

*Student Financial Support*

*Publications*

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Financing Guide for Parents and  
Students

UCOP,

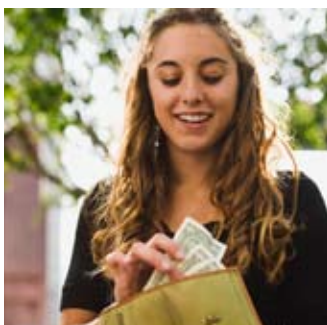
You can afford a UC education. **Here's how.**



# University of California

# Financing Guide

## for Students and Parents



Berkeley   Davis   Irvine   Los Angeles   Merced   Riverside   San Diego   San Francisco   Santa Barbara   Santa Cruz

# Can I afford a UC education?

Yes. And we can help you invest in your future.

You already know that preparing yourself academically for college takes planning and effort. So does managing the cost of your college education.

The University of California is committed to helping all academically eligible students attend, regardless of their economic circumstances. This guide will explain the financial tools available to help students and families at all income levels put a world-class UC education within reach.

## Why should I choose UC?

Your education is an investment in your future. Unlike most products or services you buy that depreciate over time, a UC degree will increase in value by opening doors. UC graduates enjoy high acceptance rates at graduate and professional schools. And, as you can see, a bachelor's degree can significantly increase your earning power in the job market.

Increase your annual earning power with a UC degree.

LEVEL OF EDUCATION	No High School Diploma	High School Diploma	Bachelor's Degree	Master's Degree	Doctorate
Average annual income	\$23,176	\$31,075	\$50,394	\$60,514	\$77,445
Unemployment rate	7.5%	5.1%	3.0%	2.5%	1.8%

Source: Bureau of Labor Statistics 2004

According to data from the National Center for Educational Statistics, UC campuses enroll a higher percentage of low-income students than any other top public or private U.S. university. Even those who do not qualify for financial aid will find that we provide a high-quality education for significantly less than comparable private institutions.

## What does it really cost to attend?

Most families pay less than the average costs listed at right because they receive some form of financial assistance.

Almost everyone thinks of fees or tuition when considering the cost of a college education, but this is only part of the overall cost of attending. You also need to take into account living expenses such as food, housing, books and supplies, and transportation — all of which will exist regardless of the type of college you choose to attend.

LIVING SITUATION	Annual UC Fees *	Living Expenses	Estimated Total Cost of Attending UC
On campus	\$7,446	\$16,534	\$23,980
Off campus	\$7,446	\$14,644	\$22,090
With parents	\$7,446	\$9,954	\$17,400

\* Annual fees, paid directly to the University. Be sure not to confuse annual UC fees with overall cost (you will not receive a bill from UC for \$23,980, for example). Fees noted are for California residents. Nonresidents pay an additional \$19,068. Systemwide fee increases are accompanied by a significant increase in financial aid to ease the impact on students with financial need. Fees are subject to change without notice.

## How does UC help?

UC awards a variety of federal, state and University grants. Because they don't have to be repaid, grants directly lower the cost of attending, making a UC education manageable for many lower- and middle-income families. More than half of all undergraduates receive grant and scholarship aid, averaging \$8,500 a year.

Like most universities, UC uses a uniform federal formula to determine your eligibility for grants, taking into account current income, assets, family size, how many family members attend college, how close parents are to retirement and many other important factors.

The chart below shows the net cost — total cost minus need-based grants — in 2007–08 for four undergraduate students with different financial resources and how they met it. The students in the example all lived in on-campus residence halls. Keep in mind, you don't have to pay the total net cost all at once. Student fees are billed at the beginning of each term, and other costs are paid over the course of the year, as expenses are incurred.

