The 7 BIGGEST Mistakes Made When Planning For College (and how to avoid them)  
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GetCollegeFunding

Congratulations on downloading this free report! You are one of the few individuals who realize that the college experience is not as simple as choosing a school, attending class for four years, and then moving on to a great job. That’s the ideal. That is the “promise”. But for most people, it is not the reality.

I know you’re anxious to learn the mistakes most people make. But before I get into that, take a minute to read Melanie’s story:

“I had it all planned. Or at least I thought I did. I spent my entire high school career getting good grades and taking part in extra-curricular activities (some I didn’t even like, but I knew they looked good on college applications). As expected, I got into the school I wanted and even got a scholarship.

It only took one semester before I realized I was at the wrong school for me and in the wrong major. I was miserable. After that, I bounced around between three other schools before finally earning my degree – not the degree I started out in.

Ten years later, my husband and I want to start our family. But our student loans are making finances extremely tight. I can’t help thinking this could have all been avoided. That phrase, “if I knew then what I know now” keeps running through my head.”

Melanie’s story is not uncommon. With the majority of students taking 6 years to finish college (instead of 4) and student loan debt sitting at $1 Trillion, many new graduates are finding themselves unable to even pay their student loans.

But the sad thing is that with a little more planning, most of the problems associated with attending and paying for college could have been avoided.

With that…let’s get into the mistakes.

BIGGEST Mistake #1: MIS-understanding EFC

EFC is an acronym you need to know. It stands for Expected Family Contribution. EFC is the computation that determines a student's legitimate financial need for college.

Let me get technical for a minute. A student's EFC is subtracted from the COA (Cost-Of-Attendance) of the college to which they were offered admission, and the difference (EFC minus COA) is considered to be the student's financial need. Some colleges will meet 100% of this need while others meet very little.
Many families erroneously conclude that they "earn too much" to qualify for ANY need-based Financial Aid. The reality is that families earning well into 6-figure income are often surprised to learn that their student did indeed qualify for financial aid, some of it being FREE money (the best kind, right?) in the form of university grants!

**BIGGEST Mistake #2: Assuming Your EFC Is The Same At All Colleges**

There are two methods of computing EFC. The one most widely used is the Federal Methodology –which is used on the FAFSA Form. Since the FAFSA is a federal form, roughly 90% of the colleges use this methodology to assess a family's EFC.

It's the other 10% where all this changes. You might be saying, "OK Tom, so who cares about such a small percentage of colleges?" And that's a fair question! Well, here's the kicker. Those remaining 10% of colleges are the ones SO many students aspire to. This list includes all the Ivies (Harvard, Yale, Princeton, etc.), Stanford, USC, MIT, CalTech, Duke, Notre Dame, and the list goes on and on until you hit about 250-ish.

So what's different about the EFC computations at these schools? They use a different methodology known as the Institutional Methodology. Unlike the FAFSA Form (which is administered by the Department of Education), these schools use the CSS PROFILE Form, which is administered by the College Board.

The College Board form is far more invasive, and understandably so! After all, these colleges are attempting to assess your legitimate financial need so they can assist you with university grants, out of their own pockets, NOT just federal and state funds.

And since their EFC computation is not bound by federal rules and regulations, these schools can vary the EFC computation as calculated by the College Board - and they DO vary it, in some cases dramatically from one college to the next. In fact, your EFC can vary tens of thousands of dollars from one PROFILE school to another.

**BIGGEST Mistake #3: Assuming You Earn Too Much to Qualify For Financial Aid**

Many families decide to NOT file any financial aid forms, because they feel certain it would be a waste of time based on their 6-figure earnings. So what IS the magic threshold of household income beyond which a family no longer qualifies for need-based financial aid?

There IS no threshold per se. Your student's need-based financial aid eligibility is a function of EFC, and many families are surprised to learn that their income often results in an EFC that allows for aid.

And it gets better! If a family has more than one in college, their need-based eligibility **INCREASES**. Most colleges will split the EFC BETWEEN the two students. Remember
EFC is your Expected FAMILY Contribution, "family" being the operative word. With two in college, your FAMILY's EFC is shared between the two students. With three in college, divide it 3 ways, and so on and so on (all the way up to 8 in college as "Octomom" may experience some day).

BIGGEST Mistake #4: Believing That Applying Early Action/Early Decision Creates An Edge

Let's start off with the basics. Early Action and Early Decision are admission terms that refer to application deadlines. All schools have Regular Admission dates when applications must be received by the colleges. (These dates typically range from January through March of the student's high school senior year.)

However, SOME colleges offer EITHER an Early Action (EA) or Early Decision (ED) option (but never both). The advantage of applying EA or ED is that the school is committed to provide an admission decision before the end of December, whereas Regular Decision notifications are typically provided in March and occasionally as late as early April.

Students often assume that applying EA/ED will enhance their chance of admission significantly.

While there may be a SMALL advantage for high academic achievers, there is often a major DIS-advantage of applying EA/ED. Unless the student is indeed in the upper 20 to 25% of the incoming applicant pool, they will likely be denied EA/ED admission. This is because the EA/ED applicant is highly selective.

