

Educators Credit Union

COLLEGE PLANNING GUIDE

THINKER.
EXPLORER.
OPTIMIST.
STUDENT.

Prepare for your
college future and learn
how to finance it.



Educators
CREDIT UNION[®]

262.886.5900 | ecu.com

TABLE OF CONTENTS



Planning for college | **1**

Picking your major | **2**

Determining which school is right for you | **3**

Applying to schools | **5**

Paying for college | **7**

Savings options | **7**

Financial aid | **9**

Scholarships/grants | **11**

Reducing the cost | **12**

College preparation tips | **13**

PLANNING FOR COLLEGE



Going to college is one of the most exciting and intimidating moments of a young person's life. Symbolically, it's the start of adulthood. You're starting the quest to get into a career that will hopefully last for years. That's why it's important to make an informed decision on the college you attend and the type of career you pick.

We designed this guide to help you answer the tough questions you face before heading off to college. Here, you will find information on preparing to pay for college, applying to schools and more.

College Planning Center

Educators Credit Union has teamed with Invite Education to offer a program that helps families prepare for college. Invite Education designed this program so parents can start college planning with their child before they even start school! It will walk you through many of the areas discussed in this guide, offer guidance and give information along the way.

Use the program to:

- Plan for the cost of college and track your saving progress.
- Compare schools and the cost of tuition.
- Search for scholarships based on your student's unique profile.
- And much more!

This program is a complimentary tool from Educators Credit Union. Our goal is to give you the information you need to help your family find success in life. To get started, visit the Financial Education tab on www.ecu.com and search for the College Planning Center to get started.



Picking your major

A major is the specific academic subject you focus on while at college. If you want to be an accountant, an accounting major or a double major in accounting and finance would be a great choice. If your goal is to become a teacher, you would major in education with a focus on a particular subject, like English.

It's important to **pick a major that's right for you**, but it might not be easy. Some students have known what job they've wanted since age five. Some might not decide on a career until their first or second year of college.

If you're someone who has an idea of what you want to do before going to college, do your best to research that job while in high school.

The internet is a great tool to help figure out what schooling is required in a certain field, how much it may pay and much more. **Also, ask for first-hand experience from local businesses.** Most businesses are happy to let an aspiring student get a behind-the-scenes look at the field and have an opportunity to ask a current professional about their position and what it took to get there.

Since the choice affects the rest of your life, **take the time you need to pick what's best for you.**

Determining which school is right for you

Choosing a school is one of the most important parts of the college experience. There are many things to consider when choosing the school you want to attend, but there is no such thing as one perfect college.

TWO- OR FOUR-YEAR SCHOOL

A two-year school – also known as a community or technical college – is often beneficial for people who need immediate hands-on experience for their job. That’s why many of the schools focus on programs in the trades, like plumbing, auto repair or home repair. Although that is the usual focus of a two-year school, they also offer many other options like nursing, marketing or business. Two-year schools can be a great way to save money before going to a four-year school. Since two-year colleges usually don’t offer all the amenities that a four-year school might, they tend to be substantially more economical. You can get an associates degree or your general education classes first and then transfer those credits to a four-year school.

Meanwhile, some students might be better off starting his/her studies at a four-year college. Consider whether your career would be better if you start with a bachelor’s degree. If you want to get a

master’s or doctorate, you will save time by starting with your bachelor’s.

There are many reasons to pick a two- or four-year college, and each situation is different. Research your career and school or talk to your high school’s counselor to see which might be a better fit for you.

YOUR MAJOR

Many colleges or universities have specialties for particular majors. While they generally focus on many different subjects, they might specialize in teaching science or business. If you know what you want your major to be heading into college, you can research if it’s a strength of the school you would like to apply to, making sure you get the most out of your education. The people in charge of hiring at future jobs may recognize schools that focus on the career you are applying for and it will help them trust that your education better prepared you for your potential job.

LOCATION

For many students, the college dream includes getting far away from home. This is the first chance many people have to live without a parent's supervision. While moving to another state might be right for some, it's not best for all.

