

Financial Aid

Chapter 2 is all about paying for college. You will find helpful information on how to finance your higher education including what types of financial aid are available and how you can qualify. You will also find helpful tips and frequently asked questions.

Preparing to pay

The answers to many of your questions about financial aid will be addressed in this chapter. But don't forget — your best source of information will be the financial aid office of the school you plan to attend.

Even if the school of your dreams seems too expensive, it may not be out of reach if you receive enough financial aid. You may qualify for financial help based on many different things, including academic achievement, athletic skill, musical ability or simply financial need. Contact the financial aid office to find out what's available.

The 2015–2016 estimated costs for most Alabama colleges are included in **Chapter 3**. For out-of-state schools, consult *The College Handbook*, published by the College Board, in your school library or counselor's office.

Check with the school to find out the latest costs and what kind of financial aid it's offering you. You may find that it won't cost you any more to go to a high-priced school than a lower-priced school. But you won't know unless you ask. You can evaluate the costs of different schools by using the "Financial Aid Package Comparison" at the end of *Getting In*.



Types of Financial Aid

Grants: Awards based on need that usually don't have to be repaid.

Scholarships: Awards based on some kind of special achievement — academic, athletic or service. These are merit-based and generally don't have to be repaid.

Work-study: Part-time employment (on or off campus) that lets you earn money toward tuition.

Student loans: Money borrowed from a bank, the government or a school. A student loan must be repaid. However, low interest rates are available, and repayment often doesn't start until you've either left school or graduated.

Conversion scholarships: Scholarships that require you to provide certain services for a period of time. If you don't, you have to pay back the money with interest.

Waivers: An arrangement offered by some schools to eliminate certain costs for students who meet specific qualifications (if your parent was an Alabama police officer killed in the line of duty, for instance).

Military benefits: Financial aid offered to individuals (or their dependents) who were, are or will be in the U.S. Armed Forces.

Prepaid tuition: A contract guaranteeing fully paid tuition for a fixed number of credit hours at a participating school. You have to pay a certain amount up front.

National service award: An award received for education expenses in return for national or community service.

Money maze

Finding your way through the financial aid maze isn't as difficult as you might believe. We can answer some of the questions to head you in the right direction. A college education is more affordable than you might think. You'll probably qualify for more than one type of financial aid. Let's look at some common questions about financial aid.

Where can I get financial aid?

Sources of financial aid are everywhere: the state and federal governments, your college and private businesses and organizations. Remember, though, that you and your parents are expected to pay as much as you can toward your college expenses.

How is financial aid awarded?

Financial aid comes in two main types: need-based and merit-based. Need-based aid is awarded because the information you and your parents submit on the Free Application for Federal Student Aid (FAFSA) shows that you need help paying for college. Examples include the Alabama Student Assistance Program Grant and the Federal Pell Grant.

You earn merit-based aid by doing something well. Examples would include athletic scholarships and scholarships based on your grades or abilities.

Where can I get financial aid information?

Free information comes from your school counselor and financial aid officers at any schools you're interested in attending. You'll also find free info at www.alstudentaid.com, the website of KHEAA–Alabama.

How do I apply?

You can apply for most state and federal aid by filing the FAFSA. For more information, see page 27.

Many colleges use the FAFSA to award grants and scholarships administered by the school (called institutional aid). However, separate applications are required for some institutional scholarships and most private scholarships.

When do I apply?

If you're not starting college until the fall, apply as soon as possible after October 1. The first thing you have to do is submit the FAFSA using the previous year's tax data. The

earlier you file, the better your chance of getting financial aid. Check with the financial aid offices of the schools you're interested in to find out their deadlines.

If you plan to get a jump on college by starting before July 1 of next year, you should file the FAFSA now.

What is need analysis and how is it determined?

Need analysis determines what type and how much aid you are eligible for. The analysis subtracts your expected family contribution (EFC) from the total cost of attendance. The total cost of attendance includes tuition and fees, room and board, books and supplies, personal expenses and transportation.

The EFC is the amount your family is expected to pay toward your college expenses. It is figured from the information on the FAFSA using a formula set by Congress. If you're an independent student, the EFC is figured on your own financial resources (and those of your spouse, if you're married).

How much can I get?

You can't get more need-based aid than the total cost of attendance minus your EFC. So, if the total cost of attendance is \$12,000 and your EFC is \$7,000, the most you can get in need-based aid is \$5,000. That doesn't mean you **will** get \$5,000. It just means you're eligible for up to \$5,000 in need-based aid.

When will I know how much I will get?

If you apply for state and federal aid between October and March, you should find out your aid amount in late spring. Each college that you've been accepted to will send you a financial aid package that shows the cost of attendance and the aid the school plans to award you. The package may include grants, scholarships, work-study and loans and depends on what funds are available. You have to accept or reject each type of aid the school offers you. Some schools do all of this online, while others send you a paper offer you must check, sign and return.

Money maze

What can I use financial aid to pay for?

Financial aid must be used to pay the cost of education, which includes:

- Direct costs — tuition, fees
- Indirect costs — transportation, housing, food, books and supplies

What about next year?

Many aid programs require you to maintain a certain GPA to have the award renewed. Others may require what is called satisfactory academic progress. This is usually based on earning enough credits to graduate in a certain length of time. Check with the school to find out what the requirements are.

Even if you don't get aid this year, you should reapply each year. Things can change: program requirements, your family's financial condition — lots of things.

If I change my mind about college, can I get a refund?

Every school that awards federal student aid must have a written refund policy and give you a copy of that policy if you request it. It's important to find out (before you apply for admission) if you can get a refund if you withdraw from school before you get your degree or certificate.

Family Considerations

What can I do if my parents claimed me as a tax exemption last tax year but gave me no money or support?

Although you don't meet the federal definition of an independent student, you should discuss your situation with the financial aid director of the school you plan to attend to find out if he or she can help you.

If I have a brother or sister attending college, will my EFC be less?

Probably. As a rule, if two family members (other than a parent) are in college at least half-time, the EFC is divided by two.

If my parents are divorced or separated, which one should provide the information for the FAFSA?

The parent with whom you lived the most during the past 12 months should complete the application. If you lived with each parent an equal length of time or lived with neither parent, the parent providing the most financial support for you during the last year should complete the form.

The U.S. Department of Education operates a toll-free telephone service for students, parents and educators who have questions about federal student assistance programs.

Call (800) 433-3243 (800-4FED-AID). People who use a TTY or TDD device should call the Federal Information Relay Service at (800) 730-8913.

Am I "Dependent" or "Independent"?

Most students entering college straight from high school are considered dependent students. For the 2016–2017 academic year, you're a dependent student **unless** at least one of the following applies to you:

- You were born before January 1, 1993.
- You're married.
- You're enrolled in a master's or doctorate program during the 2016–2017 school year.
- You have dependents who will receive more than half their support from you through June 30, 2017.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If any of the above apply to you, you're considered an independent student, which means you won't have to include your parents' financial information on the FAFSA. Your school may ask you to submit proof of your independent status before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.

Tax time

Paying taxes is part of being a responsible adult. Fortunately, going to college may help you and your family during tax time.

Are there tax considerations?

Yes. Some scholarships may be taxable. The basic requirement for a scholarship to be tax free, known as a qualified scholarship, is that you are a candidate for a degree.

A qualified scholarship is any amount used for tuition and required fees, books, supplies and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include expenses for room and board, travel, research and clerical help.

Taxpayers may also be able to take advantage of various credits and deductions. They include:

- **American Opportunity Credit**, available for the first four years of college.
- **Lifetime Learning Credit**, available if a taxpayer or a dependent is taking college courses to acquire or improve job skills.
- **Tuition and fees deduction**, which lets taxpayers deduct qualified education expenses paid during the year for themselves or a dependent. The expenses must be for college.
- **Student loan interest deduction**, which lets people deduct up to \$2,500 per year on federal taxes for interest paid on federal student loans.

Is there anything else I need to know about tax credits and deductions?

