COLLEGIATE FUNDING SOLUTIONS

College Planning Report

PREPARED FOR

Financial Aid Candidate - Sample Report

*This sample report reflects a client that is a **financial aid candidate**. The overall objective is to help the client minimize their out-of-pocket college costs **at the school selected** by making informed college planning and funding decisions appropriate for them, based on their financial aid eligibility and particular circumstances. An in-depth understanding of the complexities of planning for financial aid is vitally important to achieve a best outcome. CFS' college-planning software can be instrumental in helping achieving a best outcome for a client that is likely a financial aid candidate.*

***The first II or III sections of the report** can serve as an excellent **executive summary** for the client. The remaining sections, containing all the detailed strategies and analysis can be **advisor only** or as part of a deliverable at the discretion of the advisor.*

CONTENTS

How to use this report to help save ON and not just for college costs:

1. **Review the School Information** that directly impacts costs - including cost of attendance, graduation rates etc. The four-year estimated "sticker price" for **DePaul University** is **$288,541** - but this is NOT necessarily what your cost will be.
2. **Do you qualify for financial aid?** Need-based financial aid can substantially reduce family out-of-pocket college costs.
3. **See how the school determines your financial aid eligibility** and determines how much you'll have to contribute to the annual costs.
4. **Merit-based scholarships at DePaul University**. School based merit scholarships can significantly reduce college costs.
5. **Strategies for increasing financial aid eligibility at DePaul University**. Learn strategies that may increase financial aid eligibility at **DePaul University**
6. **What are the best ways to save and pay for college costs?** Analyze and assess the options. How you save for and pay college costs effects the real cost of college.

I. Important Terms You Need to Know to Become an Informed Buyer of a College Education

COST OF ATTENDANCE (COA) at a school is determined for each college by totaling the costs for tuition and fees, room and board, books and supplies, personal expenses and travel.

The **EFC METHODOLOGY** indicates whether the school in question uses the Federal Methodology (**requires the FAFSA**) or Institutional Methodology (**requires PROFILE**) to determine your financial need.

ESTIMATED EFC is your Expected Family Contribution amount (**EFC**), using either FM or IM, depending on what the school requires. Both the initial (based on data provided on data form) and adjusted EFC (after applying EFC reduction strategies) are shown.

The **AVERAGE NEED MET** is the amount of your total need that the school is most likely to meet. Data is based on incoming freshman the previous year.

FINANCIAL AID ELIGIBILITY is calculated by subtracting the EFC from the COA (which is the financial need amount) and multiplying this by the **AVERAGE NEED MET** percentage at the school.

UNMET NEED is the amount of financial need that the school will not meet. For example if the school's COA is $20,000, your EFC $10,000 and the average need met is $5,000 (50%), then there is an additional $5,000 needed to cover the COA. You are responsible for this amount.

TOTAL FAMILY CONTRIBUTION is equal to the EFC plus any unmet need.

GIFT AID % is the percentage of the need that the school will meet in the form of scholarships, grants etc. This is money that will not have to be paid back to the school. This percentage is based on incoming freshman the previous year.

ESTIMATED GIFT AID is determined by applying the gift aid % to the financial aid eligibility total. This is a forecast of the amount that you may receive in the form of Gift Aid (grants and scholarships).

SELF HELP % is the amount of need that the school will meet in the form of loans and work-study. This percentage is based on incoming freshman the previous year.

ESTIMATED SELF-HELP is determined by applying the self-help % to the financial aid eligibility total. This is a forecast of the amount that you may receive in the form of Self-Help (loans and work-study).

*Section II contains the all-important **BEFORE** and **AFTER EFC**.*

***BEFORE** - This is the amount the family will be expected to pay toward the cost of college at the school selected before qualifying for any need-based financial aid at that school. This is the all-important starting point for becoming an informed buyer of a college education. By starting with your EFC, the client will have a much better idea as to which schools are REALLY affordable. The EFC calculation is based on the method (FM for FAFSA or IM for schools requiring the Profile) used by the school being evaluated and can make a big difference in how much the client will be expected to pay at the school as well as strategies for increasing financial aid eligibility at that school.*

***AFTER** – This is a revised calculation of the EFC based on the implementation of highlighted financial aid enhancing strategies contained in section IV of the report.*

II. How Much Will DePaul University Cost for Fin Aid?

According to the latest information available, if **Fin Aid** starts college in **3 year(s), DePaul University** will have a four-year projected cost of **$288,541** using a **4% annual inflation rate**.