Going to a college that isn't in your home state can come with an extra charge. For example: A student from Wisconsin going to a Wisconsin school might only pay \$6,000 a semester, but someone coming to a Wisconsin school from Ohio could pay \$8,000 because they live in a different state.

Also, it might be easier for some students to live closer to or at home. You might be in a situation where you can't afford student housing or it doesn't make sense to pay that extra annual charge. In that case, look at colleges within a reasonable distance from your house to avoid spending too much money on transportation.

COST

We've already discussed several cost factors, like a two-year college is more affordable than a four-year college, and

an out-of-state college could charge you more money than someone living in that state, but there are also other considerations.

Colleges and universities have different fees. A private college typically costs more than state university and a university in a popular city often costs more than one in a rural setting. Saving on these costs could be the difference between paying student loans for 20 years or 30 years, but sometimes the more expensive college can offer an education that is worth the extra cost.

Additionally, testing is an important factor. An ACT or SAT test can be expensive, but most schools will only request scores from one or the other. Make sure you're saving money by taking the test that applies to the school you want to attend.

Again, when taking these factors into consideration, research as much as possible with your school counselor, or call the school you hope to attend and ask if they can answer some of your questions.



Applying to schools

Now that you know what criteria to consider, it's time to start applying to schools.

Make a list of what you would like out of your school and find two or three schools that fit that list. Before applying, call the school's admissions office – the number should be available on the school's website – and schedule a tour of campus. The tour is an opportunity for you to learn first-hand information about the school and the surrounding community. You can also ask questions you might not have answered from the previous steps.

If the school tours go well and you know which schools you would like to attend, it's time to apply. Remember while applying, every school might not accept you. It's best to **apply to multiple schools** to increase your chances of being accepted.

When applying, the school website should have an application that you can use. There are a few items that may be required:

A brief essay about why you would like to attend the school.

Your high school transcript, along with a transcript of any additional education you may have received.

Testing results from your ACT or SAT, depending on which test the school prefers. Some schools – like community colleges – may have you take an admissions test instead of the ACT or SAT.

A record of your extracurricular activities like sports, clubs or volunteering.

References from teachers or employers. These aren't always necessary but can help by sharing aspects of your character that aren't always demonstrated in your transcripts. A letter of reference could help push you from being a "maybe" into being accepted.

Once you have applied to at least a couple schools, it's time to wait. The school will send you a letter or email of acceptance or rejection. If you get multiple acceptance letters, it's time to speak with your counselor, family or the college itself to find out which school may be the best fit for you. Once you decide which college you would like to attend, let the school know. Each school will send you information on how to notify them if you intend to go there. Most schools will request you go onto a website to accept submission.

If you do not plan on attending a school that sent you an acceptance letter, let them know as soon as possible. This helps clear room for students who may be on waiting lists to get into a college they may want to attend.



PAYING FOR COLLEGE



Savings options

It's **always** the right time to start saving for college. College is expensive and most students leave with thousands of dollars in debt. Some even leave college with six-figure loans. Loans accrue interest, meaning you'll end up paying even more money than the actual cost of tuition. Any amount you can save will help you avoid paying significant interest totals and accumulating overwhelming amounts of debt.

If you are a parent looking to save or a teenager preparing for college, here are some saving options that can help you pay for the college experience.

COVERDELL ESA

A Coverdell Education Savings Account is a special account just for education expenses. Anyone can contribute to an ESA on the behalf of a person who is 18 years old or younger. Contributions are not tax deductible, but distributions are tax-free as long as they are used for

qualified education expenses. Those items can be, tuition, books, fees, housing and more.

ESA's do have an annual contribution limit per child. Please talk to a financial advisor to learn more about contribution limits.

STATE-SPONSORED 529 PLANS

Wisconsin has a state-sponsored education savings program called Edvest. Edvest lets you open an account on behalf of a beneficiary and places contributions into a trust fund established by the State of Wisconsin. Those funds are put into special investment portfolios specifically for the program, growing your funds federal and state-tax free until your beneficiary is ready to go to college.

