

*mefa*<sup>®</sup>

# COLLEGE FINANCING

# **TYPES AND SOURCES OF FINANCIAL AID**

# What is Financial Aid?

- Money to help students pay for college
- 3 main types
  - Grants and scholarships (gift aid)
  - Work-study
  - Student loans



# Sources of Aid

•Undergraduate Student Aid 2016-17 (\$181.1 Billion)

Federal  
Student  
Loans  
32%

Institutional  
Grants &  
Scholarships  
25%

Private  
Grants  
6%

Federal  
Tax  
Credits  
9%

State  
Grants  
6%

Federal  
Grants  
21%

Federal  
Work-Stu  
dy 1%

Source: The College Board, *Trends in Student Aid 2017*

# Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 5.05% fixed interest rate for 2018-19
- Repayment:
  - No payments due while enrolled
  - Multiple options (many tied to income)
  - Approximately \$300/month for 10 years for \$27,000 debt
  - Deferment, forbearance, and forgiveness opportunities



# Merit-Based Aid

- Talent-based (academic, athletic, artistic, etc)
  - Student must be above average compared to other students admitted (google “*College name* admitted student profile”)
- Directly from schools (not all!) and organizations
  - Most outside organization scholarships require dedicated time & persistence to apply, many are only between \$500 - \$1,000
- Separate application sometimes required (check deadlines!)
- Renewable?
- Application deadline may be as early as November

# Need-Based Aid

- Based on family's financial eligibility (“need”)
- Your need is defined by each school – *not* you!
- Defining financial need relies heavily on income – not assets/savings
- Most financial aid is need-based (including some loans!)



# Use Net Price Calculators to Predict

- Online tool found on each institution's website
- Provides personal, estimated net college price
- Displays federal & institutional aid
- Merit-based aid may also be included





# THE APPLICATION PROCESS

# Get Organized – Check Deadlines

- Check deadlines and required applications on each college's website now
- **DON'T SUBMIT APPLICATIONS LATE**

College Application Manager					
As you explore schools and build your college list, keep track of your requirements here. Remember that deadlines are so important when applying to college and requesting financial aid, so set yourself reminders to ensure you submit all applications on time. If you're applying to more than five schools, make a copy of this chart.					
School Name	Admissions Application Requirements	Early Admissions? * Y/N	Admissions Deadline	Financial Aid Application(s) Required and Deadlines	Notes
1. University of USA	Application: <u>Common App</u> Test(s): <u>SAT, 2 SAT Subject Tests</u> # Letters of Rec: <u>2</u> # of Essays: <u>1 (Common App)</u> Interview: <u>yes, evaluative</u>	<input checked="" type="radio"/> Y / <input type="radio"/> N  <i>Early Decision</i>	Nov 1st	FAFSA? <input checked="" type="radio"/> Y / <input type="radio"/> N Deadline: <u>Feb 1st</u> CSS Profile? <input checked="" type="radio"/> Y / <input type="radio"/> N Deadline: <u>Feb 1st</u> College Form? <input type="radio"/> Y / <input checked="" type="radio"/> N Deadline: _____	• High school visit: Oct 1st • Strong nursing program • 4-hour drive away
2.	Application: _____ Test(s): _____ # Letters of Rec: _____ # of Essays: _____ Interview: _____	<input type="radio"/> Y / <input type="radio"/> N		FAFSA? <input checked="" type="radio"/> Y / <input type="radio"/> N Deadline: _____ CSS Profile? <input type="radio"/> Y / <input type="radio"/> N Deadline: _____ College Form? <input type="radio"/> Y / <input type="radio"/> N Deadline: _____	

Keep deadlines straight with our College Application Manager @  
[mefa.org/applying-to-college](http://mefa.org/applying-to-college)

