



Book Two:
Paying for
a College
Education

Developing *your* Vision



while Attending College



Table of Contents

Developing *your* Vision *while* Attending College Book Two: *Paying for a College Education*

FOREWORD 2

 COMBINING TIMELESS TRADITIONS AND A COLLEGE EDUCATION 2

 GETTING THE ANSWERS TO YOUR QUESTIONS 2

THERE ARE WAYS TO AFFORD COLLEGE 4

 SCHOLARSHIPS AND GRANTS 8

 WORK-STUDY PROGRAMS 10

 LOANS: A LAST RESORT 10

APPLYING FOR FINANCIAL AID: 5 STEPS 14

 STEP 1: APPLY TO COLLEGE 16

 STEP 2: COMPLETE THE “FAFSA” FORM 18

 STEP 3: REVIEW THE “STUDENT AID REPORT” 20

 STEP 4: APPLY FOR TRIBAL ASSISTANCE 20

 STEP 5: REVIEW YOUR FINANCIAL AID AWARD LETTER(S)
 AND SELECT A COLLEGE 22

SAVING FOR COLLEGE 24

 THE SOONER, THE BETTER 24

 INVESTMENT OPTIONS FOR A COLLEGE FUND 26

 SHOULD YOU SAVE IN YOUR CHILD’S NAME? 28

APPENDIX A: A FINANCIAL AID CALENDAR 30



Foreword

Each person on this planet is a unique and special individual. Each one of us has gifts to contribute to the world. Deciding how to make that contribution, however, isn't always so easy.

Your Indian heritage can help guide your way. From ancient times until today, Native Americans have helped their people as teachers, caregivers, healers, artists, ecologists, leaders, and wise ones. For centuries, the wisdom of the people has been passed from generation to generation.

Combining Timeless Traditions and a College Education

Today, Indians still learn from their elders. But they also know that in the 21st century, Indians must find additional knowledge through education. They know that attending college is one of the best ways to develop their potential and earn a respected place in their community and tribe.

For you, college might mean a four-year degree or graduate school, or it might mean a one- or two-year vocational course or associate's degree. But no matter what path you pursue, a college education will help you develop a vision for the rest of your life.

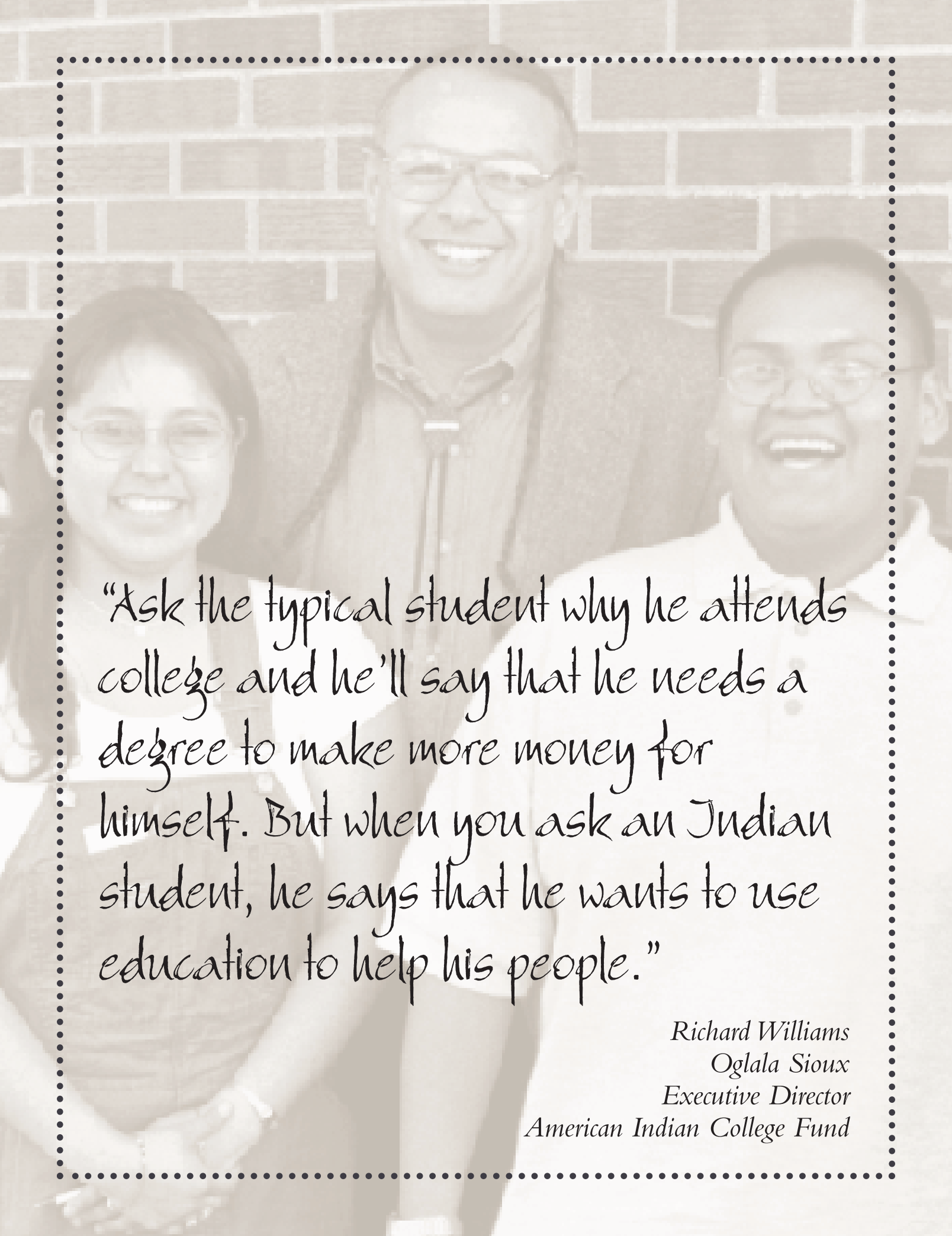
Getting the Answers to Your Questions

Going to college isn't easy, of course. But it is possible. That's why the American Indian College Fund and the National Endowment for Financial Education® have teamed up to produce a series of books to help you find the answers to your questions about attending college. Whether you are still in high school or are thinking about returning to school, we hope these books will be a useful source of information.

Please note that this series is divided into four books. Book One helps you sort out the decisions you need to make about going to college and choosing a school. Book Two provides information on paying for college and applying for financial aid. Book Three provides tips on how to manage your money while you're in school. Finally, Book Four looks beyond college to the careers and other opportunities that will be open to you because you have a college education.

Together, we hope these books will convince you that going to college is within your reach, no matter what your age or financial situation. It may be a difficult journey at times, but without doubt, it is worth the sacrifice.

And remember, you won't have to face the challenge alone. There are many people in your tribe, your community, and your school who will be willing and honored to help.



“Ask the typical student why he attends college and he’ll say that he needs a degree to make more money for himself. But when you ask an Indian student, he says that he wants to use education to help his people.”

*Richard Williams
Oglala Sioux
Executive Director
American Indian College Fund*

There Are Ways to Afford College

As you read in Book One of this series, *Making the Decision to Attend College*, a college education can be expensive, but the cost is well worth the sacrifice.

Estimates are that the average four-year college graduate will earn 70% more than the average high school graduate. You are more likely to find a job, too. On Indian reservations and pueblos, for example, where unemployment rates can be as high as 85%, *more than 90% of the community's college graduates are employed or go on to further their education*, according to the American Indian College Fund.

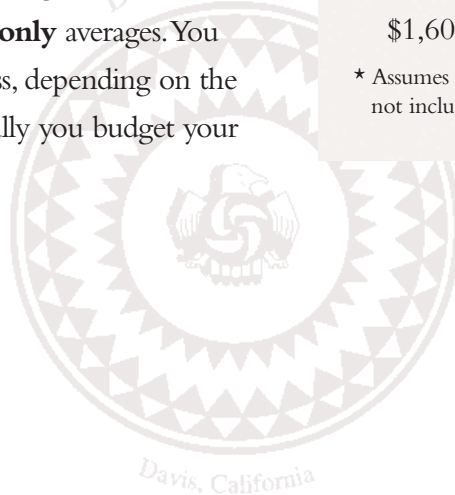
You also read in Book One that the cost of a college education can vary greatly from school to school. To the right are some average costs, provided by the College Board and the American Indian College Fund. But remember, the dollar amounts are **only** averages. You could pay much more or much less, depending on the school you choose and how carefully you budget your money.

