Applying for Financial Aid 2018-2019 Academic Year

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Topics we will discuss

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
- Financial Need
- Categories, types and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Institutional Aid

Cost of Attendance

- Direct Costs
  - ✓ Tuition and Fees
  - ✓ Room and Board
- Indirect Costs
  - ✓ Books and Supplies
  - ✓ Transportation
  - ✓ Miscellaneous and Personal Expenses (purchase of a computer)

*Varies Widely from college to college

What goes into paying for education?

- Family's ability to pay
- Federal and state aid
- The college's financial aid
- Outside scholarships from community organizations

What is Expected Family Contribution (EFC)?

- Amount a family can reasonably be expected to contribute
- Two components
  1. Parent Contribution
  2. Student Contribution
- Federal EFC calculated using data from FAFSA and a federal formula
- Institutional EFC calculated using data from the college's required documentation using a formula specific to the college

Definition of Financial Need

Cost of Attendance

LESS

Expected family contribution (EFC)

LESS

Other financial assistance

EQUALS

Financial need

Comparison of Need by Cost

	4 Year Private	4 Year Public	2 Year Public
Cost of Attendance	$60,000	$25,000	$ 7,000
Expected Family Contribution (EFC)	$10,000	$10,000	$10,000
Need	$50,000	$15,000	0

Categories of Financial Aid

- Need Based Federal Aid
  - ✓ Grants
  - ✓ Subsidized Loans
  - ✓ Work Study
- Need Based Institutional Aid
- Non Need Based Federal Aid
  - ✓ Unsubsidized Loans
  - ✓ Certain Grants
- Non Need Based Institutional Aid
  - ✓ Merit or Athletic Scholarships

Types of Financial Aid

- Grants & Scholarships
  - ✓ Money that does not have to be paid back
- Loans
  - ✓ Money students and parents borrow to help pay college expenses
  - ✓ Does need to be paid back
  - ✓ Only borrow what is really needed
  - ✓ Subsidized: interest does <u>not</u> accrue while the student is enrolled
  - ✓ Unsubsidized: interest <u>does</u> accrue
- Work Study
  - ✓ Allows student to earn money to help pay educational costs

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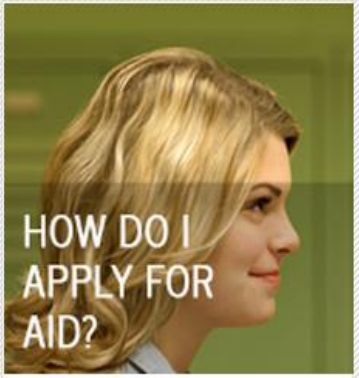
Minds can achieve anything. We make sure they get to college.

At Federal Student Aid, we make it easier to get money for higher education.

Learn about exploring careers, choosing and applying to schools, and taking required tests. Use checklists to help get ready.

Read about the types of financial aid available from the government and other sources: grants, scholarships, loans, and work-study.

Most people are eligible for financial aid. Find out who gets aid, how to stay eligible, and how to get eligibility back if you've lost it.



Learn how to submit your *Free Application for Federal Student Aid* (FAFSA℠), how aid is calculated, and how you'll get your aid.

Choose a repayment plan, pay on time, avoid default, and get help with problems.

FAFSA

Free Application for Federal Student Aid, 2018-2019

- A standard form that collects demographic and financial information about the student and family
- Used to determine eligibility for federal/state need based aid
- Formula is determined by Congress
- Required by all schools
- Must be completed annually

FAFSA on the Web Homepage

www.fafsa.gov

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Get help paying for college

Submit a Free Application for Federal Student Aid (FAFSA)

New to the FAFSA?

Start A New FAFSA

Returning User?

- Make a correction
- Add a school
- View your Student Aid Report (SAR), and more...

Login

FAFSA Changes for 2017-2018

CHANGES TO THE FAFSA® PROCESS FOR 2017–18

SUBMIT A FAFSA EARLIER: Students will be able to submit a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit their FAFSAs as early as October 1 every year. (There is NO CHANGE to the 2016–17 schedule. The 2016–17 FAFSA became available Jan. 1, 2016.)

USE EARLIER INCOME AND TAX INFORMATION: Beginning with the 2017–18 FAFSA, students will report income and tax information from an earlier tax year. For example, on the 2017–18 FAFSA, students (and parents, as appropriate) will report their 2015 income and tax information, rather than their 2016 income and tax information.

