

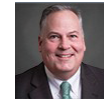


Financial aid for college funding: 5 important things to know

Consider these points when developing a savings strategy for your child's college education.

KEY INSIGHTS

- Trying to save for the full sticker price of your child's four-year college education can be daunting.
- Remember that most schools don't meet 100% of a family's financial need, based on the FAFSA—and loans are often part of the financial aid package.
- Don't let the quest for financial aid eligibility deter you from saving. You don't often hear about people who are unhappy that they saved too much.



Roger Young, CFP®
Thought Leadership Director

Parents of young children receive a lot of advice about saving for college. Trying to cover the full sticker price can be overwhelming—even for an in-state public school. For most people, it makes sense to estimate how much financial aid your family might be eligible for when developing a savings strategy. As you factor financial aid into the total savings you will need, consider these five points.

1. Colleges probably expect you to pay more than you think you can afford.

The government and most colleges award financial aid based on your FAFSA—the Free Application for Federal Student Aid. The information you provide on your FAFSA determines your Student Aid Index (SAI). Your SAI depends on many factors, with the most important

being your family's income. If your SAI is less than a college's cost of attendance, the difference is considered your "need."

Starting with the 2024–2025 school year, the SAI replaced the previous metric, called the Expected Family Contribution (EFC). The new name is intended to convey that the number is a factor in determining financial aid, rather than the actual amount a family will be required to pay. There were several changes with that transition, and the new FAFSA was intended to significantly simplify preparation of the form. Unfortunately, the rollout was delayed and fraught with problems. For the 2025–2026 school year, the FAFSA is scheduled to be available December 1, 2024. Most families with college students should complete the FAFSA, even if there are some remaining technical issues this year.

Estimated Student Aid Index for a family of four, 2025–2026 school year

		Total value of parents' cash and nonretirement investments (\$)								
		–	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Parents' adjusted gross income (\$)	60,000	707	1,467	2,227	2,987	3,747	4,507	5,267	6,115	6,985
	80,000	4,242	5,032	5,882	6,795	7,765	8,850	9,970	11,257	12,583
	100,000	8,713	9,885	11,185	12,586	14,096	15,606	17,116	18,626	20,136
	120,000	15,475	16,985	18,495	20,005	21,515	23,025	24,535	26,045	27,555
	140,000	22,088	23,598	25,108	26,618	28,128	29,638	31,148	32,658	34,168
	160,000	28,701	30,211	31,721	33,231	34,741	36,251	37,761	39,271	40,781
	180,000	35,314	36,824	38,334	39,844	41,354	42,864	44,374	45,884	47,394
	200,000	41,927	43,437	44,947	46,457	47,967	49,477	50,987	52,497	54,007
	220,000	48,525	50,035	51,545	53,055	54,565	56,075	57,585	59,095	60,605
	240,000	54,950	56,460	57,970	59,480	60,990	62,500	64,010	65,520	67,030
	260,000	61,333	62,843	64,353	65,863	67,373	68,883	70,393	71,903	73,413
	280,000	67,673	69,183	70,693	72,203	73,713	75,223	76,733	78,243	79,753
	300,000	74,013	75,523	77,033	78,543	80,053	81,563	83,073	84,583	86,093

The table shows SAI based on 2023 family income on the left and certain assets at the top. Those assets can include cash, stocks, bonds, mutual funds, and other investments, as well as the value of real estate other than your primary home and any business ownership. It excludes retirement accounts (such as an IRA or 401(k)), but 529 college savings accounts are included. Assumptions that affect SAI: The student is a dependent, has assets equal to 2% of the parents' assets, and has income below \$11,500. The family has no non-work income or other assets for FAFSA purposes. The family uses the married filing jointly status and standard deduction for federal income tax.

Source: T. Rowe Price calculations based on the 2025–26 FAFSA® Pell Eligibility and SAI Guide: <https://fsapartners.ed.gov/sites/default/files/2024-08/20252026StudentAidIndexSAIandPellGrantEligibilityGuide.pdf>
See the Appendix for additional estimates, including different family sizes and for single parents.

As an example of the calculation, a hypothetical dual-income family of four earning \$140,000 with \$50,000 saved in a 529 college savings plan (or other nonretirement accounts) would have an SAI of around \$25,000. (See “Estimated Student Aid Index for a family of four” and the appendices for more information.) At a private college costing \$60,000 per year, this family would have \$35,000 of need. At an in-state public college with a \$24,000 annual cost, their need would be zero. The SAI amount may surprise you and could be a higher portion of your annual income than you would expect.

Keep in mind that accumulating more savings doesn't increase your SAI nearly as much as increasing your income. At

most, only 5.64% of additional assets are added to the SAI. An increase in income, on the other hand, can raise your SAI by as much as 47%.

