



FINANCIAL AID '101

Paying for Postsecondary Education

What Is Financial Aid?

- Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses.
- Grants/Scholarships (free money)
- Self-Help (work, savings, etc.)
- Loans

Where Does the Money Come From?

- Federal Government
- State Government
- School/Colleges
- Private Scholarship Sources:
 - » HS counselors
 - » Clubs and organizations
 - » Employers
 - » Internet scholarship searches

Types of Financial Aid

Need Based - grants, loans, and employment usually based on:

- Income
- Assets
- Other factors

Merit – scholarships usually based on:

- Academic or athletic ability
- Special talent or achievement
- Program of study

The background of the slide features several stacks of US dollar bills, including \$10,000 and \$100 bills, arranged in a slightly chaotic manner. The entire image is overlaid with a semi-transparent green filter. The text is centered over the stacks.

THE FAFSA

FEDERAL AND STATE AID

FAFSA – Free Application for Federal Student Aid

FAFSA.gov

- FAFSA is the primary federal form for financial assistance to attend postsecondary school
- It determines:
 - » Expected family contribution
 - » Eligibility for most aid programs
- Must file a FAFSA to be eligible for these programs each year a student attends school
- File online – Fast, Secure, SKIP LOGIC and Built-in Edits
- Want practice? Visit FAFSA4CASTER



FSA ID

Electronic Signature:

Create an FSA User ID and Password:

- **The student** and **one** parent will sign the FAFSA electronically - each needs a **SEPARATE** email address and ID/password
- A verification process may delay use - Get your ID/password early
- **A FAFSA IS NOT COMPLETE UNTIL SIGNED!**

You'll use it again for:

- Renewal FAFSA
- FAFSA status and corrections
- Signing a Direct Loan Master Promissory Note (MPN)
- Complete required entrance and exit loan counseling
- Review loan history at NSLDS.ed.gov

The image shows a computer monitor displaying the StudentAid.gov website. The browser's address bar shows 'studentaid.gov'. The page header includes the StudentAid.gov logo and navigation links: 'About Us', 'FSA ID', 'StudentAid.gov', and 'Help'. A large blue banner reads 'Get help paying for college' with a sub-link 'Submit a Free Application for Federal Student Aid (FAFSA)'. Below this, a section titled 'Create a New FSA ID' explains that an FSA ID is required for federal aid and provides instructions on how to create one. A red circle highlights the 'FSA ID' link in the navigation bar. Another red circle highlights the text 'create an FSA ID now' in the main content area. The form below includes fields for 'E-mail', 'Confirm E-mail', 'Username', and 'Password', along with a 'Confirm Password' field and a radio button selection for age (13 years or older vs. 12 years or younger). Navigation links at the bottom right include 'Log in to STUDENTAID.GOV', 'Edit My FSA ID', and 'Frequently Asked Questions'.

STUDENT

Student Demographic Information

Your last name: Lastnamerapp Your first name: Harvey Your middle initial: L

Your Social Security Number: 236-04-1006

Your date of birth (mmddyyyy): 04/19/1992

Are you male or female?
 Male Female

Your permanent mailing address (include apt. number): 123 Main Street

Your city (and country if not U.S.): Anywhere Your state: Pennsylvania

Your ZIP code:

Help and Hints

Does Student Want to Provide Driver's License Information?

Select **Yes** if you want to provide your driver's license information.

Select **No** if you do not have a driver's license or an identification card or do not want to provide your driver's license information.



**STUDENT SECTION:
Dark Blue**

PARENT

Application was successfully saved.

Help and Hints

Parents' Number in College in 2013-2014 (Parents Excluded)
Question 73

Enter the number of people in your [parents' household](#) who will attend college between July 1, 2013 and June 30, 2014. Do not include your parents in this number.

Include:

- Yourself, even if you will attend college less than half time in 2013-2014.

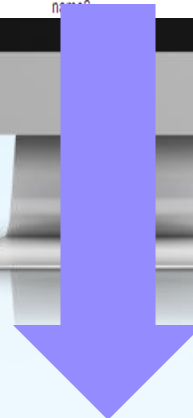
What is your parents' marital status as of today?
Married or Remarried

When did your parents get married or remarried? Enter the month and year. (mm/yyyy)
09/1989

What is your father's/stepfather's Social Security Number? What is your father's/stepfather's last name?
123-45-6789 Lastnamerapp

What is your father's/stepfather's first initial? What is your father's/stepfather's date of birth? (mmddyyyy)
G 01/01/1965

What is your mother's/stepmother's Social Security Number? What is your mother's/stepmother's last name?