ESTIMATED NET COSTS, 2007–08*	Samuel's family	Sonja's family	Salina's family	Simon's family
Annual parent income	\$20,000	\$40,000	\$60,000	\$80,000
Total estimated costs <small>Living on campus</small>	23,980	23,980	23,980	23,980
Grant aid <small>Does not have to be repaid</small>	14,820	13,270	9,620	3,370
<b>NET COST TO FAMILY</b>	<b>\$9,160</b>	<b>\$10,710</b>	<b>\$14,360</b>	<b>\$20,610</b>
MEETING THE NET COST				
Student loan <small>Low-interest</small>	4,160	4,160	4,160	4,160
Student wages <small>From part-time job during school year (14 hrs/wk @ \$9.60/hr)</small>	3,000	3,000	3,000	3,000
Student savings <small>From full-time work during summer</small>	2,000	2,000	2,000	2,000
Parents' earnings, savings or loans	0	1,550	5,200	11,450
<b>TOTAL</b>	<b>\$9,160</b>	<b>\$10,710</b>	<b>\$14,360</b>	<b>\$20,610</b>

The annual net cost of attending UC depends on a student's eligibility for aid. See page 4 for details on how families can meet the net cost.

\*Examples throughout this brochure and on our website are meant to be instructive and are not guarantees of financial aid. Nor are they guaranteed to represent actual costs incurred at UC by all students.

# How can my family meet the net cost?

Choose the right tools to help you manage expenses.

Most families use a combination of current earnings and savings to cover the net cost of a UC education. For many students, though, this isn't enough. UC families have access to several financing options to help them meet their costs.

## What can students do?

In addition to applying for financial aid and searching out scholarships, most students who receive financial aid work part time and take out low-interest student loans.

### STUDENT LOANS **An investment in your future**

Before panicking at the prospect of borrowing money, consider that student loans, unlike car loans or credit card debt, buy you something that will increase in value.

Student loans are designed to make repayment manageable. Take one of our sample students from page 3, Samuel, and assume that he borrows the same amount each year (\$4,160).

He will graduate from UC \$16,640 in debt. It sounds daunting, but if he earns an average starting salary for a UC graduate, he will easily meet his \$185 monthly loan payment.

### STUDENT EMPLOYMENT **Balancing work and study**

Many students worry that a job will jeopardize academic performance. Studies have shown, however, that part-time work need not interfere. Forty-five percent of UC students report not working at all during the academic year, and the average number of hours worked per week by those who do is 17. It is up to you to strike a balance between working and borrowing that is manageable for you. Of course, saving for college before you enroll will reduce your need to work and borrow during the academic year.

Each campus has a student employment office to help you find a part-time job on or around campus. Campus employers (and many off-campus ones) are willing to work around students' academic schedules.

### SCHOLARSHIPS **Reduce your need to work and borrow**

A variety of scholarships are available based on a student's academic record, background, special talents or interests. Most scholarships reduce the net cost because, like grant aid, they don't have to be repaid.

One in five UC students receives scholarship support. Students apply automatically for UC's scholarships by applying for admission. Many organizations outside the University offer scholarships, too.

For more on scholarships, see our website at [www.universityofcalifornia.edu/admissions/scholarships](http://www.universityofcalifornia.edu/admissions/scholarships).

For a UC graduate earning an average starting salary of \$43,650, a typical 10-year loan repayment schedule is manageable.

10-YEAR LOAN REPAYMENT SCHEDULE	
Yearly loan amount for Samuel	\$4,160
Total debt	\$16,640
Monthly income (average after taxes)	\$2,800
Monthly loan payment *	\$185
Monthly income to live on	\$2,615

\*Includes interest. Repayment starts six months after graduation.

## What can parents do?

Depending on their income, among other factors, most parents help pay for their children's education. As with students, there are several ways for families to cover the costs.

### **SAVINGS** Saving more means borrowing less

Families may find it challenging to meet the net cost if they try to use current earnings alone. Parents can take out educational loans if they have not saved, but it is much better to plan ahead.

The chart at right shows how much a family can save if parents begin setting aside a small amount per week when a student is in the seventh or 10th grade.

AMOUNT SAVED		Starting in 7th grade	Starting in 10th grade
Saved per week	Saved per year	Total saved with interest*	Total saved with interest*
\$10	\$520	\$3,464	\$1,655
\$20	\$1,040	\$6,929	\$3,311
\$35	\$1,820	\$12,126	\$5,794
\$50	\$2,600	\$17,322	\$8,277
\$75	\$3,900	\$25,984	\$12,416

Setting aside a small amount per week quickly adds up. Regardless of when you start, the important thing is that you save.

