


# **FINANCIAL AID: UNDERSTANDING THE BASICS:**

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# Session Overview

- Applying for financial aid
  - How financial aid eligibility (need) is determined
  - Types of aid
  - Award package and applying in future years
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# Important Note!!

- ▶ Do not rule out an institution based on sticker price without going through the application process
  - ▶ Many institutions no longer require an application fee
  - ▶ The FAFSA is FREE!
  - ▶ Many private institutions are offering generous aid packages
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# Applying for Aid

- Free Application for Federal Student Aid (FAFSA) is primary application:
  - [www.fafsa.gov](http://www.fafsa.gov) – available **October 1 of senior yr.**
  - For the 2018-19 FAFSA, report 2016 income
  - For the 2019-20 FAFSA, report 2017 income
  - For the 2020-21 FAFSA, report 2018 income
- Find out what other applications are required by the institution AND deadline dates.
- FAFSA is the application for the PHEAA State Grant



# Applying for Aid

## FAFSA Tips:

- Read the instructions
- The student and 1 parent must apply for a Federal Student Aid (FSA) ID and create a password
  - FSA ID <https://fsaid.ed.gov/> - separate email addresses required
  - Apply before filing the FAFSA (at least 3 days)
  - Don't forget to sign and submit
  - List up to 10 schools
- Make sure all Social Security numbers are correct
  - Make sure student SSN is on admission application



# Applying for Aid


FAFSA tips:

## Parent Marital Status

- ▶ Report current marital status – does not necessarily refer to the student's biological parents
- ▶ Divorced/ separated – custodial parent files the FAFSA
  - ▶ Non-custodial parent's information is NOT included
- ▶ If remarried, stepparent's information must be included



# Applying for Aid

- Use the IRS Data Retrieval Tool to automatically import student and parent income
  - Will be encrypted for security purposes
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# Applying for Aid

The following income fields do NOT import when using the IRS DRT. You must enter manually:

- Income earned from work – reported on W-2
- Payments to tax-deferred retirement plans reported on the W-2 (untaxed income)





# Applying for Aid

Special Circumstances - If the income reported on the FAFSA is no longer accurate, for example:

- Job loss
- Reduction in income – including child support
- Extraordinary unreimbursed medical expenses
- Distribution from retirement account due to financial hardship/paying for college

**Contact the Financial Aid Office**



# Applying for Aid

## Student Aid Report (SAR)

- Output document from the FAFSA
- SAR Includes:
  - Your Expected Family Contribution (EFC)
  - All your information – PLEASE REVIEW IT!
  - Make corrections if necessary



# FAFSA Completion Days

- Sponsored by the PA Higher Education Assistance Agency (PHEAA) and the PA Association of Student Financial Aid Administrators (PASFAA)
- Check [www.pheaa.org](http://www.pheaa.org) in September for dates and locations



# Applying for Aid

- ▶ May be selected for Verification
- ▶ Use IRS Data Retrieval Tool **OR** request Tax Return Transcript from IRS (copy of tax return is not acceptable)
- ▶ W-2 forms or other tax documents may be required



# Applying for Aid

- Everyone should complete the process for the first year
- Get your student involved in the application process

Remember ...this is their education!



# Determining Eligibility for Aid (Need)

**Cost of Attendance**

-


**Expected Family Contribution**

=

**Student's Financial Need**



# Cost of Attendance

- Billable Costs
    - Tuition and Fees
    - Room and Board
  - Soft Costs
    - Books and Supplies
    - Transportation
    - Miscellaneous Personal Expenses
- 

# What is the EFC?

Parent Contribution

+

Student Contribution

=

Expected Family Contribution (EFC)



# Factors Considered in the EFC

- ▶ Parent Income – Family Size/Number in College
- ▶ Parent Assets (report as of the day you file the FAFSA & do not update):
  - ▶ **Exclude** primary residence, qualified retirement plans,  
50% family-owned business with <100 FT employees
  - ▶ **Include** value of college savings plan/529 or pre-paid tuition plan for all children if parent is owner of account
  - ▶ Asset Protection Allowance – age of the oldest parent
    - ▶ Age 45, 2 parents = \$18,800; over this amount-12%

# Factors Considered in the EFC

- ▶ Student Income – Income Protection Allowance = \$6,420
  - ▶ if earnings are greater, 50% included
- ▶ Student Assets (report as of the day you file the FAFSA) – 20% included

# EFC Calculation

- ▶ Access the FAFSA4caster [www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov) for general aid information and to calculate your EFC prior to filing the FAFSA
- ▶ Net Price Calculator – every institution has one
  - ▶ REMEMBER – it's an ESTIMATE based on the current year's costs, financial aid budget and awarding policies
  - ▶ Does not replace aid or admission application processes
  - ▶ Only as accurate as the information provided



# Primary Sources of Aid

- Federal Government
  - State Government
  - Postsecondary Institutions
  - Private Organizations
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# Types of Aid

- **Gift Aid** – free money
  - Scholarships
  - Grants
- **Self-help Aid** – money earned or paid back after graduation (usually 6 month grace period)
  - Loans
  - Student Employment

# Types of Aid - Gift Aid

## ► Grants

- Pell – federal; FAFSA is application
- TEACH – federal; pursue teaching degree
- PHEAA – PA residents; FAFSA is application
- Institutional Grants

## • Scholarships

- Institutional
- High School Guidance Office
- Internet searches

# Types of Aid – Self-help Aid

## ➤ Direct Stafford Loan

- Subsidized and unsubsidized; fixed rate - 4.45% (17-18); reset every July 1.
- 1.068% origination fee
- Borrowing limits based on class year
- Repayment begins 6 months after graduation

## Perkins Loan

- 2017-2018 is final year of the program
- 5.0% fixed interest rate



# Types of Aid – Self-help Aid

## Federal Work-Study

- Need-based employment through on-campus job. May or may not be assigned by school
- Paid for hours worked
  - spending money
  - usually minimum wage or slightly higher
- Great opportunity to make connections on campus
- Typically helps students with time management



# The Financial Award Package

- ▶ Beginning in fall/winter of the senior year, institutions will begin sending financial award packages to students who are:
  - ▶ Accepted
  - AND**
  - ▶ Completed FAFSA on file
- ▶ The award letter will detail the amounts and types of aid for which the student is eligible to receive.
- ▶ Be sure to compare both the out-of-pocket expense and the types of aid.

# Financing Options

- **Payment plan** – 10 or 12 months
- **Federal Parent PLUS Loan**
  - 7.0% fixed interest rate (17-18); resets July 1
  - 4.272% origination fee
- **Student Alternative Loan**
  - Credit-worthy cosigner required
  - Fixed and variable rates available
  - Institution may provide a list of recommendation list of lenders

# Next Year

- ▶ Student must make Satisfactory Academic Progress
- ▶ File the paperwork every year – FAFSA and any other institutional aid applications
- ▶ The FAFSA Central Processor and the institution will notify you when it's time to file again

**The Financial Aid Office is your best resource  
WE ARE HERE TO HELP YOU!**

# Thank You for Attending!



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