

Episode 86 - Jack Wang

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SPEAKERS

Jack Wang, Moira McCullough

M Moira McCullough 00:00

Welcome to the College Scoops podcast. I'm your host, Moira McCullough and today we are talking with Jack Wang, a college financial aid expert on ways you and your family can maximize aid and pay for college efficiently.

J Jack Wang 00:11

From a financial perspective, I also encourage parents to figure out what I call the three numbers. The first number is, what are the colleges think you can afford? And that's your EFC. The second number is what can parents actually afford? And then the third number is what do you willing to afford?

M Moira McCullough 00:42

This is the College Scoops podcast and I'm your host Moira McCullough, we focus on everything college related from the admissions process to where to eat, stay and explore on and round campuses. Our guests include founders, educators, authors and experts in the college space. Join us as these experts share their knowledge, experiences and lessons learned to help you have stress free and formative and tasty college journeys. Whether it's your first or last child going to college, or you're just interested in going to a college town for a game or meal, we've got you covered. If you haven't already, please subscribe to the

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Jack Wang 02:59

Hey, thanks for having me on more. I really appreciate it.



Moira McCullough 03:02

Well, especially since you just mentioned briefly and very humbly that you were just on another podcast with Ron Lieber so College Scoops is right up there. I'm thrilled.



Jack Wang 03:11

Well, you know, I mean, it's trying to share great information with great people. And so you know, you, Ron Lieber right both up there. So in the college landscape, yes. absolutely.



Moira McCullough 03:23

And you're wearing UT Austin, I love that school. We were in Austin, obviously pre-pandemic walking around that school. What a rock star school that is!



Jack Wang 03:34

Yeah, I really enjoyed my time there is really interesting, because so many families try to figure out this college search - what schools are right or whatever. Honestly, the reason I found it was my mother. At the time she was working for a local hospital, a local Research Hospital and may the doctors whom she had worked with, went to UT Austin for either their undergraduate or they went to UT, what was called MD Anderson, which is the medical the medical school in Houston. So through her work, she had heard about this school, UT Austin. Now, at the time, right, I we had never been to Texas. I think the closest I've ever come was just changing planes and like Dallas or something along those lines. But what it turned out to be was she kept hearing about what a great school it was. So she encouraged me to apply. The cost at that time, now certainly not true today, but at that time, it was actually cheaper for me to go to UT Austin out of state than it was for me to go to UMass in state. Which was just amazing. Now I do have to say and I remember this distinctly was my guidance counselor in high school was decidedly old school, and he was very much against going to a school in the south at that time. Now you have to understand right? I think I'm a little bit older than you so so we're talking like back when like dinosaurs roamed the earth before the invention of color type of stuff, right? But he basically said, you know, don't go there, because these schools are all football schools, you don't really get a great education. And that could not have been further from the truth. In fact, I remember the first time going down was for orientation flew down, which was awesome. And then when I finally got to school now, at the time, UT Austin was something like the second or third largest school in the country. I mean, and even today, it's about 50,000 kids give or take. So it really forced me to have to find a community, find a niche, right, get involved in activities, and I look back on my experience there as one of the best things I've ever done in my life. Also, looking back is, you know, hindsight is always 20/20. Number one, I wish the football games a little bit better when I was there versus what it is now, right? That would have been a lot more fun.



Moira McCullough 06:02

Well, at least you had the ability to go because there were tickets available.



Jack Wang 06:08

Right there always were tickets available. And it's such a social event. So those great time, that's number one. And number two, and I actually remember this to senior year, I was like, my final semester is taking this accounting class. I was a finance major. I was taking this accounting class thinking like, wow, this is really hard. I was struggling, you know, because I just my mind was an Intuit and we were all interviewing to try and get jobs. But then once

you graduate and started working, I remember thinking, Man, I should have just flunked that class. I could have stayed it. Right, not not good for finances. And of course, she never told the parents that but and now she just flunked.

M Moira McCullough 06:47

And now as a parent of two, right you have to right? You're like, oh, don't even let anyone think about that. Four and done!

J Jack Wang 06:55

Thank you. Done. Yeah, you're passing you're getting out. But looking back like, wow, this work thing is really kind of hard work. Overrated I think.

M Moira McCullough 07:07

So, as a parent, remind me again, do you have a junior in high school who is starting the process as well?