\*Examples are based on a 3 percent interest rate.

### **PARENT LOANS** When savings and earnings aren't enough

Educational loans are available to families at all income levels. Through low-interest, government-backed PLUS loans, parents can borrow up to the total cost of college attendance, minus their student's other financial aid. For details, see [www.universityofcalifornia.edu/admissions/finaid](http://www.universityofcalifornia.edu/admissions/finaid).

### **PAYMENT PLANS** Pay UC fees over time

Many campuses offer deferred payment plans to help make the payment of fees, tuition and on-campus housing more manageable. These no-interest plans spread payment over several months to lighten the burden. Talk to campus financial aid offices about this option.

### **FEDERAL TAX BENEFITS** Receive deductions or credits for educational expenses

Parents who pay for tuition and fees may be eligible to recover some college expenses in the form of federal tax breaks. The Hope Scholarship Tax Credit is available for the first two years of college enrollment, and the Lifetime Learning Tax Credits is available for postsecondary enrollment at any level.

Talk to a tax expert about eligibility and visit the Internal Revenue Service website at [www.irs.gov/individuals](http://www.irs.gov/individuals) and choose "Tax Incentives for Higher Education Expenses."

# What's my next step?

Explore these online resources to learn more.

## [www.universityofcalifornia.edu/admissions](http://www.universityofcalifornia.edu/admissions)

Learn more about how to prepare for and apply to the University by visiting our admissions information and application website.

## [www.universityofcalifornia.edu/admissions/finaid](http://www.universityofcalifornia.edu/admissions/finaid)

Learn more about how to finance a UC education by visiting our financial aid website.

### HOW TO APPLY FOR FINANCIAL AID

- Step 1** Fill out the **Free Application for Federal Student Aid (FAFSA)** and the **Cal Grant GPA Verification Form**. Even if you don't think your family will qualify for financial aid, it's a good idea to apply. Some financing tools, such as federal education loans, are available only to families who submit the FAFSA.
- Step 2** File the forms between **January 1 and March 2** of your senior year in high school for priority consideration. File the FAFSA each subsequent year while you are in college.
- Forms** All UC applicants will receive a copy of both forms along with detailed instructions and advice on how to complete them. Both forms are also available at high schools and public libraries. The FAFSA is available online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

### UC CAMPUS WEBSITES

<b>BERKELEY</b>	<a href="http://www.berkeley.edu">www.berkeley.edu</a>	<b>RIVERSIDE</b>	<a href="http://www.ucr.edu">www.ucr.edu</a>
Financial Aid	<a href="http://students.berkeley.edu/fao">students.berkeley.edu/fao</a>	Financial Aid	<a href="http://www.finaid.ucr.edu">www.finaid.ucr.edu</a>
<b>DAVIS</b>	<a href="http://www.ucdavis.edu">www.ucdavis.edu</a>	<b>SAN DIEGO</b>	<a href="http://www.ucsd.edu">www.ucsd.edu</a>
Financial Aid	<a href="http://financialaid.ucdavis.edu">financialaid.ucdavis.edu</a>	Financial Aid	<a href="http://fao.ucsd.edu">fao.ucsd.edu</a>
<b>IRVINE</b>	<a href="http://www.uci.edu">www.uci.edu</a>	<b>SANTA BARBARA</b>	<a href="http://www.ucsb.edu">www.ucsb.edu</a>
Financial Aid	<a href="http://www.fao.uci.edu">www.fao.uci.edu</a>	Financial Aid	<a href="http://www.finaid.ucsb.edu">www.finaid.ucsb.edu</a>
<b>LOS ANGELES</b>	<a href="http://www.ucla.edu">www.ucla.edu</a>	<b>SANTA CRUZ</b>	<a href="http://www.ucsc.edu">www.ucsc.edu</a>
Financial Aid	<a href="http://www.fao.ucla.edu">www.fao.ucla.edu</a>	Financial Aid	<a href="http://www2.ucsc.edu/fin-aid">www2.ucsc.edu/fin-aid</a>
<b>MERCED</b>	<a href="http://www.ucmerced.edu">www.ucmerced.edu</a>		
Financial Aid	<a href="http://financialaid.ucmerced.edu">financialaid.ucmerced.edu</a>		

## FREQUENTLY ASKED QUESTIONS

### Q. What if my parents can't help me pay for school?

A. Your family should still file the Free Application for Federal Student Aid, or FAFSA, between January 1 and March 2 of your senior year in high school. Remember that college costs are not due at one time, and parents can contribute to your educational costs in a variety of ways, such as helping pay fees each quarter, buying books or providing monthly funds for living expenses.