Congress can change the federal tax credit and deduction rules at any time. Before claiming any of these credits and deductions, double-check to make sure they are still available and to see if any of the particulars have been changed.

For more information, call the Internal Revenue Service (IRS) at (800) 829-1040 or visit www.irs.gov/pub/irs-pdf/p970.pdf to download the free Publication 970 *Tax Benefits for Education*. This and other free publications are also available from the IRS by calling (800) 829-3676 or by visiting www.irs.gov/formspubs/index.html. If you're still not sure, consult your family's tax advisor.



Helpful hints

Don't pay for this information!

It's free! Don't miss out on financial aid because you didn't know where to look. Following these tips will increase your chances of obtaining all the financial aid you can.

Talk with your school counselor, who's an excellent resource and can help get you started in the financial aid process.

Talk with financial aid officers at the schools you're interested in attending. No one knows more about the aid programs available through their school. See **Chapter 3** for contact information.

Make good grades in high school. This gives you a much better chance of winning scholarships and qualifying for grants.

Write to organizations connected with your field of interest that may have financial aid available. These organizations are listed in directories available in public libraries.

Learn about student loans. You should first try to get financial aid you won't have to pay back. However, most students need loans to help pay for college. If you're going to need student loans, make sure you get the least expensive ones you can. That means you should learn some terms and make comparisons. For the low-down on student loans, go to the "Student Loan Tips" section.

Check your high school or public library for books about student aid sources.

Watch newspapers for scholarships offered through local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc. Contact the group for more information.

Explore www.alstudentaid.com and *Affording Higher Education*, a reference guide containing sources of student financial aid for Alabama students. For up-to-date information about grants, scholarships and other financial aid programs for Alabama students.



The scam trap

Remember the saying –
“If it sounds too good to
be true, it probably is.”

There are a lot of financial aid programs out there, but make sure your sources are reliable — or you could find out the hard way that not everyone is honest!

Be wary of any company that offers to do the work for you (at a price, of course!). It sounds so easy: Just fill out a form, then sit and wait for all these scholarships to fall in your lap. Scholarship search companies may charge hundreds of dollars to give you a list of scholarships you can find for free.

At right are some easy steps you can take to get the *same information* — for free!

STEP 1

Start with your counselor, who can help you find many sources of student aid for which you may qualify.

STEP 2

Contact someone in the financial aid office at each school you're considering. This person can tell you about the financial aid programs offered by the school.

STEP 3

Attend any free financial aid workshops sponsored by your high school, local colleges or the Alabama Association of Student Financial Aid Administrators. Don't confuse these free events with events sponsored by companies that offer services for a fee.

STEP 4

Before paying for financial aid information, check out the company with the Better Business Bureau; the Attorney General's Office, Consumer Affairs Section, 500 Dexter Avenue, Montgomery, AL 36130, (800) 392-5658, (334) 242-7335, www.ago.state.al.us/Page-Consumer-Protection; or the attorney general in the state where the company is located.

STEP 5

Check the Internet for scholarship sources. There are several **free** scholarship search sites available online.

If you're going to use the Internet, remember that websites are not regulated by any agency. It doesn't take much to start a fantastic-looking website, so don't judge the site simply by the way it looks. A scam artist can set up a website, take people's money for a few weeks, then shut down the site and disappear.



The scam trap

For more information about scholarship frauds, check out these websites:

Federal Trade Commission,
www.ftc.gov

You can also file a complaint with the FTC by calling toll free (877) 382-4357 or submitting an online complaint form available on the FTC website.

FinAid,
www.finaid.org/scholarships/scams.phtml

This is another site that provides information on how to identify and report scams.

Remember, however, that the absence of complaints may not mean the company or foundation is legitimate — it may just be so new that no one has filed a complaint yet.

Don't gamble with your future.

The Federal Trade Commission cautions students to be especially skeptical about scholarship search companies and sites that make any of these claims:

“You’ve been selected by a national foundation to receive a scholarship.”

Check with your school counselor to find out if the foundation is legitimate. Check with your guidance counselor if you’re notified that you’re a finalist in a scholarship contest you didn’t enter.

“We’ll do all the work.”

The company may send you a long list of scholarships, but you’ll have to fill out all the applications.

“I just need your credit card or bank account number to hold this scholarship.”

NEVER give these numbers to a person or company you’re not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals — without your knowledge.

“This scholarship will cost some money.”

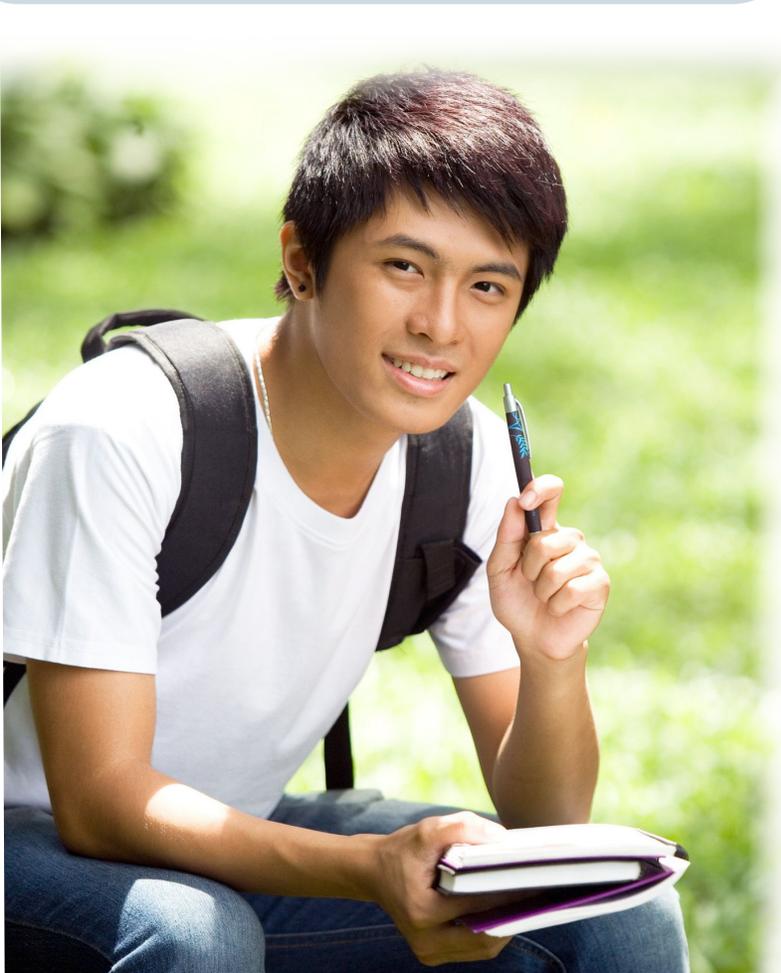
Some legitimate scholarships do have up-front fees, but they shouldn’t be more than \$5 to \$10.

“The scholarship is guaranteed or your money back.”

Read the fine print. To get a refund, you may have to receive a letter of rejection from every source on their list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even give you sources that don’t exist. The fine print may state that all types of student financial aid are included, so if you get a loan and no scholarships, you still can’t get your money back.

“You can’t get this information anywhere else.”

Nearly all the information can be found by working with your counselor and college financial aid officer, visiting your high school or public library or doing a free online scholarship search.



The FAFSA

Don't let the challenge of filling out the FAFSA defeat you. Here are some helpful hints that will simplify the process.

The FAFSA is the Free Application for Federal Student Aid, which you must submit before you can qualify for federal or state student aid. The financial information provided on the form will automatically be sent to the schools listed on the FAFSA.

The best way to file the FAFSA is online at www.fafsa.gov. Make sure you go to the .gov site. Other sites may charge a fee for something you can do free. Here you can complete the application and send your data over the Internet. A brochure titled FAFSA on the Web is available from the U.S. Department of Education (ED) by calling (800) 4FED-AID (800-433-3243). You can also call this number if you have any questions about FAFSA on the Web.

You need to go to <https://fsaid.ed.gov> to set up a username and password before you file your FAFSA.