There are also tax benefits associated with contributions to a 529 plan. Contact a financial advisor to learn more about the program.

EDUCATION SAVINGS BOND

The U.S. Treasury Department sells bonds that earn interest, which can be partially or entirely excluded from federal income tax. The bond owner must use the money to pay tuitions and fees at a college, university or vocational school or pay into the state tuition plan in the same calendar year the bonds are redeemed

For more information about these bonds, check out the **Education Planning web**

page on the TreasuryDirect website: www.treasurydirect.gov/indiv/planning/plan_education.htm

PREPAID TUITION PLANS

A prepaid tuition plan allows you to buy tuition units from the state. This means that if you buy units for a semester or quarter now, the units are redeemable for credits when the child goes to college. Previously these plans locked students into state schools but there is some flexibility in the program due to the 529 plans.

MONEY MARKET OR SPECIAL SAVINGS

If you cannot invest in college-specific accounts, putting money aside in a savings or money market account still helps the cost. A savings account can sit and accrue money and earn interest. That money can be used at any time for any cause. Money market accounts earn higher interest based on the amount of money you have put away, and you can access these funds without a penalty, in case of an emergency.



Financial aid

Ideally, we would put away enough money for college to not take on any debt, but there are many reasons that can keep a family or person from putting that money away. Because of this there, are many options to take out loans.

FEDERAL AID

The U.S. Department of Education is the largest provider of financial aid in the country. They provide money to students in the form of grants, work-study funds and low-interest loans. Loans are the most common use of this money.

Before applying for a loan, it is important to fill out the **Free Application** for Federal Student Aid at www.fafsa.ed.gov. It's free to file and will need to be completed every year you are in school to be eligible for student aid. Be sure to check with your school to learn when the deadline is to file for aid, but it's best to file once that school year's window opens.

Subsidized vs. Unsubsidized

Federal government loans come in two different forms:

Subsidized loans – For undergraduates who show financial need. The school he or she is attending determines the amount that can be borrowed. Most importantly, a subsidized loan's interest is paid by the U.S. Department of Education while a student is in school at least half-time.

Unsubsidized loans – Open to both undergraduate and graduate students. Again, the school the student is attending determines the amount of financial aid, along with the cost of attendance and other financial aid the student receives. With unsubsidized loans, the student does not need to demonstrate financial need but is responsible for interest that builds on the loans from origination.

PLUS loans

A PLUS Loan is for a parent of a dependent undergraduate to pay for expenses **not covered by student aid**. Graduate or professional degrees can also be paid for with PLUS Loans.

Perkins loans

Perkins Loans are low-interest loans available to **undergraduate and graduate students** who demonstrate exceptional financial need while attending a participating school. Undergrads can **borrow up to \$5,500** annually. Because of limited funds, qualifying for a Perkins Loan does not mean you will receive one.

PRIVATE LOANS

Many financial institutions offer education loans. These are generally at a higher interest rate than federal loans but can provide more **flexibility on loan amount, repayment** and **spending** than other types of loans.