J Jack Wang 07:16

Yeah, so I have. So my own two sons have long since graduated college, including my younger son who graduated from University of Massachusetts, which is the Amherst campus the flagship campus. It was at the height of the pandemic of May of 2020. who's gone on and he works. He has his own job. He has his own place, and all that's good. But I do have two stepkids. One who is a rising senior, so I'm literally going through this whole college search financial aid process again. And then we have a rising high school freshmen who is 14 year old, so I can't really retire anytime soon.

M Moira McCullough 07:57

So you're at the prime time. So is that kind of how you started looking from you know, you said you were in finance, you were always in finance. But was it when your two sons started going through the process that you're like, oh, my gosh, I need to start to focus on helping other families work through paying for college because it is just unwieldy.

J Jack Wang 08:23

It was definitely through my own experience, although it wasn't such a good angle, I suppose. Right? So at the time that my sons were in high school, I was actually getting divorced. So I need to figure out the college thing, because we need to, you know, we were close enough to college where we had to have a provision for college in the divorce agreement. It just so happened, that at the time, I was playing on a men's baseball team, and our starting shortstop, my teammate, was a financial aid officer for local college. I play the outfield, he was shortstop. So in between innings, I'm just peppering him with just questions. And selfishly, I was asking him for myself, right. It wasn't so good willed, I suppose. Right. I was asking for me. And then he and I are still friends. And he's moved on to the other schools now. But he was telling me all of the stuff including a lot of things that you quite frankly, just can't Google today because you would only know it if you if you're in the industry. Like if you actually do this all the time. But he's given me all this great information. It was really helpful to me, I'm very appreciative of that. But then somewhere along the lines, I realized, wow, if I'm going through this, and this is such great info other people probably want to know as well of course then you tend to know other parents who have kids similar ages, so you know, my neighbors and other friends. And so that was really how the college planning business really the financial aid planning started. It was for me, not somebody else. Well,

M

Moira McCullough 10:03

I just have to interject here that you were always in finance. So that is welcoming information for somebody who's not in finance to think, oh, if I'm having difficulty trying to figure it out, even people who are so knowledgeable on the financial industry, but College is a whole different animal. So, to your point, there's a lot of thought, and strategy and planning that needs to go into that.

J

Jack Wang 10:32

Right, right. Yeah, exactly. And I'll tell you, more, most people think is either they have to start saving in some sort of college vehicle, like a 529, or something else, you know, the day that their kid is born or something like that, right? Again, dude, this is for educational purposes only, there are no recommendations here to get that little disclaimer out. So people you either start, you know, think that okay, the day my kids born, I guess, start putting money aside, or I'm just gonna be saddled with debt. Right? And be one of those spotlights in like us news story that you You see, right, like so and so's still working, because they can't retire because they're up to their eyeballs in debt. Right? So for most people, they think like, it's one or the other. Right. And unfortunately, most people think it's the debt versus the savings. But as you said, it's far, far more nuanced is far more details

and far more planning opportunities than what most people realize. And the process starts a lot earlier than what most people realize. So even for me, looking back, I would have started a lot sooner, because I can tell you that I certainly was not in the camp of Let me start saving the kid the day my kids were born, I was definitely not there. And I've been fortunate enough that I found at least far enough in advance where I didn't have to take on and my kids didn't have to take on a ton of debt. Okay, take out a little bit. We're totally manageable.

M Moira McCullough 12:01

I also think it's healthy for the students to take on some of that debt. Because then looking back or going back to your original comment at UT Austin, which is mine, as well, when I was in school, like this is pretty nice. Maybe I could take another year. If you have skin in the game, you're thinking about am I really going to want to take an extra year because I have X amount of debt associated with that extra year? So you mentioned through a personal situation, going through and trying to figure out what should I be doing? And the fact that you met somebody, randomly on this men's baseball team, who happened to be a college financial aid expert, who was sharing some information? Can you walk us through? Because we have to have you on several times? Because there's so many different avenues one can take, but what's your advice? And what are some of the lessons that you've learned that you wish you had? And you advise people to implement earlier?

J Jack Wang 13:00

You know, what was really interesting, that I learned from my friend. And then by the way, don't ask me about baseball, because quite frankly I was terrified. He was really good. I was terrible.

M Moira McCullough 13:11

You probably did not catch one ball in the outfield, because all you were doing was peppering your friend with questions.