DePaul University uses the **Federal Methodology** to determine your Expected Family Contribution (EFC). Your EFC is what your family is expected to contribute toward the annual cost of attendance, before qualifying for any need-based financial aid. Your current EFC is calculated to be **$30,522.** Implementing the strategies in this plan may help to lower your EFC amount to **$15,678**.

ESTIMATED COA
$60,406

4-YEAR/6-YEAR GRAD RATE
48% / 71%

EFC METHOD USED BY SCHOOL
Federal Methodology

COST AND FINANCIAL AID SUMMARY FOR DEPAUL UNIVERSITY

ESTIMATED EFC
Before: $30,522 | **After: $15,678**

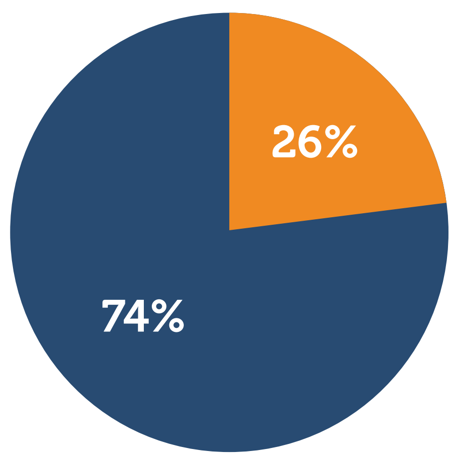
FINANCIAL AID ELIGIBILITY
Before: $21,516 | **After: $32,204**

ESTIMATED GIFT AID
Before: $15,922 | **After: $23,831**

ESTIMATED SELF HELP
Before: $5,594 | **After: $8,373**

UNMET NEED
Before: $8,36707 | **After: $12,523**

TOTAL FAMILY CONTRIBUTION
Before: $38,889 | **After: $28,201**



AVERAGE NEED MET = 72%
Average Gift Aid %
Average Self Help %

By implementing strategies that can reduce your EFC, you may **increase your financial aid eligibility and reduce your out-of-pocket college costs**. On average, **72% of financial need is met at DePaul University**. Of the percentage of need met, **74%** is met with grants and scholarships (referred to as Gift Aid because it doesn't have to be paid back), while **26%** is loans/work study (referred to as Self Help). Your current estimated financial aid eligibility is **$21,516** (**$15,922** from Gift Aid and **$5,594** from Self Help).

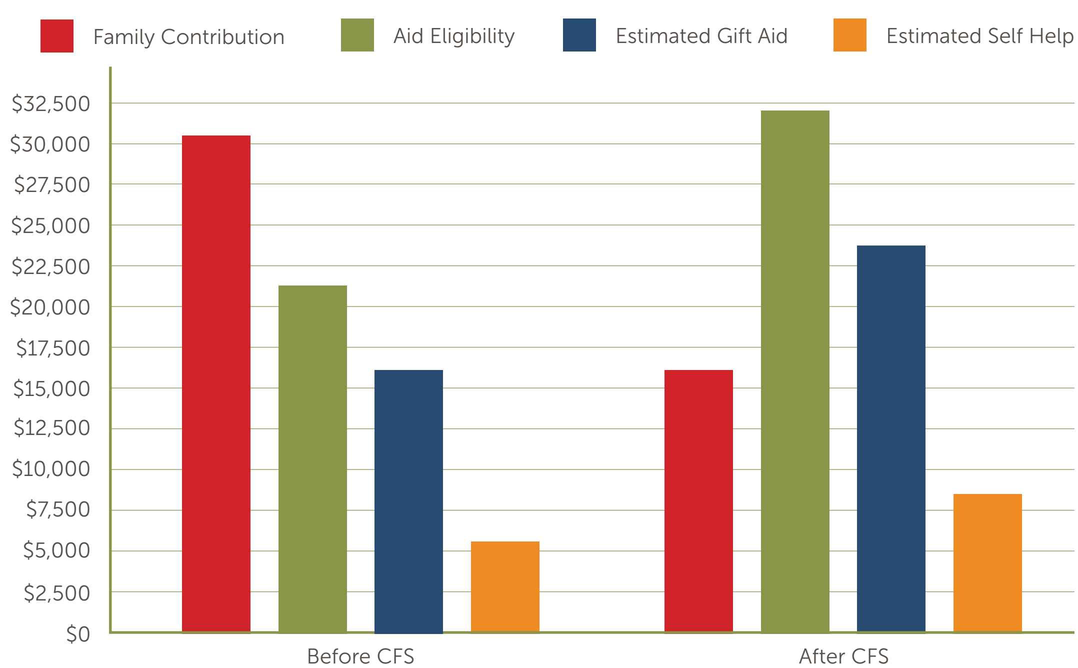
TIP: Tip: You may be able to increase your financial aid eligibility to **$32,204** (**$23,831** from Gift Aid and **$8,373** from Self Help) through the implementation of financial aid enhancing planning strategies.