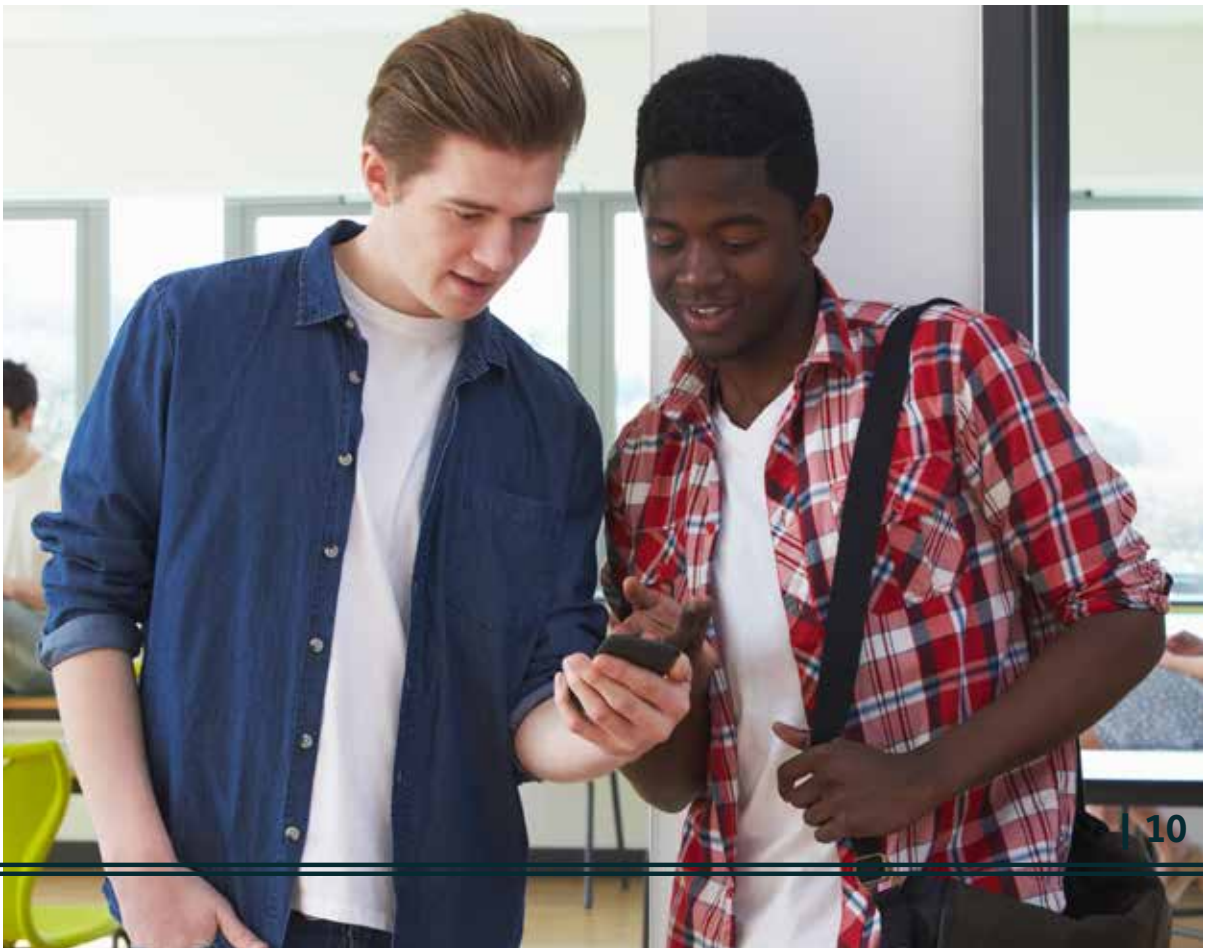
AVOIDING SCAMS

Applying for student loans does come with risk. There are people attempting to scam you out of money. It's important to **be aware of these dangers to protect yourself**. When someone contacts you about a student loan or you find a website, watch out for the following things:

- A guarantee that you will receive money. Unfortunately, no one can guarantee that you'll qualify for every loan or scholarship.

- Requests for payment. No loan or scholarship will ever require money prior to getting paid.
- "You're a finalist" in a contest you've never entered. If you have never heard of or worked with the organization before, it's likely a scam.
- Promises that you won't have to do the work. You will always need to at least fill out an application.

Many of these scams can be caught with just a little research. Go online and search for more information about an organization outside of its website. It's best to treat all opportunities with a little bit of skepticism. **Speaking with a college advisor or your school counselor** can also be a way to help determine whether an offer is a scam.





Scholarships/grants

One of the best ways to save on the cost of college is through scholarships or grants. These are considered **"gift aid"** that you earn from the government, colleges/universities, charitable organizations or businesses. Once you receive this funding for school, you do not need to pay it back.