J Jack Wang 13:18

Exactly, right. It's like, you know, the the teenager who's while they're like, hey, Jackie, should probably pay attention like, Oh, yeah, sorry. Sorry, I gotta hit the ball now. So I was terrible. But, you know, the thing that I really learned from from him, and I see this a lot now with families is remember, he was on the receiving end of the financial aid

information, right? So remember, families fill out the FAFSA and potentially the profile form, depending on where their kids go to school or where the kids apply. But he only saw the result of that for okay, right. And so, a lot of families think about it this way, like, okay, you know, I got to do all this planning to get my kids and missions applications in, right, get the essay worked on and letters of recommendation and extracurriculars and whole nine yards and all this other stuff that takes place ahead of time. But comparatively speaking, very little thought is given to the form. And so by the time my friend, the financial aid officer receives the form, there's very little that they can do. I mean, there is what's called professional judgment, but the numbers are what they are. Either sort of qualify for aid or you don't, generally. But if you think about it, if you're trying to really maximize aid, whether it's marriage, whether it's need based, and then payment strategies that occurs well in advance, right, so so I compare it to sort of people who get their taxes done. So if you go to your tax person, right, so, you know, you hand over the proverbial shoebox full of receipts, they say, hey, do my taxes, which is what most people do, right? Or they log on to You know the software. But if you think about it, if you're sitting down in front of your tax person, and you're about to sign your return, because it's all done. And then at that moment, you ask, Hey, how can I save more my taxes? It's too late. Right? The tax return only shows what has already happened. So financial aid form shows what is already happened. So if you want the numbers that end up on the form to get you a lot of aid, yes, start a lot earlier. So let me just talk a little bit about the timing. And this is sort of the tip. Right? A lot of families, and even a lot of guides that you get from guidance counselors and admissions consultants another thing, they'll say, Oh, yeah, you know, they'll say, do this sophomore year, take the PSAT junior year and take the LSAT, late junior and early senior, whatever, and do all this other stuff. And then, and then senior year, there's this little tiny blurb that says, fill out the FAFSA. reality, the timing, if you think about that, so when you fill out the FAFSA, or any financial aid form, typically in the fall of your senior year, so let's uh, let's, you know, so we're recording this in 2021. So let's just use this year as an example. Okay. Your high school are going to be a high school senior, filling out the financial aid form in fall of 2021. It is based on your tax return, I should say the most recently completed tax return, which is the tax return for 2020. Right, because your 2020 tax return would have been due in April of 2021. So the FAFSA and the financial aid forms is based on your tax return of 2020. So the tax return 2020 covers January of 2020 to December 31 2020. What grade was the student in during calendar year 2020? Well, during calendar year of 2020, that's the spring of sophomore year, to the summer to the fall of junior year. Right? So if you start thinking, Oh, yeah, my kid is going to be a sophomore, or they're going to the spring of sophomore year into the calendar year. Chances are most families are not thinking about financial aid. But financial aid the clock, if you will, the measuring page starts January 1 spring and so your sophomore year, right. And financial aid is driven primarily by income. So that is known as your base year. And that is the year that you know, kind of jokingly say, that's the year that you want to

look poor on paper, right? You don't really want to be poor, because that's no fun. Right? But you want to look poor on paper, or you don't want to do anything that would necessarily artificially increase your income during that year. Right. So a lot of guys that I see say, Oh, yeah. You're not going to think about financial until fall of senior year.

M

Moira McCullough 18:13

Right? It's such a strategic decision to look at it that year. And if you did look at it that year, then what would you recommend? What are some of the things that people can do?

J

Jack Wang 18:25

For the majority of American families, right? We work a job, we go to a company, and we collect a paycheck. So for the majority American families, there's not a lot of control over income, right, you get paid whatever you get paid. And that's true. But that's not always the case. So this is where like the nuances of the financial aid formulas come in. So financial aid formulas count things as income, that the IRS might not count as income. For example, if let's say during that base year, you decide to move. Right. And so you sell your house. And for a lot of families, you know, married filing joint, there's what's called the capital gains tax exclusion. So it's the difference between what you sold your house for versus what you bought it for? Well, married filing jointly, there's a \$500,000 capital gains tax exclusion on the sale of your primary home. Well, so let's say you move during that year, you sell your house and you have capital gains of \$500,000. Well, in the eyes of the IRS, that's, that's tax free, right, you use your exclusion. But in the financial aid roll, your income just went up by \$500,000. Right? Of course, your if your income goes up \$500,000 you're probably not getting any aid. Right. Okay. So that's one example. There's other examples of things like child's you know, under current rules as they are today, the rules are about to change. But today, you know, things like child support counts as income, even though that's tax free support from other family members of grandma and grandpa chip in money for little Johnny and little Sally's college tuition. Right? That's normally tax free transaction in the eyes of the IRS under certain limits, but for financial aid, that's income. But even there, there are other decisions that families make that really, on the surface have nothing to do with college, but yeah, can impact. So I've seen situations where people say, Oh, you know, I've an old 401k from an old job, you know, that's still there. But I'm going to cash that in, and I'm going to redo my kitchen, or redo my bath or something, right, whatever. Right? Okay, well, that that decision in of itself has nothing to do with college. But when you cash in that 401k, that's income that shows up on your tax return. So even though you you know, and you spent the money that went in for granite countertops, and whatever cabinets and tile flooring, right, but the fact is, that's income. So you do that, during that base year, you're going to increase your income, which is