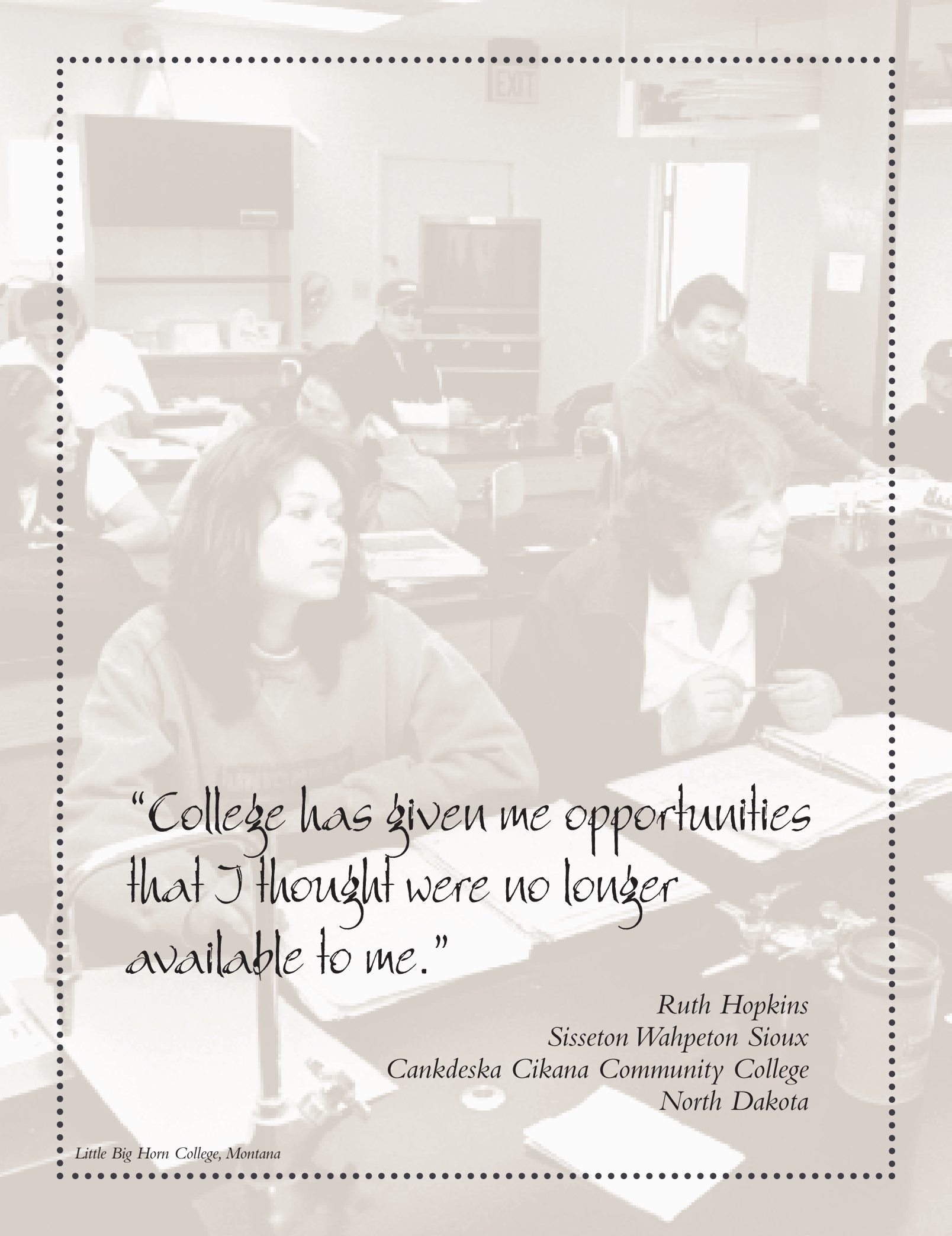
Estimated Costs of Attending College

1998-1999 School Year

- ❖ One year at a four-year private college, including tuition, fees, room and board, books, supplies, and other expenses: \$22,533
- ❖ One year at a four-year public university, including tuition, fees, room and board, books, supplies, and other expenses: \$10,458
- ❖ One year for tuition and fees only* at a two-year community college or a tribal college: \$1,600-\$2,000

* Assumes you will live at home. Costs of books and supplies not included.





*“College has given me opportunities
that I thought were no longer
available to me.”*

*Ruth Hopkins
Sisseton Wahpeton Sioux
Cankdeska Cikana Community College
North Dakota*

Of course, even the cost of attending a community or tribal college can seem overwhelming if your financial resources are very limited. But, as we said at the beginning, there *are* ways to afford college. Some of this help may come from the federal government or your state. Other financial aid is available from private sources. And, as an American Indian, there are special programs available to help you meet the financial challenges associated with attending college.

This book can help you get started on the path toward making college an affordable reality. Let's begin by estimating what the college(s) of your choice will cost

YOUR ESTIMATED COLLEGE COSTS

In Book One, you completed a “Comparing College Costs” worksheet for three colleges you may be interested in attending. Enter the total costs here for either a two-year education or a four-year degree. (College costs should be listed in the colleges’ catalogs or on their Web sites.)

TOTAL COSTS:

College A: _____

College B: _____

College C: _____

Next, subtract from the total any amounts you or your family have saved for your college education. (See the end of this book for tips on saving for college.)

Amount Saved for College: _____

New Totals:

College A: _____

College B: _____

College C: _____

(see below). Then, we’ll explore ways to find the money you need to pay for college.

The new total figured below is the estimated dollar amount you need in financial aid. Where will you find the money? College students get financial aid in the following ways:


- ❖ scholarships, awards, and grants
- ❖ work-study programs
- ❖ loans (most tribal colleges do not participate in the federal student loan program)

Many students, in fact, use a combination of all three. Let's take a look at each of them now, starting on page 8.

A Special Note to Returning Students

There are no age restrictions for federal student financial aid, and many private scholarships do not have age restrictions, either. If there are restrictions, they are usually expressed in terms of the student’s year of school, not age. Therefore, older students should search for financial aid just like younger students.

However, you must have a **high school diploma** or **GED** before you are eligible for financial aid. Some tribes may provide financial assistance for members who are pursuing their GEDs.



*A.J. Bigby
Assiniboine/Gros Ventre
Salish Kootenai College
Montana*

In high school, A.J. Bigby was a state wrestling champion. Now, at age 22, he has his eyes set on a bigger prize: a degree in environmental science and, possibly, law school. "You need an education to get a good job these days," says A.J., whose Indian name is "Circling Eagle."

Part-time jobs are scarce where A.J. lives. Without financial aid and the support of family, A.J. and his wife would probably not be able to afford college. "We apply for every scholarship we can," A.J. says, "Even if it's only \$250, it helps pay the bills."

A.J. also knows the importance of meeting deadlines. "One year, I missed the deadline for financial aid, so I had to work 40 hours a week in

a manufacturing plant at night and go to school during the day. That was tough. Now, I'm able to go to school full time."

When he receives his financial aid at the start of a quarter, A.J. uses part of the money to keep three months' ahead on his car and insurance. "We want to keep good credit and not be tempted to spend the money on something else," he explains.

College can be stressful, so A.J. and his wife enjoy powwow dancing as a way to relax and celebrate their people's traditional ways. He also appreciates the support of student mentors and his professors at Salish Kootenai College. "The college itself is like a little family," A.J. says.

Scholarships and Grants

The best part of scholarships and grants is that they do not have to be paid back. They are, essentially, free money. The U.S. government funds two of the largest grant programs: the Federal Pell Grant and the Federal Supplemental Educational Opportunity Grant. Your state also may have a state grant program.

Most other grants and all scholarships come either from the college you plan to attend or from private sources, such as the American Indian College Fund, service groups, religious groups, companies, and perhaps even your own employer.

There are special scholarships available to American Indian students. For example, individual tribes contract with the Bureau of Indian Affairs (BIA) to administer the “Higher Education and Adult Vocational Education Programs.” Tribes also may offer their own scholarships, although the amounts are usually small.

In addition, some colleges and universities provide financial incentives to encourage Native American students to enroll. And, private groups may earmark special scholarships for Indians. For example, the Daughters of the American Revolution American Indian Scholarship Fund typically awards \$500 in scholarships to Native American students all across the country.

Finding these grants and scholarships isn’t always easy, and it takes time to fill out the applications. But it is well worth the effort. Be sure you know the deadlines for filing the applications. Your tribe, local library, the Internet, high school guidance counselor, and the financial aid office at the colleges you are interested in attending are all good sources to help you with your search. Also keep in mind that it’s possible to be awarded more than one scholarship or grant!

