

Going to college can be one of the best decisions your child could make for his or her future. It can also be one of the biggest expenses you and your child might ever face. The good news is that approximately two-thirds of college students receive grants to help cover some of the cost. In this video, we're going to take a quick look at some average annual costs of attending a couple of different types of schools. Then we'll look at a few of the ways you might reduce these costs with grants and scholarships. And finally, we'll look at ways you can estimate what your child's real cost of college, or net price, might be ahead of time. So first, let's take a look at the total cost of attending a college. When we talk about the total cost of attendance, we're talking about ALL of the expenses. This includes tuition and fees, room and board, and other things like books and supplies, transportation expenses and the cost of any extracurricular activities. Add these things up and you get the total cost of attendance. And what we're looking at HERE are some average costs for a couple different types of schools for the 2014-2015 academic year in the United States: One year at a two-year public college for a student who lives in the school's district, one year at a four-year public state university for a student who lives in-state, and one year at a four-year private non-profit university. Of course these costs will vary from student to student and school to school, this is just to get a sense of the average costs. Now, these numbers might be discouraging, but fortunately, they don't represent what an average family actually pays. What families actually pay is usually referred to as the net price. That's the total cost of attendance, minus any grant aid and scholarships- essentially any money that you don't have to pay back. It's worth noting that the net price does not take into account things like student loans, which you will eventually have to pay back. The average net price for the same academic year in the United States was about \$11,000 for two-year schools, \$17,000 for 4-year in-state universities and \$23,000 for private 4-year schools. The net price can end up being a lot less than the total cost of attendance, especially for private 4-year schools where it can average out to be about half the sticker price. As you can see, grants and scholarships can have a significant impact on your child's cost of college, so next, let's take a look at how they're figured out for individual students. Around the same time that your child completes his applications, you'll need to submit a FAFSA. That's the Free Application for Federal Student Aid. This is a federal form that is used to figure out what's called your expected family contribution. That's the amount the government considers your family capable of paying based on your financial information. The application basically asks for information about your family's income, assets, and previous tax returns in order to get a picture of your finances. The government then sends this information to the schools your child has applied to. The school takes their annual cost of attendance-the prices of tuition, fees, and estimated living expenses, and subtracts you expected family contribution to get your financial need. Your financial need is then used by the school to determine how much they might give you in the form of grants and other types of need-based financial aid. Some schools will have more money available for grants than others, and a lot of grant aid is offered on a first come first served basis, so it's a good idea to submit your child's FAFSA as early as possible. FAFSA applications are typically available to fill out in January of the year your child will be attending and you'll have to fill out a FAFSA each subsequent year your child attends school to continue to be considered for financial aid. While many students receive need-based grants and aid, there are plenty more ways to find money for school. If your child has exceptional grades, is a promising athlete, or has other skills, schools might offer her merit-or athletic-based scholarships. And there are

many private scholarships and grants offered by places like arts or religious organizations and local clubs that are available as well. One large scholarship could go a long way toward covering a significant portion of your families' cost, but multiple smaller scholarships might not have as many applicants. Whether they'll cover several hundred dollars or several thousand in costs, looking into these opportunities could help your family save. Now, unfortunately there's really no way to know exactly what your net price or real cost of college will be for any particular school before your child has been accepted and receives a financial aid package. But to help students and parents get a general estimate of what they might spend, most colleges offer net price calculators on their websites. These calculators ask questions about your family's financial status and sometimes your child's academic performance in order to estimate your net price, but their accuracy can vary. When looking at their estimations, pay close attention to what they offer in grants, scholarships, and other things like student loans and work study. While both loans and work study can help cover costs, they cost money and take time and aren't technically part of your child's net price. When researching the cost of your child's potential schools, consider several factors, Tuition and fees are only one part of the total cost of college. Take some time to think about what your child's room, board, and other expenses might cost for any given school. These expenses can make up about 30-80% of the total cost of attending a college and they might contain opportunities to save. And depending on several factors including your family's income and the amount of money a school has available for grants, your child could receive substantial aid that could help reduce the cost of a given school. Again, you won't know the real cost your family will be expected to pay until after your child's been accepted. But you may discover that some schools might not be out of reach after all.