEGE

TRAINING TECHNIQUES

MODULE DESCRIPTION

Paying for College is a 60-90 minute workshop providing information on sources of funding for higher education, focusing on financial aid resources, college savings plans and tax incentives. Information on Federal financial aid is available at www.fafsa.ed.gov and www.studentaid.ed.gov. Interest rates listed are effective Dec 2006 and subject to change (expected to increase by 1-1.5% next year). Instructor should update all amounts prior to presentation.

LEARNING OBJECTIVES

At the conclusion of this program, participants will be able to:

- Demonstrate understanding of methods for researching financing alternatives.
- Describe the difference between loans, grants, and scholarships.
- Explain the difference between a 529 Plan and a Coverdell Education Savings Account.
- Identify at least three different methods available for saving for college.
- Identify tax incentives provided for higher education.

REFERENCES

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- Harper, K. 2004. "Books and Beyond". www.lifelines.navy.mil.
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- Department of Treasury, Internal Revenue Service. 2006. *Publication 970: Tax Benefits for Education*, 2006 Tax Year.
- US Department of Education. 2006. "Funding Education Beyond High School, The Guide to Federal Student Aid, 2007-8"
- www.bankrate.com (Compare loan rates, low cost lender search, calculators and basics of college financing)
- www.salliemae.com (Free scholarship service, low cost lender search, calculators and basics of financial aid)
- www.collegeboard.com (College scholarship search engine tool)
- www.collegeparents.org (College Parents of America)
- www.collegesavings.org (College Savings Plans Network)
- www.collegesavings.com (College Savings Bank)
- www.fafsa.ed.gov (Free Application for Federal Student Aid)
- www.fastweb.com (FastWeb search engine)
- www.finaid.org (The SmartStudent Guide to Financial Aid)
- www.kiplinger.com (Kiplinger's Personal Finance)
- www.lifelines.navy.mil (Lifelines Services Network)
- www.navycollege.navy.mil (Navy College Website)
- www.ffsp.navy.mil (Navy Fleet and Family Services Program)
- www.nko.navy.mil (Navy Knowledge Online)
- www.military.com (Military community site for education, career, discounts and benefits information)

- aid.military.com/Scholarships/
(Search option for financial aid resources, tailored to military members.)
- www.saveandinvest.org (NASD Investor Education Foundation)
- www.savingsbonds.gov (U.S. Savings Bonds website)
- www.savingforcollege.com (College savings programs search site that tracks 529 plans)
- www.staynavy.navy.mil
- www.studentaid.ed.gov (Financial Aid from the U.S. Department of Education)
- www.saveandinvest.org

■ MODULE PREPARATION

Handouts:

- Financial Assistance Resources
- Paying for College: A Financial Aid Calendar
- Paying for College: Avoiding Scams and Identity Theft
- Savings Programs and Tax Incentives
- Paying for College: Savings Programs Checklist

Materials (varies depending on activities chosen):

- Newsprint Paper
- Markers
- Internet Connection
- Financial Aid Term Match Handout
- College by Degrees PowerPoint Review Game

■ SUMMARY OF OPTIONAL PARTICIPANT ACTIVITIES

- **Just One Word:** Opening activity to get participants actively involved in the training and following directions.
- **Financial Aid Term Match:** A Term Match sheet that links the financial aid term to its proper definition.
- **Scholarship Search:** A familiarization activity that introduces participants to scholarship search engines, how they operate and what information they can provide.
- **College Saving Checklist:** A checklist review of college saving questions to answer when researching financial aid, scholarships and college saving options.
- **College by Degrees:** A game used to review program content.

■ CURRICULUM OUTLINE

1. Welcome and Introduction (2 minutes)
 - a. Optional Participant Activity: Just One Word
2. The Cost of College (5 minutes)
3. Education Benefits in the military (10 minutes)
4. Financial Aid (10 - 15 minutes)
 - a. Terminology
 - b. Loans and Grants
 - c. Application Tips
 - d. Institutional Grants
 - e. Optional Participant Activity: Financial Aid Term Match
5. Scholarships (5 minutes)
 - a. Military Specific Opportunities
 - b. Search Engines
 - c. Scams

- d. Optional Participant Activity: Scholarship Search
6. Saving for College (20 minutes)
- a. Starting Early
 - b. Section 529 Plans
 - c. Coverdell Education Savings Accounts
 - d. U.S. Saving Bonds
 - e. Custodial Accounts
 - f. Saving in the Parents' Name
 - g. Penalty-Free Withdrawals from Individual Retirement Accounts
 - h. Impact on Financial Aid
 - i. Other Strategies to Minimize College Costs
 - j. Optional Participant Activity: College Savings Checklist
7. Tax Incentives (5 minutes)
- a. Hope Scholarship Credit
 - b. Lifetime Learning Credit
 - c. Limited Deduction for Tuition Expenses
 - d. Student Loan Interest Deduction
 - e. The Fine Print on Using Tax Incentives
8. Summary and Conclusion (5 - 15 minutes)
- a. Which Plan is Best
 - b. Take Action
 - c. Conclusion
 - d. Optional Participant Activity: College by Degrees Review Game

■ INSTRUCTOR TECHNIQUES BY SLIDE NUMBER

1

Introduce yourself and tell the class any relevant information about your experience.

