



6 Factors That Predict a Student's College Success

By Lynn O'Shaughnessy

Some parents are obsessed with getting their children into top-ranked schools no matter the cost. You can save a lot of money by understanding what truly leads to the best outcomes for your children.

With some schools now costing more than \$300,000 for a single bachelor's degree, it's incredibly easy to overspend and think such an expenditure is absolutely essential. And this just isn't true, even for the most highly ranked schools such as the Ivy League institutions and such vaunted institutions as Massachusetts Institute of Technology, Stanford University and Duke University, which is now just a few hundred dollars shy of \$80,000 for one year!

Further down on U.S. News & World Report's college rankings, plenty of universities in cities on the coasts charge more than \$70,000 a year. These schools can charge more largely because of their location, location, location!

Here are some cost-of-attendance examples:

- Fordham University: \$80,801
- New York University: \$80,878
- George Washington University: \$79,410



Kelly L. Olczak, CFP®
Managing Partner, Private Wealth Manager
LynnLeigh & Company

1160 PITTSFORD VICTOR RD STE A
PITTSFORD, NY 145343825

585-623-5982

kelly@lynnleighco.com
www.lynnleighco.com



- Santa Clara University: \$76,497
- Emerson College: \$76,754
- Drexel University: \$76,524
- Loyola Marymount University: \$74,309

Consequently, spending an obscene amount of money on a bachelor's degree is a temptation and a possibility for all parents, not just those with the most brainiac and ambitious kids, who think they have a shot at Harvard.

I understand, however, that it can be hard to convince yourself that overspending isn't necessary. After all, choosing colleges is an emotional decision tied up with ego. People also mistakenly believe that schools with higher rankings represent the only source of "golden tickets"—that they will get a dream job and salary just because they went to that particular school. Actually, high-income students already possess their golden tickets because of the way they were raised.

But when you broaden your college searching horizons, you can save yourself a significant amount of money and be positioned for a more secure retirement and possibly a greater financial legacy for your heirs.

THE BEST ARGUMENTS IN ONE REPORT

The good news is that the very best arguments against focusing exclusively on the most expensive college's net price are cogently summarized in an invaluable report published by Challenge Success, a highly regarded nonprofit affiliated with Stanford University's Graduate School of Education.

I would urge you to Google and read the 22-page report. I firmly believe there is no other single document that tackles the two most stubborn myths that parents and their teenagers believe as they start their college hunt.

The report summarizes well-regarded research that obliterates these two beliefs:

- 1) Schools with higher U.S. News rankings and higher rejection rates are the only schools worth attending.
- 2) Students must attend highly selective schools because they are the only ones that can bestow golden tickets—excellent, high-paying careers.

In their words:

Rankings are problematic.

Many students and families rely on college rankings published by well-known organizations to define quality. The higher the ranking, the logic goes, the better the college must be and vice versa. We find that many of the metrics used in these rankings are weighted arbitrarily and are not accurate indicators of a college's quality or positive outcomes for students.

College selectivity is not a reliable predictor of student learning, job satisfaction or well-being.

We explore the research on whether attending a selective college predicts important life outcomes and find no significant relationship between a school's selectivity and student learning, future job satisfaction, or well-being. We find a modest relationship between financial benefits and attending more selective colleges, and that these benefits apply more to first-generation and other underserved students. We also find that individual student characteristics (such as background, major, ambition) may make more of a difference in terms of post-college outcomes than the institutions themselves.

WHAT DOES MATTER IN COLLEGE OUTCOMES

The College Success Report also looked at what does matter in terms of having a successful college outcome. The report nicely summarizes a much-publicized survey conducted by Gallup and Purdue in 2014 that indicated that the key to happiness in graduates' lives and careers is not the colleges they attended but their level of engagement at whatever school they ended up at.

The Gallup-Purdue results illustrated that the more engaged a student was, as measured by six factors, the more likely he or she would be successful in life. Sadly, only three percent of graduates with a bachelor's degree could answer yes to the following six statements!