Three things are very important to remember when applying for these grants and scholarships, or for any financial aid, for that matter:

- ❖ Most scholarship decisions are made early.
- ❖ You must complete the required paperwork.
- ❖ You must **turn in the paperwork** by, or preferably before, the **required deadlines**.

Scholarship Scams

The National Association of Student Financial Aid Administrators estimates that thousands of Americans are conned out of millions of dollars each year during their search for scholarship money.

To avoid becoming a victim of such a scam:

- ❖ Never pay a fee for scholarship money.
- ❖ Never give a stranger your credit card or bank account numbers.
- ❖ Don’t fall for “guarantees” or claims that someone has information you can’t get anywhere else.

There are no guarantees you will get a scholarship, but legitimate scholarships will **not** charge fees to give you the money. Of course, you have to do your homework to find these scholarships.

You must do the work it takes to find a scholarship.

Web Searches

The Internet provides one of the easiest ways to get free, current information about colleges and financial aid. Some Web sites to check out:

- ❖ American Indian Science and Engineering Society (AISESnet) (www.aises.org)
- ❖ College Board (www.collegeboard.org)
- ❖ FastWEB—financial aid search through the Web (www.fastweb.com)
- ❖ Minority On-Line Information Service—scholarships and fellowships (<http://www.sciencewise.com/molis>)
- ❖ National Association of Student Financial Aid Administrators (www.finaid.org)
- ❖ SallieMae—scholarship service (www.salliemae.com)



Little Big Horn College, Montana

Work-Study Programs



Many students work their way through college. Sometimes this means it takes longer to graduate. But, these students usually have a great appreciation for their college education because they worked for it.

You also can apply for a special Federal Work-Study Program when you are seeking other financial aid.

Under this program, colleges help find jobs for students, and the federal government helps pay the salary.

You might also have an opportunity to participate in an internship program during college. Although most internships are not paid, students usually get class credit and gain a wealth of experience that will help them find a job when they graduate. Many graduates get their first jobs as a direct result of internships.

Loans: A Last Resort



Ideally, you would like to be debt-free when you graduate from college, but this isn't always possible. As a last resort, you may have to turn to low interest, federal student loans to meet your financial needs.

The three main student loans are the Federal Perkins Loan, Federal Stafford Loan, and the Federal Direct Loan. **These loans must be repaid after you complete your college education.** You get a break on interest charges, however. The Federal Perkins Loan, the Federal Stafford Loan, and Federal Direct Loans do not charge interest while you are in college.

Two other alternatives are the Unsubsidized Stafford Loan and the Unsubsidized Direct Loan. These loans may accrue interest while you are a student, or you may start making interest payments while you are in

school. Because of the cost of paying interest on these loans, you should only use them as a last alternative.

No matter what kind of loan you take out, when you accept the loan, **you will sign a promissory note.** A promissory note is your pledge to repay the debt. It is a legal document.

In a few situations, however, the federal government may “forgive” your loan. This means you will not have to repay part or all of the loan. For example, if you have a **Federal Perkins Loan** and you go into law enforcement or teach in a federally designated low-income area, you will not have to repay the Perkins Loan **if** you stay in that job for at least five years. If you leave the job before five years, part of the loan will be forgiven.



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*“I respect people who produce
positive actions and results.
Destiny is created to be fulfilled
by a determined mind.”*

*Frank Means
Oglala Lakota
Oglala Lakota College
South Dakota*

An Important Note about Tribal Colleges and Student Loans

Private loans are another option to bridge the monetary gap between what the school or federal government can help you with and what you need. Private loans are usually more expensive than government loans. In addition, if you borrow from more than one source—for example, a Federal Perkins Loan, a Federal Stafford Loan, and a private loan—you will have **three separate loan payments** to make.

Sources of private loans include:

- ❖ personal loans from a bank or credit union
- ❖ loans from a life insurance policy that has a cash value
- ❖ loans from your or your parents' retirement plan (use this source only if you know you will repay the loan well before retirement)

A warning about private loans: More and more private loans are being marketed to college students. Review a loan's provisions very carefully before you accept it. Make sure you understand what you will have to repay and when. Most important, **do not borrow what you don't need.**

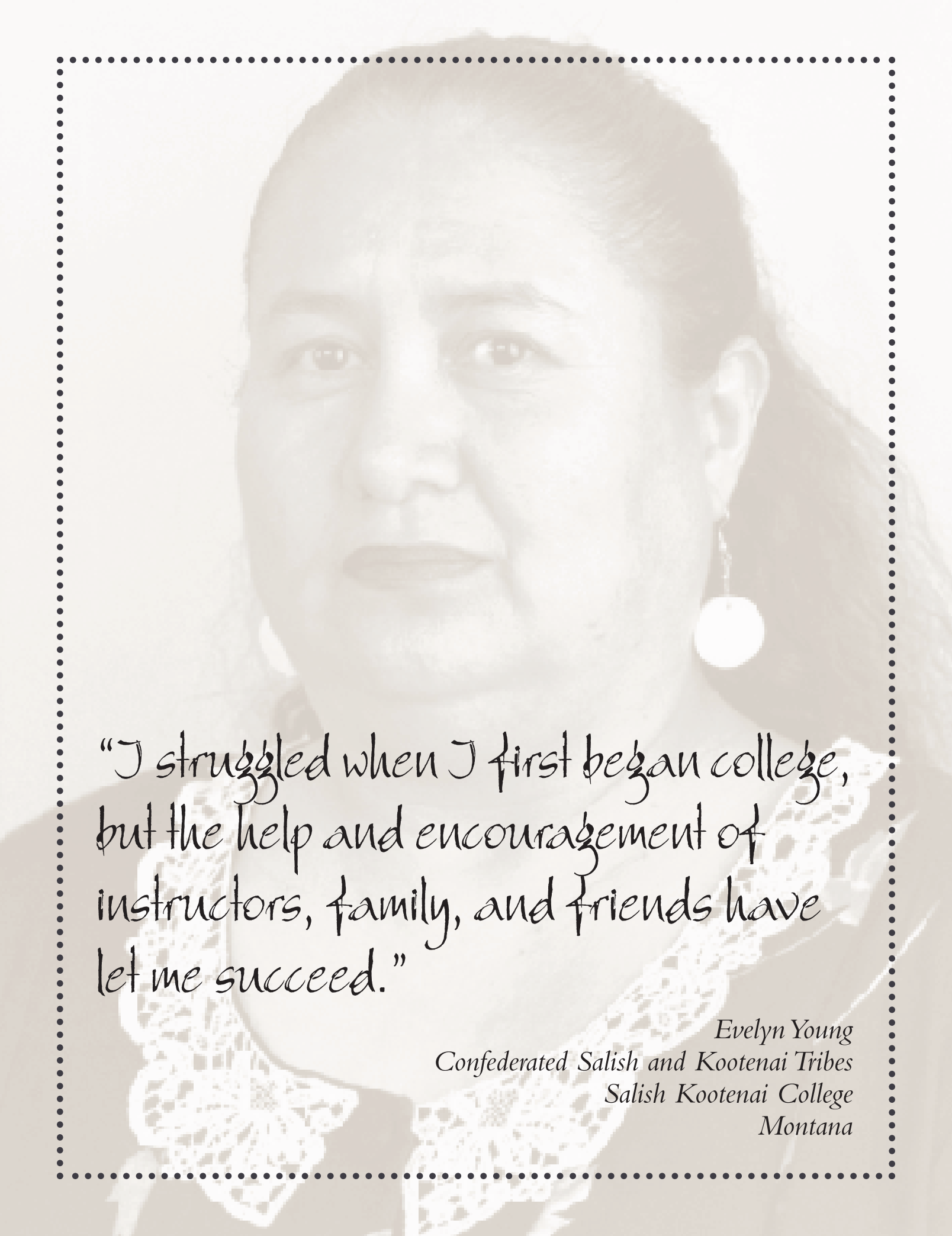
In general, **be careful about going into debt to pay for college.** Many students spend 10 or 20 years repaying their college loans, and if you have to pay interest on the loan, the debt can quickly mount up. For example, if you borrow \$23,000 in a Federal Stafford Loan, you will have to pay \$282 every month for 120 payments over 10 years. (This assumes an 8.25% interest rate and a 10-year payback period.) By the time you pay back the \$23,000, plus interest, you will have paid a total of \$33,840 for the loan! Private lending sources will cost even more.

On the other hand, keep in mind that a loan is an investment in your future. If your job prospects after college are good, you will be able to repay your loans.

Most tribal colleges do not participate in the federal student loan program. They prefer to help their students keep costs down with low tuition and fees, and by enabling students to live at home while attending college. Tribal colleges are also very active in helping students obtain grants and scholarships that do not have to be repaid. This approach is a huge financial benefit for students.

