

Financial Literacy Technologies Help Reduce Financial Barriers for First-Generation College Students

By Fred Amrein, Founder and CEO of PayForED.com

Becoming the first in your family to go to college is a proud accomplishment for both the student and their parents. However, these families often face obstacles their peers do not. Consider that just 21% of low-income, first-generation students make it to graduation within six years, according to an analysis of 2012-2017 data by the Pell Institute for the Study of Opportunity in Higher Education. This compares to the national six-year graduation rate of 59% after six years.

The founder and CEO of PayForED understands the journey of a first-generation college student. He is the oldest child of six children whose father was a German immigrant. Neither of his parents had a college degree yet, his parents instilled the importance of education within each of their children. He has also seen how different it was for his daughters. All three successfully navigated the college process and graduated in four years.

At [PayForED](http://PayForED.com), our mission has been to use technology to change the financial barriers that families encounter when trying to pay for college. We have found that families lack tangible learning resources to help both students and parents understand the four-year cost of college. The lack of financial transparency has been one of the leading causes of the student debt crisis and low student success rates.

So much effort is put into admission aspects of the college decision because that is how many high schools are measured. Most families stop after this point, hoping that the financial aid process will pay the bill. The financial reality is that it does not, and student success is hindered as a result.

One main obstacle is that colleges only provide one year of financial information which creates a great deal of uncertainty. To address this, we developed a suite of software tools that help families create customized financial projections. These tools provide answers during the entire college process, including before college, during college and after college.

College funding and student loan repayment decisions are a series of events that must be customized for each student and family. Students and parents need to have a projection of the student's total debt, what the monthly payment will be at graduation and what life will look like after graduation.

Here is a quick breakdown of the PayForED Steps to Success program by the timing and what key factors a family should be targeting when making college funding or student loan repayment decisions.

The College Decision Steps (Pre-college)

1. Calculate Expected Family Contribution & Family Timeline

A family's financial information is input into one system to calculate their [Expected Family Contribution](#) for both the federal and institutional methods. This will help families better understand their financial aid position at each college.

2. Cash Flow Analysis & Four-Year Projection

Families input their budget amount and the software calculates a four-year customized financial aid projection by year. It is displayed in an easy to read graph that factors in the college historical gifting policy. The analysis is in a consistent format so families can easily compare colleges rather than using each college's net price calculator. With this information, a family can project a student's debt at graduation and take away the mystery of the financial aid process.

3. Easy Award Letter Comparison

Making the final college decision is often difficult and emotional. Award letters are not in a standard format and costs are listed for one year only. The Steps To Success college planning tool includes an [award letter](#) comparison analysis. Families can use this easy comparison function to evaluate each award letter side-by-side in a consistent format. This will minimize the risk of a bad initial decision since an outcome is calculated by the college.

Staying on Track (During College)

1. Projecting Graduation Debt

Tracking the actual debt incurred and projecting future debt based on a student's target graduation date is critical. Colleges do not provide this information, so students are unable to see the financial consequences of their decisions. Having this information will improve both graduation rates and reduce the amount borrowed.

2. Calculates Loan Repayment Options

College students often overlooked the impact of their debt structure. The student's debt structure will determine their loan repayment options. By having the projected total debt, students will be better able to estimate their loan repayment and forgiveness options and give the student a better picture of their future.

3. Personal Lifestyle Analysis

Students can input their future salary information based on their major and career path. Their loan repayment options will be generated, and other living expenses can be added. With this approach, students can create different financial scenarios and visualize life after graduation. This process brings forward the financial literacy and awareness missing in the current process.

Improving Transparency Summary

As we envision the future, colleges will need to provide more resources to their students due to the increasing cost, debt, and complexity. This will be even more important for first-generation students and their parents.

Families will be able to avoid costly mistakes by understanding the financial outcomes of their decisions hence increasing student success rates. The PayForED's Steps to Success program gives the added financial literacy and customization that families need to navigate these various financial decisions.

By having this added availability of educational information, students and parents can get advice when it is convenient for them. They will not be dependent on a specific school meeting time.

Now is the time to break all the molds and traditional thinking with a new approach to educational funding and student loan repayment.

About PayForED

PayForED is an innovative software and educational platform addressing the entire student loan crisis. Currently, it is the only software solution that addresses the entire college funding and student loan repayment decision process. Our innovative solutions help students, parents, and borrowers navigate all their options in an easy to use format. It also evolves with the user as they face the different decision points depending on their starting point.

In addition to this cloud-based solution, they are a CFP Quality Partner who offers various training programs for financial professionals. This knowledge base expands beyond student loan repayment to include the personal financial aspect of these decisions.

As an independent company, PayForED provides a trusted second opinion to employees on all aspects of the student loan and repayment decisions.

Author bio

Fred Amrein is the founder/CEO of PayForED.com. He is a nationally recognized expert in the entire college funding and student loan repayment process. Fred's unique approach helps students and parents envision the financial outcome of a college education. He brings together the financial aid process, college saving plans, educational tax strategies, student financing, and the loan repayment options.

Fred's company has developed the first comprehensive college funding and student loan repayment software. The PayForED.com company's mission is to prevent and solve the student debt crisis.

Fred has an MBA in Finance and a BS in Accounting and Marketing from Saint Joseph's University. Fred is the author of a book and numerous CFP approved training programs. He has been quoted in *The Wall Street Journal*, *Money Magazine*, U.S. News and *World Report*, and other national publications.