6 Signs of Personal Engagement in College Predict Success in Later Life

Support	% strongly agree
I had at least one professor at [college] who made me excited about learning.	63%
My professors at [college] cared about me as a person.	27%
I had a mentor who encouraged me to pursue my goals and dreams.	22%
Strongly agree with all 3 support statements	14%
Experiential	% strongly agree
I worked on a project that took a semester or more to complete.	32%
I had an internship or job that allowed me to apply what I was learning in the classroom.	29%
I was extremely active in extracurricular activities and organizations while attending [college].	20%
Strongly agree with all 3 experiential statements	6%
Strongly agree with all 6 statements	3%

Source: Gallup

My daughter is a perfect example. Caitlin would have been one of the three percenters. A former marketing director for a toy company, Caitlin launched a start-up in early 2018, moved to the Silicon Valley, and is happy in her career and her personal life.

She went to a school hardly anybody has heard of—Juniata College in Pennsylvania—with the help of two merit scholarships. We didn't pay more than we had budgeted for and Caitlin graduated with no debt.

KEEPING YOUR OPTIONS OPEN

I am definitely not suggesting that families must avoid prestigious schools, but I do not think these institutions are worth going into deep debt for or paying full price for when there are many schools which will offer merit scholarships like the ones my daughter received. Families will never know what kind of aid their child could receive—and thus how much money they could save—if they don't look past the Ivy League schools and the rankings darlings.

Lynn O'Shaughnessy is a nationally recognized college expert, higher education journalist, consultant, and speaker.

LynnLeigh & Company
A Registered Investment Advisor

This information is provided by LynnLeigh & Co. for general information and educational purposes based upon publicly available information from sources believed to be reliable – LynnLeigh & Co. advisors cannot assure the accuracy or completeness of these materials. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. The information in these materials may change at any time and without notice. Past performance is not a guarantee of future returns.

KEY COLLEGE FUNDING DATA 2023-2024

Kelly L. Olczak, CFP®
Managing Partner, Private Wealth Manager
LynnLeigh & Company

1160 PITTSFORD VICTOR RD STE A
PITTSFORD, NY 145343825

585-623-5982

kelly@lynnleighco.com
www.lynnleighco.com



Roadmap to Affording College

- ❑ Consider taking SAT or ACT test prep classes after sophomore year.
- ❑ Determine your Estimated Family Contribution (EFC) with the free calculator at CollegeBoard.org. Your EFC is the minimum you are expected to pay for one year of college.
- ❑ Get an analysis from a financial professional to determine how you'll pay.
- ❑ Build a wide list of schools based on location, size, majors, etc.
- ❑ Narrow list by using each school's net price calculator to see what your estimated price would be after aid and/or scholarships are deducted.
- ❑ Start visiting schools in junior year, ideally while class is in session. See if schools require an interview.
- ❑ Begin your college application essay no later than the summer before senior year. Common App prompts are released in the spring.
- ❑ Weigh pros and cons of early action/early decision.
- ❑ Complete your Federal Application for Student Aid (FAFSA) and CSS Profile early, starting October 1. Check Student Aid Report that you'll get online days after FAFSA is sent.
- ❑ Make a list of all admission and financial aid application requirements for each school (supplemental essays, CSS Profile, etc.) and keep track of deadlines.
- ❑ Compare award letters and consider appealing for more aid.
- ❑ Complete the FAFSA and other aid applications each year throughout college.
- ❑ Review loan options if needed and learn about interest deferral and repayment schedules.

FAFSA and EFC

- Completing the FAFSA, as well as the CSS Profile for many private colleges, is the only way to qualify for need-based financial aid.
- 71% of families complete the FAFSA—average completion time: 31 minutes.
- File early to increase chances of getting aid on a first-come, first-served basis.
- The FAFSA uses your prior-prior tax returns. Families applying for aid in 2024 will use 2022 returns.
- Two or more children in college at once reduces a household's EFC and boosts aid chances.