Here's an example: Assume you are the student in the example on this page who took out a \$23,000 loan to cover part of the costs of attending a four-year mainstream college. With interest, you will end up paying back a total of \$33,840.

But what if you go to a tribal college for your first two years and then transfer to the four-year school to get your degree? Since you will only be at the mainstream university for two years, your loan needs will be cut in half, from \$23,000 to \$11,500. Your monthly payment will be \$141 a month instead of \$282. Your total bill will be reduced by half, from \$33,840 to about \$16,920. Quite a savings. And you will still end up with the same college degree!

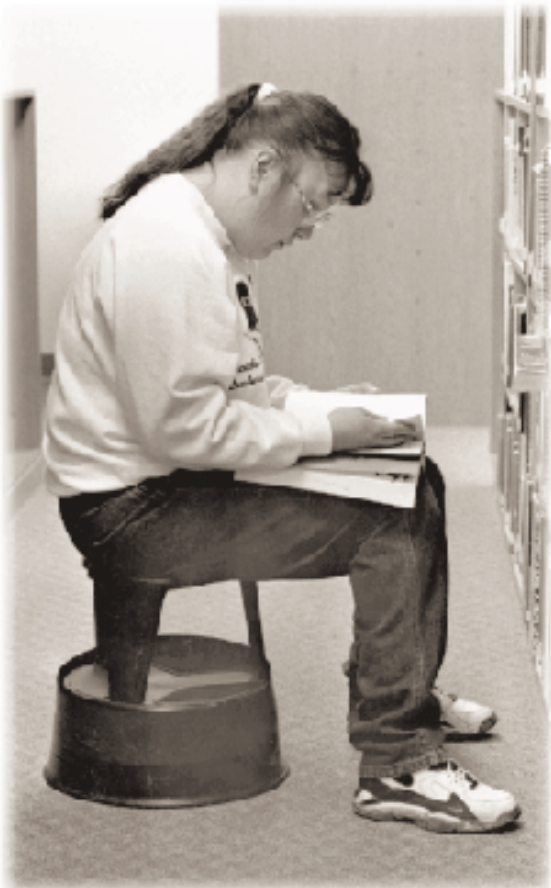


"I struggled when I first began college,
but the help and encouragement of
instructors, family, and friends have
let me succeed."

*Evelyn Young
Confederated Salish and Kootenai Tribes
Salish Kootenai College
Montana*

Applying for Financial Aid: 5 Steps

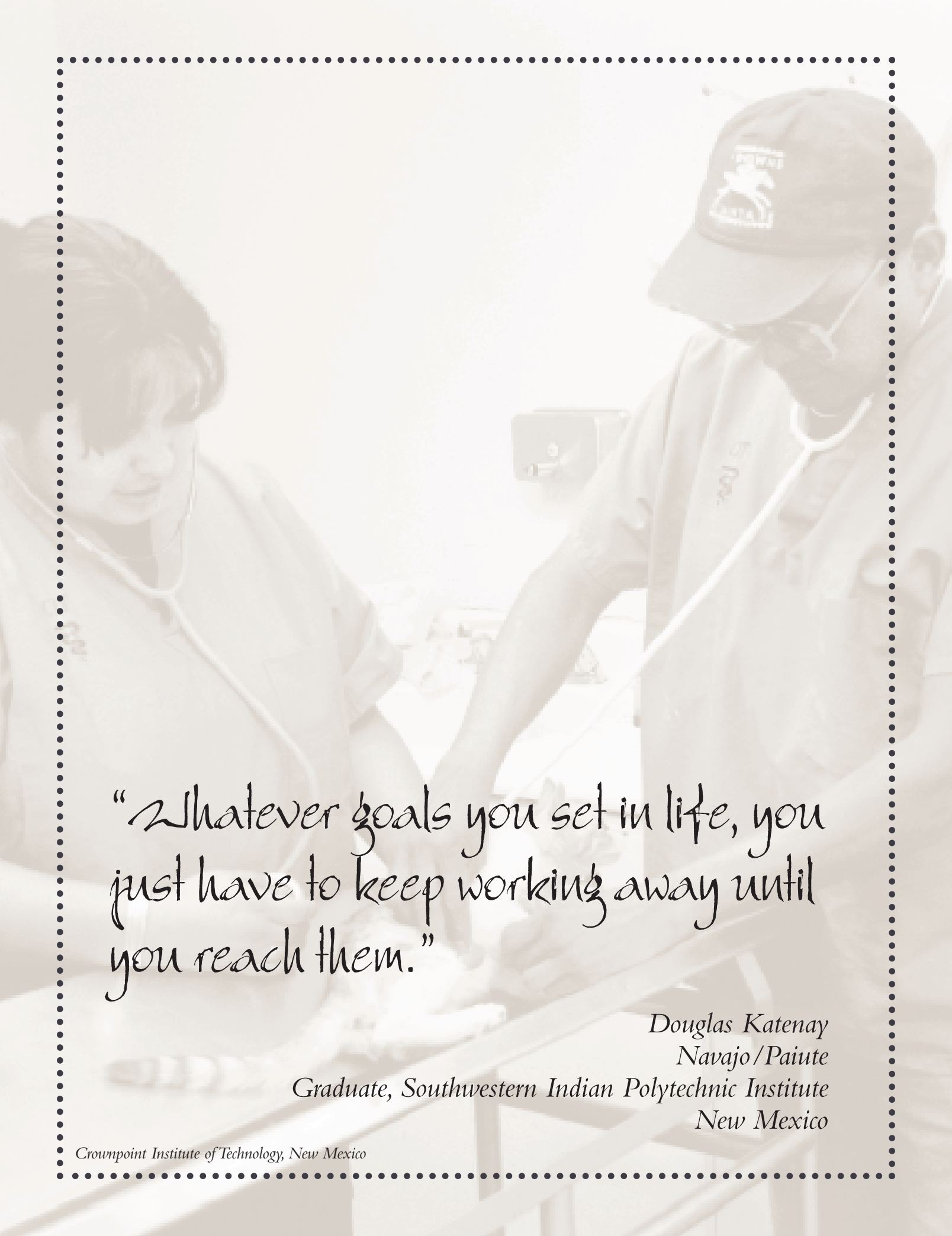
Applying for financial aid can get complicated. There is paperwork to complete and **strict deadlines to meet**. The following guidelines will help you through this process. But remember: You don't have to tackle the job alone. Others will be pleased to help you: your high school guidance counselor, the financial aid administrator at the college(s) you are considering, and your tribal education specialist or talent search counselor.



Little Big Horn College, Montana

Financial Aid: Quick Tips

- ❖ Read all instructions carefully. Inaccurate or incomplete forms will delay processing your financial aid form.
- ❖ If you think you need to correct an application, ask the college first. Often, making a minor correction that does not alter or change your eligibility for financial aid can delay your award. If the correction is necessary, the college may be able to make it electronically to **save time**.
- ❖ Meet all deadlines; try to be early whenever you can.
- ❖ Get organized by setting up file folders for your financial aid information and a calendar with important dates and deadlines.
- ❖ Make sure to keep a copy of everything you submit, including your (and maybe your parents') previous years' income tax forms. Paperwork can sometimes be lost during the review process or you may be questioned about information you submitted.



“Whatever goals you set in life, you just have to keep working away until you reach them.”

*Douglas Katenay
Navajo/Paiute
Graduate, Southwestern Indian Polytechnic Institute
New Mexico*

Step 1: Apply to College

Before you can be considered for financial aid, you must show you intend to go to college. That means you must apply to be admitted to college before *or* at the same time that you apply for financial aid.


Ideally, you should **apply to several colleges a year before** you plan to enroll. For example, if you plan to enroll in the fall of the year 2001, you should apply to schools during the fall of the year 2000. That gives you the rest of the year to receive acceptance letters, get your financial aid in place, and decide which school you want to attend.

When you apply to colleges, make sure you find out what their deadlines are for receiving financial aid applications and what special forms you need to complete. Scholarship deadlines and other financial aid deadlines can vary from school to school, so it is very important to know what the deadlines are and write them down.

Also, as we mentioned earlier, **if you don't have your high school diploma**, you must complete your GED, or be working on it, before you apply for college financial aid. In addition, **if you are a male and over age 18**, you must register with the Selective Service before you can be considered for federal financial aid. And, everyone who applies for federal financial aid must have a valid Social Security number.