going to impact your chances for, for a, so so there's a lot of these transactions that, again, seemingly have nothing to do with college, but yet they can impact costs. So really does take a lot of planning ahead of time to either make sure you don't do these, or you make sure that if you know in some cases are, you know, unavoidable, but you use other strategies to sort of mitigate the impact anyway. Right.

M

Moira McCullough 21:48

Which, as you said, that was like an eye opening tip of your conversation just with that college financial aid x for and you're absolutely right, in all the timelines that I've seen. Everyone's looking at it as 10 down on the list or whatever, and the the fall of senior year. So looking out for the freshmen and sophomores now, that would be the time to really start to look at how you might be able to plan accordingly, and maybe not inflate your earnings. Okay.

J

Jack Wang 22:26

Which is not to say that, if you have a student who's already a junior, or who's already a senior, that it's too late, it's not. It is too late for some of those things, right? Because after all, if you're if your son or daughter is going to be a high school senior much like my stepdaughter is going to be okay. And during that base year, my boss gave me a big bonus at work, which is going to drive my income up. Okay, yeah, it's too late to good do anything about that? Because after all, you're not going to go back to your boss say, hey, by the way, thank you so much for that \$10,000 bonus, I'd like to give him back. Right? That never happens. Okay. So yeah, you can't really do anything about that. But there are some other strategies and perhaps asset related strategies. But the longer you wait, the the fewer options there are, and the shorter the timeframe, right. So I tell people, if you're gonna wait till fall of senior year to do this, great. But you got to do these things. Now. Right? Like Do not wait. Do it now. Because you have no time versus if you're doing some of these things freshman year. Right, you got time to implement? Right?

M

Moira McCullough 23:34

So what are some tips that you would give to families that are going into senior year right now, in terms of financial aid, as you said, there's so many there's, there's merit, there's need based and then there's different forms of aid. And it just even the definitions themselves could be exhausting to any family who's just and even the FAFSA form, people don't know, it has to be filled out every year. You know, those are the gotchas that as a first time parent family going through it, there is a need for conducting research, talking

with some experts just to help people through that stage.

J Jack Wang 24:11

Yeah. You know, in a broad sense, I think that this is true for all families, regardless of what gear the students in many families focus on how to lower the cost, right? Like how to get more aid how to get more scholarships to drop to drive that cost down. And that's great and parents should do that. And and, and there's a lot of resources and strategies there. But a lot of families don't think about the second part which is okay, my kid got some scholarships, my kid got some aid. But now how to actually pay the rest of the balance. And and you actually see on social media, especially, like during your kids senior into winter into spring time. This question then pops up, which goes something like this. You know, I'm so proud of my son or daughter, they work so hard and busted their rear rear end to get into XYZ school. And they got a scholarship or eight of X dollars, but it's not quite enough, but they really want to go, but there's still like a \$50,000 balance or \$20,000, or whatever the number is. And we really can't afford that. How do we do it? Right? So after you spend all this time trying to lower the cost, then you think about Sir, how are you going to pay for it? Right? And even within that category, right, I'll get into some of the nuances of the eight formulas a little bit later. But even with that, there's nuances. So for example, like, do you want to borrow, okay? Or let's say before that you want to use savings? Okay, and what order Do you want to use? Save? From what accounts? And then if you're going to have to borrow, okay, but even within borrowing, there's a lot of philosophical questions. So for example, I've had family say to me, jack, I don't I don't care what this is, but I'm not borrowing from my kid. Okay, I just I just don't believe in it. Okay. And that's not a wrong answer. Other family say, No, no, I'm willing to borrow from my kid. But I'm not willing to borrow using my house, like a home equity loan or mortgage? Because if anything goes sideways, I'm not losing my house over. Okay, great. And the other family say, No, no, no, I'm willing to borrow and I'm totally using my house because the interest rates are the lowest. And all those are correct answers for different families. But families have to think about what that is.

