

## What About Financial Aid for College?

Is the financial aid game worth playing? There's a tremendous amount of paperwork involved. The rules are obscure and often don't seem to make sense. And it takes time.

But make no mistake, the game is definitely worth playing. Financial aid can be a valuable source of funds to help finance your child's college education.

And you don't necessarily have to be "poor" to qualify. In some circumstances, families with incomes of \$75,000 or more can qualify.

### U.S. Government Grants

The federal government provides student aid through a variety of programs. The most prominent of these are Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOGs).

Pell Grants are administered by the U.S. government. They are awarded on the basis of college costs and a financial aid eligibility index. The eligibility index takes into account factors such as family income and assets, family size, and the number of college students in the family.

By law, Pell Grants can provide up to \$5,730 per student for the 2014-2015 award year.<sup>1</sup> However, only about 28 percent of recipients currently qualify for the maximum. The average grant was \$3,678 in 2013-2014.<sup>2</sup> Students must reapply every year to receive aid.

Most colleges will not process applications for Stafford loans until needy students have applied for Pell Grants. Students with Pell Grants also receive priority consideration for FSEOGs.

Students who can demonstrate severe financial need may also receive a Federal Supplemental Educational Opportunity Grant. FSEOGs award up to \$4,000 per year per student.

### State Grants

Many states offer grant programs as well. Each state's grant program is different, but they do tend to award grants exclusively to state residents who are planning to attend an in-state school. Many give special preference to students planning to attend a state school.

#### College Grants

Finally, many colleges and universities offer specialized grant programs. This is particularly true of older schools with many alumni and large endowments. These grants are usually based on need or scholastic ability. Consult the college or university's financial aid office for full details.

1–2) The College Board, 2014

The information in this article is not intended to be tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Emerald. © 2015 Emerald Connect, LLC