



# College Financial Aid 101

## WHAT WE WILL COVER TODAY

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- What Is Financial Aid?
- Expected Family Contribution
- Grants & Scholarships
- Federal Work-Study
- How Much Will It Cost To Send My Child to College?
- The Financial Aid Award Letter
- Loan Options
- Special Circumstances – How & When to Appeal
- Tax Benefits & Tips

## REAL QUESTIONS FROM PEOPLE LIKE YOU

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How can I send my child to college on my income?

I'm remarried. Is step-parent income included in household earnings?

What kind of financial help is available and what financial assistance will my child get for college?

How do I apply for financial aid? Do I have to apply for financial aid every year?

Is my former spouse's income included in the financial aid formula?

My salary has been reduced – now what do I do?

Is it worthwhile to appeal a financial aid package?

## COMMON FINANCIAL AID MYTHS

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Students with the highest GPAs receive the most aid.

Aid from one school will automatically transfer to another.

I shouldn't apply because I make too much.

Most students complete their degree in four years.

The first Award Letter from the school is the final offer.

My child should attend the school that provides the most aid.

# FINANCIAL AID

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The money the government and other organizations provide to students and families to help pay for college.

## WHAT IS FINANCIAL AID?

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- Grants
- Scholarships
- Federal Work-Study
- Loans

## FINANCIAL AID BEGINS WITH THE FAFSA

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- The FAFSA is the Free Application for Federal Student Aid.
- Apply early! Submit the application after January 1<sup>st</sup> of your child's senior year in high school.
  - Apply online at: [fafsa.ed.gov](http://fafsa.ed.gov)
  - Use the previous year's estimated income if your taxes are not completed when you file.
- The majority of colleges and states each have their own priority filing dates. Be sure to check the priority dates.



Visit [studentaid.gov](http://studentaid.gov) for more information on the FAFSA

## THE OTHER “FAFSA” – CSS PROFILE

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Some colleges and universities may require the College Scholarship Service (CSS) PROFILE in addition to the FAFSA.

- The application determines your eligibility for institutional aid from a participating college or university.
- This aid is separate from state and federal student aid.
- You will be asked to provide:
  - Income
  - Assets
  - Expenses
  - Home Equity on primary home residence
  - Non-custodial parent information, if applicable



Visit [cssprofile.org](https://cssprofile.org) for more information



## THE IMPORTANCE OF EARLY PLANNING

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Planning ahead can help minimize surprises later on.



Get an early estimate of your Expected Family Contribution (EFC) at:  
[FAFSA4caster.ed.gov](https://fafsa4caster.ed.gov)



View the school's Net Price Calculator on their website to determine how much you can expect to pay *after* subtracting grants or scholarships received.

## WHAT IS NEED-BASED & NON-NEED-BASED AID

### Need-Based Financial Aid:

- Federal & State Grants
- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study
- Federal Perkins Loan
- Direct Subsidized Stafford Loans

### Non-Need-Based Financial Aid:

- Direct Unsubsidized Stafford Loans
- Direct Parent PLUS Loans
- Merit and/or athletic scholarships

## WHAT IT CAN BE USED FOR

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Financial aid can be used for both direct and indirect educational expenses.

<b>Direct Costs:</b>	<b>Indirect Costs:</b>
<ul style="list-style-type: none"><li>• Tuition</li><li>• Fees</li><li>• Room and board</li></ul>	<ul style="list-style-type: none"><li>• Books and supplies</li><li>• Transportation</li><li>• Some personal expenses</li></ul>

# EXPECTED FAMILY CONTRIBUTION



The number used by schools to calculate how much financial aid a student or family receives.

## NEED-BASED ELIGIBILITY

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Income is an important factor in determining eligibility for need-based aid.

### Other factors include:

- Accumulated savings
- Additional homes or properties
- Paid taxes
- Family size
- Number of students enrolled in college
- Student's personal finances

### Factors excluded:

- Personal debt
- Primary home
- Co-op earnings
- Federal Work-Study earnings

## THE FORMULA

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**Cost of Attendance (COA)**

**- Expected Family Contribution (EFC)**

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**= Need-Based Aid**

- The COA is determined by the school and listed on the school's website.
- The school subtracts the EFC from their COA to determine your financial need.

# GRANTS & SCHOLARSHIPS



There are thousands of grants and scholarships available through public and private organizations, colleges and the government.