M Moira McCullough 26:34

And their comfort level with those particular options and the risk level associated. So it's very much of a personal decision, as you said, as well.

J Jack Wang 26:43

Yeah, absolutely. And by the way, I also tell you that in all the years I've been doing this,

very rarely, the two spouses are great. Okay, now, they might agree on barring, but they'll they'll be if you really kind of probe and ask questions deep down, they'll want one spouse say, Oh, no, no, we're totally taking on the house. Because you know, the interest rates or whatever, and the other spouse will be sitting there like, now, I'm not comfortable with that, right. And it's not necessary, um, you know, male, female thing or thing, it's just, it's two different people, we just, you know, we have different backgrounds, and we grew up differently with how we approach money. And so it's, again, it's not right or wrong, just it is what it is. So there's that. But there's also an I just also want to caution people on this because I do hear this a lot. families will say something along the lines, like, Look, I'm really proud of my son or daughter, but I'm only willing to chip in X dollars per year. They have to figure out the rest, right? Like I'm willing to chip in \$10,000 a year, they got to figure out the other 60,000 if they want to go to a \$70,000 a year school. Okay, and it sounds great, right? looks great on paper, very logical. But in practice has no hope of working whatsoever. Because the students themselves, you know, they get whatever they get for scholarships, and they get whatever, they get an aid. But But 99.9% of time, there's some bounce leftover. And students themselves can only borrow up to a certain amount directly from the federal government. And so family needs to borrow above that amount what the students can do. Right? Like, you know, they got to cover the other 60,000 or whatever. Okay, no bank in the land, will lend an 18 year old with no full time work history, no credit history, no credit score, basically \$60,000, you're out of your mind. Right, right. So at best the student can borrow with the parents co signing, but the parents cosign that means that they are legally on the hook. So if a family says to me, I'm only chipping 10 grand and any other kid or my kid has to take on whatever debt above and beyond that, so no, that's not, that's not correct. Are you willing to take on the other 60 grand in debt? Because that's really what it is? Absolutely. Right. Because as much as we hope that your son or daughter graduates and gets a great paying job can pay off the loan. There is no guarantee now. So you got to be sure that you're willing to take on that debt and you have the income to carry it. And once you put it that way, then parents like Well, okay, hold on, hold on, hold on. You're not so fast. Maybe this made the this doesn't work out so well. Right, right. So those are some of the broader questions and again, and then and then what I will say about the differences in the formulas, there are some differences in the two financial aid formulas between what's called a federal methodology and institutional methodology. And by the way, how you how someone knows the difference is based on what form or forms the school needs. So if a college only requires the FAFSA, then that tells you that they only use what's called a federal methodology. And one of the key points for most families is the federal methodology does not count the value of your primary house. So you have a million dollar house with no mortgage, you have a million dollars equity, and on the FAFSA, it's a big fat zero, if it's your primary house. However, if a college requires the FAFSA, and a form called the CSS Profile form, then what that tells you is that they use what's called the institutional methodology. And under the

institutional methodology, the amount of equity in your house counts, okay, no differently than if you had that money sitting in a checking account. Big difference. So why this is important, is because why I encourage families to really get into this is because based on your financial situation, you might pick schools based on what formula they use. So just as an extreme example, if let's say your income is low to middle income, okay, but let's say you inherited your house from your parents, or you were gifted your house or something, right. So your incomes kind of low, but you have this giant house that's worth a lot of money. Okay, well, if that was the situation as simplistic as an example, you're probably looking at a FAFSA as a school, because you'll get more aid on average at those schools, because your big house doesn't count. You know, and there's other circumstances where you, you would want to look at what's called profile schools. So if you have a lot of like, medical deductions are Health and Family Care deductions, or you are private school is deductible expense, or things like that, then then some sometimes in those circumstances, it pays to go the profile school route, because those type of expenses are deductions. But they're not deductions on the FAFSA form.

M

Moira McCullough 32:29

So if you have the, when you talk about those deductions, so medical family, some private but private school, and or you have two kids in college, is that also included in that as well?

