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What you don't know about college costs can cost you big time!

By Elizabeth LaScala

Elizabeth LaScala, PhD personally guides each student through each step of selecting and applying to well-matched schools for undergraduate and graduate school study. Over the past two decades, Elizabeth has placed hundreds of students in some of the most prestigious colleges and universities in the U.S. The number of clients taken is limited to ensure each applicant has personalized attention. Contact Elizabeth early in the process to make a difference in your outcomes. Write elizabeth@doingcollege.com; Visit www.doingcollege.com; or Call: 925.385.0562.

Whether you are comparing financial aid awards from acceptances or entering the college admissions cycle for the first time this fall, you should gather the most accurate information that you can about college costs. Otherwise, your child's dream school could turn into a financial nightmare long after she has received her degree. Two things to watch out for as you consider your college list and your choices from the acceptances that you receive: your estimated cost of attendance and student loan debt.

Colleges determine their cost of attendance based on the charges that you will see on your bill: tuition, fees, room and board as well as estimates for charges not on your bill, such as books and transportation to and from home. However, your actual estimates will not always line up with the school's estimates. Colleges notoriously underestimate costs for clothing, transportation and books. They also ignore expenses that every student or their family is likely to have; for example, I have never seen a college estimate costs for a cell phone, software or a laptop, even though they are essentials that college students use every day.

Whether you are at the start of the admissions cycle, or about to choose a school, take a look at the college's estimated cost of attendance. Admissions and financial aid offices should have this information posted on their web pages. Accepted students should see it on their financial aid award letters. Then make your own estimates for the expenses that will not appear on your bill. You might trust the school for an estimate about books, since you have not bought them before. But you should know the actual amounts that you would spend on virtually everything else. The college's charges plus your estimated expenses are your true cost of attendance.

Colleges do not openly publish the average indebtedness of their recent graduates on their websites unless the average is well below the maximum that a student may borrow under the Federal Student Loan program. Today, that maximum is $27,000 plus interest for undergraduate borrowers; the rate now is 2.75% for four years, $31,000 for five years if it takes you that long to finish your degree. One way to think about this is to consider the fact that the monthly payments for a recent grad are likely to be about the same as they would be to finance a brand-new Honda Civic for five years.

Federal Parent PLUS Loans are a common way to finance a college education. But beware, they will be costly, even at the start. If you have received acceptances, you may see Parent PLUS loans mentioned on the award letters. The maximum Parent PLUS loan amount you can borrow is the cost of attendance - as estimated by the college - minus any other financial assistance your child receives. So, if a school has an estimated total cost of $75,000 for the year, you can borrow up to that amount. However, these loans have origination fees in excess of 4%. Over $3,000 of your principle would go right back to the lender. The interest rate on Parent PLUS loans is 5.3% fixed for the life of the loan. If you are approved for a PLUS loan, you are expected to begin repaying it after you receive the money. You can request deferments when hardships happen, but the full debt must eventually be repaid with interest.

Colleges make it too easy for parents to apply for Parent PLUS Loans and make it too easy for them to borrow more than they should. While they might help to make a dream school more accessible, they certainly do not make it more affordable. Take on too much debt through PLUS or private student loans and you will likely pay for your child's college education past the time you had hoped to retire.

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