2. Colleges may not give you the amount of financial aid you need.

Fewer than 10% of four-year colleges meet 100% of their students' demonstrated financial need, according to the College Board. Their data suggest that many meet less than 75% of financial need. Even then, the exact amount can vary widely from student to student. Be conservative in estimating how much need-based aid your family will receive.

“Save what you can and work toward a plan that enables your child to graduate.

— Roger Young, CFP®
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3. Financial aid provided includes loans.

Your aid package is not necessarily “free money”—loans can represent a large part of your overall financial aid, especially for families with significant income. In fact, federal loans accounted for 25% of financial aid for undergraduates in 2022–2023, according to the College Board.¹ So, even if a college offers financial aid equal to your need, your family could still ultimately have to pay more than your SAI. Saving more now can help you limit the number of loans you may need to take in the future.

4. Your child may not receive large merit or athletic scholarships.

Merit scholarship offers can be very hard to predict. Some colleges regularly give out scholarships as a form of discounting, while others don't offer any. Meanwhile, athletic scholarships are primarily offered at Division I schools and generally don't provide a full ride for most sports.

5. Rely on your numbers instead of hypothetical amounts.

There are tools available that can help you estimate your financial aid and the amount you may need to save each month. To get more specific with your estimates, check out the online net price calculator (NPC) provided by each college. Just enter your financial data (anonymously, if you wish), and you'll receive an estimated financial aid package for that school. Results from the NPC can then inform your inputs into a savings calculator, such as [this College Financing Planner](#).

If a calculator suggests what seems to be an unrealistic amount, don't despair. Save what you can and work toward a plan that enables your child to graduate. And whatever you do, don't let the quest for financial aid eligibility [deter you from saving](#).

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² Ugift® is a registered service mark of Ascensus Broker Dealer Services, LLC.

¹ Figure SA-3 in “Trends in College Pricing and Student Aid 2023”: <https://research.collegeboard.org/media/pdf/Trends%20Report%202023%20Updated.pdf>

Appendix 1

Estimated Student Aid Index for a household with one dependent, 2025–2026 school year

		Total value of parent's cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Single parent's adjusted gross income (\$)	60,000	3,636	4,396	5,193	6,043	6,967	7,937	9,033	10,155	11,455
	80,000	7,167	8,217	9,337	10,583	11,883	13,372	14,882	16,392	17,902
	100,000	12,435	13,945	15,455	16,965	18,475	19,985	21,495	23,005	24,515
	120,000	18,946	20,456	21,966	23,476	24,986	26,496	28,006	29,516	31,026
	140,000	25,371	26,881	28,391	29,901	31,411	32,921	34,431	35,941	37,451
	160,000	31,796	33,306	34,816	36,326	37,836	39,346	40,856	42,366	43,876
	180,000	38,798	40,308	41,818	43,328	44,838	46,348	47,858	49,368	50,878
	200,000	45,653	47,163	48,673	50,183	51,693	53,203	54,713	56,223	57,733
	220,000	51,824	53,334	54,844	56,354	57,864	59,374	60,884	62,394	63,904
	240,000	57,996	59,506	61,016	62,526	64,036	65,546	67,056	68,566	70,076
	260,000	63,957	65,467	66,977	68,487	69,997	71,507	73,017	74,527	76,037
	280,000	69,846	71,356	72,866	74,376	75,886	77,396	78,906	80,416	81,926
	300,000	75,735	77,245	78,755	80,265	81,775	83,285	84,795	86,305	87,815

		Total value of parents' cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Married parents' adjusted gross income (\$)	60,000	2,546	3,306	4,066	4,826	5,655	6,505	7,469	8,468	9,588
	80,000	6,310	7,280	8,332	9,452	10,701	12,001	13,493	15,003	16,513
	100,000	11,986	13,496	15,006	16,516	18,026	19,536	21,046	22,556	24,066
	120,000	19,405	20,915	22,425	23,935	25,445	26,955	28,465	29,975	31,485
	140,000	26,017	27,527	29,037	30,547	32,057	33,567	35,077	36,587	38,097
	160,000	32,630	34,140	35,650	37,160	38,670	40,180	41,690	43,200	44,710
	180,000	39,243	40,753	42,263	43,773	45,283	46,793	48,303	49,813	51,323
	200,000	45,856	47,366	48,876	50,386	51,896	53,406	54,916	56,426	57,936
	220,000	52,454	53,964	55,474	56,984	58,494	60,004	61,514	63,024	64,534
	240,000	58,879	60,389	61,899	63,409	64,919	66,429	67,939	69,449	70,959
	260,000	65,262	66,772	68,282	69,792	71,302	72,812	74,322	75,832	77,342
	280,000	71,602	73,112	74,622	76,132	77,642	79,152	80,662	82,172	83,682
	300,000	77,943	79,453	80,963	82,473	83,983	85,493	87,003	88,513	90,023

See page 2 for disclosure and assumptions. However, the table for a single parent reflects the single tax filing status.

