



# college financial myths

**dispelling the lies about higher education  
that are costing you thousands**

by **Scott Anderson**, Co-Founder of [eduLaunchpad.com](http://eduLaunchpad.com)



[www.eduLaunchpad.com](http://www.eduLaunchpad.com)

- 1 My income is too high.
- 2 My student's grades are too low.
- 3 I won't qualify because I own a home.
- 4 Aid is only for special groups.
- 5 My taxes must be complete before I file for financial aid.
- 6 It helps if a parent is in college.
- 7 Filing for financial aid is easy.
- 8 I can rely on the college to get me the most aid.
- 9 Out-of-state schools are more expensive.
- 10 I won't receive any financial aid so I don't have to file.
- 11 Private colleges cost more than state colleges.
- 12 The school with a good name is the best school for my student.
- 13 Scholarships are the way to go.
- 14 I have to accept the school's financial aid offer as written.



MYTHS

# What is the easiest way to save money on your higher education?

**Get informed.** There are a lot of myths out there about higher education and paying for college and this misinformation is costing families and students thousands of dollars. The only way to dispel these persistent myths is with knowledge.

Get the knowledge you need to save money on your college education at [eduLaunchpad.com](http://eduLaunchpad.com). See how you can:

- Maximize your opportunities for financial aid
- Increase your chances of being accepted
- Minimize your student loan debt upon graduation

Let [eduLaunchpad.com](http://eduLaunchpad.com) help dispel the myths about paying for college and start saving on your higher education today.

## **Free Application for Federal Student Aid (FAFSA)**

The FAFSA is the standardized financial and demographic information form used by practically all schools. It is administered by the Department of Education.

**How to file?** You can still file the FAFSA on a paper form which can be acquired through your high school guidance counselor or a college financial aid office, but we highly recommend you file using the online FAFSA form available at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

**Why file?** FAFSA is not only used by the government to determine eligibility for Pell Grants and Stafford Loans, but it is also used by the colleges and universities to help determine a student's eligibility for various grants and scholarships. Many colleges and universities require the FAFSA – even for non-need based sources of funds such as choral scholarships and academic awards.



## 1 My income is too high.

**This could not be further from the truth.** Financial aid is not awarded based upon income alone. Whether you make \$20,000 or \$200,000, you need to complete the financial aid forms. Schools use these forms to allocate all kinds of monies, not just monies for low income families.



## 2 My student's grades are too low.

**Grades are important but they are not everything.** Regardless of your student's performance there are likely many sources of money available to you. Financial aid is not awarded on academic performance alone.



## 3 I won't qualify because I own a home.

**This is not true anymore.** The FAFSA (Free Application for Federal Student Aid) is the most common financial aid form and it does not count equity in your primary residence at all. This does not apply to equity and vacation properties, some rental properties, and investment properties. Whatever equity you have in those types of property will be included in your financial aid calculations.



## 4 Aid is only for special groups.

**The vast majority of financial aid money is available to everyone.** We've all heard of aid where qualifying requires you have red hair, be left-handed and be a competitive lawn bowler. These aid packages comprise a tiny percentage of the money available.



## 5 My taxes must be complete before I file for financial aid.

**This myth probably costs families more money than any other.** It is just as important to get your financial aid forms done early as it is to get them done accurately. If necessary, file your financial aid forms based upon tax estimates as early in the year as possible. You do not want to miss any financial aid priority deadlines and these typically come well before the April 15 tax deadline.



## 6 It helps if a parent is in college.

**There is no longer an allowance for parents attending college at the same time as their students.** Only the brothers and sisters of the students get credit for being in college at the same time in the financial calculations. Some schools may take into consideration a parent in college on a case-by-case basis, but a parent in school currently has no impact on the official calculation through the FAFSA form.



## 7 Filing for financial aid is easy.

**Don't be fooled by marketing which says filing is a snap.** In February 2008, two Harvard economists produced the results of a study commissioned by the Department of Education which analyzed the FAFSA process. Among other findings, they discovered that it takes the average person 10 times longer to complete the FAFSA form than what the colleges and the Department of Education claim it should take.



## 8 I can rely on the college to get me the most aid.

**Colleges are big businesses and they want your money.** There is a common practice in higher education called financial aid leveraging. It is used by over 60% of private colleges in the United States, and 30% of public colleges. Financial aid leveraging is a statistical process used to determine what is the least amount of money needed to give to a student and still get that student in the doors of their school. You need to be an informed consumer-and should not rely upon the business which wants your money to give you the best advice.



## 9 Out-of-state schools are more expensive.

**This may be true for some state institutions, but it has no relevance for the more numerous private colleges.** When considering which colleges you'll apply to, focus on a school's generosity instead of the stated tuition. There are many out-of-state public colleges that are bargains compared to many in-state public colleges. At these out-of-state schools, students can attend for about the same cost or less than what it would cost them to go to a state university.



## 10 I won't receive any financial aid so I don't have to file.

**Everyone should file.** Your son or daughter will not be able to apply for the federally sponsored loan programs unless they complete the FAFSA form. If you want your student to take at least partial responsibility for their education, then the federal loan programs are the place to do it. Also, many schools use the FAFSA form as their primary financial information form and require it for many merit-based and performance awards.



## 11 Private colleges cost more than state colleges.

**Don't let the stated cost of attendance fool you.** Many private colleges can be a real bargain once they apply all the funds they have available. It is not uncommon to see a private school meet or beat the actual out of pocket costs of state schools.



## 12 The school with a good name is the best.

**There is no such thing as THE 'best' school.** The best school for you is one that matches your preferences, needs and financial circumstances. Find your best matches and you could save thousands of dollars on your higher education.



## 13 Scholarships are the way to go.

**Many higher education institutions actually reduce your financial aid offer by the amount of external scholarship money received.** For most students, all the time and effort to get those external scholarships (from groups like the Rotary, Kiwanis Club, a local church, etc.) is wasted. In addition, external scholarships only make up about 2% of all the financial help available to students. Most people are far better off learning how to get their share of the 98% of financial aid monies than pursuing external scholarships.



## 14 I have to accept the college's financial aid offer as is.

**The financial aid offer you receive is just that – an offer.** Maybe your circumstances have changed or maybe it isn't quite enough for you to attend that college. You can appeal the offer with the college's financial aid department and possibly improve your position.



## **The next generation of college search and prep**

eduLaunchpad.com is very different from other college search sites out there. We've built our website around a college search and selection strategy – a strategy that has worked to save families millions of dollars over the past decade and beyond – and not simply as a tool for finding colleges. Follow our process and recommendations and you WILL save money on your higher education. We're not about quick fixes or schemes. Our process is all about smart planning and creating options. We give you the knowledge and a few simple tools; it is up to you to use them to your advantage.

**Read more at [www.eduLaunchpad.com/14-Myths](http://www.eduLaunchpad.com/14-Myths)**

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### **About Scott Anderson**

Scott has been helping college-bound students and their families save thousands of dollars on their higher education for more than 10 years. He is the author of "STOP! Everything You Thought You Knew About Paying For College Is Wrong" and "The Secrets to Real College Savings" and a co-founder of the next generation of college search and prep: eduLaunchpad.com.