Keep in mind that you're less likely to make errors filing electronically because your answers are edited automatically. Also, you will receive your report 7 to 14 days faster than you will with a paper FAFSA.

You can get up to three copies of the paper FAFSA by calling the ED. If you want to be notified when your paper FAFSA is received, fill out the postcard in the packet and return it with your FAFSA. The FAFSA processor will stamp the card with the receipt date and location and mail it back to you.

The school's financial aid office uses the information on the FAFSA to determine whether you're eligible for need-based financial aid and, if so, for how much and what type. From this information, the school will create a financial aid package for you. Each college you list on the FAFSA will consider you for financial aid and will notify you of its decision in late spring.

VERIFICATION

The federal government requires colleges to verify the information provided by certain students on their FAFSAs. Most people selected for verification are picked at random, but your chances of having to verify your information increases if you estimate figures so you can submit your FAFSA early. However, if you wait until you have all of your tax information and until your taxes are done before you submit your FAFSA, you may miss out on awards from financial aid programs with limited funding.

If you're chosen for verification, you'll be contacted by the college. The college or, in some cases, an agency with which the college has contracted, will let you know what information you need to supply.

The easiest way to be prepared for verification is to use the IRS Data Retrieval Tool in FAFSA on the Web. The tool will transfer your information from the IRS to the FAFSA, either when you filed the FAFSA or when you make corrections later.

Another method is to have the IRS send you an IRS tax return transcript, which you can ask for on www.irs.gov. If you filed your taxes electronically, your IRS information will be available about two weeks after you filed. If you filed by mail, the information may not be available until two months after your tax forms are received.

Remember: Verification is a normal process that thousands of people go through each year.

If you're selected for verification, you won't receive your financial aid until you complete the verification process.

The FAFSA

You must fill out the FAFSA correctly in order to get all the money you qualify for. Use the following steps to make sure it's right:

Other financial aid applications

- Check with the financial aid office of the school you plan to attend to find out if you should file any other applications.
- Read and follow directions. Filling out an application properly and neatly is important. You may be disqualified for failing to complete all questions, answering them incorrectly or missing the deadline.
- Pay attention to mailing addresses and filing deadlines. Like the FAFSA, other application forms should be filed as early as possible.
- Keep copies of everything you mail and a record of the dates you sent them. You might want to send your materials by registered mail, return receipt requested.
- Talk with your counselor about scholarships available in your community. If you think you may be eligible, apply for them.
- Check the school's catalog or website for descriptions of any additional scholarships or financial aid for which you may be eligible to apply. Website addresses can be found in Chapter 3.
- Apply, apply, apply. By applying for several types of aid, you increase your chances of receiving enough to pay your school costs.

1: Decide if you will complete the FAFSA online or on paper. Online is faster and easier.

2: Gather documents you will need to refer to in completing the FAFSA. These include:

- Your Federal Student Aid username and password.
- Your Social Security card and driver's license.
- Your W-2 forms and federal income tax return.
- Your parents' W-2 forms and federal income tax return if you are dependent.
- Records of other untaxed income received such as veteran's benefits.
- Current bank statements and records of stocks, bonds or other investments.
- Business or farm records if applicable.
- Your alien registration card if you are not a U.S. citizen.

3: Don't forget to:

- Read and follow the instructions carefully.
- **Submit the FAFSA as soon as possible after October 1** of your senior year to make sure you have the best chance of receiving aid for which you're eligible.
- Keep copies of your FAFSA and a record of the date you submitted or mailed it.
- If you need to make corrections, follow the instructions on the Student Aid Report you receive in the mail and return it immediately for reprocessing.
- Read financial aid award letters carefully and comply with requests from schools for clarification or additional information as soon as possible. Submit corrections or additional information to the ED Central Processor, so the administrators of federal, state and school-based programs will have the updated information too.

The FAFSA

You should apply as soon as possible. However, applying early does not guarantee you'll receive an award. For more information about government financial aid programs, visit www.ed.gov or call (800) 4FED-AID.

Create an account on fsaid.ed.gov so you can apply and sign your FAFSA online.

Gather your **income tax returns, W-2 forms** and other information needed to show your income when you apply.

Complete the FAFSA as soon as possible after October 1. Apply online at www.fafsa.gov.

Complete other applications for private, state or school financial aid. Watch for **deadlines!**

Ask your school counselor about financial aid nights.

Review your **SAR** to find out your family's EFC. Make corrections and resubmit if necessary.

Turn in any other documentation your school needs to verify your application information to the financial aid office.

Make sure that the financial aid office at each school you are applying to has all of the information it needs.

Review the award letter from each school and compare the amount and types of aid that you will receive if you attend.

www.fafsa.gov

Aid options

This section provides information about the major state and federal student aid programs available to Alabamians. They're listed by category — grants, scholarships, etc. The required application for many of these programs is the FAFSA, which is available at www.fafsa.gov or by calling the ED.

Grants

Alabama Student Assistance Program Grant

Eligibility: Financially needy Alabama undergraduate resident attending an eligible school at least half-time.
Awards: \$300–\$5,000 each academic year.
Application: FAFSA.

Alabama Student Grant

Eligibility: Alabama undergraduate resident enrolled at least half-time and attending an eligible independent Alabama college or university. Eligibility is not based on financial need.
Awards: Up to \$1,200 each academic year depending on program funding.
Application: Contact the financial aid office.

Federal Pell Grant

Eligibility: Undergraduate who holds no bachelor's or higher degree, has financial need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school. Students enrolled in a postbaccalaureate teacher program may also be eligible.
Awards: Up to \$5,815 per year.
Application: FAFSA.

Federal Supplemental Educational Opportunity Grant

Eligibility: Undergraduate who holds no bachelor's or higher degree, has exceptional financial need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school.
Awards: Up to \$4,000 per year.
Application: FAFSA. Deadline set by the school.

Due to the ever-changing climate of student aid, programs may be discontinued or changed. For the most up-to-date information, check with your high school counselor or a financial aid officer at the school you plan to attend.

Iraq and Afghanistan Service Grant

Eligibility: Student who is not Pell-eligible based on EFC but meets remaining Pell eligibility requirements; whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001; and who, at the time of parent's or guardian's death, was less than 24 years old or was enrolled at least part-time at an institution of higher education.
Awards: Up to \$5,815.
Application: FAFSA.

Scholarships

CollegeCounts Scholarship

Eligibility: Must be a high school senior or first-time college freshman, a U.S. citizen, be an Alabama resident, be enrolled or planning to enroll in an Alabama eligible educational institution, demonstrate financial need, have a minimum GPA of 2.75 and have an ACT score of 26 or below.
Awards: \$4,000 for four-year college enrollee, \$2,000 for two-year college enrollees.
Application: www.collegecountsalabama.com

Alabama Indian Scholarship

Eligibility: Must have been enrolled in a state or federally recognized tribe for at least 3 years, meet any qualifications your tribe may have, have your tribe's signature approving your application, be a resident of Alabama, attend a school in Alabama unless the program is not offered in Alabama and have a letter of acceptance or current enrollment from the school. Special consideration given to nursing, medical, veterinary and pharmacy majors.
Awards: Varies.
Application: Write the Alabama Indian Affairs Commission, 771 South Lawrence Street, Suite 106, Montgomery, AL 36130; phone (334) 242-2831; fax (334) 240-3408; visit www.aiac.alabama.gov; or email aiac@att.net. Check website for application deadline, which is usually in March.

American Legion Scholarship

- Eligibility:** Alabama resident who is the son, daughter, grandson or granddaughter of a war veteran who is also a Alabama resident. Based on GPA. Must attend a participating school.
- Awards:** \$850, renewable yearly.
- Application:** Visit www.legional.org and return application to American Legion Scholarship P.O. Box 1069, Montgomery, AL 36101. Application deadline is April 1.