# Step 1: FSA ID

- Must be created before submitting FAFSA

- One parent and student create username & password

- Links & verifies full legal name, social security, & date of birth



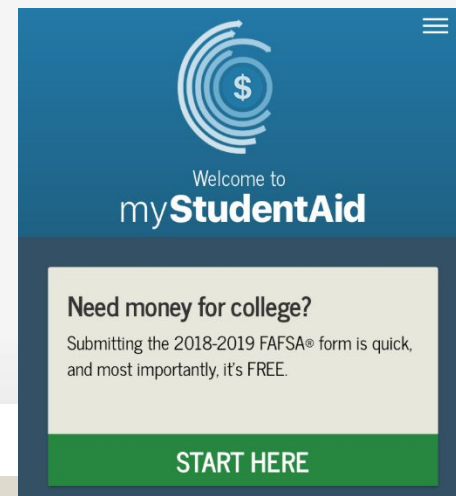
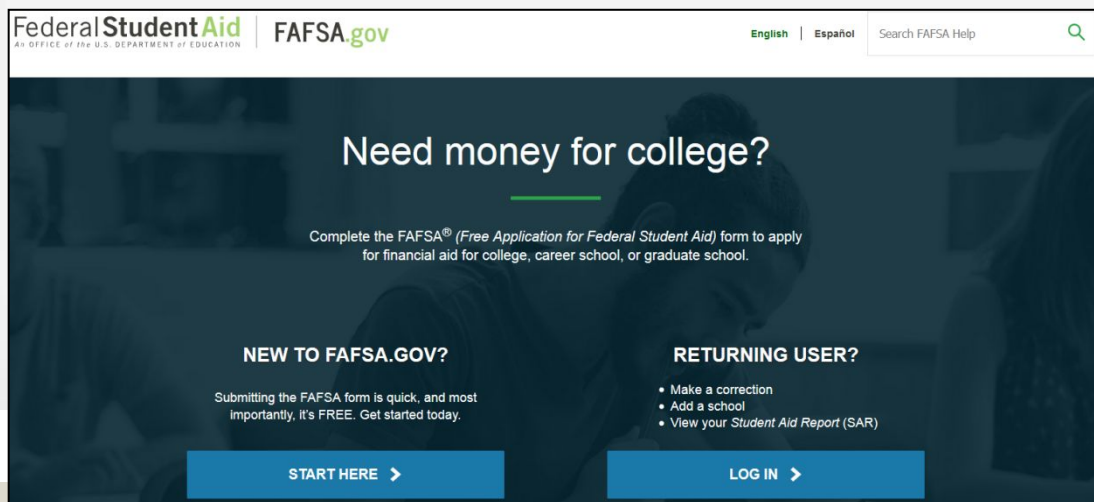
The screenshot shows the 'Create an FSA ID' form. At the top, there are two tabs: 'Create an FSA ID' (active) and 'Manage My FSA ID'. Below the tabs, the text 'Please enter your:' is followed by four input fields, each with a help icon (question mark) to its right. The fields are labeled 'E-mail', 'Confirm E-mail', 'Username', and 'Password'. At the bottom of the form, there are four checkboxes with checkmarks: 'Numbers', 'Uppercase Letters', 'Lowercase Letters', and 'Special Characters'.

- <https://fsaid.ed.gov/npas/index.htm>

# Step 2: FAFSA®

**Must be  
completed  
every year!**

- **Free** Application for Federal Student Aid (FAFSA)
  - Available October 1st: [fafsa.gov](https://fafsa.gov)
  - **New!** FAFSA completion on myStudentAid mobile app
  - IRS Data Retrieval Tool: Link federal tax data



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# Who is a Parent on FAFSA?

- Married, including same-sex parents
- Legal/bio parents who live together, married or not
- Divorced/Separated: custodial parent & current spouse
  - Who does the student spend the most time with? If “even split”, who provides more financial support?
- Tax filing has nothing to do with how you file FAFSA