Here's a summary of key dates for submitting the FAFSA depending on when you plan to go to school:

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU WILL SUBMIT THIS FAFSA	YOU CAN SUBMIT THE FAFSA FROM	USING INCOME AND TAX INFORMATION FROM
July 1, 2015–June 30, 2016	2015–16	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	2016–17	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	**2017–18**	**October 1, 2016–June 30, 2018**	**2015**
July 1, 2018–June 30, 2019	2018–19	October 1, 2017–June 30, 2019	2016

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StudentAid.gov/fafsa

Federal Student Eligibility Requirements

- U.S. Citizen or eligible non-citizen
- If male and age 18 must register for Selective Service
- Have a valid social security number
- Must be enrolled as a regular student in an eligible degree or certificate program
- Must have a high school diploma or an equivalent
- While enrolled in college, must make satisfactory academic progress
- Must have resolved any drug conviction issue

Family Contribution Components

- Parent(s)' income – taxed and untaxed
- Student's income – taxed and untaxed
- Value of parent's assets (at the time of FAFSA completion)
  - ✓ Does include trusts, investment properties, % of primary residence that is rented out & balance of 529 plans set up by the parent on FAFSA
  - ✓ Doesn't include value of retirement accounts or primary residence home equity on FAFSA
- Value of student's assets (at the time of FAFSA completion)
  - ✓ Does include trusts if the student is a beneficiary and UGMA/UTMA accounts
  - ✓ Doesn't include 529 plans
- Number of household members
- Number of dependents attending college at least half-time

Federal Definition of a Parent

- Only custodial parent information is required on FAFSA
  - ✓ No information required from the non-custodial parent
  - ✓ Custodial parent and stepparent financial information is included
- If student's parents live together, regardless of marital status or gender, financial information from both parents must be reported.
- The following people are not the student's parents unless they have legally adopted the student: grandparents, foster parents, legal guardians, older siblings, uncles & aunts

IRS Data Retrieval Tool (DRT)

- While completing FAFSA on the web, the applicant may submit a real-time request to the IRS to pre-populate tax data
- Participation is voluntary but highly recommended
  - ✓ Completion of income data is quicker and easier
  - ✓ Reduces documents required by the financial aid office if the FAFSA is selected for a process called "verification"
- System is extremely picky! Data must be entered <u>exactly</u> as it appears on your tax return
- Some will be unable to use the DRT (option will not appear)
  - ✓ Filed a foreign tax return
  - ✓ Married but filing separately

FAFSA Processing Results

- FAFSA notifies student of processing results by email notification containing a direct link to student's online Student Aid Report (SAR)
- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 3 business days after FAFSA is submitted

Correcting the FAFSA

- Corrections can be made after the FAFSA has been submitted and processed
- Can add or remove a college
- Do not make too many corrections
  - ✓ Assets should be corrected only if an error was made; they should not be updated as accounts fluctuate.

Institutional Financial Aid: Where do I start?

- Learn the college's financial aid application requirements and deadline date(s).
- Use the Net Price Calculator available on each college's web site.

Net Price Calculator

- Will help you estimate how much financial aid may be offered from each school.
- Carefully read all instructions and pop ups.
- All calculators are not alike.
  - ✓ Each college builds theirs based on their policies.
- Don't forget untaxed income
  - ✓ ie. Payments to tax deferred pension plans (W2, Box 12 codes D, E, F, G, H & S – NOT DD)

Institutional Financial Aid

- Need or non-need based financial aid from the college's own funds awarded based on the institution's formula and policies
- Based on information provided on the CSS Profile or a custom institutional application as well as supporting documentation required by the college
- Information from the non-custodial parent is generally required
- Tax losses may be added back
- Depreciation associated with a business or investment property may be added back
- There may be a minimum student contribution
- Allowances for number of dependents enrolled in college may be different

Institutional Financial Aid

- Questions to ask the financial aid office:
  - ✓ Do they award merit and/or athletic scholarships or do they award only need based aid?
  - ✓ Do they meet full need?
  - ✓ Is aid package guaranteed all four years or will your award change each year?
  - ✓ What happens if another dependent enrolls in or leaves a undergraduate program?
  - ✓ Do they look at home equity or retirement accounts?
  - ✓ Do they have a minimum student contribution?
  - ✓ Do they add back tax losses or depreciation?
  - ✓ If a noncustodial parent cannot be located, how do I waive requests for their information?

Meeting the Full Need and Gapping

College	A	B
Cost of Attendance	$60,000	$60,000
Expected Family Contribution (EFC)	$ 10,000	$ 10,000
Need	**$50,000**	**$50,000**
Aid Awarded	**$50,000**	**$35,000**
Unmet Need	0	$15,000