American Legion Auxiliary Scholarship

- Eligibility:** Alabama resident who is the son, daughter, grandson or granddaughter of a war veteran. Based on GPA. Must attend a participating school.
- Awards:** \$850, renewable yearly.
- Application:** Visit www.legional.org or send a self-addressed, stamped envelope to the American Legion Auxiliary P.O. Box 606, Montgomery, AL 36101. Application deadline is April 1.

Two-year College Athletic Scholarship/Waiver

- Eligibility:** Full-time student enrolled at an Alabama public community college. Based on tryout. Renewed on the basis of continued participation. Limits on various sports apply. Not based on financial need.
- Awards:** Tuition.
- Application:** Contact the coach, athletic director or financial aid office.

Two-Year College Institutional Scholarship/Waiver

- Eligibility:** Student accepted for enrollment at an Alabama public two-year college. May be renewable.
- Awards:** In-state tuition.
- Application:** Contact the financial aid office.

Two-Year College Senior Adult Scholarship/Waiver

- Eligibility:** Student must be at least 60 years old, attend a two-year public college in Alabama and meet admissions requirements and eligibility criteria, as determined by each college.
- Awards:** Tuition.
- Application:** Contact the financial aid office.

Federal TEACH Grant

- Eligibility:** Undergraduate, postbaccalaureate or graduate student in a teacher education program. Must have at least a 3.25 GPA and above the 75th percentile on an undergraduate or graduate admissions test. A graduate student must be a teacher or a retiree from another occupation with expertise in a field with a shortage of teachers or complete a high-quality alternative certification. Recipient must teach full-time for four years in a high-need field in an elementary or secondary school that serves low-income students. Teaching service must be completed within eight years of completing the teacher education program. If a recipient does not fulfill the teaching requirement, the grant converts to an unsubsidized Direct Loan.
- Awards:** Up to \$4,000
- Application:** FAFSA and a service agreement that includes a promise to repay the grant if the recipient fails to complete the service obligation.

Nursing Scholarship

- Eligibility:** Must be an Alabama resident and a registered nurse admitted to a graduate nursing program at an accredited school where you achieve passing grades for either 6 semester or 8 quarters hours



for two consecutive semesters. Must agree to teach nursing full time or work in a professional nursing capacity for at least two years in Alabama following graduation or repay the scholarship.

Awards: Varies; amount reduced by declared proration.

Application: Visit www.abn.alabama.gov/alabama-nursing-resource-center/grad-students/#tab-scholarships or contact the Alabama Board of Nursing, P.O. Box 303900, Montgomery, AL 36130-3900; phone 334.293.5200 or 800.656.5318; fax 334.242.4360; e-mail christie.davis@abn.alabama.gov; or contact financial aid office of the school you plan to attend. Deadline is July 30.

The current loan limits are:

Grade Level	Dependent Status	Independent Status
First Year	\$5,500	\$ 9,500
Second Year	\$6,500	\$10,500
Each Remaining Year of Undergraduate Study	\$7,500	\$12,500
Each Year of Graduate/ Professional Study		\$20,500

Application: FAFSA and the Master Promissory Note (MPN). Contact the financial aid office for more information about how to apply.

Loans

Federal PLUS Loan

Eligibility: A parent or stepparent of a dependent student enrolled or accepted for enrollment at least half-time in an eligible program at an eligible school. Graduate and professional-level students may also borrow PLUS Loans.

Awards: The maximum loan amount equals the cost of education minus other financial aid received. The interest rate will vary each year.

Application: FAFSA and PLUS Loan application. For a PLUS Loan application, contact the financial aid office.

Federal Direct Loan

Eligibility: U.S. citizen or eligible noncitizen enrolled or accepted for enrollment at least half-time in an eligible certificate or degree program at an eligible school. Student must show financial need for a subsidized loan but not for an unsubsidized loan.

Awards: The Direct Loan amount for an academic period cannot exceed the cost of attendance (as determined by the school) minus the student's estimated financial assistance and, if the loan is subsidized, EFC. The amount can't exceed the loan limits for an academic year based on the student's dependency status and grade level. The interest rate is set each year. Undergraduate students may be eligible for both subsidized and unsubsidized Direct Loans. Graduate and professional students may only receive unsubsidized Direct Loans. The government pays the interest on a subsidized loan until you begin repayment. You can pay the interest on an unsubsidized loan while you are in school or have it added to the principal.

Nursing Student Loan

Eligibility: U.S. citizen, permanent resident or eligible non-citizen with need and enrolled at least half-time in a nursing program at a participating school.

Awards: Varies by school. Based on need, year in college and funding. The interest rate is 5 percent.

Application: Financial aid office. Deadline set by school. For more information, visit www.hrsa.gov/loanscholarships/loans/nursing.html.

Primary Care Loan

Eligibility: U.S. citizen, permanent resident or eligible non-citizen who is enrolled in a college of allopathic or osteopathic medicine, has financial need and agrees to enter and complete residency training in primary care within four years after graduation (including three-year residency program) and practice in primary care for the life of the loan.



Awards: Varies by school. Based on need and funding. The maximum award cannot exceed the cost of attendance for first- and second-year students. Depending on funding, third- and fourth-year students may receive larger awards. The interest rate is 5 percent. If the student fails to enter and complete a residency in primary health care, the interest rate will become 18 percent at the date of noncompliance.

Application: Financial aid office. Deadline set by school. For more information, visit <http://www.hrsa.gov/loanscholarships/loans/primarycare.html>

Work-study

Federal Work-Study

Eligibility: Student who has financial need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school pursuing a degree or certificate.

Awards: Student must be paid at least the current federal minimum wage. Maximum earnings cannot exceed total cost of education minus other financial aid received.

Application: FAFSA. Deadline set by school.

Waivers

Alabama Scholarship for Dependents of Blind Parents/Textbooks Benefits for Dependents of Blind Parents

Eligibility: Alabama resident for at least five years prior to application from families where the head of the household is blind and the family income is not greater than 1.3 times the current poverty income level under federal guidelines. Training at any Alabama state institution of higher learning, college or university or enrollment in prescribed courses at any Alabama state technical college must begin within two years after high school graduation, but in no case after the 23rd birthday of the child.

Awards: College or university waives all instructional fees and tuition, and recipients are provided a portion of textbook costs. The amount is contingent upon the number of participants in the program.

Application: Write to Terri Roesch, Alabama Department of Rehabilitation Services, 31 Arnold Street, Talladega, AL 35160; call (256) 362-1300; or e-mail Terri.Roesch@rehab.alabama.gov.

Police Officer's and Firefighter's Survivor's Educational Assistance Program

Eligibility: Dependent or spouse of an Alabama police officer or firefighter killed or permanently and totally disabled in the line of duty. Must be enrolled as an undergraduate at an Alabama public college. Other criteria may apply.

Awards: Tuition, fees, books and supplies.

Application: Write to the Alabama Commission on Higher Education, P.O. Box 302000, Montgomery, AL 36130-2000 or call (334) 242-2273.

Military benefits

Most branches of the military offer tuition assistance that lets active-duty members take courses during off-duty hours. In addition, military training while on active duty can sometimes count toward college credit. After they finish active duty, veterans can take advantage of the Montgomery GI Bill to attend college. Recruiting offices can provide information about educational opportunities through the military.

Alabama GI Dependent's Educational Benefit Program

Eligibility: Child, stepchild, spouse or unremarried widow/widower of an eligible disabled Alabama veteran may attend a public college in Alabama for undergraduate studies at in-state tuition rate. Children must begin college before his or her 26th birthday (30th birthday in some cases). Spouses and widows/widowers have no age restrictions.

Awards: Tuition, instructional fees and book assistance.

Application: Write to the Alabama State Department of Veterans Affairs, P.O. Box 1509, Montgomery, AL 36102-1509; call (334) 242-5077; visit www.va.alabama.gov; or contact any county veterans service officer.