MY CHECKLIST

- High school diploma:*
Yes ____ No ____
Date Received _____
- GED:*
Yes ____ No ____
Date Received _____
- Selective Service Registration:*
Yes ____ No ____ Not Applicable ____
- College placement tests taken (ACT or SAT)
(Note: these tests may be required at a tribal college):*
Yes ____ No ____ Dates: _____
- College applications mailed in:*
Yes ____ No ____ Date(s): _____
Yes ____ No ____ Date(s): _____
- College financial aid applications received:*
Yes ____ No ____ Date(s): _____
Yes ____ No ____ Date(s): _____
- College(s) deadlines for receiving my financial aid requests are:*
College A _____
College B _____
College C _____



*Angela Rose LaRocque
Turtle Mountain Chippewa
Turtle Mountain Community College/
University of North Dakota*

“Outstanding student” describes Angela LaRocque. She began taking advanced courses in high school, sailed through college with a 3.97 grade point average, and now is on her way to graduate school. Destination: a Ph.D and a career as a clinical psychologist among her people in North Dakota.

Her parents have paid her rent, but the rest of Angela’s college expenses have been covered by scholarships. In fact, Angela has had as many as seven scholarships in one semester!

Her tips to other students: get the best grades you can, visit your college’s financial aid office to find out what scholarships are available, look on the Internet, and watch for scholarship postings

around campus. Angela saw one such posting outside her advisor’s office. To meet the deadline, she printed the application off the Internet and mailed it overnight. Her efforts paid off. Angela was awarded the American Psychological Association (APA) Minority Fellowship for graduate school.

Leading a balanced life is also important to Angela, who is now married. She is active in the University of North Dakota’s Indian students’ association, is learning to speak Ojibwe and Mitchif, and travels to powwows as a jingle dress dancer. “My spirituality plays a big role,” she says. “I find myself asking the Great Spirit to give me strength and endurance to overcome my fears and to accomplish my goals.”

Step 2: Complete the “FAFSA” Form

Virtually all financial aid starts by filling out the “Free Application for Federal Student Aid” (FAFSA) form. This federal form is used by college-bound students all across the country, including students who plan to attend a tribal college. The form asks for information about your family’s income, what assets your family owns, and how many children are in the family.

Based on the information you provide, the processor determines what your ability to pay for college is and mails this information to you on a Student Aid Report (SAR). The report gives your “Expected Family Contribution”—how much you or your family should reasonably be able to pay out of pocket for college. The difference between your “Expected Family Contribution” and the cost of college is the amount of financial aid you will seek. Because each college has different financial aid guidelines, don’t rule out an expensive college until you have applied for financial aid.

You can get a copy of the FAFSA form from your high school guidance counselor or by calling (800) 4FED-AID. You also can apply on-line at www.fafsa.ed.gov. When the form is completed, send it to the processor’s address by mail or electronically (electronically is faster).

Because the **FAFSA form is so critical to receiving financial aid**, pay careful attention to these points:

❖ Submit the completed FAFSA form as soon as possible **after January 1** of the year in which you plan to enroll in college. The earlier you get started in your financial aid search, the better your chances

are of finding the money you need. Also, check the form to find out what the **final** deadline for submission is; usually, it is June of the year you plan to enroll. Remember, there are **no exceptions** to these deadlines.

❖ Read the instructions carefully. Errors or incomplete information will cause processing delays and could jeopardize your chances to qualify for aid.

Tip: Fill out a practice form first; then carefully copy it onto the form you will submit. Ask someone to check the form for accuracy. And remember to sign and date the form where indicated.

❖ Make a copy of your completed FAFSA form and keep it in your records.

❖ Save everything you used to complete the form (such as an income tax return, driver’s license, and so on) in case you are asked to verify your information.

❖ Keep in mind that eligibility for federal financial aid does not continue year to year. A FAFSA must be filed each year you are in school.

MY CHECKLIST

1. *Obtained a FAFSA form:*

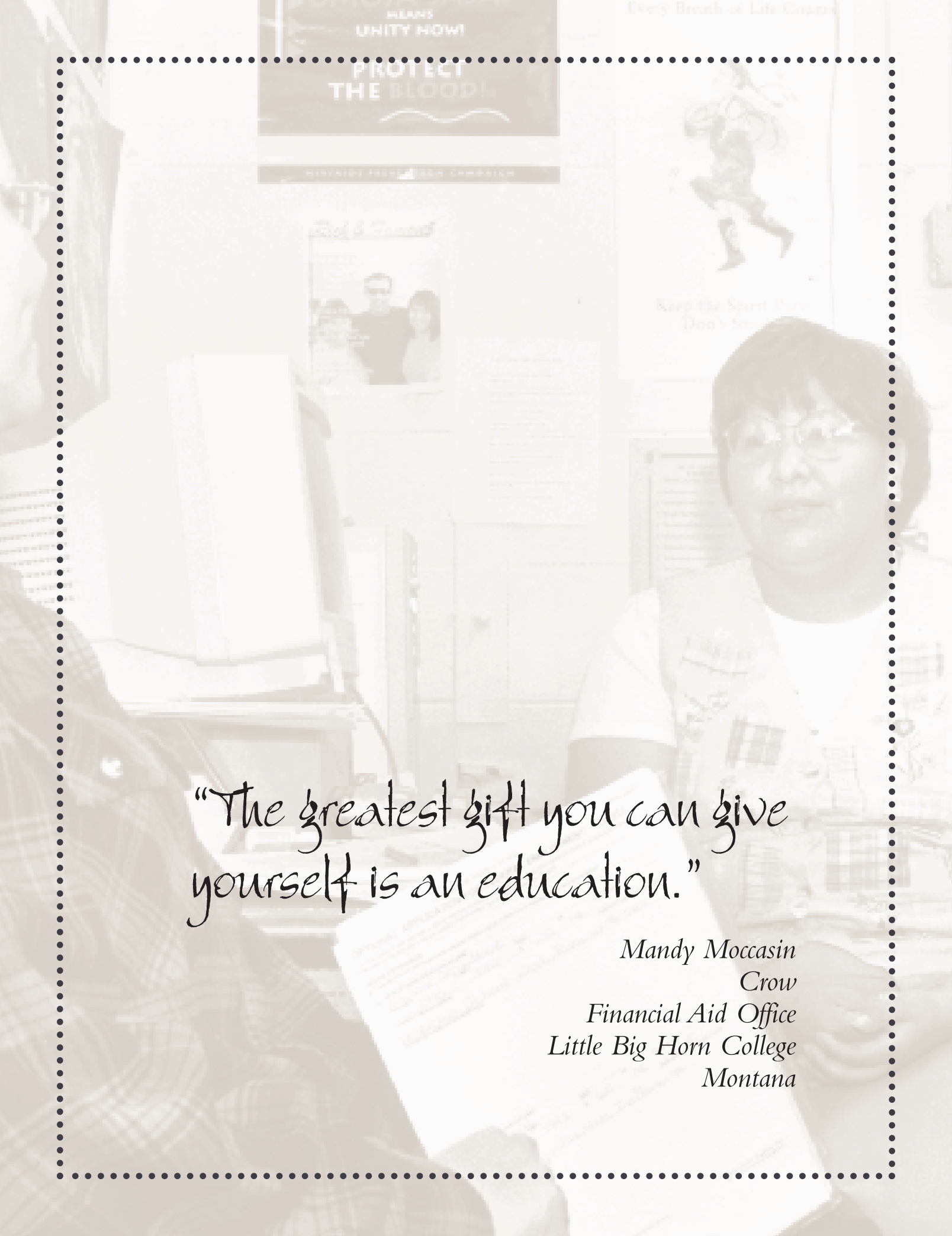
Yes ____ No ____ Date: _____

2. *Submitted a completed FAFSA form:*

Yes ____ No ____ Date: _____

3. *Copied the form and put all documents related to the form in a file:*

Yes ____ No ____ Date: _____



"The greatest gift you can give yourself is an education."

*Mandy Moccasin
Crow
Financial Aid Office
Little Big Horn College
Montana*

Step 3: Review the "Student Aid Report"

About four weeks after you send in the FAFSA form, you will receive the Student Aid Report (SAR). Make sure it is accurate. For example, check to make sure each college you are considering is listed on the form. If not, call the college's financial aid office and ask them to help you get this corrected. If there are any other errors, ask the college to help you get it corrected. This

will save valuable time. Remember, colleges have their own deadlines for receiving your Student Aid Report. Make sure you meet them.

MY CHECKLIST

1. *Received Student Aid Report:*

Yes ____ No ____ Date: _____

2. *Reviewed report and corrected any errors:*

Yes ____ No ____ Date(s): _____

Step 4: Apply for Tribal Assistance

Applying for financial aid from your tribe also requires filling out paperwork and **meeting deadlines**. Contact your tribe as early as possible about the process you need to follow. Some tribes begin considering applications January 1 for the fall semester. As you can imagine, the first students in line for financial aid have the best chance of receiving help.