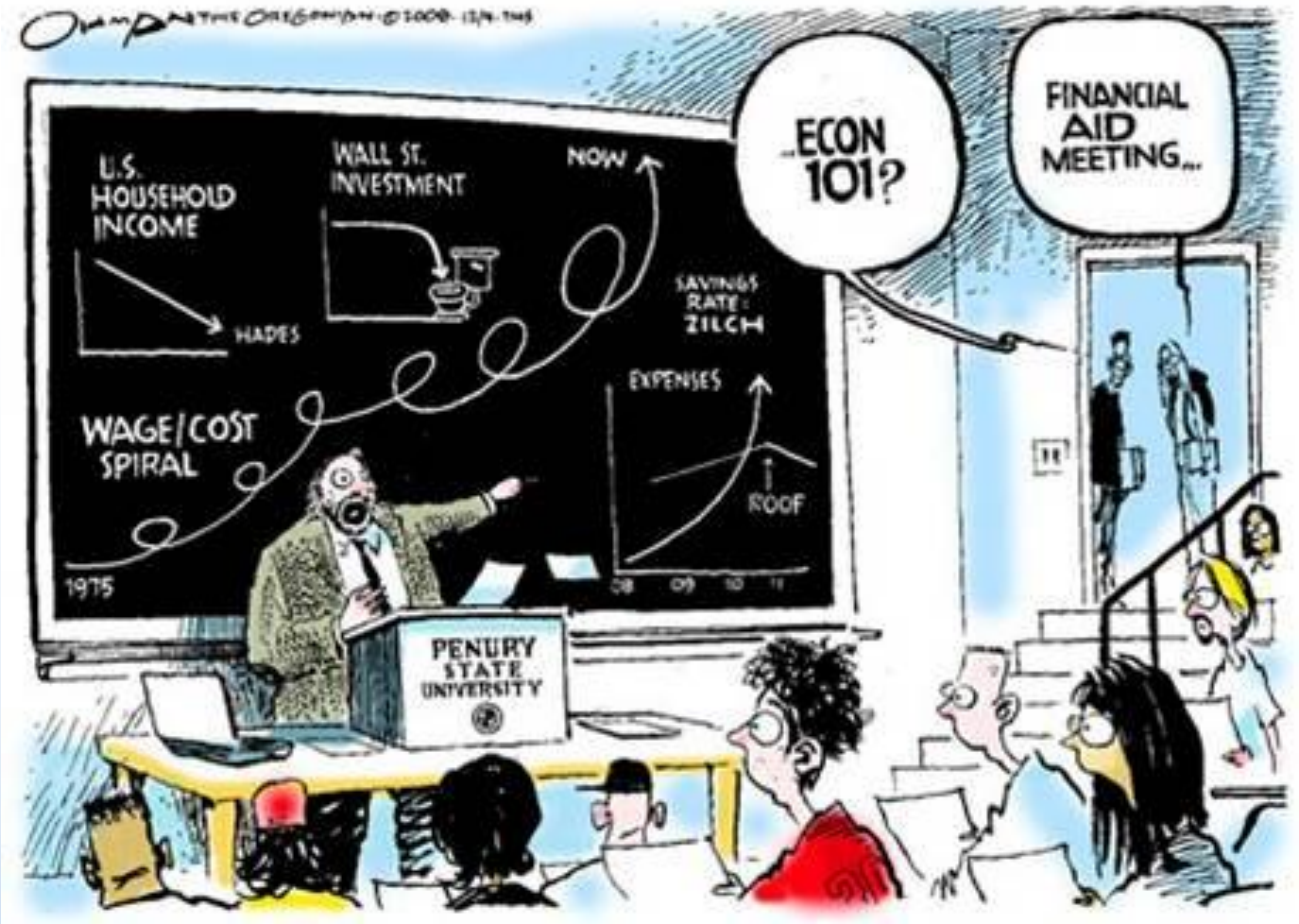
CSS/Financial Aid Profile

- Offered by CollegeBoard
- Not required by all schools
- Used to determine eligibility for need-based institutional grants
- There is a cost
- If applicable, the non-custodial parent will complete a separate Profile after the custodial Profile has been submitted
- Once the Profile has been submitted, you will not be able to make corrections. If you discover an error, contact the school's financial aid office directly.

Institutional Documentation Service (IDOC)

- Offered by CollegeBoard
- Many schools that participate in the CSS Profile also participate in IDOC
- A family will upload or send their required application documentation (ie tax returns & W2s) to IDOC. IDOC will then make the documentation available to all schools the student has indicated they are applying to who participate in the service

Additional Resources

- Outside scholarships from community organizations
  - ✓ High school guidance office
  - ✓ www.finaid.org
  - ✓ www.fastweb.com
  - ✓ BEWARE! If a scholarship application requires a fee – it is probably a scam.
- Loan Programs – Do some research to determine what is the best option for you!
  - ✓ PLUS (Parent Loan for Undergraduate Students)
    - Federal loans for parents
    - Interest & origination fee determined annually by Congress
  - ✓ Alternative Loans from banks, credit unions, state agencies, lending agencies etc.
    - Interest and/or possible origination fees vary by lender & borrower's credit
    - Can be in the student's or a parent's name

Thank you for your attention. What questions can I answer for you?