TYPES OF SCHOLARSHIPS/GRANTS

Scholarships are awarded to students for a variety of reasons, such as: academic achievement, charitable efforts, membership in an ethnic or religious group, interest in a certain career, or athletic ability.

Most often, scholarships are used to **cover the cost of tuition**, however, they may also be used for other expenses like room and board or books.

Many scholarships can be found online. It's important to search for them as soon as possible, as most have a winter

deadline to apply and will require you to write essays or provide proof of your accomplishments or particular tasks. School counselors should also have a list of scholarships and can help you discover which opportunities could be best for you.

Create an account and search for scholarship opportunities from around the country, visit Educators Credit Union's College Planning Center at **ecu.com**.

Details on how to apply for grants and scholarships should be included with the basic information online or in the handout.

Reducing the cost

Most students will not receive scholarships or grants to help pay for school. Because of this, you may need to find ways to help cut down on the cost of college to avoid taking on more debt than you can pay for. There are a few key ways you can do this.

LOWER COST SCHOOLS

Ideally, you'll be going to the best school for your future career, but sometimes the cost of those schools may be too expensive for you. If that's the case, you can weigh the cost of the programs and find a middle ground between affordability and school ranked in education for your major.

If you go to another school that's more affordable, you can always transfer to finish your major at the college you originally wanted to attend. Just be sure to speak with a counselor at either college to make sure your credits will transfer so you don't get stuck paying for the same classes twice.

A great way to save cost on your general education classes is to go to a technical or community college and transfer those credits to a university.

TAX BREAKS

Some students are eligible for a **tax deduction** for the interest paid on their student loans. This can help bring money back to your wallet when filing your taxes. The **maximum deduction on interest is \$2,500** a calendar year.

AMERICAN OPPORTUNITY OR LIFETIME LEARNING TAX CREDITS

You or your parents could qualify for one or two tax credits.

- The **American Opportunity Credit** is available for the first four years of postsecondary education. This can be **worth up to \$2,500** per student annually.
- The **Lifetime Learning Tax Credit** applies to undergraduate, graduate and professional degrees and can be claimed for study under full-time. This can be **claimed as a credit** equal to 20% of the taxpayer's first \$10,000 of qualified tuition and related expenses.

For more information on these tax credits and other tax benefits for postsecondary school students, go to **www.irs.gov**.





College Preparation Tips

PRE-HIGH SCHOOL

Save, save, save!

Work to do your best in school. If you need it, get help from a teacher or tutor.

If you know what type of job you want when you're an adult, investigate what classes you can take in high school that will be relevant for that career.

Explore your interests through school- or community-based extracurricular activities.

HIGH SCHOOL

Freshman Year

Continue saving what you can, every bit counts!

Start a document where you can save copies of report cards, awards, honors or work for an academic portfolio. This includes any athletic achievements.

Plan to stay involved in extra-curricular activities throughout high school. Switch organizations to explore potential career fields that interest you.

Sophomore Year

Meet with a counselor to discuss colleges and their requirements.

Take practice tests for collegiate exams, such as the ACT or SAT.

Look into advance classes and how they can help earn credits for your college career.

Junior Year

Make sure your academic and athletic portfolio is up-to-date. If not, get any missing documentation.

Take a practice or prep course for the ACT or SAT. Wisconsin students are required to take the ACT.

Meet with a school counselor to make sure you are on track to graduate and meet collegiate requirements. If you are behind, work out a plan to meet those requirements before graduation.

Research colleges that interest you. Schedule visits if possible, especially during the summer after your Junior year.

Senior Year

If you did not score well on the SAT, ACT or similar test, schedule to retake it to try to improve your score.

Collect required college admission documents (e.g., transcripts, letters of recommendations) to start the year so you can start applying to colleges. Pay close attention to application deadlines.

Prepare to apply for federal student aid. Apply as soon as possible.

Research and apply for scholarships you qualify for.

Visit the Financial Education tab on ecu.com to find additional online resources to help you prepare your finances for college, apply for scholarships and more.