Alabama National Guard Educational Assistance Program

- Eligibility:** Students who are active members in good standing with a federally-recognized unit of the Alabama National Guard. Applicant may receive federal veterans benefits, but must show a cost less aid amount of at least \$100.
- Awards:** Tuition, educational fees, books, and supplies to attend an Alabama college. Awards are limited to \$1,000 each term and no more than \$2,000 each year.
- Application:** Contact any unit of the Alabama National Guard. Forms must be signed by a representative of the Alabama Military Department and a financial aid officer at the school the student plans to attend.

Reserve Officers Training Corps (ROTC) Scholarships

Air Force ROTC

- Eligibility:** High school senior or graduate. Students pursuing technical degrees are targeted. Based on individual merit, not need. Four-year scholarships may be lengthened to five years in certain academic majors and programs. The Air Force also offers scholarships to students already in college. These scholarships cover one to three years of a bachelor's degree program.
- Awards:** Varies.
- Application:** Contact the Department of Aerospace Studies at the school you plan to attend. For further information, call toll free 866.4AFROTC; write to HQ AFROTC/DOR, 551 East Maxwell Boulevard, Maxwell AFB, AL 36112-6106; or visit www.afrotc.com.

Army ROTC

- Eligibility:** Entering freshman who has a minimum 920 SAT or 19 ACT composite score; has minimum high school GPA of 2.5; participates in leadership, extracurricular and athletic activities.
- Awards:** Full tuition and on-campus education fees; an additional \$1,200 yearly allowance for textbooks, supplies and equipment and up to \$5,000 per year in spending money.
- Application:** Contact the Military Science Department of your school; call toll free 1800.750.ROTC (7682); or visit www.goarmy.com/rotc.

Naval ROTC

Four-Year Scholarship

- Eligibility:** Must be U.S. citizen at least 17 years of age by September 1 of the year starting college and less than 23 on December 31 of that year. Applicants with previous active duty service may be eligible

for age waivers. The minimum SAT scores for the Navy option are 520 math and 530 critical reading. The minimum ACT scores are 21 math and 22 English. If an applicant is in the top 10% of his/her high school graduating class, the SAT/ACT can be below the above stated minimum to apply for Navy option. The minimum SAT scores for Marine option is a composite score of 1000. The minimum ACT scores for Marine option are a composite score of 22. Must meet physical requirements.

- Awards:** Tuition, fees, book allowance, uniforms and a \$250 monthly allowance with increasing amounts yearly.
- Application:** Contact your local Navy Recruiter; call 1.800.USA.NAVY or 1.800.NAV.ROTC; e-mail PNSC_NROTC.scholarship@navy.mil; or visit <http://www.nrotc.navy.mil/scholarships.html>. Deadline is January 31.

Two-Year Scholarship

- Eligibility:** Must be a U.S. citizen at least 17 years of age and under 27 years of age on December 31 of the year the applicant expects to graduate and complete NROTC training requirements. Applicants with prior active duty service may be eligible for a waiver. Must be a college sophomore with a minimum GPA of 2.5. One year (two semesters or three quarters) of differential and integral calculus of one real variable with grades of C or better is required (pre-calculus does not meet this requirement). Must meet physical requirements for the NROTC Program (physical required).
- Award:** Tuition, fees, book allowance, uniforms and \$350 monthly allowance in the junior year, increasing to \$400 in the senior year.
- Application:** Contact nearest NROTC unit or call 1.800.NAV.ROTC, ext. 2-9380, 2-9381 or 2.9563. Deadline is March 15 of the sophomore year of college.



National service

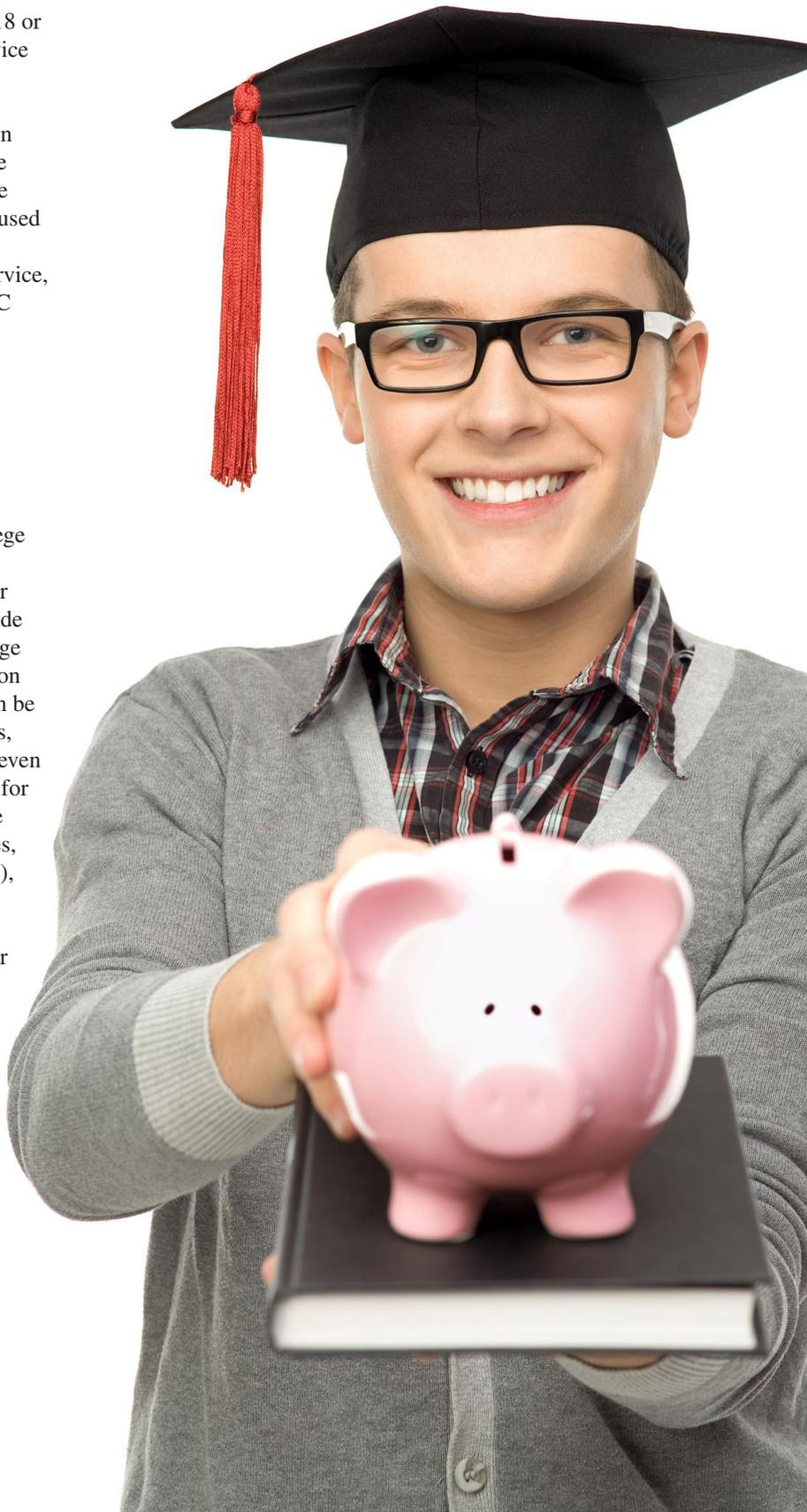
AmeriCorps

- Eligibility:** U.S. citizen or permanent resident alien age 18 or older who performs national community service before, during or after college.
- Awards:** Up to \$5,550 for each year of service (up to two awards) to pay current or future education expenses or repay federal student loans. If the member is 55 years or older, the award can be transferred to a child or grandchild. Must be used within seven years.
- Application:** Corporation for National and Community Service, 1201 New York Avenue, NW, Washington, DC 20525; toll free (800) 942-2677; or online at www.americorps.gov.

