

What You Need to Know About Financial Aid

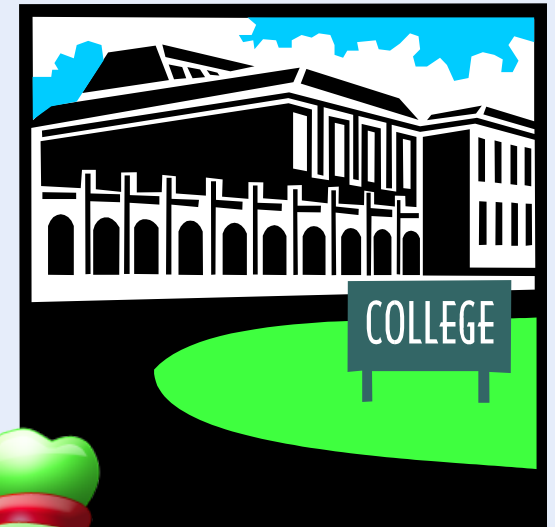
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Topics We Will Discuss Tonight

- What is financial aid?
- Cost of attendance (COA)
- Expected family contribution (EFC)
- Financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances
- Timeline

What is Financial Aid?

Funds provided to students and families to help pay for college expenses



What is Cost of Attendance (COA)?

- Direct costs: tuition & fees, room & board
- Indirect costs: books, transportation, etc
- Direct + Indirect Costs = Cost of Attendance
- Varies widely from college to college
Check colleges' Net Price Calculator on websites

What is Expected Family Contribution (EFC)?

- It is NOT the amount you are expected to pay
- Calculated using data from Free Application for Federal Student Aid (FAFSA)
- Considers income, assets, number in household, number in college
- Stays the same regardless of college
- Colleges use the EFC to determine eligibility for federal, state, and institutional aid

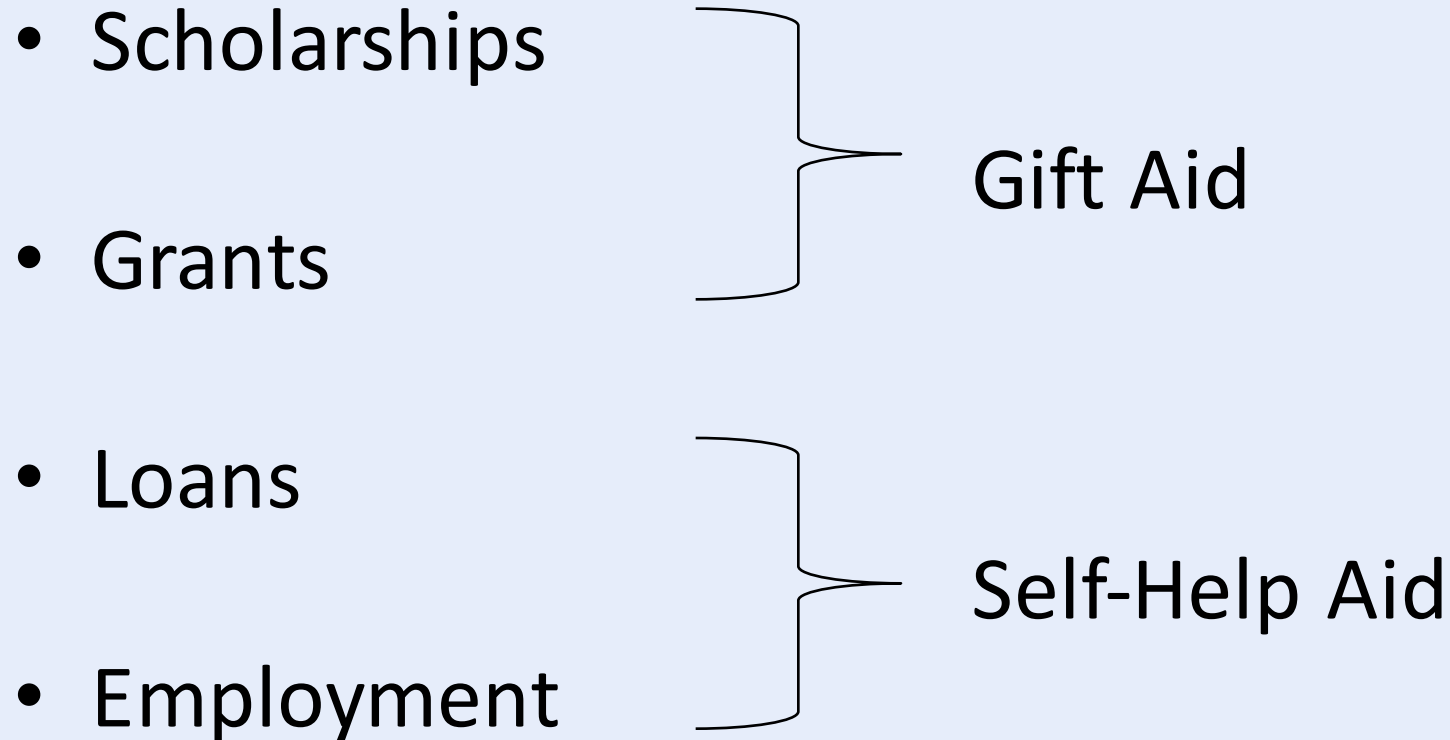
What is Financial Need?

