


FINANCIAL AID: UNDERSTANDING THE BASICS:



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Session Overview

- Applying for financial aid
 - How financial aid eligibility is determined – financial need
 - Sources and types of aid
 - Award package/offer 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

Applying for Aid

- Free Application for Federal Student Aid (FAFSA) is primary application:
 - fafsa.gov & myStudentAid – **available October 1**
 - For the 2020-21 FAFSA, report 2018 income
 - For the 2021-22 FAFSA, report 2019 income
 - For the 2022-23 FAFSA, report 2020 income
- Find out what other applications are required by the institution AND deadline dates.
- FAFSA is the application for the PA State Grant – link at the end of FAFSA, enable pop-up blockers.



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 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
- 



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). **Do NOT include rollovers.**



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 Help Events

- Sponsored by the PA Higher Education Assistance Agency (PHEAA) and the PA Association of Student Financial Aid Administrators (PASFAA)
- In late Sept. check www.pheaa.org under the College Planning tab for dates and locations of FAFSA Completion Help Events



Applying for Aid

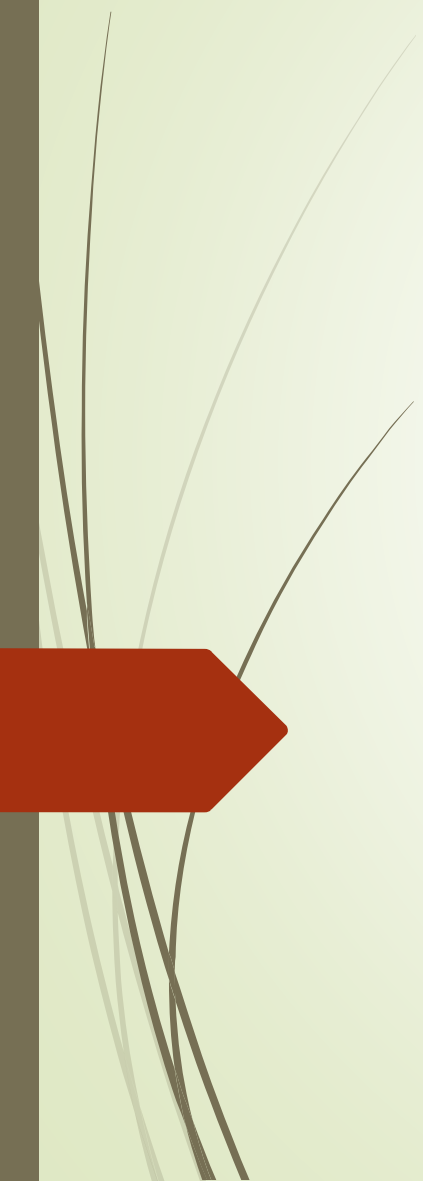
- ▶ May be selected for Verification
- ▶ Use IRS Data Retrieval Tool – fulfills the tax requirement
- ▶ W-2 forms or other tax documents may be required



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 Financial Aid Eligibility – Financial Need



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 = \$5,500; over this amount-12%

Factors Considered in the EFC

- ▶ Student Income – Income Protection Allowance = \$6,840
 - ▶ if earnings are greater, 50% included
- ▶ Student Assets (report as of the day you file the FAFSA and do not update) – 20% included



EFC Calculation

- ▶ Access the FAFSA4caster studentaid.ed.gov/sa/fafsa/estimate 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

Sources & Types of Financial Aid





Primary Sources of Aid

- Federal Government
 - State Government
 - Postsecondary Institutions
 - Private Organizations
- 

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
- PA State Grant – PA residents; FAFSA is application
- Institutional Grants

• Scholarships

- Institutional
- High School Counseling Office
- Internet searches



Types of Aid – Self-help Aid



Direct Stafford Loan

- Subsidized and unsubsidized; fixed rate – 4.53% (19-20); reset every July 1.
- 1.062% origination fee
- Borrowing limits based on class year
- Repayment begins 6 months after graduation

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



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**
 - 7.08% fixed interest rate (19-20); resets July 1
 - 4.248% 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 – cumulative GPA and earn a certain percentage of total cumulative attempted credits (67% is minimum).
- ▶ 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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