**PARENT SECTION:
Purple**

Know When to Apply!

- **Federal Deadlines** - Apply anytime after October 1st of the students SENIOR YEAR and every year after that they are going to school!
- **School Deadlines** – check out your college(s)' websites to see if they list a priority filing deadline.
- **PA State Grant Deadlines for FAFSA**
 - » **May 1, 2017** – First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges)
 - » **August 1, 2017** – First-time students attending community college; a business, trade or technical schools, hospital school of nursing; Open Admissions Institutions or a 2-year non-transferrable degree program at a Jr or 4-year college.

Starting the Financial Aid Process

Know what financial aid forms each school requires

ALL Schools Require:

- **FAFSA** (Free Application for Federal Student Aid) after Oct 1 in Sr. Year
 - » Required by all schools, PHEAA, and some scholarship organizations
- **STATE GRANT FORM (SGF)** through PHEAA
 - » Required for first-year students (and may be requested for subsequent years) = after FAFSA is completed

SOME Schools Require:

- **CSS Profile** required by some postsecondary schools and scholarship organizations
- **Institutional financial aid forms**
- **Internal school forms**

Info You May Need for the FAFSA

- **Social Security Numbers**
- **Driver's license (student only; this information is optional)**
- **Prior Prior year's federal income tax return (1040, 1040A or 1040EZ)**
- **W-2 forms from all employers**
- **Current bank statements (checking and savings)**
- **Current business and farm records (if >100 employees / if you don't live on the farm)**
- **Records of any stocks, bonds and other investments, including 529 accounts (Net amounts)**
- **Additional untaxed income, tax records may be needed such as: Veteran's non-educational benefits, child support paid/received, workers' compensation, disability payments**
- **Alien registration or permanent resident card (if not a U.S. citizen)**



Whose Info Goes on the FAFSA?

- Divorced or separated parents (The parent the student lived with the most over the past 12 months. If equal, then the parent who provided more than 50% of student's support)
- Stepparents - YES
- Adoptive parents - YES
- Foster parents - NO
- Legal guardians through the court - NO
- Anyone else the student is living with - NO



FAFSA

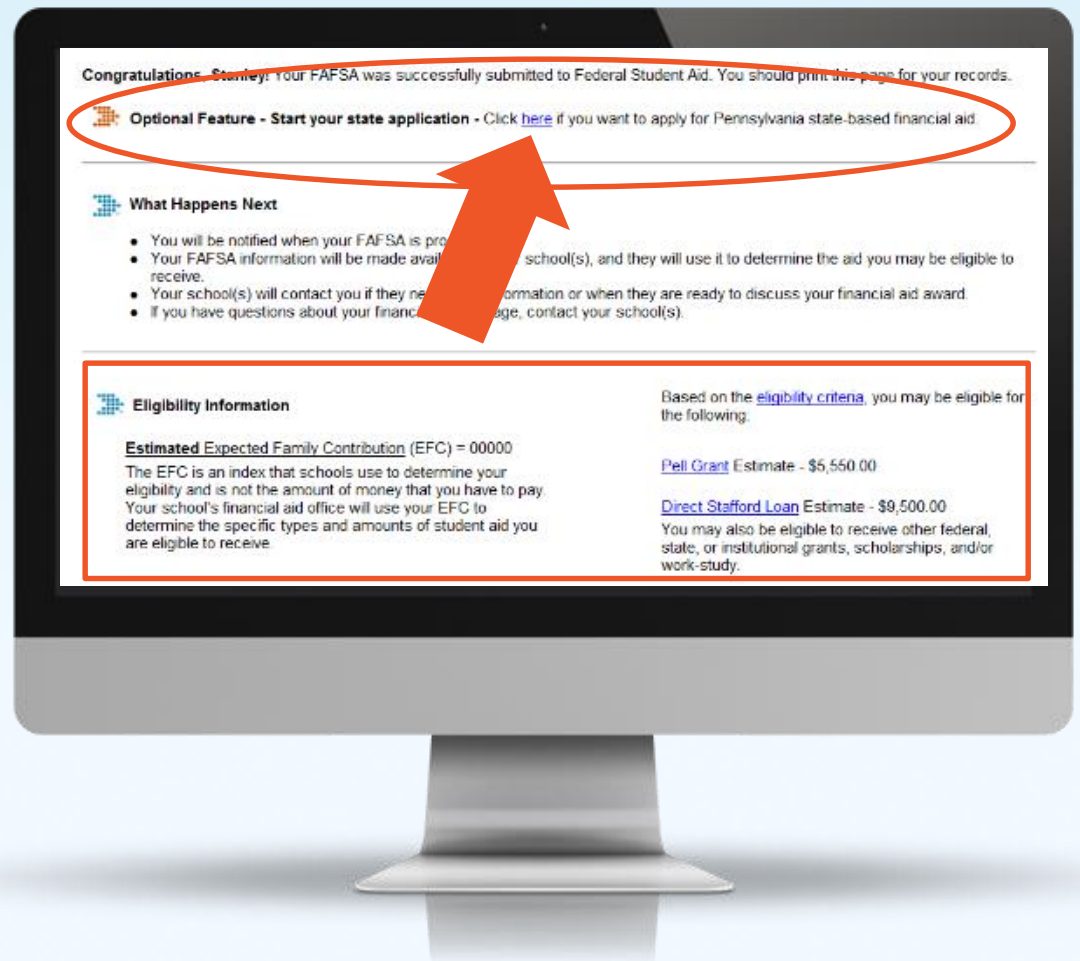
NEW!