The GPA and SAT scores provided on the dataform would put the student in question in the top 20% of last year's incoming freshman class with respect to GPA and SAT scores .

TIP: The financial aid estimates provided above are based on averages reported by the school selected. Students who are in the top 20% of the incoming f res hman class are likely to out perform the averages provided. This is known as **preferential packaging**. These students are likely to have a greater percentage of their financial need met by the school and are likely to receive a higher percent age of Gift Aid relative to Self Help than the averages shown above.

For families that won't qualify for need-based financial aid, they may receive a **tuition discount**. High performing students from affluent families are in demand by colleges, especially expensive private ones. In order to entice these families to send their student to their particular institution, the colleges will often offer a Tuition Discount which comes in the form of a grant or scholarship.

The GPAs coreprovided on the dataform would put the student in question in the top 20% of last year's incoming freshman class with respect to GPA and therefore make the student a good candidate for preferential packaging or tuition discounting.



Section III - The reports include scholarships (free money) the student is eligible for at the school of choice and how to obtain them! The scholarship information is based on the student's academic profile. In addition to revealing the scholarships that the student may already qualify for, CFS will include additional scholarships that the student may qualify for by increasing test scores, GPA, etc. This additional information can help the family decide if investing in test preparation courses may be a prudent decision.

The scholarship information enhances your ability to help the client leverage merit-based (based on academic performance) scholarships (free money) from the school to minimize their out-of-pocket costs! With this content in the reports, you can further help your clients save ON the cost of college.

For illustration purposes the complete listing of scholarships is not included in this sample report

III. Merit Scholarships for Fin Aid at DePaul University

COLLEGE SCHOLARSHIPS

Based on the student's academic profile: SAT/ACT scores, GPA, Class Rank, etc., following are merit money opportunities at DePaul University that the student may qualify for. These scholarship/grants do not have to be paid back, are based on the merit of the student and can help to significantly reduce the family's out-of-pocket college costs.

TIP: How to use the information in this secton:

1. Check the scholarship deadlines so that you don't miss them!
2. Compare the student test scores versus scholarship requirements and determin if test prep course would be worth it.
3. Check the scholarship requirements to learn what may be required beyond the admissions application.

DEPAUL UNIVERSITY - ART SCHOLARSHIPS

ELIGIBLE BASED ON SUPPLIED INFORMATION
Yes

Amount: **$10,000.00**

Min GPA: **0**

Min SAT: **0**

Min ACT: **0**

Min Class Rank: **not available**

Number Available: **Limited**

Essay Required: **No**

Interview Required: **No**

Audition Required: **No**

Specified Majors: **Art**

Scholarship Deadline: **2020-02-01**

For Minority: **No**

Renewable: **Yes**

State of Residence:**N/A**

Notes To Renew: **Full-time, good academic standing, 36 quarter hours**

Notes: **Portfolio should contain 9 digital images and 1 file with name and resume. JPG photos should be 100 dpi and no larger than 7x5 inches**

Scholarship Link: **http://www.depaul.edu/admission-and-aid/Pages/scholarships.aspx**

__Section IV__ includes strategies that this client can implement – based on their particular circumstances – that may __increase their financial aid eligibility__ and reduce their out-of-pocket college costs. The effects of implementing the strategies are included, such as the __effect of implementing the strategy on financial aid eligibility at the school selected__. This is vitally important for assessing the costs/benefits of a particular strategy and creation of a game plan. The strategies included in this section are selected from CFS's proprietary college planning knowledgebase of financial aid strategies and are based on the data and responses submitted via the dataform.

