3 Mistakes Guaranteed to Increase Your College Costs



by Marc R. Hill

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After facing the monumental task of visiting college campus after college campus, prodding your soon-to-be college student to write those essays and meet those deadlines, filling out applications, pulling mountains of financial data together, completing FAFSA and Profile questionnaires, and overcoming the initial shock of your Expected Family Contribution, you wait. And you wait. And you wait some more. Until, finally, college award letters arrive in your mailbox.

After analyzing the award letters, regaining consciousness and swallowing hard in disbelief at the actual cost of a higher education, you, like many parents, needlessly settle for paying "full price" for your child's education.

Believe it or not, the decision to reduce your college expenses is entirely in your hands. While it's commonly believed that there's nothing you can do to reduce these expenses, as a financial planner and as a parent, I can assure you that the strategies not only exist, but they're also very effective.

But on the flip side of the college funding coin, there are some pricey mistakes that any parent can make. Let's take a look at three mistakes that are guaranteed to keep your college expenses sky high.

Mistake # 1- Assuming that your award letter is set in stone.

Fact: Your initial award letter from colleges is not set in stone. How is this possible? Well, there are a few different factors that can affect the figures you initially receive.

Often, students who have been accepted at and have sent in their deposit to one school actually end up attending another school. When this happens, the school, having already budgeted for the size of the incoming class, is now faced with a decision about how they're going to fill those vacant seats. At this point, they become more willing to sweeten the deal for certain students and provide better financial packages in order to maintain enrollment goals.

Additionally, schools will rank potential students from a desirability standpoint - they claim they don't, but believe me, they do! Your student will fall someplace in this "pecking order." Financial Aid packages are customized with this ranking system in mind and award letters are sent with stated deadlines for acceptance.

Keep in mind that not all students who are above yours in this order will end up at this institution. I dare say that most won't, which leaves a potential opening for you. How? Well, doesn't it make sense that if candidates who are placed higher in the food chain decline the offer to attend, that more money is potentially available to be applied to your favorite candidate?

Mistake # 2 - Not understanding the "early decision" application process.

Under the early decision application process, your student agrees to a binding commitment if the college accepts your child and offers an adequate financial aid package. Although your child may apply to other colleges through the standard application process, if your child is accepted by the "early decision" institution, your child must then withdraw all other applications.

So, how can the early decision process cost you big bucks? Let's try looking at this from a different perspective. Imagine you are currently in the market for a new car. You know exactly what make, model, color and all the little goodies that you want in order for it to be for a successful purchase.

You then stroll into your neighborhood car dealership, let them know all of your requirements and conclude by saying, "I am going to buy the car today, you're basically the only dealership I am going to, and dog-gone-it, I want your best price."

By applying "early decision," you are basically informing the college that they have no competition. So, unless your student meets all of their desired requirements, you may be leaving money on the table.

If you decide to pursue "early decision," make sure you have a complete understanding of your rights and obligations as they pertain to that particular institution. Also understand what constitutes an "adequate financial aid package" so that there are no surprises.

Keep the competition alive and consider an "early action" application - your savings may be considerable.

Mistake # 3 - Not developing a relationship with the financial aid office.

Most parents and students lack an understanding of the relationship they should develop with financial aid officers and the role that the financial aid office can play in reducing college costs.

First of all, it is very important that you establish a personal relationship with the aid office at your potential schools. The old saying, "It's easier to help someone you know than a stranger" certainly applies.

Second, you should understand that college financial aid is big business and that the goal of each individual financial aid office is to meet enrollment goals set by the institution with the best "fit" student at the least cost to that university.

That being said, the financial aid officer has broad discretion when it comes to adjustments made to your financial aid application. This is referred to as "professional judgment" and allows the officer to change items as he or she deems fit in order to more accurately reflect your financial situation.

Special circumstances include such things as one-time bonuses, loss of employment, disability and large medical expenses. Be sure and document these expenses and notify your financial aid office of these special circumstances as they occur.

So, yes, we all mistakes. And with a monumental and often confusing task like college financial planning, it's especially hard not to trip, slip up and flub now and then. But with careful planning and an understanding of how the college financial aid system works, you can avoid the mistakes that mean the difference between saving big bucks and breaking the bank.

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