Two major changes to the FAFSA will take effect for the 2017-18 school year:

- **The FAFSA will be available earlier.**
 - » Students will be able to file a 2017-18 FAFSA as early as **October 1, 2016**, rather than beginning on January 1, 2017.
- **The FAFSA will collect income information from the earlier tax year**
 - **Prior Prior Year (PPY) income.**
 - » Families will file the 2017-18 FAFSA using 2015 tax information and 2015 income.
 - » Use the IRS Data Retrieval Tool to transfer Prior Prior Tax year directly in to the FAFSA!!

FAFSA Completion Page

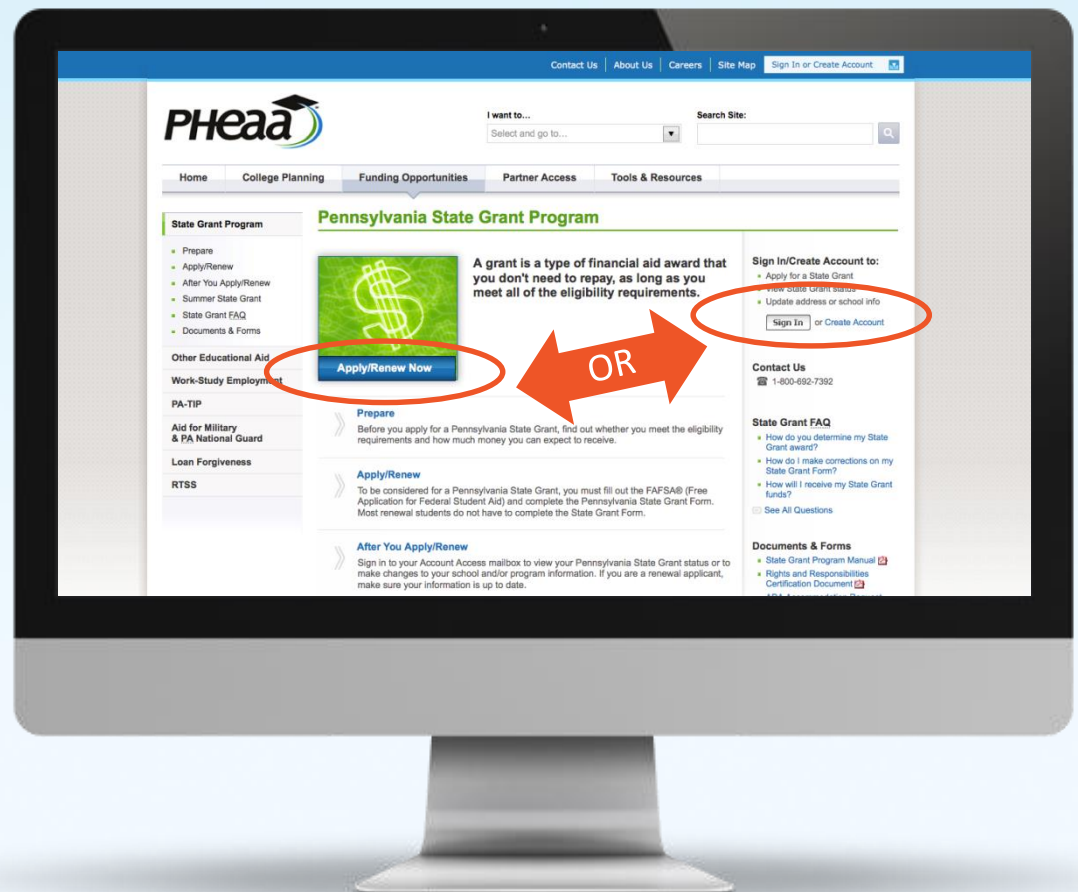
- Apply for your State Grant from the FAFSA Completion/Confirmation page
- Start your state application to apply for Pennsylvania state based financial aid
- TRANSFERS FAFSA data to the State Grant Application



Online State Grant Application

Missed the link or it wasn't available?