Applying for Financial Aid

- Recent average aid - \$17,814: \$5,179 in grants; \$10,135 in loans and work-study; \$2,500 in tax credits and deductions
- Financial aid trap: colleges might reduce the financial aid package by the amount of an outside scholarship.

Admissions

- Only 32% of colleges met new student enrollment goals by May 1 in 2021.
- Biggest admission factors: college prep grades, strength of high school curriculum, and SAT/ACT scores
- "Showing demonstrated interest" can be important, too: ask for materials, visit the school, email the admissions officer, and follow the school on social media.
- Most selective schools are test-optional and can be found at FairTest.org.
- Early decision (ED) and early action (EA): Both involve early application deadlines. With ED, you promise to attend the college if accepted, while EA is nonbinding.
- 75% of students get into their first-choice college, according to a UCLA survey.

Award Letter Confusion

- Award letters are confusing and misleading. A 2018 study found:
 - » Over 33% of letters didn't include cost information.
 - » 136 unique terms for federal student loans including 24 that didn't include the word "loan."
 - » 15% of letters included parent loans as an "award."
- Definitions are important: grants and scholarships are free money, while loans must be repaid. To qualify for a work-study job, you must complete the FAFSA and check the work-study box.

Appealing Aid

- College is a buyer's market for most: you can appeal financial aid and merit awards.
- An appeal can continue after the official deposit deadline (May 1).
- Share competing offers—but don't use the word "negotiate."

Tuition, Expenses, and Graduation Rates

- 89% of students at private schools get an institutional price cut—an average tuition discount of 60%.
- 59% of students at public schools get a price cut from the government or school.
- Average tuition—public in-state: \$11,744 (out-of-state \$21,928); private: \$27,796
- Average cost per credit hour is \$448—120 credits typically needed.
- Average room and board: \$11,520 public; \$13,028 private
- Average books and supplies: \$1,240
- Average family in 2019-2020 spent \$30,017:
 - » 44% covered by family income and savings
 - » 58% covered by scholarships and grants
 - » 21% covered by borrowing
- National 4-year grad rate: 50% (F), 40% (M)
- National 6-year grad rate: 67% (F), 60% (M)
- Roughly a third of students at four-year private and public colleges end up transferring.

Borrowing and Loans

- 2023 federal student loan rates—Undergraduate Subsidized and Unsubsidized Direct Loans: 5.5%; Graduate and Parent PLUS Loans: 8.05%
- 70% of 2020 students graduated with debt.
- Average debt: \$37,717 (public school); \$40,505 (private school)
- Latest data shows 9.7% defaulted on student loans.

Scholarships and Grants

- Most scholarships are based on merit—awarded for proven academic, athletic, or other ability.
- Many scholarships require maintaining a certain GPA to continue receiving aid.
- Most grants are awarded based on the family's financial situation.
- Discover a college's average need-based aid package and merit scholarship by looking at a school's profile on CollegeData.com and clicking on the *Financials* link.
- Public universities often post merit award requirements on their website.

Tax Credits

- American Opportunity Tax Credit: up to \$2,500 per child for eligible parents for 4 years.
- Lifetime Learning Tax Credit: up to \$2,000 for any taxpayer for any number of years.
- You can only get one tax benefit for the same educational expenses, including tax-free withdrawals from a 529 savings plan.

Resources

CollegeBoard.com

COLLEGEdata.com

Federal College Navigator

CollegeResults.org

EducateToCareer.org

ScholarshipStats.com

This information is accurate as of 7/17/23. It is subject to legislative changes and is not intended to be legal or tax advice. Consult a financial professional regarding your specific circumstances. This material is furnished "as is" without warranty of any kind. Its accuracy and completeness is not guaranteed and all warranties expressed or implied are hereby excluded.

LynnLeigh & Company
A Registered Investment Advisor

This information is provided by LynnLeigh & Co. for general information and educational purposes based upon publicly available information from sources believed to be reliable – LynnLeigh & Co. advisors cannot assure the accuracy or completeness of these materials. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. The information in these materials may change at any time and without notice. Past performance is not a guarantee of future returns.