Cost of Attendance

– Expected Family Contribution

= Financial Need

Types of Financial Aid



Gift Aid: Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic
- Don't pay to apply for scholarships

FastWeb.com

EducationPlanner.org

Chegg.com

FinAid.org

Unigo.com

Scholarships.com

Scholarship-Page.com

DoSomething.org/Scholarships

Colleges.Niche.com

StudentScholarships.org

BigFuture.Collegeboard.org

CollegeAnswer.com

CollegeNet.com

MeritAid.com

Scholly.com (Phone App with Fee)

Gift Aid: Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need



Self-Help Aid: Loans

- Money students or parents borrow to help pay college expenses
- Look at loans as an investment in the future
- Repayment usually begins after education is finished
- Only borrow what is really needed
- Use federal student loans before other types of loans

Self-Help Aid: Student Loans

- Typical 1st year student will be offered \$5,500 in federal Direct Loans
- 2016-17 student Direct Loan interest rate is 3.76%
- Federal government pays the interest while the student is in school on Subsidized Direct Loans
- Students can apply for bank/credit union loan with co-signor
- Compare rates and terms on private loans (fixed vs. variable interest; deferred repayment)

Self-Help Aid: Parent Loans

- Parents can consider federal Parent PLUS Loan
 - Online application with quick decision
 - 2016-17 fixed interest rate 6.31%
 - Loan fees of 4.3%
 - Repayment can be deferred
 - If parent is not approved for PLUS, student will receive up to \$4,000 more in 1st year unsubsidized loan
- Parent loans also available from banks/credit unions
- Home Equity Loan option for homeowners

Self-Help Aid: Work-Study Employment

- Allows student to earn money through campus job to help pay educational costs
 - A paycheck; or
 - Nonmonetary compensation, such as room and board
- Student may opt whether or not to work or number of hours to work
- Other campus jobs may also be available

Sources of Financial Aid

- Federal government
- States
- Colleges and universities
- Private sources
- Civic and religious organizations
- Employers

Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of financial need
- Must apply each year using the FAFSA

Federal Student Aid Programs

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study
- Subsidized and Unsubsidized Federal Direct Student Loans
- Parent PLUS Loans

PA State Grant



- Pennsylvania Higher Education Assistance Agency (PHEAA) offers need-based grants to PA residents
- Can complete PHEAA application from link on the FAFSA confirmation page or at www.pheaa.org
- May 1 filing deadline
- Must complete 24 credits to be eligible in subsequent year(s); Max of 4 years
- List a PA college first in your list of schools on FAFSA

Colleges and Universities

- May award aid on the basis of both merit and need
- Aid may be gift aid or self-help aid
- May use information from the FAFSA, CSS Profile, and/or institutional applications
- Deadlines and application requirements vary by institution

Private Sources

- Foundations; businesses; charitable, religious, civic organizations
- Deadlines and application procedures vary widely
- Research what is available in community
- Small scholarships add up!

Employers

- Companies may have scholarships available to the children of employees
- Companies may have educational benefits for their employees

FAFSA

- For the 2017–18 academic year, the FAFSA may be filed beginning October 1, 2016
- Most colleges set FAFSA filing deadlines for priority consideration, typically in February/March for Fall semester
- Can list up to 10 colleges to receive FAFSA
- Best if student and parent complete FAFSA together!

Federal Student Aid User I.D.