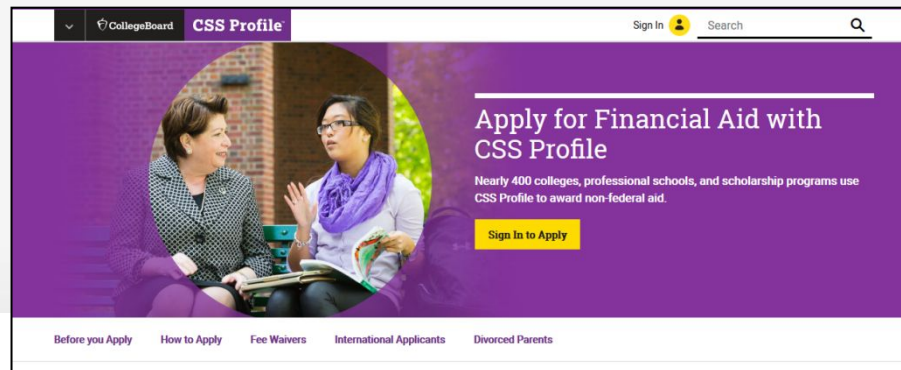
# What is on FAFSA?

Parent and student:

- Citizenship
- Driver's License #
- # in household, # of children in college
  - Parents in college do not count
- 2017 income** (for the 2019-20 FAFSA)
  - Both taxed and untaxed (such as voluntary retirement contributions)
- Current Assets** (as of the day FAFSA is completed)
  - Include**: savings, checking, investments (including all 529s), other property
  - **Do not include**: primary home, value of retirement, life insurance, value of small family business

# Step 3: CSS PROFILE (If Applicable)

- Required by ~300 schools, mostly private & selective
  - \$25 for 1st school, \$16 for each additional
  - Available October 1st: [cssprofile.org](https://cssprofile.org)
  - Same info as FAFSA plus:
    - Primary home value & debt, plus small business value
    - Retirement amounts (not included in formula but may be considered)
    - Different schools can prompt different questions



# Who is a Parent on PROFILE?

- Living bio/legal parent/s, regardless of living situation
- Any step-parent/s
  - Not all colleges will include their income but they want to see it accounted for
- If Divorced/Separated: Non-custodial parent will need to complete “Non-Custodial PROFILE”
- If impossible, need to complete non-custodial waiver



# Step 4: Additional Documents Requested

- CHECK EMAILS FROM COLLEGES YOU APPLIED TO
- 2017 Federal Tax forms, W-2s, 1099s
- Verification of earned income (if non-tax filer)
- Other verification forms (such as household information)
- College's own financial aid form

# After You Apply: Hurry Up and Wait!

1. FAFSA Expected Family Contribution (EFC) is shown upon submission
  - Rarely the amount you will pay
2. Colleges & feds receive data electronically
3. Student receives FAFSA Student Aid Report (SAR) by email
4. Contact the Financial Aid Office with any appeal or special circumstances
5. Colleges review applications, determine the financial aid award, and usually communicate via email

# **HOW FINANCIAL AID DECISIONS ARE MADE**

# Cost of Attendance (COA)

Total expenses for one year of college

Tuition &  
Fees

+

Room &  
Board

+

Books &  
Supplies


+

Transportation

+

Personal  
Expenses

 = Billed or Direct Expenses

 = Non-Billed or Indirect Expenses

# Financial Aid Formula

Cost of Attendance (COA)