Keep a copy of any forms you submit to your tribe. Ask when you can expect to hear from them, and mark the date on your calendar. Most likely, you will receive a letter from the tribe notifying you of its award decision. The tribe also will send this information to the college(s) you plan to attend. However, if you do not hear by the date promised, contact your tribe. Ask where they are in the process of reviewing your application.

You may need to provide the following documents:

- ❖ Certificate of Degree of Indian Blood
- ❖ tribal enrollment
- ❖ high school transcripts, GED score, or grades or transcripts from a previous college semester
- ❖ letter(s) of acceptance from your college or university
- ❖ financial needs analysis from the college(s); this must be sent by the college's financial aid office

MY CHECKLIST

1. *Obtained my tribe's financial aid applications and deadlines:*


Yes ____ No ____ Date: _____

2. *Submitted required applications and documents to my tribe:*

Yes ____ No ____ Date: _____

3. *Received the tribe's financial aid award decision:*

Yes ____ No ____ Date: _____



John Gritts
Western Cherokee
American Indian College Fund
Denver, Colorado

John Gritts has spent more than 20 years helping students find the financial aid they need to go to college. One reason he has worked so hard to help Indian students get a college education is because he knows firsthand how important it is.

“I was the first member of my family to go to college,” John says. “My parents encouraged me to go, but they were not able to help me financially.” John started his college education at the Institute of American Indian Arts in Santa Fe, New Mexico. Then, he got financial aid to finish his degree at Sioux Falls College in South Dakota.

For the next 23 years, John worked at Black Hills State University, most of that time in the

school’s financial aid office. Today, he is Director of Tribal College Relations at the American Indian College Fund.

What advice does John have for students who are looking for financial aid? “Plan ahead. Understand deadlines and meet them. Introduce yourself to the people in the financial aid office. Ask questions when you don’t understand. Show your appreciation for their help with a courteous word or thank-you note.”

“Anything is possible, including financial aid,” John adds. “Just take time to stop, read, and follow the instructions.”

Step 5: Review Your Financial Aid Award Letter(s) and Select a College

Financial aid administrators at the colleges where you have been accepted will determine your student financial aid eligibility and send you a **Financial Aid Award Letter**. This letter will state the amount of aid for which you are eligible and the types of aid (grants, work/study, and loans) that make up your aid package. (Be sure you provide this information to your tribe if you have not already.)

If you have been accepted at more than one college, compare their financial aid packages and academic programs. Discuss your options with your family. Then, select the school that best fits your needs, and notify the college of your intent to enroll. Notify the other colleges that you do not plan to enroll at this time.

Congratulations. You made it through the financial aid maze. Now you are ready to begin your college education!

MY CHECKLIST

1. *Received financial awards letter(s):*
Yes ____ No ____ Date(s): _____
2. *Chose a school and notified it of intent to enroll:*
Yes ____ No ____ Date(s): _____
3. *Notified other schools that I will not enroll:*
Yes ____ No ____ Date(s): _____

Get the Best Deal

You do not have to accept the first aid offer from a school. If it is less than you expected, check to make sure that the information the school based its aid offer on is accurate. Inform the school's financial aid administrator of any unusual circumstances that could change the decision. Also, keep in mind that schools compete for high-quality students. If you have received a better aid package from another school, tell the college you would most like to attend what you received. They may reconsider their offer.

Tip: You can keep looking for scholarships even after you start school. It's never too late to explore financial aid possibilities.

Serving Your Country

Have you thought about the AmeriCorps or the military as a way to get a college education?

The AmeriCorps is the at-home version of the Peace Corps. It provides full-time educational awards in return for work in community service. Some of this service is done on Indian reservations. You can work before, during, or after your college years, and you can use the funds to pay current educational expenses or to repay federal student loans. For more information on the AmeriCorps program, call (800) 942-2677.

The military also provides financial assistance to college-bound men and women. For example, the G.I. Bill has a generous education benefit for

enlistees while they are in the service, as well as an education fund for veterans. Students also can get full or partial funding for their college education by enrolling in military academies or the Reserve Officers Training Corps (ROTC). Be sure, however, that you understand the legal commitment entailed in signing up for any of these programs.

If your parents are veterans or are in the military now, you may qualify for financial aid from various branches of the military or from other groups, such as the Retired Officers' Association, the Disabled American Veterans, or the American Legion. Your local Veterans Affairs office should be able to help you.



Northern Arapaho color guard, Little Bighorn Battlefield National Monument, Montana

Saving for College

Despite what you may have heard to the contrary, the smartest way to pay for college is to save in advance. Yes, it's true that the more money you save could reduce the financial aid you may be eligible to receive. However, 80% of federal financial aid today is in the form of loans and only 20% is in grants and work study, according to the College Board—a complete reversal from 20 years ago.

Think of it this way: It's always cheaper to invest and earn money than to borrow and pay interest.

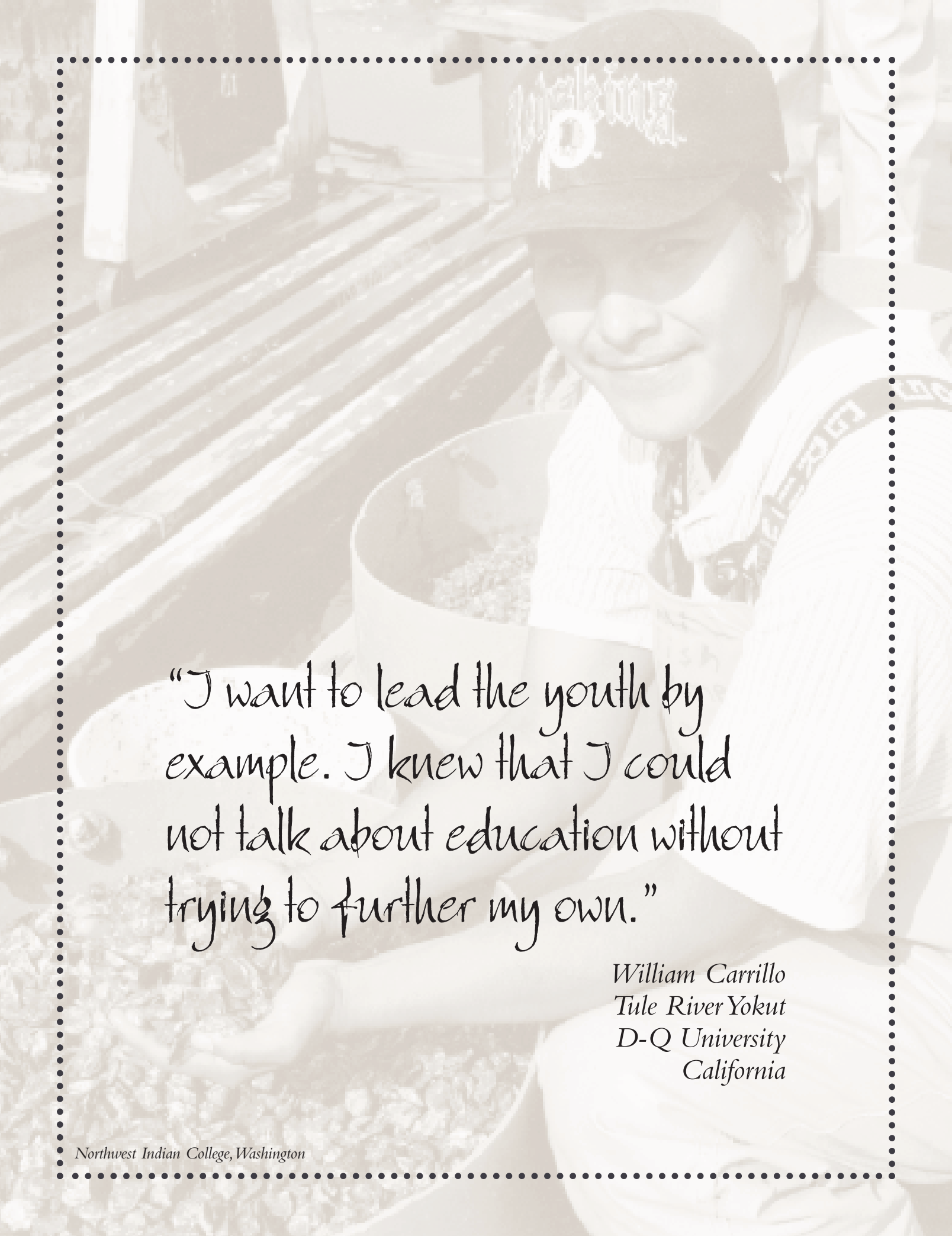
The Sooner, the Better

The sooner you start saving, the better. Let's assume, for example, that you are the parent or grandparent of a three-year-old. If you save \$50 a month in a college fund earning 8% a year, starting when your child is three years old, the money will accumulate to roughly \$17,302 by the time the child is ready to enroll in college! Wait until the child turns 13 before you begin saving and you'll have to sock away \$235 a month to achieve the same results.