For illustration purposes a complete listing of financial aid strategies for this client is not included in this sample report

IV. Strategies for Increasing Financial Aid Eligibility at DePaul University

In this section, specific strategies are suggested that may be used to decrease your out-of-pocket college costs by decreasing your expected contribution. This may result in financial aid eligibility or increased eligibility (see **Section V**), depending on important factors such as the cost of attendance of the school being considered and the adjusted EFC amount. It is important to note that once the financial aid forms have been completed and submitted, the ability to improve your position is considerably reduced. **Therefore, implementation of the strategies outlined in this section should be completed before the financial aid forms are submitted.** Since the base income year for the family is from Jan. 1 of the student's sophomore year to Dec. 31 of their junior year, the sooner the financial aid strategies are implemented the better. Any asset strategies need to be executed before the financial aid forms are signed.

In addition to the specific strategies, included in this report are **additional cost cutting strategies** that can also have an impact on your college costs and therefore may be useful for advance planning.

The overall strategy for maximizing your aid eligibility is to leverage the financial aid system in a way that offers the greatest benefits for your family and your student. The following strategies are based on an in-depth understanding of the workings of the financial aid system and how the financial aid formulas will assess the income and assets of the parents and the student in order to determine financial aid eligibility.

Each of the strategies offered in this section is intended to provide you with the information needed for you to determine what strategies are available based on your particular situation to help you in your efforts to reduce the cost of college.

INCOME PLANNING STRATEGIES

This section contains a list of specific income strategies available to you based on the information you submitted on the dataform. Each of these income related strategies might enhance your financial aid eligibility. Where appropriate, examples are included, showing to what extent implementation of the strategy may enhance your aid eligibility at the school you have selected.

TIP: The Income Protection Allowance for the parents is $36,260. This means that the parents are allowed up to $36,260 in income before the income is assessed in the EFC. For example, if the parents' income is $50,000 and the income protection allowance is $40,000 then $10,000 of income will be included in the EFC calculations. Knowing the parents income protection allowance is important to helping them plan for financial aid. In the strategies below, the examples show the benefit to the client from implementing the strategy highlighted.

This strategy may be available because your employer offers a Section 125 (cafeteria) plan. Section 125 (Cafeteria) plans provide for medical reimbursement, childcare, educational assistance, etc. Contributions to Flexible Spending Plans reduce the AGI by the amount contributed to the plan.

TIP: The implementation of this strategy is included to arrive at the **After CFS** Estimate EFC and Total Family Contribution in the table in Section I.

For example, if you contribute $3,000 to a Section 125 Plan your adjusted gross income is lowered by the amount of the contribution. This may increase your financial aid eligibility by $486. Implementing this strategy may reduce your EFC by $676.

ASSET PLANNING STRATEGIES

This section contains a list of specific asset strategies available to you based on the information you submitted on the dataform. Each of these asset related strategies might enhance your financial aid eligibility. Where appropriate, examples are included, showing to what extent implementation of the strategy may enhance your aid eligibility at the school you have selected.

TIP: The Asset Protection Allowance for the parents is $23,600. This means that the parents are allowed up to $23,600 in assets before the assets are included in the EFC. For example if the parents' assets are $50,000 and the asset protection allowance is $40,000 then $10,000 of assets will be included in the EFC calculations. Knowing the parents asset protection allowance is important to helping them plan for financial aid. In the strategies below, the examples show the benefit to the client from implementing the strategy highlighted.

This strategy is available because you have stocks that would currently sell for a capital loss . Consider the cost /benefits of converting stock to non-assessable assets (annuities/life insurance). If capital losses are to be incurred, then the base year is the best time to convert since the loss will reduce the AGI and enhance the aid eligibility. The effect on the financial aid eligibility of converting from an assessable asset to a non-assessable asset and the capital loss on the conversion of the stock (up to a maximum of 3000/year - which will reduce the AGI) can be significant. Long-term growth of the assets may be maintained with an indexed or variable annuity or a cash value life insurance policy.