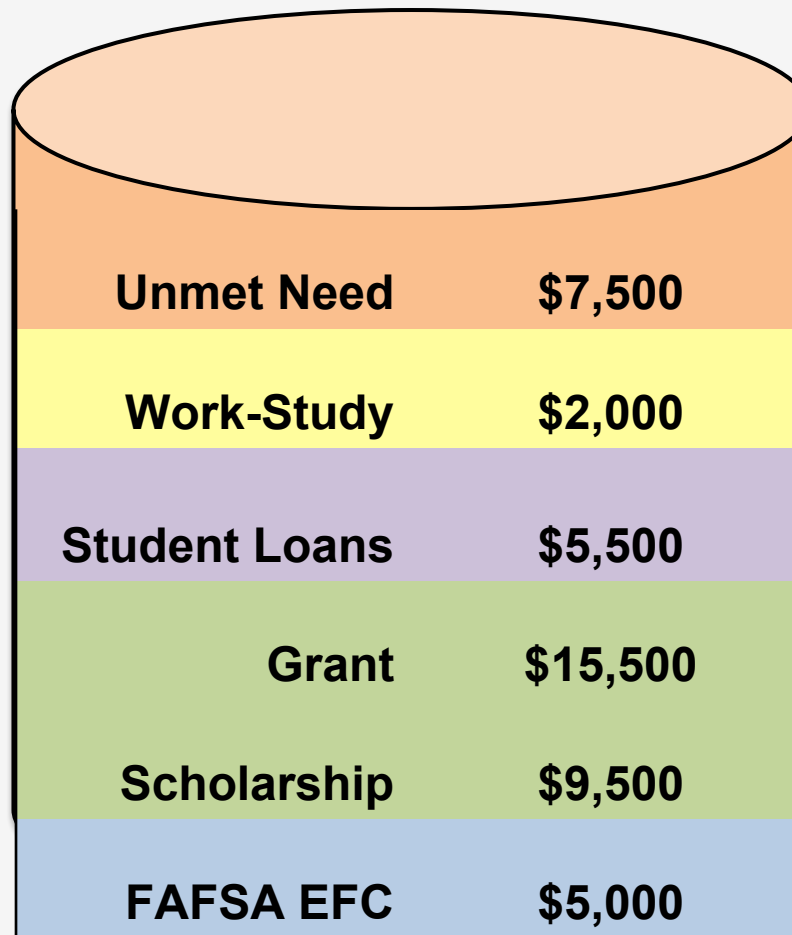
- Family's ability to pay (*as determined by FAFSA (EFC) or institution*)
- 

= Financial Aid Eligibility

**Colleges fill in as much Financial Aid Eligibility as they can with financial aid from all sources**

# Financial Aid Awarding

**College COA =  
\$45,000**



Unmet need and EFC is the FAMILY's responsibility

# **PAYING FOR COLLEGE**

# How to Pay for College

	Source	Favorite College
<b>Balance Due</b>		<b>\$12,500</b>
Past Income	<i>Student Savings and Summer Earnings</i>	-\$1,500
	<i>Parent Savings</i>	-\$4,000
Present Income	<i>Parent Contribution to Payment Plan</i>	-\$4,000
Future Income	<i>Private Education Loan</i>	<u>-\$3,000</u>
		<b>\$0</b>



# Additional Financial Considerations

- Consider the number of children you will send to college
- Think in terms of total enrollment (4+ years) and total debt
- Consider the post-graduation monthly loan payment
- Students should research potential starting salary for intended career
- Is the student considering graduate school?
- Compare each school's net price after financial aid offers are received (MEFA and College Board have comparison tools)



# **FREE RESOURCES**


# National and Community Resources





- FAFSA Day
  - Free assistance completing the FAFSA: [FAFSADay.org](http://FAFSADay.org)
  - Sunday November 4<sup>th</sup> 1-3pm at BCC
- Ms. H's scholarship list (plus local high school guidance offices)




# What You Can Do Now

- Sign up for MEFA emails —————>
- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Sign up for upcoming webinars on [mefa.org/events](https://mefa.org/events)
- Start completing applications

Massachusetts Educational  
Financing Authority



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### The appeal process

If your child received an acceptance from college choice #1, but didn't receive enough financial aid, there's a few things you can do. Most colleges have an appeal process to request additional funds, and now's the time to get it started. We have the full details in our blog, *Need more financial aid? Learn about the appeal process.*

[Read the post >](#)

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### On the waitlist

The college waitlist has grown in popularity over the past few years, and your son or daughter may have received a waitlist letter from a college of choice. Read our tips on steps to take while you wait for the college's final decision in our post, *What to do if you're on the waitlist.*

[Learn about the waitlist >](#)

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### Understanding your financial aid

As you review your financial aid awards, you may have questions about the different types of aid offered. We have a rundown to describe the most common financial aid awarded, the source of each, and how each kind helps pay for college costs. View our summary online now.

[View the details >](#)

# Questions or Comments?

Presenter: Courtney Hatch Blauvelt

Wifi: MHS Guest WiFi  
*(no passwords)*

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