Appendix 2

Estimated Student Aid Index for a household with two dependents, 2025–2026 school year

		Total value of parent's cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Single parent's adjusted gross income (\$)	60,000	2,101	2,861	3,621	4,381	5,148	5,998	6,882	7,852	8,900
	80,000	5,266	6,116	7,083	8,084	9,204	10,391	11,691	13,111	14,621
	100,000	9,519	10,819	12,174	13,684	15,194	16,704	18,214	19,724	21,234
	120,000	15,666	17,176	18,686	20,196	21,706	23,216	24,726	26,236	27,746
	140,000	22,091	23,601	25,111	26,621	28,131	29,641	31,151	32,661	34,171
	160,000	28,515	30,025	31,535	33,045	34,555	36,065	37,575	39,085	40,595
	180,000	35,517	37,027	38,537	40,047	41,557	43,067	44,577	46,087	47,597
	200,000	42,373	43,883	45,393	46,903	48,413	49,923	51,433	52,943	54,453
	220,000	48,544	50,054	51,564	53,074	54,584	56,094	57,604	59,114	60,624
	240,000	54,715	56,225	57,735	59,245	60,755	62,265	63,775	65,285	66,795
	260,000	60,676	62,186	63,696	65,206	66,716	68,226	69,736	71,246	72,756
	280,000	66,565	68,075	69,585	71,095	72,605	74,115	75,625	77,135	78,645
	300,000	72,454	73,964	75,474	76,984	78,494	80,004	81,514	83,024	84,534

		Total value of parents' cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Married parents' adjusted gross income (\$)	60,000	707	1,467	2,227	2,987	3,747	4,507	5,267	6,115	6,985
	80,000	4,242	5,032	5,882	6,795	7,765	8,850	9,970	11,257	12,583
	100,000	8,713	9,885	11,185	12,586	14,096	15,606	17,116	18,626	20,136
	120,000	15,475	16,985	18,495	20,005	21,515	23,025	24,535	26,045	27,555
	140,000	22,088	23,598	25,108	26,618	28,128	29,638	31,148	32,658	34,168
	160,000	28,701	30,211	31,721	33,231	34,741	36,251	37,761	39,271	40,781
	180,000	35,314	36,824	38,334	39,844	41,354	42,864	44,374	45,884	47,394
	200,000	41,927	43,437	44,947	46,457	47,967	49,477	50,987	52,497	54,007
	220,000	48,525	50,035	51,545	53,055	54,565	56,075	57,585	59,095	60,605
	240,000	54,950	56,460	57,970	59,480	60,990	62,500	64,010	65,520	67,030
	260,000	61,333	62,843	64,353	65,863	67,373	68,883	70,393	71,903	73,413
	280,000	67,673	69,183	70,693	72,203	73,713	75,223	76,733	78,243	79,753
	300,000	74,013	75,523	77,033	78,543	80,053	81,563	83,073	84,583	86,093

See page 2 for disclosure and assumptions. However, the table for a single parent reflects the single tax filing status.

Appendix 3

Estimated Student Aid Index for a household with three dependents, 2025–2026 school year

		Total value of parent's cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Single parent's adjusted gross income (\$)	60,000	262	1,022	1,782	2,542	3,302	4,062	4,822	5,608	6,458
	80,000	3,357	4,117	4,877	5,726	6,598	7,568	8,601	9,721	10,947
	100,000	6,799	7,785	8,905	10,075	11,375	12,775	14,285	15,795	17,305
	120,000	11,736	13,246	14,756	16,266	17,776	19,286	20,796	22,306	23,816
	140,000	18,161	19,671	21,181	22,691	24,201	25,711	27,221	28,731	30,241
	160,000	24,586	26,096	27,606	29,116	30,626	32,136	33,646	35,156	36,666
	180,000	31,588	33,098	34,608	36,118	37,628	39,138	40,648	42,158	43,668
	200,000	38,444	39,954	41,464	42,974	44,484	45,994	47,504	49,014	50,524
	220,000	44,615	46,125	47,635	49,145	50,655	52,165	53,675	55,185	56,695
	240,000	50,786	52,296	53,806	55,316	56,826	58,336	59,846	61,356	62,866
	260,000	56,747	58,257	59,767	61,277	62,787	64,297	65,807	67,317	68,827
	280,000	62,636	64,146	65,656	67,166	68,676	70,186	71,696	73,206	74,716
	300,000	68,525	70,035	71,545	73,055	74,565	76,075	77,585	79,095	80,605