Qualified state tuition programs

College Counts Alabama's 529 Fund

- Description:** A tax-advantaged way to save for future college costs. Alabama provides a state income tax deduction of up to \$5,000 (for single filers) or \$10,000 (for joint filers) for contributions made to Alabama's 529 college savings plan. College Counts has no minimum or annual contribution requirements. Funds you build in the plan can be used nationwide at most colleges, universities, trade, vocational, professional, graduate and even some foreign schools. Qualified withdrawals for college are federal and Alabama state income tax-free and include payments for tuition, fees, room and board (if enrolled at least half-time), books, supplies and equipment required for enrollment. The plan offers investment diversity, flexibility and choice with a number of quality fund families.
- Information:** Alabama State Treasurer's Office, College Savings Program, 100 N. Union St., Suite 660, Montgomery, AL 36104. Call (866) 529-2228 or visit www.CollegeCounts529.com.



Student loan tips

A student loan has to be repaid, even if you don't graduate or if you dislike the school or major you've started. You're taking on a commitment that will help improve your future but that also requires you to be responsible. By making your payments on time, you're establishing yourself as a good credit risk. This will help you later in life when you need to borrow money for another purpose, whether it's buying a car, furniture or a home. Here are some tips that will help you to borrow wisely.

Tip 1: Contact the school you plan to attend

Find out what other financial aid you qualify for before applying for a student loan. Grants, scholarships and work-study usually don't have to be repaid.

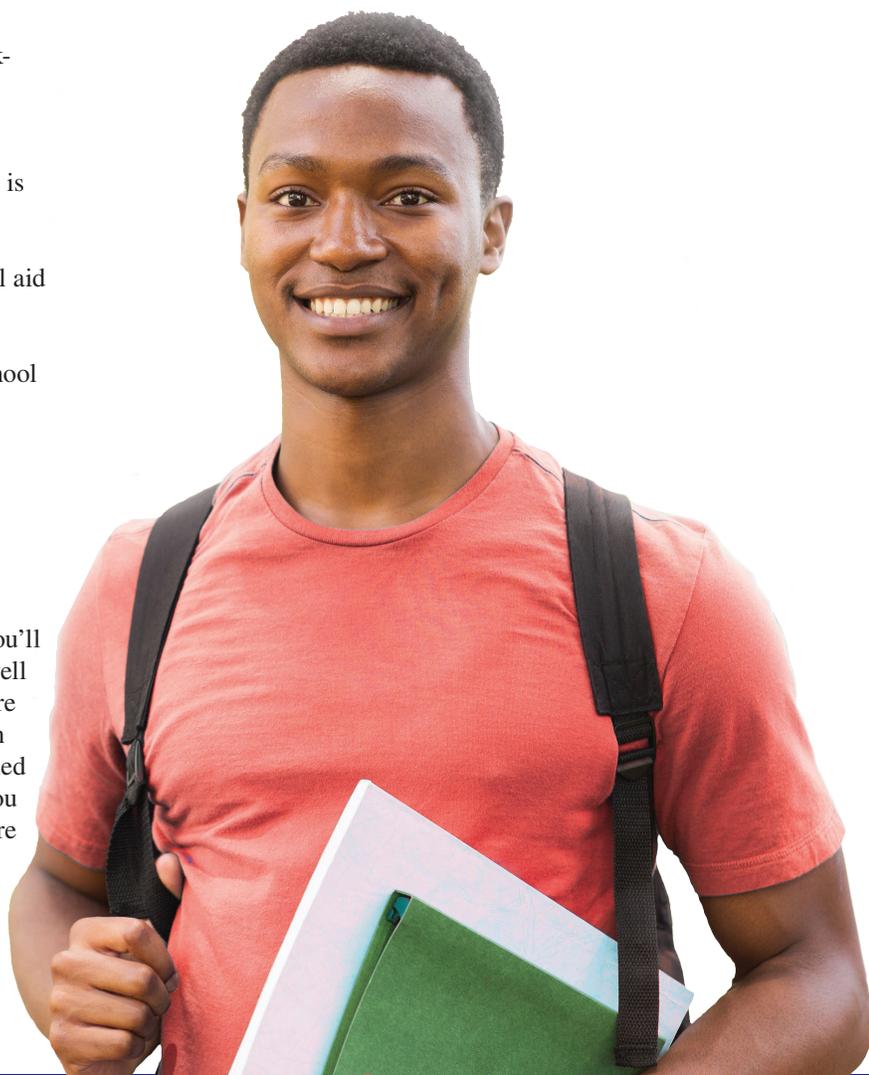
Ask the financial aid officer how much the total cost of attending school, including the estimated living expenses, is going to be.

Know what the school's refund policy is. Ask the financial aid officer or check the student handbook or class schedule.

Check with the school about entrance counseling. The school you'll be attending is required to provide this before you receive your first Federal Direct Loan.

Tip 2: Check out the job you're interested in

Find out the job opportunities in that field to make sure you'll be able to earn enough to pay back what you borrow, as well as meet any other expenses you will encounter when you're in the working world. Defaulting on a student loan isn't an option, even if you can't find a job in the field you've trained for or if you don't make as much money as you thought you would. Research before committing yourself to a job where you won't earn enough money.



Student loan tips

Tip 3: Find out about student loans before borrowing

Borrow only what you need. Remember, you have to repay your loan.

The interest rate on Direct Loans will vary each year. This chart shows the approximate monthly payments for various amounts at 5%. For a quick estimate of how much you will pay based on how much you have borrowed, the interest rate, and the repayment period, use the Loan Repayment Calculator at http://www.alstudentaid.com/website/alaid/calc_pymt?main=1.

Federal Direct Loan Repayment	
Amount Borrowed	Estimated Monthly Payment at 5%
\$ 5,000	\$53
\$10,000	\$106
\$15,000	\$159
\$20,000	\$212
\$25,000	\$265
\$30,000	\$318
\$35,000	\$371
\$40,000	\$424

The federal government requires the Master Promissory Note (MPN) for all Direct Loans.

Use student loans only for educational purposes. Giving false information, forging information or using federal student loans for any purpose other than legitimate school expenses is a crime.

Generally, you have up to 10 years to repay your student loans. The minimum monthly payment is \$50. Your repayment duration and amount will be based on your loan balance. The federal government usually has several repayment options from which to choose. Compare them to find the one that's best for you.

Tip 4: What happens after the first year?

Most financial aid programs have renewal requirements and some limitations such as:

- Showing satisfactory academic progress
- Requiring students to reapply each year.
- Limiting the total number of years aid can be received.

BEFORE YOU TRANSFER TO ANOTHER SCHOOL, BE SURE TO CHECK ON THE STATUS OF YOUR FINANCIAL AID.

Tip 5: Now the fun part — repayment!

When you start making payments, think about paying a little extra — a few more dollars paid each month reduces the total interest you will pay over the life of the loan. If you pay an extra \$10 each month, the extra is applied to the principal.

If you have any trouble making your payments, contact your lender immediately. You may be able to postpone or reduce your payments temporarily. Before you enter repayment, you will go through exit counseling to help you understand your obligations.



Comparing costs

What happens if you get accepted to every school you've applied to? How do you know which school is offering you the best financial aid package? What if the school you want to attend costs more than another one? Is there a possibility that after applying all your awards, you might be able to attend the school of your dreams instead of settling for another one? There's only one way to find out — compare.

Financial Need	School A	School B
Total Cost	\$12,500	\$17,500
EFC	-\$5,000	-\$5,000
Local Scholarship	-\$500	-\$500
Financial Need	\$7,000	\$12,000

Awards	School A	School B
School Grant	\$0	\$2,000
Federal Pell Grant	\$1,250	\$0
State Grant	\$0	\$1,250
Federal Direct Loan	\$3,625	\$5,500
Work-Study	\$2,125	\$2,500
Total Award	\$7,000	\$11,250

Unmet Need	School A	School B
Financial Need	\$7,000	\$12,000
Total Award	-\$7,000	-\$11,250
Unmet Need	\$0	\$750

To start comparing, look at each school's award letter. An award letter will usually show the total cost of attendance — what it costs to go to that school for one year, including tuition, fees, room, meals, books, supplies, transportation and personal expenses. It doesn't include summer school.

