How to Avoid the 10 Most Common College Prep Mistakes

by Katherine O’Brien, MA CCPS

Founder, Celtic College Consultants

Serving Families all across the USA since 2004
Congratulations on downloading this free report! You are in a fast growing group of people who realize that the college experience is not as simple as choosing a school, attending classes for four years, then moving on to a great job. That’s the idea. But, for most people, it is not the reality.

I know you are anxious to learn the ten mistakes most people make. But, before I get to that, take a minute to read Mike’s story:

“I had it all planned. Or at least I thought I did. I spent my entire high school career getting good grades and taking part in extra-curricular activities (some I didn’t even like, but I’d been told they looked good on college applications). As I’d hoped, I was accepted into the school I wanted. I even got a scholarship.

It only took one semester before I realized I was at the wrong school for me and in the wrong major. I was miserable. After that, I transferred and ended up attending three other colleges before finally earning my degree in a completely different major than the one I’d started in.

A few years later, my wife and I want to start our family. However, our student loan payments make our budget super tight. I can’t help thinking that there was a better way. That phrase, “if I knew then what I know now” keeps running through my head.”

Mike’s story is all too common. With the majority of college graduates taking 6 years to finish (instead of 4) and student loan debt is over $1 Trillion, many new graduates are finding themselves unable to pay their student loans.

The sad thing is that, with a little more planning, most of the problems associated with attending and paying for college could have been avoided.

With that, .... Let’s get into the mistakes!

**BIGGEST Mistake #1:**

**Letting a 17 year old Make a $120,000 - $250,000 Decision**

I’m always surprised by how many families I meet who say, “Wherever our child wants to attend college is fine; we’ll find a way. After all, it’s their life. They are the one who will be going there.” When a family can comfortable write a check, that’s one things. But many parents put their financial future at
risk. While this might be a noble intention, parents should NOT jeopardize their financial well-being in order to send their children to their “dream college.”

The college list should be comprised of 8-12 schools that are a great fit for the student as well as affordable for the family, without encumbering anyone with an unreasonable amount of debt.

The “name” of the college a student attends for their undergraduate work is greatly overrated. There’s a recent study done by Purdue which shows that what students do with the many opportunities on campus has far more to do with being happy in life and career after college than which school they attend.

Families need to move beyond any notions of prestige and factor in the financial ramifications, just like they would any other major purchase. For many families, paying for college is the second largest expenditure, second only to purchasing a home.

Here’s what happens when this is not done…

*Sandy is a great kid and she wants to be a programmer someday. She’s chosen ten schools to apply to – a couple of reach schools where she just might be able to get in, a couple of schools she’s sure to be accepted at, and a solid bank of schools she’s likely to get into, all of which have the program she wants, etc. She applies and gets in to six of her schools, including one of her reach schools. Unfortunately, the financial aid package for that school consists of student loans, some work study, and a giant parent PLUS loan. There is no way mom and dad can take out a $35,000 loan – just for freshman year! But Sandy is SO excited at having gotten into this school – her heart is set on going! Her buddy, Peter, is going there, too. Now what do you do?*

The best practice is to calculate the net price of each school and use it as a loose rule of thumb when evaluating schools. Schools which are unacceptably expensive need to be removed from the list of candidate schools well BEFORE applications are completed.

Hopefully, it is now obvious why it is best to eliminate schools based on the net costs BEFORE your child even applies. NEVER agree to let your son or daughter apply, “just in case.” It just leads to heart break. (Imagine having to tell your child, so excited to be accepted at a particular college, that it is simply unaffordable. Skip the drama by removing unaffordable schools before going through the application process.)
BIGGEST Mistake #2:

Believing that a 4 year College is Right for Everyone

Not too many years ago, a college degree was highly regarded as a ticket to success. This is not longer true. The data showing that the average lifetime income of college graduates far exceeds those of HS graduates is dated. Of necessity, that data is decades old (how else could they show what happens decades after graduation?) The situation today is different, especially with regard to the exorbitant cost of college today and the financial distress many college graduates find themselves in once they must begin to repay their student loans.

There are a number of good alternatives including one year certificates, specialized AA degrees, vocational schools, apprenticeships (some of which are paid!), and military service. Some students take a “gap year” to more deeply explore their options.

Don’t feel like the only path to success is the one that goes through a traditional college education. We are all blessed with natural gifts and talents, some of which are better developed in other settings. Employers aren’t nearly as impressed with the degree as they were in the past, although, in some fields, it is still essential. Employers in many cases are looking for practical knowledge and experience. Internships and cooperative education experiences are highly regarded on a college graduate’s resume and students are wise who include these in their college plan. Many other fields require non-college training. Remember, some jobs, like plumber, electrician, vet technician, medical assistant, etc. will never be shifted to an offshore location.