		Total value of parents' cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Married parents' adjusted gross income (\$)	60,000	-	100	493	1,253	2,013	2,773	3,533	4,293	5,053
	80,000	2,509	3,269	4,029	4,789	5,612	6,462	7,420	8,410	9,530
	100,000	6,260	7,230	8,274	9,394	10,633	11,933	13,413	14,923	16,433
	120,000	11,772	13,282	14,792	16,302	17,812	19,322	20,832	22,342	23,852
	140,000	18,385	19,895	21,405	22,915	24,425	25,935	27,445	28,955	30,465
	160,000	24,998	26,508	28,018	29,528	31,038	32,548	34,058	35,568	37,078
	180,000	31,610	33,120	34,630	36,140	37,650	39,160	40,670	42,180	43,690
	200,000	38,223	39,733	41,243	42,753	44,263	45,773	47,283	48,793	50,303
	220,000	44,822	46,332	47,842	49,352	50,862	52,372	53,882	55,392	56,902
	240,000	51,247	52,757	54,267	55,777	57,287	58,797	60,307	61,817	63,327
	260,000	57,629	59,139	60,649	62,159	63,669	65,179	66,689	68,199	69,709
	280,000	63,969	65,479	66,989	68,499	70,009	71,519	73,029	74,539	76,049
	300,000	70,310	71,820	73,330	74,840	76,350	77,860	79,370	80,880	82,390

See page 2 for disclosure and assumptions. However, the table for a single parent reflects the single tax filing status.

Appendix 4

Estimated Student Aid Index for a household with four dependents, 2025–2026 school year

		Total value of parent's cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Single parent's adjusted gross income (\$)	60,000	-	100	200	808	1,568	2,328	3,088	3,848	4,608
	80,000	1,623	2,383	3,143	3,903	4,663	5,456	6,306	7,223	8,193
	100,000	4,723	5,573	6,453	7,423	8,466	9,586	10,823	12,123	13,601
	120,000	8,696	9,865	11,165	12,563	14,073	15,583	17,093	18,603	20,113
	140,000	14,458	15,968	17,478	18,988	20,498	22,008	23,518	25,028	26,538
	160,000	20,883	22,393	23,903	25,413	26,923	28,433	29,943	31,453	32,963
	180,000	27,885	29,395	30,905	32,415	33,925	35,435	36,945	38,455	39,965
	200,000	34,740	36,250	37,760	39,270	40,780	42,290	43,800	45,310	46,820
	220,000	40,911	42,421	43,931	45,441	46,951	48,461	49,971	51,481	52,991
	240,000	47,082	48,592	50,102	51,612	53,122	54,632	56,142	57,652	59,162
	260,000	53,043	54,553	56,063	57,573	59,083	60,593	62,103	63,613	65,123
	280,000	58,932	60,442	61,952	63,462	64,972	66,482	67,992	69,502	71,012
	300,000	64,821	66,331	67,841	69,351	70,861	72,371	73,881	75,391	76,901

		Total value of parents' cash and nonretirement investments (\$)								
		-	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
Married parents' adjusted gross income (\$)	60,000	-	100	200	300	400	840	1,600	2,360	3,120
	80,000	575	1,335	2,095	2,855	3,615	4,375	5,135	5,965	6,815
	100,000	4,110	4,882	5,732	6,621	7,591	8,646	9,766	11,017	12,317
	120,000	8,412	9,532	10,831	12,170	13,680	15,190	16,700	18,210	19,720
	140,000	14,253	15,763	17,273	18,783	20,293	21,803	23,313	24,823	26,333
	160,000	20,866	22,376	23,886	25,396	26,906	28,416	29,926	31,436	32,946
	180,000	27,479	28,989	30,499	32,009	33,519	35,029	36,539	38,049	39,559
	200,000	34,092	35,602	37,112	38,622	40,132	41,642	43,152	44,662	46,172
	220,000	40,690	42,200	43,710	45,220	46,730	48,240	49,750	51,260	52,770
	240,000	47,115	48,625	50,135	51,645	53,155	54,665	56,175	57,685	59,195
	260,000	53,498	55,008	56,518	58,028	59,538	61,048	62,558	64,068	65,578
	280,000	59,838	61,348	62,858	64,368	65,878	67,388	68,898	70,408	71,918
	300,000	66,178	67,688	69,198	70,708	72,218	73,728	75,238	76,748	78,258

See page 2 for disclosure and assumptions. However, the table for a single parent reflects the single tax filing status.

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