It may also show how much your family is expected to pay toward those costs, the expected family contribution (EFC). The EFC is subtracted from the total cost of attendance to get your financial need.

The letter will then list various sources of financial aid offered to pay for the costs not covered by the EFC. You can accept or reject any or all of those proposed sources.

Let's look at sample awards from two four-year colleges in the charts to the left. These are purely fictional.

School A's package

Includes \$3,625 in student loans. That's 51.8% of the total package. Over four years, that adds up to \$14,500 in loans you'll be responsible for paying back.

School B's package

Includes \$5,500 in student loans, which is 48.9% of the total package, not much different from School A's percentage. But over four years, that adds up to \$22,000 you'll have to repay.

Things to consider:

- How much of this will you have to pay back?
- What is your total debt load after four years of school?
- Can you afford the EFC and unmet need without taking out more loans?



Comparing costs

Save some green!

Textbooks

Buy used books whenever possible. You may be able to save by buying textbooks online. Renting textbooks is also an option.

Supplies

Notebooks and pens bought in bulk cost less.

Room and board

If you're going to a school near by, commute from home. Eating mom's cooking will help save on your food expenses too. If you don't want to live at home or in a dorm, try sharing an apartment with friends. However, some colleges require freshmen to live on campus, so check your school's policies.

EFC = Estimated Family Contribution

EFC

According to the sample awards on the previous page, you and your parents would be expected to come up with **\$5,000** (the EFC) a year, which with four years of college is a total of **\$20,000**. If you have that money, either from your parents' income or savings, that's great. If neither you nor your parents have that kind of money, then you'll have to get it from somewhere, most likely through a loan. You have various loan sources available. There are the Federal Direct Loan for students, the Federal PLUS Loan that your parents can apply for, and private loans.

Another item is the work-study award. This is a great program; however, keep in mind that most work-study is paid at the federal minimum wage, so those awards represent a considerable investment in time for a college student. You'll need to study two to three hours for each hour of class, so being a full-time student will take up as much time as a full-time job. Will you be able to juggle a part-time job as well as a full-time study schedule? Many do, but remember that your first priority should be your schoolwork.

Maybe you've applied for other scholarships but won't know if you've won one until after receiving the award letter. You should see how each school handles additional scholarship funds. Some will decrease the school grant by that much, while others will decrease both suggested loans and grants. That can make a big difference in how much you have to pay back.

Let's take one more look at the awards on the previous page. Let's suppose that School B didn't give you a school grant. In that case, the unmet need would be \$2,000. That's called a gap — the difference between the aid the school is offering and how much financial need a student has. Again, that's money your family would have to come up with if you choose School B.

So, don't just sign an award letter without comparing it with all your other options. One of the tools you can use to find out which school is making you the best offer is the chart at the end of *Getting In*. Use it to compare financial aid packages.



Sample award letter



2017-2018 Financial Aid Award Letter

March 20, 2017

Office of Student Financial aid
111 Awards Building
Anytown, AL 30000-0001
Phone: 555.555.5555
Fax: 555.555.1212
www.yourcollege.edu/Financial Aid

Your Financial Aid Counselor Is:
Jordan Friendly, 555.555.5555, ext. 555
E-mail: friendlyj@yourcollege.edu

The estimated budget below was used to determine your financial aid offer for the **2017-2018** award year. These costs are an **estimate** and **may not represent your actual billed charges**.

Estimated Cost of Attendance:

Tuition and Fees Allowance	\$ 6,360
Room and Board Allowance	7,840
* Books and Supplies Allowance	900
* Travel Allowance	1,000
* Personal Expense Allowance	1,390
<hr/>	
Total	\$ 17,490

* These estimated noninstitutional charges will not appear on your bill from Your College.

Financial Aid Offer:

Mark Accept or Reject for each award below.

Accept	Reject	Award Type	Fall 2017	Spring 2018	Summer 2018	Total
___	___	History Scholarship	\$1,000	\$1,000		\$2,000
___	___	Your College Scholarship	\$1,500	\$1,500		\$3,000
___	___	Alabama Student Grant	\$ 750	\$ 750		\$1,500
___	___	Fed Unsub Loan	\$2,750	\$2,750		\$5,500
Totals			\$6,000	\$6,000	\$0	\$12,000

Note: Summer awards are determined in April. Contact the Financial Aid Office if you plan to attend during the summer.

All terms and conditions of this offer of financial assistance are described in the enclosed package. **The awards listed above may change if you receive additional aid or if there are changes in your expected family contribution, institutional charges or aid program regulations or funding.** Please contact the counselor above if you have any questions about financial aid.

Sample award letter

You must take the steps indicated below within three weeks of the date of this notice or your awards will be cancelled.

1. **Mark** "Accept" or "Reject" for each type of aid awarded.
2. **Complete** the information below.
3. **Sign** your full name and enter the **date** you sign the form.
4. **Send all pages** of the signed and dated copy of this award letter to the Office of Student Financial Aid at the address on the first page. **Keep the second copy for your records.**
5. **To accept an amount less than offered, please write the amount you wish to accept (divided evenly) beside the amount offered and initial.**

Acceptance Certification, Title IV Payment Authorization, and FERPA Release

I understand that all initial awards are based on full-time enrollment and will be adjusted if my actual enrollment is less than full-time and that any award indicated above is valid only when all related documents or processes have been completed and submitted as required. I also understand that any federal or need-based aid in this award will be canceled if I am not enrolled in a degree or certification program or if I fail to maintain satisfactory academic progress toward my degree or certification.

Title IV Payment Authorization

I hereby authorize my Title IV funds to be used for payment of the following institutional charges (if assessed): late registration fees, reinstatement fees, locker fees, lab fees, health fees, returned check fees, dormitory/apartment damage fees, graduate student/family housing charges, short-term loan principal, loan service fees, loan late fees, loan interest, music fees, study abroad program fees, computer/printer/software equipment charges, any outstanding minor prior year charges and miscellaneous program or course fees. If left blank, an answer of "No" will be assumed.

Yes No

FERPA Release of Information

The Family Educational Rights and Privacy Act of 1974 (FERPA) is a federal law designed to protect the privacy of a student's education records. I hereby authorize the Financial Aid Office to provide requested information as indicated below. If left blank, an answer of "No" will be assumed.

My Parents: Yes No **My Spouse:** Yes No

This is voluntary authorization and you may rescind any or all provisions of the authorization at any time by contacting the Financial Aid Office. You may choose to authorize that your Title IV funds be used to pay any or all of the above stated charges. Any balances owed the student/parent after paying tuition and fees, contracted room and board and the above authorized charges (if any) will be mailed to the student within 14 calendar days of the later of (a) the date the balance occurs on the student's account; (b) the first day of classes of the payment period; or (c) the date the student/parent rescinds his/her authorization for the school to retain funds in excess of the amount needed to cover allowable charges. Your College does not earn any interest on funds owed to the student/parent after Title IV funds are applied to outstanding charges.

Sign Your Full Name: _____ Date: _____

You will be notified of any changes to your awards. You should keep a copy of this and any subsequent award letters for your records.

The real cost

Let's look at what you need to know about the **REAL** costs of the schools you're applying to. There is more than just tuition when it comes to paying for college.

First of all, find out what financial aid forms you have to fill out and what the deadlines are. You can pretty much assume you'll have to fill out the FAFSA, but some schools also have a form to fill out if you want to apply for school-administered aid programs. You should ask the financial aid office about any special aid programs it has in addition to state and federal programs.

Secondly, find out how much it will cost to attend each school for a year. For comparison purposes, you should ask the financial aid office to break the costs down by:

- Tuition and fees.
- Room and board.
- Books and supplies.
- Transportation.
- Personal expenses.

Look at those costs closely. You should ask the financial aid office how local scholarships and work-study will affect your financial aid. You should also ask if financial need will affect the school's decision about admitting you.

Other things to check on include:

- Whether your award will be reconsidered if your family's financial situation changes.
- Whether you can expect roughly the same financial aid package each year or if the package includes one-time-only awards.
- How much of your package includes student loans and parent loans.
- What the school expects the average student loan debt of someone in your class will be.