WARNING: Life insurance should foremost be considered a vehicle to provide a death benefit but may also carry certain other cash value features.

TIP: The implementation of this strategy is included to arrive at the After CFS Estimate EFC and Total Family Contribution in the table in Section I.

By selling off the $20,000 amount in stocks that would sell for a capital loss, your financial aid eligibility may increase by $892. Implementing this strategy may reduce your EFC by $1,240.

__Section V__ From the myriad of options, the software-generated report will help you advise your client as to which savings option is best suited for them. Savings options are evaluated based on critically important categories such as whether the option is favorable for financial aid eligibility or disastrous, is it a good option if you don't use it for college but for retirement instead, etc. Choosing the wrong option may cost the family thousands of dollars in lost financial aid!

For illustration purposes only one strategy is included below

V. College Savings and Funding Strategies

Since you may be a candidate for financial aid, you will be responsible for covering both your EFC and any part of the cost of college that is not covered by financial aid, merit aid, etc. This is known as your "total contribution." See Section V for an estimate of your total contribution for one year of college. Implementing strategies contained in this plan may decrease this cost. The "AFTER" column includes an estimate of what your total contribution may be after implementing strategies highlighted in the plan.

The following savings and investment types were listed on the data form as allocated for college:

STOCKS
$80,000

Growing these investments for the next 4 years till your child begins college yields approximately $25,194. The projected four-year cost of attendance (note - this is not the same as your total contribution because it does not account for any financial aid) at DePaul University using a 4% annual inflation rate is: $288,541.

If there is a shortfall between your available college funds and your total contribution consider the following investment and funding strategies:

COLLEGE SAVINGS STRATEGIES:

Consider savings that will not adversely affect your financial aid eligibility. The effect on financial aid of using these savings to fund college costs are described.

These strategies are based on the lead-time available to you and your particular investment philosophy. The investment philosophy you have chosen is **Growth. Consider the following investment options with the $500/month you indicated were available for college costs.**

Coverdell Education Savings Accounts (CESA) can provide long-term tax-free earnings and proceeds if utilized for qualified education expenses. For the CESA this includes "qualified elementary and secondary school expenses." While age limitations apply, $2,000 non-deductible per year contributions are available to the beneficiary. Contributions cannot be made after the child's age of 18. The balance of a CESA must be distributed when the beneficiary reaches 30 years of age. The phase-out levels for 2018 the CESA are $190000-$220000 for married taxpayers and $95000-110000 for single or head of household tax payers. Although contributions to a CESA are not deductible, withdrawals from it are exempt from tax to the extent of the beneficiaries' qualified higher education expenses incurred during the year. If withdrawals are taken from a CESA in excess of the qualified education expenses for the year, the earnings portion of the excess withdrawal is subject to income tax and an additional 10% excise tax is imposed on the earnings.

CESA Advantages

1. You can contribute to both and CESA and a Section 529 plan in the same year.

2. You can claim the education tax credit (American Opportunity/Hope Credit) along with a tax-free withdrawal from the CESA as long as they are not used for the same education expenses.

TIP: Keep in mind the following two points when considering a CESA:

1. Financial Aid Treatment of CESA: A CESA is regarded as assets of the parent if the parent is the owner of the account. If a dependent student owns the account, the value is included on the FAFSA form and therefore included in the EFC calculations. If the school in question uses the IM formulas to determine EFC and requires the Profile form, then the value of the plan will be assessed at the student rate of 25%. If a relative owns the plan, such as grandparent or a non-custodial parent, it will not typically be assessed. However, the school may use professional judgment to include in the EFC the value of plans it discovers are held by others, but only in unusual circumstances and on a case-by-case basis where the school has determined there is something special about the case

2. Distributions from a CESA that are not subject to federal income tax are not counted as parent or student income in the determination of federal financial aid eligibility. Distributions for qualified educational expenses therefore do not reduce financial aid eligibility.