Tip: When grandparents ask what to give for birthdays, suggest a contribution to your child's college fund. It's a gift your kids will remember for a lifetime.



Marsha Azure, Fort Berthold Community College, North Dakota, student teaching



“I want to lead the youth by example. I knew that I could not talk about education without trying to further my own.”

*William Carrillo
Tule River Yokut
D-Q University
California*

Investment Options for a College Fund



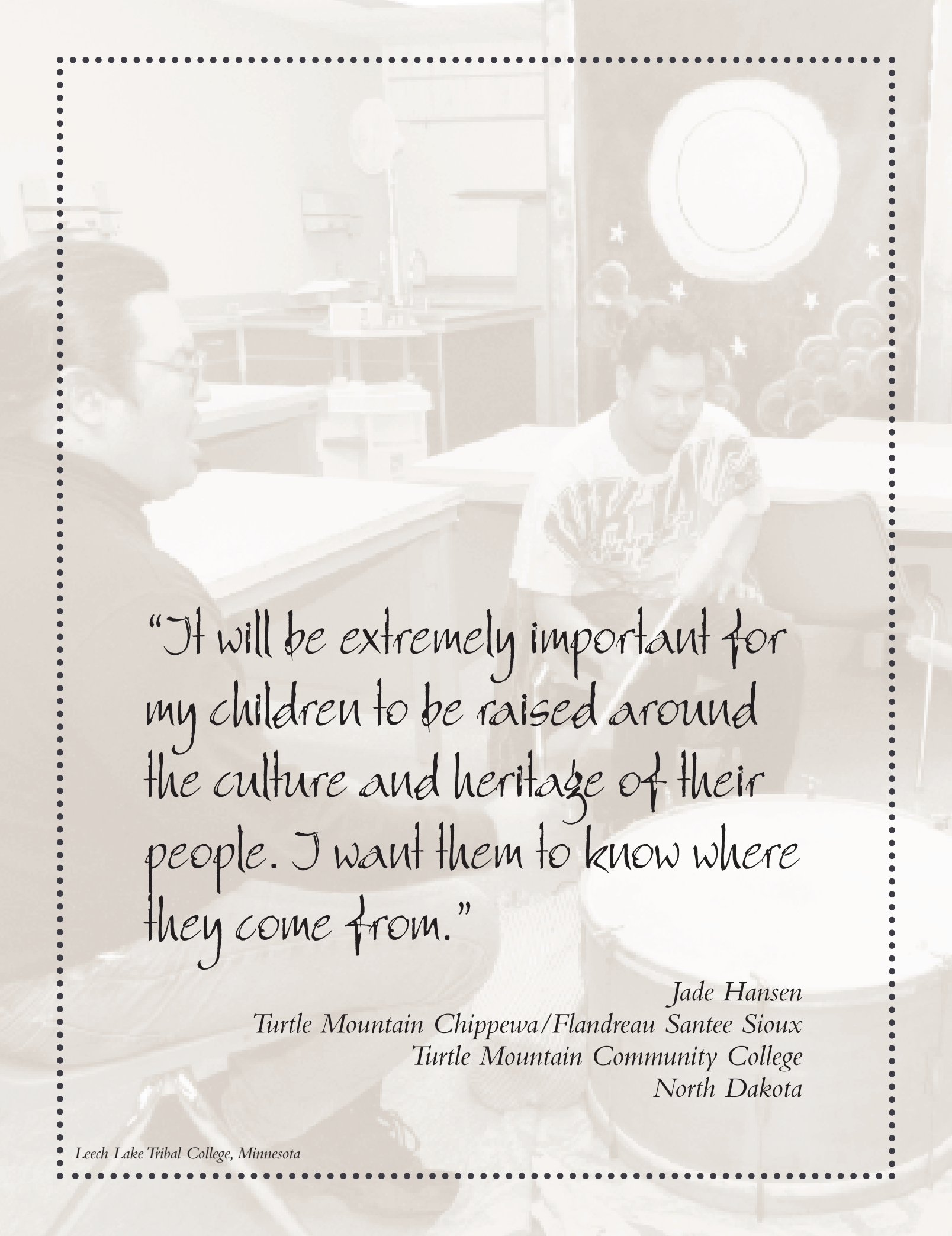
The following are some ways to invest your college fund dollars.

- ❖ *Bank savings account, money market, or certificate of deposit (CD).* These are very safe investments, because they are insured by the federal government, but they may not earn much interest.
- ❖ *Stock mutual funds.* Stock mutual funds are more volatile in the short term than a savings account or CD. But they tend to earn more over the long haul (plan on staying invested at least five years). The more time you have before your child begins college, the more aggressive the mutual funds you can choose, such as growth stocks. As college enrollment begins to near (two years or less), begin to shift money out of the stock funds into more conservative investments to protect against any market decline.
- ❖ *Series EE savings bonds.* This can be a good choice for the more conservative investor with average or below-average income. That's because if your personal income isn't too high, the interest earned on this federal bond is not taxable when the money is spent on qualified college expenses. Savings bonds are available in denominations ranging from \$50 to \$10,000. They cost half their face value. For example, a \$50 bond costs \$25 when you buy it. You keep the bond until it "matures," usually in about 10 to 15 years. Then, you can cash it in for \$50.
- ❖ *Zero coupon bonds.* These are bonds sold at a discount to their face value and redeemed at the full face

value a specified number of years later. Interest is not paid periodically as it is with a coupon bond (but zero owners sometimes must pay taxes annually on the "phantom" interest). For example, a \$10,000 zero might sell for \$5,000 and mature in 10 years. At that point, the owner would redeem it for the full \$10,000. (The annual return in this example is 7.10%.) Zeros are popular investments for college funds because they can be timed to mature when the child plans to enter school. Be aware that if you don't hold these zero coupon bonds until they mature, you may lose some of your money when you sell them.

- ❖ *State prepaid tuition plans.* Here, the family invests a specific amount of money in a state-sponsored prepaid tuition plan depending on the child's age. In return, the plan guarantees to cover the cost of tuition (and sometimes room and board) at the time of enrollment regardless of how much tuition may actually have risen in the meantime. Several states offer these plans. They can be good for more conservative investors or poor savers, but financial planners say many investors can do better elsewhere. Another potential drawback: Your child may not want to attend the school you have chosen.
- ❖ *Education IRA.* With an Education IRA, you can make up to \$500 a year in contributions for any child under age 18, and interest earned on the money will not be taxed. In addition, withdrawals to pay for college costs are free from federal income tax.





“It will be extremely important for my children to be raised around the culture and heritage of their people. I want them to know where they come from.”

*Jade Hansen
Turtle Mountain Chippewa/Flandreau Santee Sioux
Turtle Mountain Community College
North Dakota*

Should You Save in Your Child's Name?



