

Financing Your Education

Questions To Ask Before You Borrow

*This topic is one of several
in Access Group's
Personal Finance and
Debt Management Series.*

Your education is a major investment in yourself — an investment of both time and money. *You are spending your limited resources now, in the hope that you will realize a positive return on your investment in the future.* You must consider the time and money you'll invest in your education, along with the personal and professional goals you've set for yourself. Then, make the best investment you can. You should borrow the minimum amount necessary to fulfill your educational goals. This will maximize the net return on your investment and help you realize your financial and career goals.

How you pay for your education is an important decision. Unless you currently have enough money in the bank to pay for school, you will need to finance your education expenses. In other words, you will be dependent on others to help you pay for your education. Just as you investigate which schools have the best programs for you, you also must gather information about how best to finance your education. This important decision should involve you, your family, and, unless your family can finance the full cost of your education, the school you want to attend.

Prepare now for the financial aspects of school just as you are preparing for admission and enrollment in the school of your choice. Although your parents may be willing to handle your financial paperwork while you are in school, it is best that you understand it too and become at least an equal participant in this process. If you don't, you may find that financing your education can become overly complicated and confusing. Remember, *you* will be the one signing the promissory notes for any loans you borrow to finance your education. Understanding the terms and conditions of those loans will help you avoid problems during repayment. No matter how much your parents may want to assist you, you — not your parents — will be legally responsible for your loans.

You should get answers to the following questions as you plan the financing of your education. Some of these questions are general and apply to any school you might attend; others are more specific to the programs, policies, and procedures of each school you are considering. You should evaluate these issues as you explore your financial options, regardless of where you plan to attend school. Remember, financing your education requires a collaboration involving yourself, your family, the school you attend, and your lender(s). Answering these questions should give you the information you'll need to make well-informed choices about how to finance your education and to make the most of your education investment.

See page 2 for a list of questions to ask before you borrow.



Questions to Ask Before You Borrow

1. What should I be doing now to prepare for meeting the cost of my education?
2. What eligibility requirements must I meet in order to obtain financing for my degree?
3. What financing options/programs are available to me at the school(s) I am considering attending?
4. How do I apply for financial assistance, and what applications are needed?
5. When should I apply for financial assistance, and what are the application deadlines?
6. Will my parents be expected to provide any of their financial information and/or contribute to the cost of my education?
7. What is done with the information I (and my parents) provide?
8. What should I know about the assistance I am offered, such as grants, loans, or work study?
9. What can I do to reduce the amount I have to borrow, yet still attend the school of my choice?
10. What can I do, once I arrive on campus, to minimize how much I borrow?
11. What options will I have for working while obtaining my degree?
12. What impact will the loan(s) I borrow have on me after I complete my education?

Where can you find the answers to these questions?

The financial aid staff at the schools you're considering attending probably are your most important resource to use in answering these questions. You also can consult publications from funding groups, such as federal and state governments, lenders, scholarship granting organizations, and financial aid guidebooks that are available from your local bookstore.

Another useful and timely source of answers to these questions is the Internet. Many schools have their own Web sites, which often include information about financial aid. Contact the schools you're considering attending to see if they have a Web site. Many lenders and other funding organizations also have Web sites. For example, on Access Group's Web site, accessgroup.org, you'll find information about financing your degree, the importance of good credit, managing your loans while in school, and repaying your student loans. You can also use our interactive calculators to help you plan your in-school and out-of-school budgets, as well as project the cost of student loans.

Finally, there are several Web sites that have been established by government agencies and other organizations to assist students with the financing of their education. These may be a good place to start your search: www.easi.ed.gov and www.ed.gov.