Students often falling in the lower 50% apply EA/ED, assuming erroneously that they can "get in" by demonstrating their interest in the college simply by applying early. These students are actually DECREASING their chances of admission. They would have had a better chance of being admitted in the less competitive Regular Decision applicant pool.

Furthermore, students can apply to only ONE college ED. When applying ED, the student is effectively signing an LOI (letter of intent) promising to attend. And in the event of acceptance, they agree to pull all applications from the other colleges to which they've applied, often not knowing if they would have been accepted. There also exists a financial risk of applying ED. Unless a family is confident they can afford the ED college, they shouldn't apply in this fashion.

BIGGEST Mistake #5: Counting on Scholarships to Help Pay Tuition

Many families bank on college scholarships as the primary means to pay for college. But with high achievement now being diluted in public schools (our local high school had nearly 100 Valedictorians last year!), it's become a bit more challenging for colleges to discern exceptional scholars without some further digging.
Some of THE best financial aid packages our student clients receive are indeed based on merit. The traditional scholarship awarded for outstanding academic achievement is alive and well! BUT... not at every college. And I find this to be a shock to many families. The more highly selective the college, the LESS likely they offer ANY merit money.

Do NOT assume that because your student has a 4.5 weighted GPA and a near-perfect SAT or ACT test score - that they will be awarded a sweet scholarship wherever they attend. You MUST research the individual colleges and understand their financial aid packaging policies, both need-based AND merit-based.

By the way, I don't want to sound like I'm "picking on" the Ivies or Stanford. These are among THE most generous of colleges when it comes to NEED-based financial aid. If your student has a low EFC and is offered admission to any of these highest-selective colleges, he/she may actually receive a grant that pays virtually ALL expenses, direct and indirect, for their college career. You can count on them to meet 100% of your financial need, as determined by your EFC computation.

BIGGEST Mistake #6: Not Creating A Realistic List of College Options

When I applied for college admission (WAY back in the 70's), it was not uncommon to apply to only 2 or 3 colleges at the MOST. My how times have changed! With an unprecedented number of high school seniors, the fact is there are not that many more college seats available over the past several decades.

With only one out of two students graduating from the college they enter as a freshman (surprised?), it's imperative that families put more effort into the crucial task of constructing a REALISTIC College List! OK, so what do I mean by "realistic"? Simply stated, a list of (8 to 10) colleges, any one of which would be an excellent-fit school for the student AND will not put at risk mom's and dad's ability to retire as scheduled.

Plus, you do not want to encumber the student with debt that will be difficult for them to pay back in the future – even when they do land a great job.

BIGGEST Mistake #7: Believing You’ve "Got It Covered"

Ask the parents of high school seniors how the college planning is going, and you’ll likely receive the "knee-jerk" reaction: "We believe we've got it covered". Many times, what these parents are REALLY saying is something like: "We've got our fingers crossed, hoping that at least one college will offer us a great scholarship for a reason unknown to us". For most families, planning for college has become a game of chance, hoping for the best.

If you’re comfortable enough to discuss finances, you might hear the parents say: "We'll borrow as need be."
Well, here's the reality concerning borrowing for college: The ONLY entitlement loan for all students (who are U.S. citizens) is the Federal Stafford Loan. By completing the FAFSA Financial Aid Form, virtually all college freshmen are guaranteed to receive a loan from the federal government for $5500. That's it! And with the average cost of a public college now exceeding $20K and many private colleges approaching $60K, this isn't quite what families have in mind when they think of "student loans".

And the terms of the Federal Stafford Loan aren't all that great. Congress has set a fixed interest rate of 6.8%! (This is NOT a typo...) As of the time of this report, the prime interest rate is in the tank. So what in the world is Congress thinking? Charging our kids nearly 7% interest in their pursuit of higher education? In my opinion, this is nothing shy of despicable. But sadly, it is what it is.

Many families who sincerely believe they've "got it covered" are "sincerely wrong" and ultimately find themselves in a horrible debt situation. I don't want you to be one of those families, and it CAN be avoided.

**Conclusion**

With all these possible mistakes, it's a wonder anyone gets through college. But by planning properly for college, your student CAN be in the minority of college graduates who complete their undergraduate studies in 4 years and it CAN be done in a financially responsible manner so that mom and dad can retire as planned.

At GetCollegeFunding our sub-title is "All-In-One College Planning". Whatever holes may exist in your family's College Planning bucket - we're here to help you PLUG them! It's what we do!

After spending just a few short hours with us, you’ll learn:

- What financial help you qualify for
- Which colleges best fit your soon-to-be high school graduate
- How to accurately calculate your EFC
- Where to look for extra funding
- The best way to pick a major
- And much more!

If you'd like to explore this further and meet privately with me, Chief College Planning Strategist, Tom Bottorf, either in our Dana Point Harbor Office (located in southern CA) or via a SKYPE video-conference call, learn more about our popular College Readiness Review (STEP 2 on our home page), or call me at 949-485-2638 with any questions.