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BIGGEST Mistake #3

Assuming There’s Plenty of Financial Aid for Everyone

There are two types of financial aid offered by the colleges and universities. First, there is need based aid, with your need defined by the government and the colleges, not YOU. Second, there is merit aid. Unless a family can pay full price, it is absolutely imperative to know if a student qualifies for need based aid (which is primarily based on mom & dad’s income), merit based aid (based on the student’s accomplishments and achievements), a combination of both, or neither.
It is also essential to understand EACH college’s financial aid policies, since they are by no means uniform. A few schools promise to meet 100% of a student’s demonstrated need, while others offer very little. Some schools offer plenteous merit aid while others offer absolutely none. Many schools only meet a portion of demonstrated need, which immediately increases the family’s net cost.

The bottom line is this. While families are often told there is plenty of financial aid, it is not true to say that there is enough for everyone. The academic profile and personal accomplishments of the student, the financial profile of the family, and the policies of each individual college ALL directly affect the financial offered (or not) to your student.

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BIGGEST Mistake #4

Not Creating a Realistic College List & Not Defining Your College Goals

In order to create a realistic college list, goals must first be defined. Many students find themselves at college exploring various classes and hoping to figure out what they want to do. Parents unrealistically expect career counseling from the high schools and/or the colleges, but it is not available in either place, at least not very often. From the determination of college goals flows the criteria for selecting candidate colleges: majors, programs, internship opportunities, etc. These goals will also significantly contribute to a student’s success in completing college in four years.

Believe it or not, only one out of two students who start college actually graduate (are you surprised?). Therefore it is very important that more effort be put into creating a realistic college list. In addition to the factors mentioned above, academic fit and a net cost which will not put at risk mom and dad’s financial future must be considered. Put together a list of 8-12 schools, all of which are a good financial fit, including a couple which are academic safety schools as well.

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BIGGEST Mistake #5

Misunderstanding EFC

EFC is an abbreviation you need to know. It stands for Expected Family Contribution. EFC is determined by the formulas used by the FAFSA and CSS PROFILE forms. EFC, by their definition, is the amount a family is able to pay for college. The formulas take into account the parents’ income and assets as well as the student’s income and assets.

Let me get a little technical for a moment. A student’s EFC is subtracted from the COA (Cost of Attendance) of the given college to determine the student’s need. Some colleges will meet 100% of this need while others meet very little. (The COA is the total cost for a year of college at a particular school; it is an official number determined by the college itself and includes tuition, room, board, books, fees, travel, and personal expenses.)

Many families erroneously conclude that they earn too much to qualify for ANY need-based financial aid. The reality is that families earning well into 6 figures are often surprised to learn that their child did indeed qualify for financial aid, including gift aid (the best kind since it doesn’t need to be repaid!) in the form of university grants!

As with making any large investment, a careful evaluation of the numbers (and your options) is essential to making sound decisions. Many families don’t think of college in this way and find themselves facing the prospect of taking on too much debt in order to “make it happen” for their child.

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BIGGEST Mistake #6

Assuming you Earn too Much to Bother Filing the FAFSA

Many families decide to NOT file any financial aid forms because they feel certain it would be a waste of time based on their 6-figure earnings. So, what IS the magic threshold of household income beyond which a family no longer qualifies for need-based financial aid?

There is NO threshold, per se. Your student’s need based financial aid eligibility is a function of your EFC. Many families are surprised to learn that their income often results in an EFC that allows for need based aid.

And it gets better! If a family has more than one child in college, their need based eligibility increases for each student. The parent’s contribution to the EFC is split between the two students. Remember EFC is your Expected FAMILY Contribution. With two in college, your family's EFC is shared between the two students. With three in college, divide it 3 ways, and so on.

Lastly, by choosing not to file, you are telling the financial aid office to send you a bill for the full amount of the costs. Your student will not be able to take federal student loans, nor receive state grants or scholarships and, in most cases, s/he will not be eligible for any tuition reductions, merit aid, or other forms of scholarship from the schools.

File the form – or write a LARGE check. It’s your choice.

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BIGGEST Mistake #7

Believing that Applying EA Will Get You In

Let’s start off with the basics. EA (Early Action) and Early Decision (ED) are admission terms which refer to application programs with early deadlines (Typically November of the student’s senior year). All schools have Regular Decision (RD) deadlines for when applications must be submitted. (These dates typically range from January through March of the student’s senior year).

Some colleges offer Early Action or Early Decision application options. The advantage of applying EA or ED is that the school is committed to provide an admission decision before the end of December, whereas RD notifications are typically provided in March or April.
Students often assume that they have a better chance of being admitted if they apply EA or ED, since the admit rates are higher. However, unless the student is in the upper 20-25% of the applicant pool, they will likely be denied admission (occasionally they will be rolled into the RD applicant pool). EA/ED is highly selective. The applicant pool also includes recruited athletes, legacy students, and other students being recruited by the college.

Those students who fall in the lower 50% who apply EA or ED, assuming they can get accepted by demonstrating their interest in the college by simply applying early are actually DECREASING their chances of admission. They would have a better chance of being admitted in the less competitive RD applicant pool.

Furthermore, students can only apply to ONE college using the ED program (this is true for a few EA programs as well.) When applying ED, the student is effectively signing a letter of intent. In the application is a commitment to attend the college if accepted; all other applications must be pulled. There also exists a financial risk to applying ED. Unless a family is confident they can afford the ED college AND the student is CERTAIN the college is an excellent fit for them, they should not apply ED.