- Set up each FSA User I.D. & password before starting FAFSA
 - Create parent FSA User I.D.
 - Create student FSA User I.D.
- FSA User I.D. is your electronic signature for FAFSA
- Can also be used to 'sign' federal loan documents

The screenshot shows the 'Create a New FSA ID' page from the Federal Student Aid website. At the top, it says 'Federal Student Aid' and 'PROUD SPONSOR of the AMERICAN MIND®'. Below this, it explains that an FSA ID gives access to online systems and can serve as a legal signature. It includes a warning not to create an ID for someone else. The page prompts the user to enter answers to questions below and select 'CONTINUE'. There is an important note about clicking 'CANCEL' to clear data. The form itself has two tabs: 'Create An FSA ID' (selected) and 'Edit My FSA ID'. The form fields include: E-mail, Confirm E-mail, Username *, Password *, and Confirm Password *. There are checkboxes for password requirements: Numbers, Uppercase Letters, Lowercase Letters, Special Characters, and 8-30 Characters. A 'Show Text' button is next to the password requirements. At the bottom, there are radio buttons for age: 'I am 13 years of age or older.' and 'I am 12 years of age or younger.'. A green 'CONTINUE' button is at the bottom right. On the right side of the form, there are links for 'Edit My FSA ID' and 'Frequently Asked Questions'.

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Create a New FSA ID

An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature.

Only create an FSA ID using your own personal information and for your own exclusive use. You are not authorized to create an FSA ID on behalf of someone else, including a family member. Misrepresentation of your identity to the federal government could result in criminal or civil penalties.

To create your own personal FSA ID, enter answers for the questions below and select CONTINUE.

Important: When you are done click the CANCEL button to clear your data, even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.

Create An FSA ID | Edit My FSA ID

E-mail

Confirm E-mail

Username *

Password *

Confirm Password *

☒ Numbers ☒ Uppercase Letters ☒ Lowercase Letters ☒ Special Characters ☒ 8-30 Characters

Are you 13 years of age or older? *

☐ I am 13 years of age or older.
☐ I am 12 years of age or younger.

[Edit My FSA ID](#)
[Frequently Asked Questions](#)

FAFSA



- Website: www.fafsa.ed.gov
- Can use FAFSA 4caster to get an early estimate of federal aid

FAFSA

- Only biological/adoptive parents' (and spouse) info reported
- Students of divorced parents report on the parent (and step-parent) whom they lived with most over the last 12 months
- Use 2015 federal tax return and W-2 information
- Include bank account and asset information
- Do NOT include: home value, personal property, qualified retirement funds (i.e. 401(k)), value of life insurance

Student Dependency Status

- Most students under age 24 are considered “dependent” for federal student aid purposes and must include parental information
- FAFSA asks questions to determine student’s dependency

IRS Data Retrieval Tool

- Imports tax data into the FAFSA
- Use your address the way it appears in USPS.com
- Ensures accuracy
- Reduces documents requested by financial aid office
- Cannot use IRS DRT:
 - Filers who submitted an amended tax return
 - Filers who are married but filed separately

Frequent FAFSA Errors

- Name
- Social Security Number
- Divorced/remarried parental information and income
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college

FAFSA – Student Aid Report

- Review data for accuracy and correct any errors
- Student Aid Report (SAR) shows federal aid eligibility
- Email notification containing a direct link to student's online SAR if student's email was provided in FAFSA
- Can view SAR online at www.fafsa.ed.gov



Financial Aid Award Letters

- Colleges receive FAFSA data within about 3-5 days
- Colleges may request additional documentation to verify FAFSA data
- Most colleges will provide estimated Financial Aid Award Letter/Student Aid Summary in March
- Review each college's aid letter to determine true out-of-pocket costs

Special Circumstances

- Change in employment status
- Unusual medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parental information

Special Circumstances

- Cannot be documented using FAFSA
- Send written explanation and documentation to financial aid office at each college
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education

Aid Timeline

Fall of Senior Year:

- ✓ Set up a folder to keep financial aid info
- ✓ Check college websites' Net Price Calculators
- ✓ Set up FSA User I.D. for student and for parent
- ✓ Complete FAFSA



Aid Timeline

March

- ✓ Receive financial aid award letter(s)

May 1

- ✓ College Decision/Deposit Due

June/July

- ✓ Apply for Parent PLUS Loan or bank loan if needed

August

- ✓ Fall tuition payment due

Questions?

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