



3 ways families can lose financial aid

By Chris Wills

As if it isn't hard enough to finance college, many families overlook the strings attached to maintaining the financial aid they received freshman year.

It's easy to see how this happens. Families are grateful for any financial aid they get and simply assume it will be the same every year. But there are a number of circumstances where that isn't the case.

Three common ways families lose financial aid are:

1. Do not maintain academic requirements for grants and scholarships
2. Do not fill out the financial aid forms on time for each subsequent year of college
3. Transferring schools

If a student struggles academically -- and in some cases doesn't necessarily struggle but cannot maintain a high GPA -- they may forfeit grants that require a certain minimum GPA. This comes as a surprise even to high achieving students who may have been awarded a generous grant but don't realize they need to maintain a 3.8 GPA to keep it each year. And even if he or she is aware of the terms, the student may not understand what it takes to perform to those standards in college as opposed to high school.

Another common issue is missing deadlines for financial aid forms each year. Families are often much more focused on deadlines when they are applying to college, but less so once their student is in college.

Losing financial aid opportunities is a little-known consequence of transferring, which for many other reasons may be a good idea (and may save money in other areas). But institutions give far less aid to transfers than they do to incoming freshmen.

Why? According to Robert Kelchen, a professor at Seton Hall University who was interviewed in the New York Times, transfer students don't count in federal graduation rates, let alone the algorithms that go toward rankings and reputation.

So combine the loss of those grants with the almost inevitable rise in tuition and fees each year, and suddenly most families are looking at a bill that is much larger than expected.

While the government is pushing to make college pricing more transparent, the reality is that nearly every tool focuses only on the estimated cost of the freshman year and provides no information on the remaining years.

In a study done for the New York Times, Brad J. Hershbein, an economist at the W. E. Upjohn Institute for Employment Research, found *the average institutional grant dropped by 6 percent at private colleges between freshman and senior year and 3 percent at public institutions between freshman and junior year.*



My favorite quote from that same *New York Times* article:

"This is an odd kind of industry with odd kinds of transactions, which are highly susceptible to embellishment and manipulation," said Barmak Nassirian, director of federal relations and policy analysis for the American Association of State Colleges and Universities. "No other consumer purchase has so many pieces of financial machinery in motion with prices constantly rising, opaque discounting practices and terms subject to change. It's the ultimate faith-based financing scheme."

Chris Wills, the President of College Inside Track, made more than his share of mistakes during his college search and is passionate about helping families navigate the complicated college process, find the right fit, and save lots of money.