J

Jack Wang 32:44

Yeah, so when you have multiple children in college, the way it works under the rules as they exist today, when you fill out your financial aid forms, the schools calculate something called an EFC, or expected family contribution, which is essentially what schools think you can afford, per year, per year per kid, I might add. And this is where you hear families say, you know, they didn't give me a lot of aid, because my EFC was this ridiculous number. And there's no way I could ever for that. Number five, when you have multiple children at a FAFSA only school, they take that number, and they divided by the number of kids you have in college, or will have in college simultaneously. So if you have two kids in college, they take your EFC divided by two. And so while as a family, you might be expected to contribute this number, each kid will have a lower EFC. And therefore each kid could potentially qualify for more aid. Okay, in the profile school realm, it's not a quite divide by two. So they don't they take your EFC number, but they they do 6060 split for two kids. So knowing that if you're going to kids going to college, you're probably going to pay a little bit more in total. So it's a 6060 split versus a 5050 split. And then if it's three kids, that's 4545 45 instead of 30. I think 4040 instead of a third of third, a third, right, and things like that. That's as the rules as they exist today. However, legislation was

passed, recently signed into law, this is actually at the end of 2020. That's going to change the rules for academic year 2425. If you think about what we just talked about with the FAFSA and the timing, like what year really counts, so your kids going to go to college and you're 24-25 right, they're going to fill out the FAFSA in the fall of 2023

M Moira McCullough 34:57

Which means this is the year.

J Jack Wang 34:59

Which means actually 22 is the is there, okay? What's going to happen when the rules change is that divide by however many kids in college, that division is going away. So, right now, if your family EFC, expected family contribution is \$50,000 a year, and each kid and you have two kids in college, each kid is expected or has an EFC of 25,000, right? 50 divided by two, once the new rules take effect, that 50,000 doesn't get divided. So each kid when you have two kids, each kid will go into college with a 50,000 EFC, which means that comparatively, they're gonna get a lot less aid. which really means if you really think about it, that means that colleges expect you as a family to for up to \$100,000 a year combined. Right, which for a lot of families is just ridiculous. Exactly. Right. Okay. So that is roll coming down the pike, it is signed legislation, it was actually supposed to take effect the 2324 academic year, which meant that 2021 would have been the year, but the Department of Education actually couldn't update their computers in time. So they pushed it out a year. But I don't personally don't expect that to happen.

M Moira McCullough 36:27

So looking at the college search process, not only is it looking at the cost of attendance and knowing what that number is, and then trying to determine the EFC, but it's looking at the profiles of the school what they require, which will then narrow that college search even more. And then you mentioned something, also, which I would love to ask, when people say I did, let's say for those people that didn't get the financial aid, right. How to ask for more. Is that something like, people even know how to go and ask for more aid? And at what point I mean, sometimes you're finding out this is after you've been accepted, it's February of that senior year, you get your aid allotment. And it's like, how do I ask for more? Like, is that even an option?

J Jack Wang 37:19

Right? Yeah, so families can always ask for more. Right? So you're always allowed to ask whether, of course whether they give you more, it's a different story. But here's the thing, here's the secret to adding more, or asking for more. You got to figure out why you're asking. So if you're asking because there was a significant change in your financial circumstances, you lost your job, got divorce got married, somebody passed away. Right? Like a legitimate reason for why your finances changed. Then you appeal to the financial aid officer. Okay, and most schools have a forum where you outline you have to submit some documents, supporting documentation, so on so forth. But if you're asking for more, just because, right, because you just you just want to pay less, and there's no significant change in financial circumstances, then those appeals typically go to the admissions officer, because you're looking for more scholarship money. So first, you have to figure out sort of why you're asking. And that leads to who you're asking who you're actually making a request of. Right? Okay, so right off the bat, a lot of families Oh, yeah, just take this template found on the internet, just write the, you know, filling, filling your details side and send it in, doesn't really work that way. Because you might be asking the wrong person. The more you tied back to your financial need more reasons that you can give as a sooner or why you want to go there and how your student is going to add to the campus community. The more likely they're going to give you the money because there's something called PJ professional judgment that they can use to approve or deny these requests. So and they'll just also say one thing, a lot of families will say, Well, you know, we got a, we got into school a, but school B also, you know, accepted our student, but maybe the gave a little bit more money. Right. So can we use school B to negotiate against school? The answer is, it depends. Here's what depends on number one, you want to make sure that school B actually gave a better offer. So oftentimes, parents only look at the amount of aid or the amount of scholarship dollars. But once you do the math, and you take that off the sticker price, school aid may already have been cheaper to begin with. Right? So if you don't look at that and you say, Okay, let me send in school B's letter schools. You Come right back. So we're not going to give you more money because we're already less money growing less expensive, right? So make sure you understand. But a lot of times parents just look at the amount of the scholarship, that's not really what to look at. That's number one. Number two, it is not what you as parents perceive the desirability, or the prestige of the school is what the college thinks. So, and remember, as people, we always tend to compare up. So if you think about like, the Olympics, and you're running a race, you know, you came in second place, people say, Oh, I missed out by winning by, you know, one second, right? Nobody ever says I blew the doors off a third place. Right? If that were true, right, we always tend to compare up so colleges do the same thing. So if you're going to use school be to compare against school a, you have to make sure that this will be as viewed as a competitor, a higher level competitor than school a, not what you as the parent think, is what the school thinks. Okay.