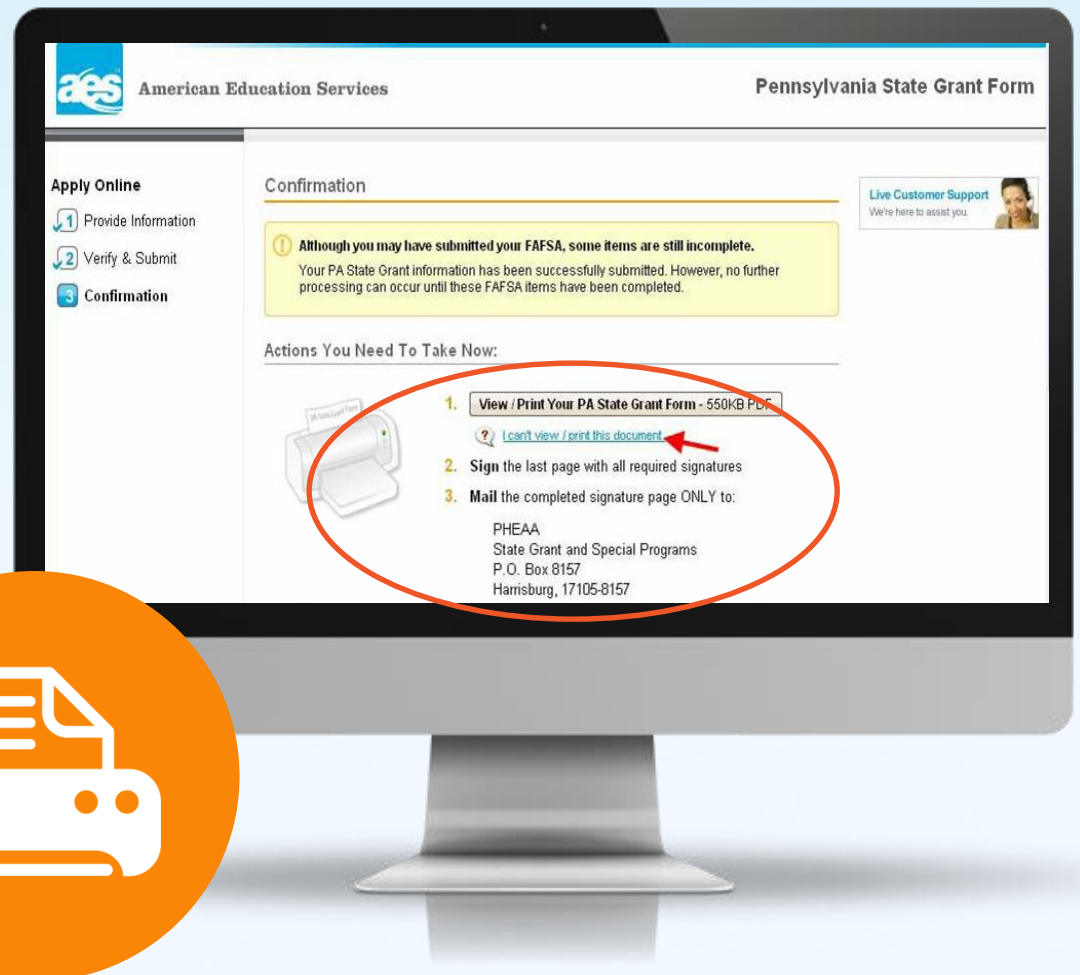
- Link in an email sent to student/parent from PHEAA, OR
- Go to PHEAA.org; State Grant Program; and complete the form
- Additional questions needed to determine PA State Grant eligibility:
 - » Enrollment status (full-time/part-time)
 - » Value of PA 529 College Savings Program
 - » Program of study for students in vocational programs
 - » Employment status



Help screens are available for all questions!

All Done? Now What?

You **MUST** print, sign & mail in the grant confirmation page!