Finally, you should ask the financial aid office for a list of everything it needs from you if you accept the package: tax returns, acceptance letter, promissory note, applications, etc.

Financial aid packages may be negotiable. State and federal programs generally have limits on how much you can receive. Beyond that, though, many schools have their own funds. If you really want to go to a particular school but the financial aid package isn't quite what you want, talk with someone in the financial aid office. The school may be able to come up with more aid.



Money 101

Everybody needs to know how to manage money and to make it grow. Knowing what to do with your money will mean you can manage your income and expenses throughout your life.

Is there a better deal that costs you less? It's your job to find out — or pay the difference!

Knowing how and when you get your money and where you spend it is the foundation of financial planning.

Budgeting

A budget tracks the money you make versus the money you spend.

Right now, your parents probably cover most of your expenses. But if you have a job, they might expect you to contribute toward your living expenses.

You create a budget by estimating how much money you'll make each month and how much you'll spend. It's a great way to avoid running out of money when you need it most.

Best of all, a budget will show you how long it will take to save for a big-ticket item you really want.

Your biggest financial goal is to have more money at the end of the month. One guide is to live off 80% of your income, allowing for 20% savings, or the 80-20 rule. You should make that savings automatic by using direct deposit to a separate savings account.

Financial goals can also include saving for a trip, concert or car. Take out a sheet of paper and list your short- and long-term goals, estimating how much money you can set aside per week or paycheck to meet them. You'll get a better idea of how to finance what you really need.

Don't think you make enough to save anything? Check over your receipts and spending records to find more ways to save money. Do you really need to drink sodas from the vending machine or to eat out for every meal? Watch your spending, and see your savings grow!

Use the budget guide below to get an idea of how you stand financially.

Income	Budget	Actual	Difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Job #3	\$	\$	\$
Allowance	\$	\$	\$
Other income	\$	\$	\$
Total monthly income	\$	\$	\$
Fixed Expenses			
Car payment	\$	\$	\$
Car insurance	\$	\$	\$
Credit card	\$	\$	\$
Savings	\$	\$	\$
Food	\$	\$	\$
Other	\$	\$	\$
Variable Expenses			
Bus fare	\$	\$	\$
Gas	\$	\$	\$
Parking	\$	\$	\$
Car repairs	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
School expenses	\$	\$	\$
Total monthly Expenses	\$	\$	\$

Banking

Learning more about banking is a key step in understanding finances.

Talk with your parents about why they picked their bank or credit union. Find out what features banks offer for savings and checking accounts. Watch the fees the bank will charge if you don't have enough money in your account to cover your purchase (overdraft), ATM withdrawal or debit charge. Banks can require you to have a fixed balance or earn interest on deposit to waive an account fee.

Fees can add up quickly, so choosing your bank and the type of account can make a difference.

As you write checks, use a debit card or take money out of an ATM, write down the date and the amount of the check, debit or withdrawal in the debit column of your check register. If it's a

Outstanding Checks (not included on your statement)	Outstanding Deposits (not included on your statement)
Amount	Amount
Total	Total
1. Ending balance from your bank statement	\$ _____
2. Add total outstanding deposits	+ _____
3. Subtract total outstanding checks	- _____
4. New balance (should equal your balance after you record interest and fees in your checkbook register)	\$ _____

check, make a note of the check number. Write down the dates and amounts of deposits and bank fees so you can keep track of your balance.

Monitor your spending carefully. Know your general bank balance each time you make a transaction, because if you write a check or try to debit money that isn't there, you'll bounce a check or your card will deny you the purchase.

Balancing your checkbook lets you keep an eye on your money and the fees your bank is charging. You might even spot a rare error. Most banks have a time limit on disputing errors on your account, so the sooner it's spotted, the sooner you can take care of it.

When you get your bank statement:

- Gather your check/debit register in which you've recorded all your transactions.
- Use a calculator to double-check your register to make sure all deposits are recorded.
- Record any interest you may have earned on your deposits.
- Double-check your spending transactions (checks and debits), including fees. Make sure those are entered into your register, adding the deposits and subtracting your checks and debits until you have a balance on your register.
- Get your statement, listing any debits not shown on your statement because the bank hasn't received them yet and list them in a column.
- Add them up, then subtract them from the ending balance shown on the front of your statement.
- Add any deposits not shown on your statement.
- Subtract your total outstanding checks, and the figure you reach should equal your checkbook balance.

Credit cards

How do a textbook and a couple of pizzas end up costing you a small fortune?

Let's say you have a credit card with a line of credit of \$2,000. But after pizzas, books and all the other things that you just didn't have the cash for, you owe \$1,500.

No problem, right? The minimum payment is just a few dollars a month. You're on easy street because credit cards aren't real money, right? Well, yes, they are. You'd have to be crazy to ruin your finances like that. If you don't pay more than the minimum balance, or worse, avoid paying the bill for a couple of months, your credit will be shot. If you find yourself in trouble and unable to pay, that's a black mark on your credit for up to seven years. Before making that swipe, ask yourself if you can really afford it.

Once you've figured out how much you can responsibly charge on your cards, keep track of your spending just like you do for your checking/debit account.

Credit Balance	Interest Rate	Minimum Payment
\$1,500	22%	\$30

If you only pay the minimum payment, it will

take you over **11 years**

to pay back, PLUS you'll pay

\$2,603 in interest.

After you've drawn down to zero in your credit fund for the month, STOP using your card.

Insurance

One fact of modern life is insurance. What insurance you'll need depends on your lifestyle. You may need car, health, renter's, homeowner's or other insurance.

Car insurance: Because teens and young adults don't have as much driving experience as adults, they're a bigger risk to insure. That means you'll pay more than someone who's older. In Alabama, you must carry liability insurance to cover any damage you do to someone else's property or person. Collision insurance covers repairs to your car if you have an accident. Unless you owe money on your car, you probably don't have to have collision or comprehensive coverage, especially if your car is older. Not having collision insurance will save you money — unless you have an accident.

Health insurance: This is usually the most expensive insurance. Ask your parents if you're still covered under their policy and if so, for how long. Federal law allows parents to provide health insurance until you reach age 26. However, keep in mind that laws can change at any time. Once you graduate and get a job, you may be able to get insurance through your employer.

Renter's/homeowner's insurance: If you rent an apartment or house, you should check into renter's insurance. It can pay you if your belongings get stolen, burned in a fire or blown away by a tornado. Check with your parents' insurance agent to see

if you're covered by an off-premises provision of their policy. When deciding how much coverage to buy, consider replacement vs. actual cash value costs. Replacement means you'll get the same new item; actual cash value will give you an amount based on its used value. If you have really nice stuff like jewelry or a sound system, consider buying extra coverage, called a rider, on those items.

Why worry?

Because you're building a credit score. If you have a history of paying your bills late, it will be reported and will affect the interest rate you pay on your credit card or car, your apartment deposit, even your car insurance! When you get a bill, pay it on time — every month.

A credit score is based on your payment history. It's used by lenders to help determine whether you qualify for a particular credit card, loan, insurance or service. Most credit scores estimate the risk a company incurs by lending you money. Generally, the higher your score, the less risk you represent.

If you have any bill you can't pay, contact the company or lender immediately to work out a payment arrangement. Whatever you do, don't ignore letters from companies you owe. This just makes them more aggressive in trying to get their money back because you look like you're hiding. It's best to explain everything in writing so you have a record of it. Most companies will work with you if you're up front about a temporary lack of cash. Ask if the creditor will waive penalty fees and extend your payment period after you explain why you're having a temporary financial setback.

If you find yourself in a bind, look at your finances and figure out your budget before writing your creditors so you can give them an idea of how much you can reasonably pay.

Any late payment stays on your credit report for seven years, even if you've completely paid off the creditor. It's better to start off on the right foot by establishing checking and savings accounts, pay all your bills on time, use your credit cards (if you HAVE to have them) sparingly and pay the bill off every month.