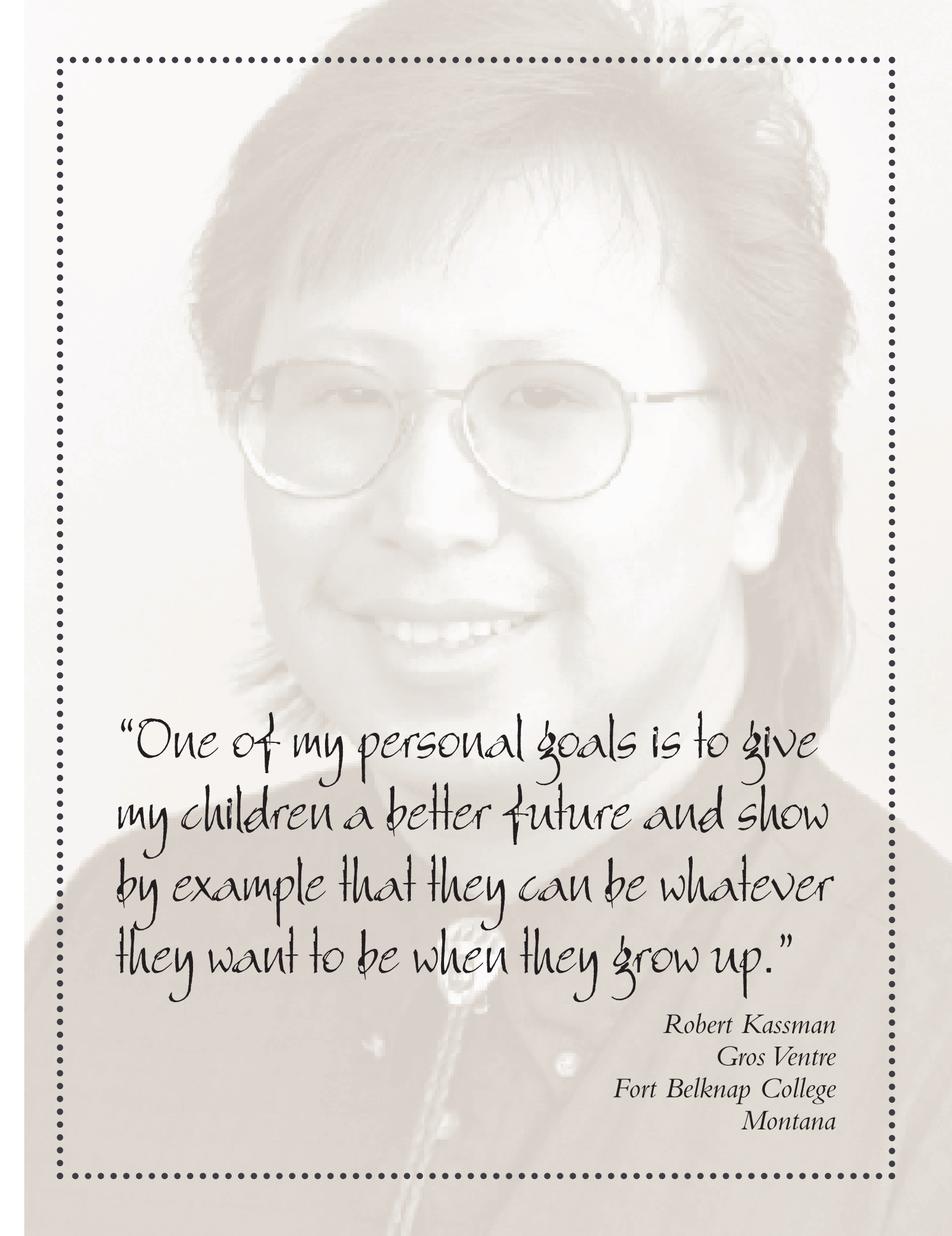
A common question is whether it is better to invest for college in the child's name or in your own. Keep these points in mind when making your decision:

- ❖ Recent tax-law changes have reduced the tax advantage of saving in the child's name (called a custodial account).
- ❖ You give up control of the money if you save in the child's name. When the child reaches "the age of majority," he or she could decide to spend the money on a car instead of college.
- ❖ More money in a child's name could mean the child will qualify for less financial aid.
- ❖ Having the money tied up in the child's name means it won't be available for family emergencies, such as a job loss or high medical bills.



Teresa Howard, Diné College, Arizona, and daughter, Jeanette





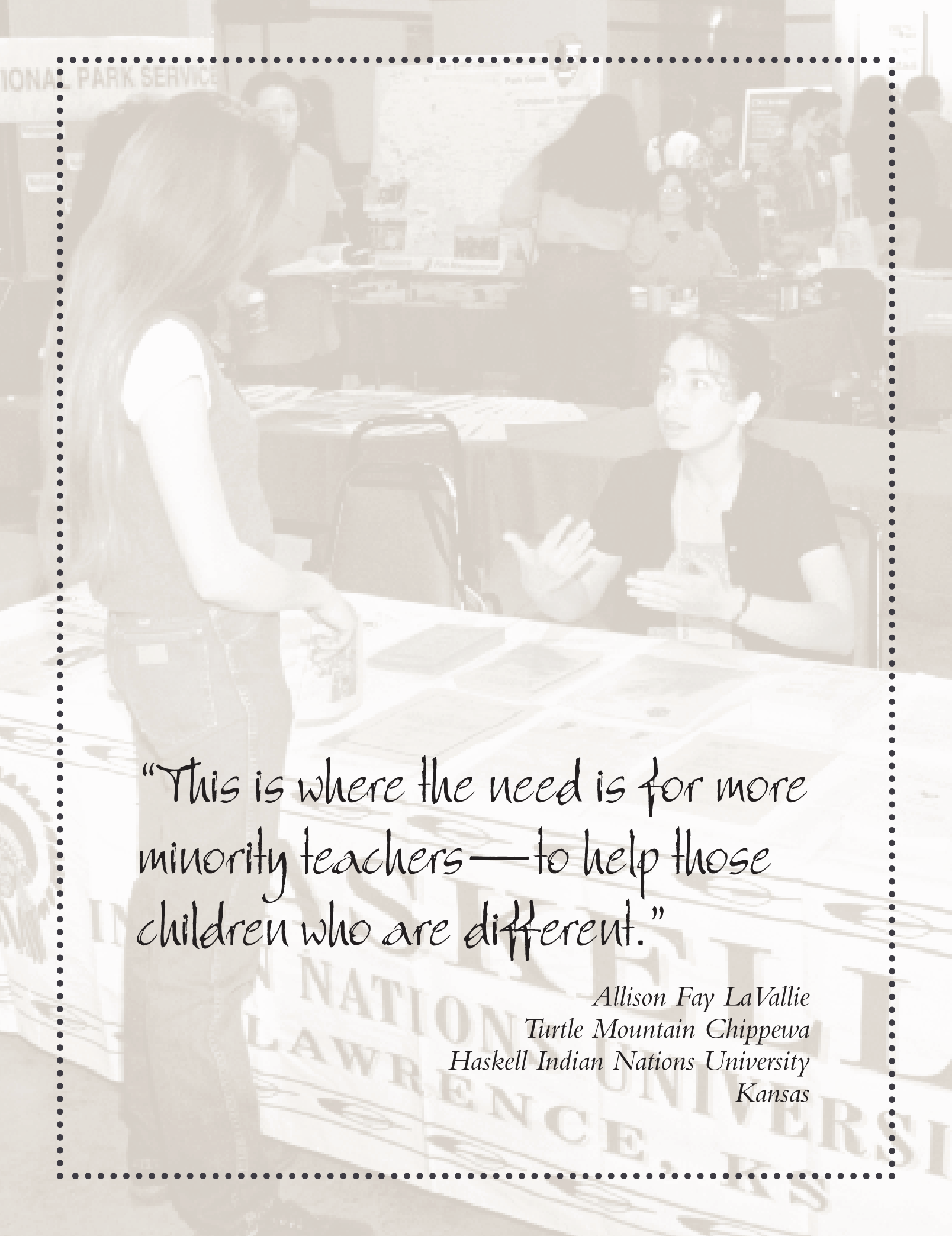
“One of my personal goals is to give my children a better future and show by example that they can be whatever they want to be when they grow up.”

*Robert Kassman
Gros Ventre
Fort Belknap College
Montana*

Appendix A: A Financial Aid Calendar

The earlier you prepare for college, the better. It takes time to study and complete all the forms, and it's much easier when you are not stressed out over impending deadlines. Use this calendar to write down important dates and deadlines. Then, set a little time aside each week to complete these tasks. Before you know it, the work will be done.

TASK	DEADLINE	DATE COMPLETED
High-school diploma or GED completed		
College placement tests taken		
Selective Service Registration (if male) done		
College application(s) submitted		
College and tribal financial aid applications obtained		
FAFSA form completed and submitted		
Student Aid Report received and reviewed		
Student Aid Report sent to college(s)		
College and tribal financial aid forms completed		
Financial aid award letters received and reviewed		
College chosen and notified		
Enrollment date		



“This is where the need is for more minority teachers — to help those children who are different.”

*Allison Fay LaVallie
Turtle Mountain Chippewa
Haskell Indian Nations University
Kansas*



Developing your Vision while Attending College

Book Two: Paying for a College Education

was written and prepared as a public service by the Denver-based
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With its credo “educating the mind and spirit,” the American Indian College Fund is a nonprofit organization that raises support for U.S. tribal colleges and universities. These unique higher education institutions are dedicated to fighting the high rates of poverty, educational failure, and cultural loss confronting Native Americans.

Combining fully accredited academics with Native culture, tribal colleges serve 26,000 students representing 250 different tribes. Based in Denver, Colorado, the College Fund raises monies for operating support from corporations, foundations, and some 90,000 individual Americans.

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