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Sticker Shock: How to Estimate College Costs

The last time your parents bought a new car, did they spend days (or maybe months) comparing vehicle costs online — only to find that they were able to purchase a car for less than sticker price? If so, that's good news, right? After all, your family saved some money. On the other hand, when the sticker price isn't the real deal, it makes it hard to compare the true cost of one vehicle to another.

Now it may be a while before you shop for a car on your own. But it won't be long until you're searching for colleges. And you should know that, in many respects, the college pricing model is similar to buying a car. So, when you and your family assess college costs, be sure to:

- **Focus on net price – *not sticker price.***

As a result of financial aid and / or other forms of assistance (such as merit or other scholarships), most undergraduate students pay less than their college's "sticker price", commonly known as [cost of attendance](#). And, although news headlines call our attention to steady and significant increases in college costs, what matters most as you assess college affordability is the *net price, you'll have to pay* to attend a particular school.

Net price is a college's published cost for a single academic year for a first-time, full-time undergraduate student *minus* aid for which the student may be eligible. Therefore, *your net price* for a particular school is *specific to you*. It's based on your individual and family circumstances as well as the institution's financial aid policies. For most students, the net price is considerably lower than the published costs. So, rather than concentrating on a school's sticker price, focus on determining your net price instead.

By federal mandate, every college or university participating in [federal student aid](#) programs have an online [net price calculator](#). To get an *estimate* of your net price, simply enter the required information into the tool to find out what students like you paid to attend the school in the previous year. Check out these resources for more information about net price:

- [U.S. Department of Education College Affordability & Transparency Center](#)
- [National Center for Education Statistics - Resources & FAQs](#)



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- **Find out how net price is calculated.**

While net price calculators are very useful tools, it's important to know that the **estimates provided by one school's calculator may differ significantly from another's**. That's because many schools deduct *only* your family's estimated [federal need-based aid](#) from their calculations. But some colleges also deduct other types of aid for which you may qualify, including:

- [merit awards](#),
- [state aid](#),
- and education tax benefits.

Some net price calculators give you a breakdown of each deduction factored into your net price. Unfortunately, federal mandate does not require post-secondary institutions to provide this level of detail. So, **if your net price estimate doesn't list line-by-line deductions, contact the college's financial aid office to find out what's included in your net price.**

And, remember, net price calculators are designed to give you an *estimate* of your cost. Once you're accepted to a school, you'll be notified regarding your financial aid package. To compare college costs and financial aid offers between colleges, use the [Consumer Financial Protection Bureau's comparison calculator](#).

The Bottom Line

College costs continue to increase at a steady rate. Clearly, it's important that you and your family carefully assess affordability when choosing your school. But the real bottom line isn't just about net price. Ultimately, your "best value" college has to be a good fit for you — *socially, emotionally, and academically* — while preparing you for the world of work!