M

Moira McCullough 41:05

Great advice in terms of that, because that, again, is something that even when you go back to asking the why, why are you asking? Because there's two different answers that will go to two different departments to different readers, right? And then it's also putting yourself in the school shoes like, is this person? How are they going to add value? Where are they going to contribute to our community? And does that affect our decision as to whether we want them even more and are willing to pay for it? What advice would you give to first time parents going through this process? First and foremost, we had what from our initial conversation was the planning and trying to look at it. Obviously, in hindsight, sophomore year is the ideal time to kind of look at the financials in a more strategic thoughtful way. For parents that are just going through it, and they're rising seniors. Any other helpful tips that you can provide for them as they start the school year?

J

Jack Wang 42:20

Yes, great question. And everybody thinks that the college search really starts with the student, I would argue that it doesn't, I would actually argue that it starts with the parents. What are the parents expectations of a good school, quote, unquote, right? What is what's the ultimate outcome they're looking for, but from a financial perspective, also encouraged parents to figure out what I call the three numbers. The first number is, what are the colleges think you can afford? And that's your EFC. And then you can just google EFC calculator, there's numerous calculators on the internet. So you can so from that, you have to figure out where to call just think you can for because that then drives a strategy. The second number is what can parents actually afford? Right, which is a far more just basic quantitative measure, like okay, so at the end of the month, you have a bunch of money leftover, are you scrambling for change your couch cushions, right? And then the third number is, which is what usually people focus on, is what are you really going to afford,

M

Moira McCullough 43:28

but I was just going to say that actually, I was going to further refine that but you just did it in three,

J

Jack Wang 43:34

Right? Because what you don't want to have happen is wait until senior year. End of senior year, you have all your admissions, you know, the financial aid offers offers and, and son or daughter wants to go to the \$80,000 year school, you're thinking that you're hoping

that they go to the \$10,000 year school? Because inevitably, someone ends up crying, right? Either the student ends up crying because you have to tell them no, because you can't afford it. Or you say yes to them, but the parents end of crime because now you're looking at man to death. Right? Right. But somebody is crying. It's not a fun conversation. Don't do that.

M

Moira McCullough 44:13

I love that approach in terms of saying it's the parents have to really sit there. And as you said, many parents don't agree. In general, whenever you talk about money, there is a difference of opinion and some are more risk adverse. And somebody else may be ultra conservative, whatever it is, there's very rarely a consensus at the get go. So having that conversation and almost discussion just between the parents or who, or grandparents whoever is supporting that student in their academic journey. And then, on a united front, talk with a student about Are there any criteria in building a college list that would limit them from Putting certain colleges on the list, whether it's financial, geographic, etc. So I think that's absolutely great advice for families and something that I think a lot of people probably don't do, because it's so bloody hard. There's an emotional aspect to it. And then there's a factual aspect that you emotionally may not be willing to recognize or deal with.

J

Jack Wang 45:23

Right? Exactly. Yeah, it's much like my talking about what, like if a family had to borrow where were they borrow from, and you know, on the house, not a house, whatever. But all these carry a lot of emotions, a lot of values, philosophies. Yeah, you know, as hard as it is, you got to get out in the open when you're going through this process.

M

Moira McCullough 45:42

And it's stressful enough going through it. And as students, you're working hard to contribute from all different aspects. So I think the earlier you to have that conversation, it won't be any less painful or stressful, but it will be short term, but it won't be long term. And the student will find a place where they will thrive both in and outside of the classroom. What do you wish you knew before attending college?