FAFSA Completion Tips

- Can use estimated income to complete, if necessary (most families should have taxes completed prior to October 1st). If estimates are used, must go back and update FAFSA after taxes completed.
- Answer all income questions
- Carefully review untaxed income questions
- Review asset questions before completing them
- 529 Plans must be reported as parent assets
- Assets do NOT include home, retirement or insurance
- Do not report a business if it employs less than 100
- Do not report a farm if you live on the farm
- Some people can skip asset questions
- Online help available on the form

Federal Programs

- Pell Grant (2017-18 max award \$5,920*)
- Campus-based aid – amounts determined by FAO
 - » FSEOG..... up to \$4,000
 - » Perkins Loan..... up to \$5,500 (undergraduate)
 - » Federal Work-Study..... FAO determines
- For most programs, student must be enrolled at least half-time.

* Goes to most financially needy students

Pennsylvania State Grant*

- In-state (PA) - Full-time up to \$4,378
- In-state (PA) – Part-time 1/2 of the FT award
- Out-of-state - Up to \$600 in DC, DE, MA, OH, VT, WV
- Amount determined in part by the cost of the school and financial need.

* Must be at least half-time to be eligible

Other State Programs

- State Work-Study - job related to major
- Educational Assistance Grant (EAP) – National Guard
- Chafee Education and Training Grant – co-administered with the PA Department of Human Services
- Blind or Deaf Beneficiary Grant
- Postsecondary Educational Gratuity Program (PEGP)
- Partnerships for Access to Higher Education (PATH)
- Pennsylvania Targeted Industry Program (PA –TIP)
- Ready to Succeed Scholarship (RTSS)
- For details, see the PA Student Aid Guide, or visit [PHEAA.org](https://www.pheaa.org).



FORMS ARE FILED – NOW WHAT?

What Happens Next?

- **EFC Generated on Confirmation Page**
- **Student Aid Report** or Acknowledgment sent to student (review and make necessary corrections)
- **Information is sent to PHEAA.** Student must complete State Grant Form (SGF). Can link to this directly from the FAFSA.
- **Account Access (PHEAA)** – Student should create an account at PHEAA.org to view PA State Grant.
- Information is sent to **schools/colleges**. Send to all schools put on the FAFSA.

How is the EFC Calculated?

- The EFC is a number calculated to measure and compare the general financial strength of all families applying for aid
- EFC formula considers a family's taxed & untaxed income, assets, size, how many will be attending college, and age of oldest parent
- **NOT AN ASSET:** Home, personal property, qualified retirement funds, and the cash value of life insurance is excluded from assets
- **Asset Protection Allowance** is applied against parent's reported assets
 - » EFC calculation roughly uses 6% of parent asset contribution and 20% of student contribution
 - » Student income contribution used in the calculation: 50% of amounts over \$6,320
 - » Parent contribution divided by number of children in college at the same time

COA (Cost)

- EFC

= NEED

Calculating Financial Need

Schools/colleges receive financial aid information and calculate financial need

- Financial Aid Office (FAO) “packages” student based on financial need and available funding (varies from school to school)
- Financial aid award letter sent to student

School cost	\$26,000
EFC	– \$3,000
Financial Need	\$23,000

What School Costs Are Considered?

- School costs include:
 - ✓ Tuition and fees
 - ✓ Room and board
 - ✓ Books and supplies
 - ✓ Transportation
 - ✓ Miscellaneous living expenses



**You can receive
financial aid up to
the total of the
school regardless
of your EFC!**

Financial Aid Award Letter

- Official notification from school about financial aid, terms and conditions
- Lists the type and amount of each award to be received
- Describes what must be done to accept or reject any award
- Discloses students rights, responsibilities and academic requirements

Reviewing the Financial Aid Package

- After reviewing their packages, students should be sure they know and understand the following:
 - » How much of the financial aid is free money?
 - » Which awards are based on need, and which are based on merit?
 - » Are there any conditions on the free money; in particular, is there a GPA requirement?
 - » Will awards change from year to year?
 - » Will institutional awards increase as tuition increases?
 - » Will loans be needed? If so, how much?



FEDERAL LOANS

Federal Direct Loan Program

- Available to ALL students REGARDLESS of need
- AWARDED to every eligible undergraduate student
- In student's name, no collateral or credit check, no cosigner, must sign Master Promissory Note (MPN)
- Available loan amounts increase in subsequent years
- No payments required while attending school & during the 6-month grace period
- Additional unsubsidized funds available for Independent & Parent PLUS denials
 - » 3.76% variable/fixed interest rate (AY 16/17), 1.069% fee
 - » Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement

Based on the FAFSA, students may have a combination of:

- **Subsidized Loan** = government pays interest in school and during the grace period.
- **Unsubsidized Loan** = interest accrues in school and grace period.

