



For students who will be working this summer

By Kevin McMullin, Collegewise Founder and President

Students, if you've secured a part-time job this summer, congratulations. There are a lot of benefits to working while you're in high school that go beyond just making some extra spending money (I've written about those benefits [here](#) and [here](#)).

But if your family will be applying for financial aid to help you pay for college, please pay attention to this. Money that you earn at a part-time job, as well as any money that you manage to save, could result in lowering the amount of financial aid that you receive. So, how do you get all the benefits (and money) from a part-time job without hurting your financial aid eligibility?

1. Save a portion of what you earn (15% of each paycheck is a good target).

Colleges expect both students and parents to contribute to the maximum extent that they are able to pay for college costs. You will be expected to chip in, and if you spend all the money you earn, it will be like getting a bill and having no money left in your wallet.

2. Consider opening—or having your parents open—a 529 college savings plan.

As long as the plan is owned by a parent or by a dependent student, any money placed into it will be treated as a parent, rather than a student, asset in the financial aid formulas. That's a good thing, as student assets are assessed at a much higher rate than are parent assets. Bottom line: money that's saved under a student's name hurts financial aid eligibility more than money saved under a parent's name. Here's some [advice from an expert](#) about how to choose your particular plan.

3. Set up an automatic payroll deduction.

If your employer offers this, take advantage of it. With each paycheck you receive, a designated portion will be automatically placed into your savings plan. Then you won't be tempted to spend the money (or forget to move it into the right account).

When I mention these tips in front of seminar audiences, this is usually about the time that someone asks if it would be better for a student to simply not work at all. It's a fair question given the information that's just been presented. But I still recommend that students work.





First, remember that not all financial aid is free money. The kid who spends his summer sleeping in and playing video games may technically be offered more financial aid than the student who works all summer, but a portion (perhaps a big portion) of that aid could be loans that need to be paid back. Given that every dollar you borrow to pay for college will cost you roughly two dollars to pay back, saving is always—read always—your best strategy to pay for college.

Also, remember that aid decisions aren't always driven by solely numerical formulas. Financial aid officers will be more likely to look favorably on a family who's made a conscientious effort to save for college than they will on a family who's lived beyond their means and now wants financial aid to cover them.

So go out and get yourself a summer job (here are [a few suggestions](#) to make sure you thrive once you're there). But make sure you set aside some of your earnings to help pay the bills for college, and be mindful about where you put that saved money so you avoid unintentionally penalizing your financial aid eligibility later on.

Want more expert summer tips from Kevin? Check out his blog at wiselikeus.com.

