Paying For College

Overview

A college degree can open many doors, but student loan debt can slam them shut. This lesson is your practical guide to paying for college in a way that protects your financial future. You'll learn how to reduce costs, maximize free money, choose affordable options, and avoid the debt traps that have weighed down millions of young adults.

Step 1: Start With a Real Budget

Outside of tuition, other components factor into the cost of college as well, like housing, books, food, and fees.

- Use the Net Price Calculator on any college's website to get a real estimate after aid
- Set a total yearly cost you're comfortable with before applying, not after acceptance. Factor in the following:
    - Tuition
    - Housing (on-campus vs. off-campus)
    - Books and supplies
    - Transportation
    - Personal Expenses
    - Fees

Step 2: Apply For Financial Aid Early

FAFSA = Free money. Don't skip it, even if you think you won't qualify

- For maximum aid, fill out the FAFSA every year early (starting October 1st)
- Some private colleges require the CSS Profile (non-federal) for institutional aid
- Look for all aid types:
    - Grants (free money)
    - Subsidized loans (interest doesn't accrue while in school)
    - Work-study (part-time job)

Step 3: Hunt For Scholarships

Scholarships are everywhere. Over $100 million in scholarships go unclaimed every year

- Look in the following areas:
    - Local organizations (churches, rotary clubs, community centers)
    - Niche scholarships (based on background, interests, major)
    - Online platforms (Fastweb, Scholarships.com, Bold.org)

***Wealth Tip: Apply for smaller scholarships ($500 - $1,000) because the competition is lower and it adds up fast

Step 4: Choose an Affordable School

Where you go matters less than how much debt you take on

- Start at a community college, then transfer to a 4-year university
- Compare in-state vs. out-of-state tuition (in-state is significantly cheaper)
- Consider public universities or trade schools with strong job placement rates

Step 5: Work During School

Part-time work can cut your debt significantly

- Aim to work 10-20 hours per week during school
- Use earnings to cover books, food, and personal expenses
- Continuously monitor your grades and adjust work hours as needed. Education still comes first

***Wealth Tip: Getting a job as a Resident Advisor (RA) will save significant money, as it typically comes with free room and board along with regular compensation

Step 6: Borrow Smart

Student loans are not free money; proceed with caution

- Before you borrow, calculate your future monthly payment using a loan simulator like studentaid.gov
- Only borrow to cover essentials. The less money you have to borrow the better
- Avoid Parent PLUS loans if possible. They put your parents in debt

Step 7: Revisit Your Plan Every Year

Your financial aid, living situation, and goals may change, so adjust your strategy as needed

- Reapply for FAFSA and scholarships annually
- Consider moving off campus and taking summer courses to save money and graduate early
- Avoid taking on more debt for comfort or convenience

Traps to Avoid

- Taking out the maximum loan instead of what you need
- Skipping FAFSA or applying late
- Ignoring interest rates on unsubsidized loans
- Choosing a school just for social status
- Assuming debt is “normal” and will sort itself out after graduation

Wealth Tips

- Borrow sparingly. Every dollar borrowed today costs more tomorrow due to interest
- Understand that bad debt delays wealth
- Treat your education like an investment, because it is one. Make sure to get a good ROI
- DON’T SIGN ANYTHING UNTIL YOU UNDERSTAND EVERYTHING

Conclusion

College can either be a launchpad or a trap, and the difference lies in how you pay for it. By budgeting smart, applying early, choosing affordable schools, and avoiding unnecessary loans, you give yourself the chance to graduate with momentum, not months and years of anxiety.

Post-Lesson Checklist: “Am I Ready For College?”

1. I’ve calculated the full cost of college

2. I've completed the FAFSA
3. I've researched and started applying for scholarships
4. I've compared different schools and know my lowest-cost options
5. I understand how much monthly debt I'm taking on after graduation