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COLLEGE PLANNING by AnnaMaria Andriotis

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5 Ways to Boost a Financial Aid Package

SURE, MOST STUDENTS would much rather party, shop or veg out this holiday break, but if they want to land enough financial aid for the upcoming school year they've got some work to do.

Parents and students face a double whammy. Not only have economic conditions strapped a growing number of families' budgets, but many colleges can't afford to extend more financial aid than they could in the past. The end result: More competition for less aid, says Rod Bugarin, a former financial aid officer at Brown University and Columbia University and a counselor at Manhattan-based IvyWise, a financial aid-counseling company.

The number of students seeking financial aid jumped by some 16% for the 2008-2009 academic year from the prior school year, according to Kalman Chany, president of Manhattan-based Campus Consultants, which provides financial aid assistance to college students and their families. Chany predicts that those numbers will only continue to grow in 2009.

For students seeking aid, success hinges on two main factors: filling out applications early and thoroughly. "One wrong answer can mean the difference of thousands of dollars of aid," says Chany. And with the clock ticking on most financial aid forms, this is one assignment you really shouldn't procrastinate on.

Below are five moves you need to make to insure you get as much financial aid as possible.

Beat the FAFSA Deadline

You snooze, you lose. While the Free Application for Federal Student Aid (FAFSA) form typically is accepted until the end of June (for the 2009-2010 academic year, it's accepted until June 30, 2010), to get a sizeable financial aid package, students will need to file their FAFSA within the next few weeks. Individual colleges and universities set their own priority deadlines, which tend to fall somewhere between mid-January and the beginning of March 2009 for incoming college students. (College students sometimes have later deadlines, which vary by college.)

Wait too long and the financial aid pot starts to shrink. The 2009-2010 FAFSA will be available on the Department of Education's *web site*¹ on January 1.

Make Sure the College Knows Your Financial Situation

A family's financial situation is a key determinant in the amount of aid a student receives. After all, college financial aid offices won't dole out aid unless they think you really need it. It's up to you to convince them that you do.

Often, a financial aid package is based on an estimate of what the family's tax return will look like for the year. But given this year's rocky economic climate – which saw a spike in unemployment and many salaries chopped – this method may not be the best way for a school to assess the family's level of need, says Bugarin. To help improve the chances of receiving more financial aid, students or their parents should send a letter to the college's financial aid office that explains any recent changes in the family's financial situation, says Chany. Should a father recently lose his six-figure salary or a mother start paying for her elderly parent's care, that information needs to be included in the letter. Otherwise, their child can lose out on thousands of dollars of aid.

Use Recent FAFSA Changes to Help You Land More Aid

Parents who receive untaxed Social Security benefits and whose children also receive those benefits are in luck: the 2009-2010 FAFSA doesn't require parents to include this information.

Excluding that income can help lower a family's estimated family contribution (EFC), which is an estimate of what a family will be expected to pay for their child's college education. While processing the FAFSA, the Department of Education calculates the EFC, which schools and states use to determine how much aid to give. For a rough idea of how much your family may have to contribute based on family income, check out the Project on Student Debt's *table*².

Another helpful change: the FAFSA won't request parents to disclose their earned income credit, which is a refundable federal income tax credit for low-to-moderate income working individuals and families, or the foreign-earned income tax, which taxes money that an American earns abroad, says Chany.

Be Wary of Scholarships

Even a few thousand dollars in scholarships can mean the difference between attending that pricey dream school versus going to your local back-up college. But before students start applying for every scholarship they can possibly qualify for, they should consider the drawbacks. Landing a scholarship -- or several scholarships -- can actually *decrease* the amount of money a university or college is willing to give you in financial aid. Many aid offices account for that free money as an asset that they weigh into their aid calculations, says Lauren Asher, associate director of the Berkeley, Calif.-based Project on Student Debt. Before applying for scholarships, ask the college's financial aid office how they'll affect your financial aid package.

Appeal for More Money

The worst thing a family in need can do is give up. If you aren't satisfied with the financial aid package you receive, appeal to the college's financial aid office for a bigger one. Since some aid may free up later in the year (say, if they extend aid to a student who decides to go to another school) it's always worth a shot.

Just be prepared for the plea to backfire. Since you're opening the door for financial aid officers to delve even deeper into the family's finances, it's possible you could walk out with less aid than you were originally given, says Bugarin.

¹<http://www.ed.gov>

²http://www.projectonstudentdebt.org/ncoa_chart.php

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