

Parent Handbook: Determining Loan Need

Before you or your student take out any loans for college, you first need to figure out exactly what amount you might need to borrow.

The best place to start is with the college's cost of attendance, which should be included on the financial aid award letter. You can also find it on the college's website.

The cost of attendance is an average cost figure that you will need to adjust based on your student's personal situation. Once you have a good idea of what the total cost will be, you need to take into account all types of financial aid. These can include scholarships, grants and other sources.

Remember that some of these will be renewable year to year, while others won't. Be sure to plan for and look at all the years you expect your child to be in school. A change in the number of college students in your family can also affect aid in future years.

Next, ask yourself what other finances are available to help pay for your child's college.

Will your student be working while attending school and putting that money towards college?

Do you or your child have savings for college you plan to use? Does the college offset other awards with your student's additional earnings or scholarships?

With all of these numbers combined, you can get a clear picture of how much, if any, leftover college costs there may be.

As you look at loans to cover the remaining cost of college, be sure you're only borrowing for needs like tuition and room and board and not wants like extra money for activities or travel.

By determining your actual need in advance, you can avoid borrowing too much and help set your child on a path to a better financial future.

No matter what pops up along the way, you'll be prepared for your college financing journey.

Learn other helpful tips in the Parent Handbook.