Optional Participant Activity: Just One Word

Time: 5 Minutes

Preparation: Write on the board or newsprint OSWJUDNURTEO.

Procedure: Instruct the class “to use all the letters provided and form just one word. Be sure to use all the letters”. Allow 3-4 minutes for the class to work on the letters. Then ask participants if anyone was able to do it. Explain to the class that the solution is simple if they followed the directions exactly. Then write on the paper the solution is JUST ONE WORD. Explain to the class that the topics we are about to cover can be very confusing to people and you wanted to make sure their brains were engaged and their ears open.

5

Optional Participant Activity: Financial Aid Term Match

Time: Ongoing

Preparation: Distribute the handout, “Financial Aid Term Match”

Procedure: Explain to the participants that you will be discussing a number of terms in this section. To facilitate learning they should utilize the Term Match sheet to link the term to its proper definition. As you discuss each item ask the class to find its proper definition on their worksheet. The correct links will be reviewed at the end of the section.

8

Financial Aid Term Match Review

Procedure: Instruct the students to review their Financial Aid Term Match handouts and make sure they have completed all the links. Answers are:

1. Loan to #6
2. Grant to #4
3. Scholarship to #9
4. Work-Study to #2
5. Pell to #8
6. Stafford to #11
7. PLUS to #10
8. Consolidation to #5
9. Supplemental Education Opportunity Grant to #3
10. Perkins to #7
11. FAFSA to # 1



Review the elements of the handout “Paying for College: A Financial Aid Calendar”.



If time allows, review the elements of the handout “Financial Assistance Resources” using the optional participant activity below. If time is short, briefly state that the resource is loaded with scholarship information that they can review on their own time and move on to the “Scams” section that follows.

Optional Participant Activity: Scholarship Search

Time: 10 minutes or more depending on the number of sites reviewed

Preparation: Must have internet access in the classroom, ideally several computers or the use of a computer lab. Ensure all participants have the Resources handout, and direct them to the “Search Engines” section.

Procedure:

Individual Method: Instruct participants to go online and walk them

through a scholarship search. They can input any data they want or you can provide them with the data to search for. Their search results will differ depending on the responses provided. Review the results with the group, pointing out how simple it was to get the information, how many hits they got, and now their job is to follow up, research the criteria, and apply.

Group Method: Break the class into groups based on the number of computers available with internet connections.

Instructor Facilitated Method: Connect via the training computer and allow the class to provide the inputs, then display the results to the class.

NOTE: Remind the students that we are not endorsing a particular site, and that they should review several on their own. The list they have is a good place to start as they provide excellent information.

Discussion Notes: Explain that the information you are providing today is constantly changing. As such, one of the best ways to help participants is to make them aware of the resources and where to go to find out more. Which options are best will depend on each person's unique situation. Tell them that as a group you are going to review one of the scholarship search engines listed on the handout as a sample of how they work and what the website can do.

Instruct participants to go online to www.collegeboard.com, click on "For Students", then on "Scholarship Search" under the "Pay For College" section, and click on "Start Your Scholarship Search." Tell the participants to complete the form, providing inputs of their own choosing from the dropdown menu or options provided to answer the questions. Clicking "Next" will take you to more personalization options and click on "See Results" when you are ready. What you will see is a list of scholarships that match the information you provided. Click on any of the scholarships listed to display more details on that particular option. Tell the students to pick one now and take a look.

When reviewing the results with the group, point out how simple it was to get the information, how many hits they got, and remind them that now their job is to follow up, research the criteria and apply.

If time permits, allow the students to visit another website or to click on different information sections within this one to see the wealth of information available to them when they are ready to begin their research in earnest.

State that this is just one example of the search engines that are available. Suggest that they keep in mind that the more personal information entered, the better the odds that Scholarship Searches will be able to match you to financial aid sources. Some of the sites will store information and if you allow, they will notify you of even more opportunities as new scholarships are entered into their database or if the criteria change. Sometimes, if scholarship money is unclaimed, the benefactors will change the criteria to allow more applicants.