### Q. What if we have unusual circumstances, such as a student who is being raised by grandparents or a parent who loses a job, etc.?

A. There is an appeals process at all colleges and universities for families who feel that their circumstances have not been considered in full or have changed since their aid applications were filed.

### Q. What aid is available for foreign students or undocumented immigrants?

A. Aid for foreign students and undocumented immigrants is severely limited and largely consists of scholarships from non-University agencies. Students planning to apply with the INS to be permanent residents of the United States should begin the process several years in advance of college. Some undocumented students (as well as documented nonresidents of California) who attended a California high school for three years and graduated may be eligible to pay in-state UC fees. For more information, visit [www.ucop.edu/sas/sfs/docs/ab540\\_gen\\_info.pdf](http://www.ucop.edu/sas/sfs/docs/ab540_gen_info.pdf).

### Q. I was always taught that debt is bad. Why am I now being advised to take out loans?

A. Excessive debt is bad. However, studies have shown that the financial benefits of a college degree easily compensate for the burden of student debt. You should think about an education as an investment, one in which the returns will make it worth the borrowing. Merit-based scholarships can help students reduce the need to work and/or borrow.

UC provides some form of financial assistance — including grants, scholarships, loans and work-study — to nearly two-thirds of undergraduates.

The average award in 2005–06 was more than \$13,000.

# Financial Aid Myths & Facts

Know the facts so you can make an educated choice.

## Myth 1 | Only students with the best grades qualify for financial aid.

**Fact:** Some scholarships are “merit based,” awarded on a student’s academic performance. However, most financial aid, including grants and loans, is “need based,” or awarded based on a family’s ability to pay for college.

## Myth 2 | Only students from extremely low-income families qualify.

**Fact:** While it is true that most grant aid is reserved for needy families, there are forms of assistance available to help all families cover their costs, including low-interest parent and student loans. All families are encouraged to apply for aid, whether they think they qualify or not. Many are surprised to find they do.

## Myth 3 | Each dollar we save hurts our student’s chances to qualify for grants.

**Fact:** The amount in parents’ savings accounts is indeed used in the federal formula that determines a family’s net cost. However, a large portion of those savings are protected from consideration; only a small percentage of the remaining amount is assessed in the calculation of a student’s financial aid eligibility.

## Myth 4 | Federal Pell Grants are the only form of free money for college.

**Fact:** There are several sources of “free money” for college, including the Cal Grant program and UC’s own grants and scholarships. Families do not need to know all the types of grants available. Instead, students can apply for all state, federal and UC aid by submitting the proper forms between January 1 and March 2 of their senior year of high school.

## Myth 5 | If we haven’t saved, community college is our student’s only option.

**Fact:** While it certainly helps to have saved for your child’s education, there are other ways to pay for college. Families with lower incomes who have not been able to save will likely find that their net cost will be quite modest. For families that do not qualify for financial aid, low-interest parent or student loans and tuition payment plans can help cover the cost.

## Myth 6 | If our student goes to community college, we are not eligible for aid.

**Fact:** Students are eligible for financial aid at both UC and community college. In fact, many community college students cheat themselves out of free money by not applying for financial aid. Students intending to go to community college before coming to UC should apply for the Cal Grant and all federal student aid in their senior year of high school.

## Myth 7 | Saving through our bank account is the only way to save for college.

**Fact:** There are now several ways to save money for college, some of which are tax sheltered. Educational IRAs are one method; California’s ScholarShare program is another. For more information on ScholarShare, visit [www.scholarshare.com](http://www.scholarshare.com). The important thing is that families save, if possible, regardless of how they save.