Visit StudentLoans.gov & school's website!

Student Loan Borrowing Limits

Dependent Students (excluding students whose parents cannot borrow PLUS)	Base Stafford Loan Amount Subsidized/Unsubsidized	Additional Unsubsidized Stafford Loan Amount
Freshmen	\$3,500	\$2,000
Sophomores	\$4,500	\$2,000
Juniors, Seniors	\$5,500	\$2,000
Graduate or Professional	\$8,500	\$12,000

Federal Direct PLUS Loan

- For parents of dependent undergrad or graduate level students
- Direct Parent PLUS Loan - in parent's name for student costs
 - » 6.31 % variable/fixed interest rate; 4.276% fees (AY 16/17)
- Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement
- Can borrow up to the Cost of Attendance
- MUST apply every year
- No Debt-to-Income test, only lenient credit check
 - » Needs an endorser (co-signer)
- Principal payment can be deferred while student is in school
 - » Interest will continue to accrue
- IF denied - student is eligible for an additional \$4,000 in an unsubsidized loan
- FAFSA is required

Private/Alternative Loans

- Non-federal loans, made by a *lender* such as a bank, credit union, state agency, or school
- Student borrows in his own name
- Based on credit scoring and debt-to-income ratio
- Repayment may be deferred until education completed
- Fees, interest rates, loan amounts, and repayment provisions vary by lender and are generally higher than federal student loans
- **Co-signers usually required;** some loan products have a co-signer release option
- Compare loans before making choice and read the fine print!

Options to Cover the Cost of Education

Families can **CHOOSE** the methods of borrowing and funding combinations that meet their needs to cover balances –
It's unique to **YOUR** resources.

You can mix & match balances!

- ✓ Savings – Family
- ✓ 529 College Saving Plans – Family
- ✓ U Promise credits – Family, friends
- ✓ Scholarships – Various sources, including schools
- ✓ Grants – Federal/State programs
- ✓ Tuition Payment Plans – School
- ✓ Federal Student Loans
- ✓ Parent PLUS Loans
- ✓ Private Education Loans – Banks
- ✓ Institutional Loans – School
- ✓ Home Equity Loans – Banks
- ✓ Employers – Tuition reimbursement programs
- ✓ 401K – Withdrawal or loans (See a financial advisor or your HR Dept)
- ✓ Student part-time job – Students work-study/private jobs

Net Price Calculators



The Higher Education and Opportunity Act (HEOA) of October 2011 requires schools to offer a Net Price Calculator on their websites

- Enables current and prospective students, families and consumers to determine an estimate of an individual net price at a particular institution.
- **ESTIMATED** data must be provided by each institution:
 - » Total price of attendance
 - » Tuition, Fees, Room and Board
 - » Expenses (ie. personal, transportation)
 - » Estimated total merit and need-based grant aid
 - » Estimated net price (attendance minus grant aid)
- **Does not include scholarships**

Special Circumstances



If things change....

- ✓ Divorced or separated parents
- ✓ Stepparents
- ✓ Adoptive parents
- ✓ Foster parents
- ✓ Legal guardians
- ✓ Living with others
- ✓ Recent death or disability
- ✓ Reduced income





FINAL THOUGHTS

Smart Borrowing Tips

- Research the expected salary in your future career, find an affordable school, and borrow realistically
- There are many paths to the same degree
- Research every option, including community colleges and commuting
- Only attend a school you can reasonably afford
- Only borrow what you absolutely need to attend
- Approach education from a consumer standpoint
- Is there a Career Services Department?
- Much depends on you and your choices



MySmartBorrowing.org

An interactive, online tool created by PHEAA that helps students and families:

- Estimate career salaries & college tuition
- View the impact of savings on overall cost
- Calculate loan repayment
- **Avoid overborrowing**



MySmartBorrowing.org

Use Your Resources

- **PHEAA.org**
- **EducationPlanner.org & MySmartBorrowing.org**
- **YouCanDealWithIt.com**
- **MyFedLoan.org**
- **PHEAA toll free: 800.692.7392**
- **Federal Student Aid Info Center – 800.433.3243**
- **FASFA.gov**
- **StudentAid.gov – general financial aid info**
- **StudentLoans.gov – information on federal loans**

Presenter:

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