11

Review the handout “Paying for College: Avoiding Scams and Identity Theft” with the participants.

12

Refer students to the handout “Paying for College: Saving Programs Checklist” for details on the plans you are about to review and to make notes on further information you provide.

22

Before covering this information, ask participants what other ways they know of to minimize college costs. You can make a brainstorming activity out of this if time allows.

23

Refer students to the handout “Savings Program Tax Incentives” for details and to make notes on further information you provide.

26

Optional Participant Activity: Checklist Review

Time: 5 minutes

Preparation: Distribute the handout “Paying for College: Savings Programs Checklist”.

Procedure: Review the checklist with the class. Do not read the questions, but instead ask if the first item can be answered now or if this is an issue that requires further research. Refer them to the Financial Assistance Resources handout for locating the details they need. Repeat this process for each point as time allows. If possible, call on specific participants to respond to each point. Upon completion, let them know that while this seems a daunting task, it's really not too difficult or time consuming when using the internet and the research sites we have provided as a guide.



Optional Participant Activity: College By Degrees Review Game

“(See “Introduction to the Modules: PowerPoint Games”)

Categories:

Give Me the Money

With Interest

I Need How Much?

Uncle Sam to the Rescue

Education Soup

GIVE ME THE MONEY

100

A: This type of financial assistance allows the student to work at the institution to earn money to pay college costs.

Q: What is Work-Study?

200

A: Student may be the recipient of several of these and still not need to repay any money at graduation.

Q: What is a Scholarship?

300

A: The maximum amount of this award is \$4,050 this year.

Q: What is a Pell Grant?

400

A: The federal program that swaps student loans with grants by charging a processing fee.

Q: What is a scam? There is no such program.

500

A: To receive any federal financial assistance a student needs to complete this annually.

Q: What is a FAFSA – Free Application for Federal Student Aid?

WITH INTEREST

100

A: Money for education which must be paid back with interest.

Q: What is a Loan?

200

A: To qualify for this loan a student must be attending school at least half-time.

Q: What is a Stafford Loan?

300

A: This type of loan is specifically for parents to pay for their children's education.

Q: What is a PLUS Loan?

400

A: Federal consolidation loans charge this type of rate for the life of the loan.

Q: What is a fixed rate?

500

A: A home-equity line of credit may be used for education as they benefit from this type of tax treatment.

Q: What is tax-deductible interest?

I NEED HOW MUCH?

100

A: The amount by which average annual college costs have been rising.

Q: What is 6%?

200

A: The maximum annual amount that can be contributed to a Coverdell ESA.

Q: What is \$2,000?

300

A: Using money from this type of saving plan for a child's college expenses could dramatically affect your retirement.

Q: What is an IRA?

400

A: The person to whom money in a custodial account belongs.

Q: Who is the child? They can use it for anything they want once they reach the age of majority.

500

A: Section 529 Savings Plans allow this type of tax treatment for qualified withdrawals.

Q: What is Tax-Free (Contributions grow tax-deferred.)?

UNCLE SAM TO THE RESCUE

100

A: The type of tax credit that allows \$1650 per student per year during the first two years.

Q: What is the Hope Scholarship Credit?

200

A: The lifetime learning credit may be used this many times per year, based on the tuition paid.

Q: What is once per year? (not per student)

300

A: The tax incentive which allows an income tax deduction of \$4000 for tuition and expenses.

Q: What is the Limited Deduction for Tuition Expenses?

400

A: When deducting student loan interest, this is the person who gets to take the deduction.

Q: Who is the person obligated on the loan, which may not be person who actually made the payments?

500

A: Most tax incentives can be used together as long as the money comes from these sources.

Q: What are sources other than tax-free programs like 529, ESA and Saving Bonds?

EDUCATION SOUP

100

A: The percentage of parental assets deemed available for children's education expenses.

Q: What is 5.5%?

200

A: The type of additional qualified educational expenses allowed by Coverdell ESA's and NOT allowed by 529 plans.

Q: What are elementary and secondary education expenses? 529 plans are for college education only.

300

A: The interest-free option on U.S. Savings Bonds does not apply to these types of expenses.

Q: What is Room and Board?

400

A: True or False. Money in a UGMA or UTMA is transferable to another beneficiary.

Q: What is False?

500

A: Prepaid tuition programs guarantee acceptance into this type of educational institution.

Q: What is None? Students need to be accepted under the school's normal admission standards.

FINAL JACKPOT

A: The lifetime earning gap between high school graduates and college graduates.

Q: What is over one million dollars?