TIP: If the taxpayer has phased out of the CESA, they could gift the cash to another taxpayer (likely the beneficiary) who is below the threshold level and they could make a CESA contribution

TIP: Rating of CESA as a college/retirement investment

Category	Rating
RATE OF RETURN VS COLLEGE INFLATION	GOOD
EFFECT ON FINANCIAL AID ELIGIBILITY	GOOD
TAX FAVORED ACCESS FOR COLLEGE	EXCELLENT
TAX FAVORED ACCESS FOR RETIREMENT	N/A
USE FOR COLLEGE AND RETIREMENT	N/A

Most families will need loans *to help cover the total cost of college. Knowing which options to choose - based on circumstances - can be very confusing. Choosing the wrong option can cost the family thousands of additional dollars on our-of-pocket college costs! The report will include a rank-ordered list of loan strategies - based on their particular circumstances - for covering any shortfalls not covered by family resources or financial aid.*

For illustration purposes only one strategy is included below

LOAN STRATEGIES:

Reasons to Consider College Loans
Following are reasons, beyond necessity, for a family that will qualify for financial aid to consider using loans to pay for college:

1. **Loan Proceeds Are Not Penalized By the Financial Aid Formulas.** Probably the best reason for a financial aid candidate to use loans to pay for college is that proceeds are not penalized by the financial aid formulas, whereas proceeds from assets (except for 529 plans and Coverdell Savings Plans) will be! The impact of this can be dramatic. For example $10,000 withdrawn from a Roth IRA, although penalty free if used for education expenses, will still decrease your financial aid eligibility by $4,700 since the withdrawal will be counted in the financial aid formulas as income.

2. **You Expect Your Child To Have Some Financial Responsibility For Their Own Education** - When a student has a vested interest financially in their education they tend to be more focused about obtaining a degree - sooner than later!

3. **Your Assets Are Invested In High-Yield Investments** - If your family does not qualify for financial aid, here are some reasons why you may use loans instead of liquidating the assets:
   - There may be a significant spread between the interest earned on the investment and cost of the loan. For example, a 2% spread on $40,000 is equal to $800, which yields the same benefit as an $800 scholarship.
   - The cost of liquidating the investment (capital gains, income tax) may be high
   - If your investments are growing on a tax deferred basis, the longer they remain intact, the greater the compounding effect of the interest.

4. **Potential Tax Deduction** - College loan interest is deductible, up to $2,500 annually, within certain income phase-out limits. The income phase-out limit is $65000 to $80000 in Adjusted Gross Income (AGI) for single taxpayers and $135000 to $165000 for married taxpayers.

Advantages/Disadvantages of Various Loans

This section highlights advantages and disadvantages of various loan strategies based on your responses on the dataform. They are ranked in descending order based on the pros/cons of each as well as your particular situation.

STAFFORD LOANS

Stafford Loans are fixed rate and are not based on financial need. Therefore, the student can obtain this loan, regardless of whether the family qualifies for financial aid. The current Stafford loan interest rate is fixed at 4.53%. These loans are taken out in the student's name and therefore, the student will be entitled to the student loan interest tax deduction.

The amounts that can be borrowed by the student are as follows:

1. Freshman year - $5,500
2. Sophomore year - $6,500
3. Junior - 5th year - $7,500

The total undergraduate amount of Unsubsidized Stafford Loans that a dependent student can have is $31,000 of which as much as $23,000 can be subsidized.

The repayment of the Unsubsidized Stafford Loan interest begins within 60 days after the final loan disbursement. However this interest can be deferred. The principal repayment does not start until six months after the student graduates, leaves college, or drops below half-time enrollment.

Subsidized Stafford Loans are available to students who are financial aid candidates and they are generally included as part of a school's financial aid package for a student. The primary benefit is that the interest payments are subsidized as long as the student is in school half-time.

TIP: A Stafford Loan and especially a Subsidized Stafford Loan offers more benefits for the student than other loan options and should generally be considered first. Here are a couple of reasons:

1. The interest rate on a Stafford Loan is lower than the interest rate on a PLUS or private student loans.

2. The interest may be subsidized during the college years if the student qualifies for a Subsidized Stafford Loan - provided they are in school at least half-time.

3. Once the student graduates and is no longer a dependent, he can likely claim student loan interest deduction - up to a maximum of $2,500 for each of the 5 years the interest is paid - since his income will likely be below the phase out level. These tax savings can help pay back the loan.

VI. Assumptions Made in Creating This Report

The following assumptions were used in the processing, analysis and generation of your report:

1. The student will be in college full time.
2. The EFC calculated is based on a dependent student.