J

Jack Wang 46:11

I wish that I took more advantage of some of the things that were available to me during

college, whether it's clubs, internships, or whatever. Because I can see that how it would have helped me even more, but of course, in the moment you didn't know.

M

Moira McCullough 46:28

No. Absolutely. Hey, did your mom since your mom was one of the ones who was very influential and who kind of was your college adviser saying, hey, UT Austin is a great school. Did you invite her town quite often? Did she get to enjoy that UT Austin?

J

Jack Wang 46:47

Well, I didn't. I didn't exactly invite her down. What ended up happening was she moved out to Houston. Yeah, so now Houston and Austin are still about three hours apart. So it's not like you can just swing by right. Like, I'll drive by neighborhood. But yeah, I you know, once I sort of got the lay of the land is really excited about being away from home and you know, really kind of being out on my own and this and the other. Next, you know, I get this call, right? landline, right? Hey, I'm thinking about moving to Houston, looking for a place you know, you want to come join me Help me find a place I'm like,

M

Moira McCullough 47:25

She was ahead of her time. What a rock star. I love that. I was not expecting that.

J

Jack Wang 47:34

Yeah. So even to this day, she's telling you. I've since moved back to Massachusetts, but even to this day. She's still in Houston. She has tons of friends and as a real community down there. She loves it down there. Yeah, I did not expect that either. When I first went down to Texas, so.

M

Moira McCullough 47:51

No, to have a mother in tow. That said, I love that. So she didn't do the ultimate which is in Austin with an apartment. But hey, listen, whatever, whatever people like to do, what is your favorite dessert place on and around a college campus?

J

Jack Wang 48:09

UMass Amherst has been rated the number one dining services in the country for like the last five or six years running or something like that. So my son, my younger son went there. And so when I visited him on campus, we ate in the dining hall, because it was that good. Right? Because normally, if you think about the old days, like mom and dad show up, right, you know, and the kids always say, you know, hey, parents take me to the nice restaurants, I can eat some real food. We didn't have to do that UMass, because it was that good. And, and I joke about it, like kids do. Think about this, it is a factor, right? Like if you go somewhere and you're living on campus, and you didn't eat great food, that's one thing but food is terrible. You might actually be more inclined to transfer I've actually had kids own select colleges based on the food that they've had on their tour.

M Moira McCullough 49:06

Well, that would be like my family. We're all food oriented. So and we base a day a good day, what we ate or what we read about eating or some some factor of that. And I love that in terms of when the cafeteria or the dining options on a college campus like UMass which has been ranked so many times for their as you said, number one for food or in the top 510 whatever, to have a student who actually the parents come want to actually just stay on campus and take you on the journey through campus through their their stomach is actually a great way to visit the campus.

J Jack Wang 49:47

Right but I knew my limits right because typically dining halls it's all you can eat with the various stations so I could have stayed there myself a lot longer but I knew enough a guy I should you know we should probably get Going because the last thing you want to have your college students on like, smart old man like, yeah, we gotta go. Right? They're gonna kick you out soon. And I don't know you right?

M Moira McCullough 50:13

Exactly.

J Jack Wang 50:14

Come on. Let's you know. So it's so new and I'm like, are you try a couple things and get out there.

M Moira McCullough 50:19

So you probably have been going back for alumni weekends with them, I'm sure tagging along trying to hit that UMass dining dining hall. Absolutely. Absolutely. Jack, thanks so much for joining us today.

J Jack Wang 50:31

Thank you. It's great to be on. Thanks for having me.

M Moira McCullough 50:35

Thank you, Jack for joining us today. Paying for college is on everyone's mind. Families can and do need to be strategic, thoughtful and willing to discuss ahead of time what they are not only able to afford but are willing to pay for college. There are different aid formulas families need to be aware of. Creating a college list should take into account FAFSA and CSS Profile requirements. Questions to think about are what is the family's EFC to what can a family actually afford? And three would a parents actually want to pay for college? You can find all of our show notes and links to helpful resources mentioned throughout our conversation on our website at Collegescoops.com/podcast. You can learn more about Jack and Smart College Buyer at Longhornfin.com. Please take a couple minutes to rate review and subscribe to College Scoops. Thank you for listening to our College Scoops podcast. Our entire College Scoops team strives to make the college journey a little bit easier, less stressful, fun and tasty by sharing all the inside scoops we have curated along the way. We would love to hear from you about topics to cover and your ideas and everything college related. Reach out to us at collegescoops.com or follow us on Instagram, Twitter and Facebook.