

Revealed – the truth about college financial aid

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College Admissions/Financial Aid Expert & Author**

College families applying for financial aid should submit their FAFSA (Free Application for Federal Student Aid) as soon after January 1st as possible. For those who will submit a CSS Financial Aid Profile as well, be sure to check those deadlines. The financial aid process is not user-friendly, and with an endless number of pitfalls it is far too easy to lose some or all the aid you are actually eligible for.

Many fail to apply because they don't know how, assume they are not qualified, or are intimidated by this complicated and confusing process. With far more qualified applicants than desks in all of America's colleges, it is reasonable to expect a system intentionally designed to eliminate all but the most knowledgeable and persistent applicants.

That being the case, what's a family to do with two or more students who will face as much as \$400,000 - \$500,000 to send them to a 4-year college or university? Many rely on the advice of guidance counselors, college financial aid officers (FAO's), and even their accountants. Sadly, these families are not getting all of the guidance they need and are in for a rude awakening.

Nationally, guidance departments are facing their worst crunch ever, and are overloaded with as many as 800 or more students for each counselor. Budget cuts add to the problem causing schools to increase their responsibilities to areas other than guidance, leaving them with even less time for their students and with no relief in sight.

Despite these obstacles and to their credit, counselors still manage to advise students in career planning and college selection. However, when it comes to financial aid, they lack the specific knowledge to provide crucial financial information that could save families thousands. They neither have the time nor the expertise to help parents reduce their Expected Family Contribution (EFC), the minimum the federal government determines that each family will pay for college, or how to avoid an array of assessments from the schools and the federal government.

In the financial aid formulas, students have *no* asset protection allowance. Those with assets in their own name will be assessed 20% per year. In other words, a student with \$1,000 will lose \$200 for each year the \$1,000 remains in their name. (Just imagine having \$10,000 or more!) After 4 years, the student will have lost \$800 in financial aid for having \$1,000 worth of assets! This is tragic but it can *legally* be avoided.

Guidance departments present "in-house" Financial Aid Nights which focus on filling out financial aid forms and understanding the basics of the system. Nevertheless, year after year, 9 out of every 10 families who mail in their forms continue to be initially rejected. Clearly, parents are not getting enough guidance in financial aid.

Well-meaning counselors invite FAO's to speak at their schools, trusting them to put the best interests of the students above the financial interests of their colleges. By evening's end, parents are often left with a false sense of security that the college of their choice will award their student its best possible financial aid package. Rarely does this ever happen.

Much like frugal employers whose goal is to hire the most talented applicants for as little as possible, FAO's seek out the most promising students for the least amount of financial aid. Expecting an FAO to maximize a student's financial aid awards is as likely as an IRS agent suggesting tax loopholes. FAO's can be helpful, but their loyalties remain with their schools – not their applicants.

Accountants may offer some assistance, but far too few have any experience with financial aid. Although they are experts with tax forms and tax strategies, financial aid strategies are a horse of a different color. The application of accounting principles can actually hinder a family's chances of getting all the aid they are entitled to.

For over 35 years, noted financial advisor, Reecy Aresty, has helped thousands of high school and college families to obtain the American Dream; a superior education at a cost far less than they ever dreamed possible. He is the author of the highly acclaimed admissions and financial aid manual, ***How To Pay For College Without Going Broke***. For further information on admissions and financial aid, please visit: www.paylessforcollege.com.