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**BIGGEST Mistake #8**

**Students (and Parents) Accruing Unreasonable Amounts of Debt**

Student loan debt now exceeds one trillion dollars. ($1,000,000,000,000) This is the net worth of one million millionaires! This should be alarming to every single American. It will likely be the next major “bubble” to burst. At the current pace of borrowing and repayment, it’s estimated that this debt will grow to $2 T in the next 10 or 11 years.

It is critical that parents not allow their children to accrue an unreasonable amount of debt. Well, what is an “unreasonable” amount? The answer is clearly subjective since each student has different circumstances. Dave Ramsey, an excellent financial planning coach, opposes ANY debt, with the exception of a home mortgage. I do my best to come as close to that as possible.

But, for those family who choose debt as a college funding option, a good rule of thumb is this: a student should limit their borrowing to an amount no greater than a realistic estimated income they anticipate earning their first year after graduation. (EducateToCareer.com shows actual beginning salaries of recent graduates, by major and by college.) While there is no guarantee of a certain salary, this rule of thumb at least provides a guideline. For example, for a student planning to teach in a public school and, let’s guess, will start at $32,000, $120,000 in student loans is irresponsible.
By the way, every American citizen and resident alien will be offered federal Stafford student loans. There is a maximum of $31,000 in loans over a five year undergraduate program which can be taken. In order to borrow more, students have to take private loans, with mom and/or dad co-signing... So whose debt is that really?

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BIGGEST Mistake #9

Procrastination

Ironically, I waited to share this one until near the end. Second only to their complaints at being overwhelmed by it all (for those not in my one on one consulting program), the most common statement I hear from parents every year is how they regret waiting so long to get started with a deliberate plan to prepare for their child(ren)’s college. Even families who have attended one or more of my talks (the ones who didn’t take action on what they learned) share this regret.

When, realistically, should a family begin planning for college? Of course, it’s best to start saving as soon as you discover you are going to have a child. From a planning perspective, however, the ideal time is the beginning of the sophomore year. This gives the student and the family sufficient time to create a REALISTIC college list by the end of the junior year. It also affords the opportunity to tweak the financial situation BEFORE you enter the time frame considered on the FAFSA. (With the recent changes, the calendar year from the middle of sophomore year to the middle of junior year is the year your income is evaluated in the EFC calculation.) If your situation is complex, begin in 8th grade, at the very least by the beginning of freshman year.

Wait! My child’s a senior! Don’t panic – but get busy. It’s time to kick it into overdrive to do your best to make up for lost time.

Parents who believe that things have not changed much since they went to college are in for some shocking awakenings. The college admissions scene is all but unrecognizable from the years when today’s high school parents went to college. For those who did not attend university, it is a foreign land.

BIGGEST Mistake #10

Not Seeking the Necessary Help in Planning for College

If you ask the parents of high school seniors how things are going on the college front, you will likely be told that they’ve got it covered, everything is fine. In reality, they are sitting home with their fingers crossed, hoping that at least one college will offer enough aid to make it affordable. For most families, unfortunately, planning for college has become a game of chance, even though the outcome matters a great deal more than the outcome of a pull on a slot machine.
Before you can seek the help you need from a source outside your family, you must identify where it is that you need the MOST help. It may be in finding the right colleges for your child academically. It may be in finding good fit colleges that you can afford. For high school seniors, perhaps guidance on writing their essays and some polishing of their college apps is necessary.

I hope you’ll let me help you identify the areas where you are well equipped for college and the areas, if any, you may be lacking. I’ve designed a College Readiness Survey to help you accurately assess just where you are in the process. In only 60 seconds, you’ll answer 10 multiple choice questions that will reveal just how ready your family really is for college. Once you complete it, I’ll send you an email right away with your grade. In the event your grade is a bit disappointing, the good news is that I can help you quickly raise it to at least a B.

Many families who sincerely believe they’ve “got it covered” are “sincerely wrong.” Without help, they typically find themselves in a horrible debt situation or with a child enrolled in a bad fit college who can’t wait to come home or having to pull your child out of school because there is no way to continue. I do NOT want you to be one of those families! I CAN help you avoid it!

CONCLUSION

With all these possible mistakes, it’s a wonder anyone gets through college. But, by planning properly for college, you student can be in the minority of college graduates who complete their bachelor’s degree in four years AND in a financially responsible manner.

After spending just a few short hours with me, you’ll learn:

- What financial aid you qualify for, if any
- Which colleges best fit your soon to be high school graduate
- Various college cost cutting strategies
- Where to look for extra funding
- What career and major goals your student has
- And much, much more

If you’d like to explore this further and meet privately with me, Katherine O’Brien, Chief College Planning Strategist via Skype or FaceTime, I invite you to learn more about our popular College Readiness Review and/or email me with your questions, or to request a phone appointment to answer your questions you may have. It would be my privilege to serve you during this exciting season as your family plans for college. My email is: KOB@CelticCollegeConsultants.com. My phone: (858) 705-0043.