## FEDERAL AND STATE GRANTS

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- Grant amounts typically depend on:
  - financial need
  - cost of attendance
  - enrollment status (full-time/part-time)



Visit [studentaid.gov](http://studentaid.gov) for more information on grants





# FEDERAL GRANT PROGRAMS

Program	Eligibility	Award Amount
Pell Grant	<ul style="list-style-type: none"> <li>Undergraduate students who demonstrate financial need <u>and</u> who have not earned a bachelors or graduate degree</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$5,730 for 2014-2015</li> </ul>
Supplemental Educational Opportunity Grant	<ul style="list-style-type: none"> <li>Undergraduate students who demonstrate financial need <u>and</u> have not earned a bachelors or graduate degree</li> <li>Students who receive Pell Grants are prioritized</li> </ul>	<ul style="list-style-type: none"> <li>Between \$100 and \$4,000, depending on availability from participating schools</li> </ul>
Teacher Education Assistance for College and Higher Education Grant (TEACH)	<ul style="list-style-type: none"> <li>Undergraduate, post baccalaureate or graduate students attending a participating school</li> <li>Meets certain academic achievements</li> <li>Receive TEACH Grant Counseling and sign the agreement to serve</li> </ul>	<ul style="list-style-type: none"> <li>Up to \$4,000 a year, but federal budget cuts affect award amounts</li> </ul>

## GRANTS AND SCHOLARSHIPS

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Many schools automatically consider you for grants and scholarships when you apply for admission. For grants and scholarships not offered by your school, the best place to start looking is on the Internet. Websites to consider include:



- **DiscoverStudentLoans.com/Scholarship** – no registration required to search for over 3 million scholarships
- **Studentaid.gov** – a source to find and apply for federal grants
- **Fastweb.com** – sends you personalized options for grants and scholarships
- **Scholarships.com** – you customize your search results based on your profile

# BUILD A SUCCESS RESUME

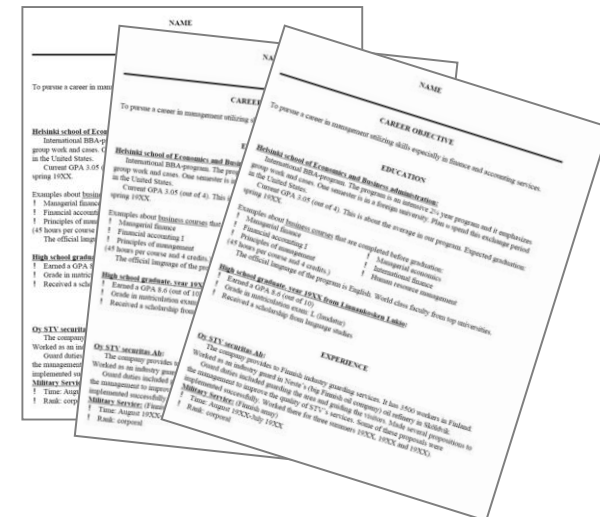
While there are thousands of grants and scholarships available, other applicants will be competing for the same awards.

Your student will need to clearly communicate who they are and what distinguishes them from other applicants.

**A Success Resume** should highlight:

- Grades and academic achievements
- Community service activities
- Leadership roles and any special talents

Parents should interview their student every year to ensure their achievements are recorded.



## ADDITIONAL TYPES OF SCHOLARSHIPS

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Local



Ethnic



Community Service



Institutional



Employer and Military



First Generation

# PARTNERS IN THE PROCESS

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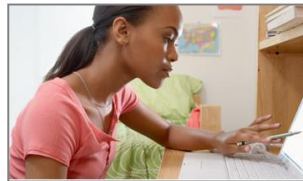
High School Guidance Counselors



College Financial Aid Administrators



College Admissions Officers



College Department Deans

## WANT MORE INFORMATION

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Register at **CollegeCovered.com** to receive:

- US News and World Report's Guide to Paying for College (available for a limited time)
- Helpful tips and information as you navigate the college planning process
- Tips on how to apply for a scholarship and a search of 3 million scholarships worth more than \$18 billion

# REGISTRATION AT COLLEGECOVERED.COM

**DISCOVER** | STUDENT LOANS

Sign up today to start receiving helpful tips and resources on planning and paying for college.  
Your personal information will always be kept **private and secure**.

**Please enter your personal information**

I am a:

First Name:

Last Name:

E-mail Address:

Confirm E-mail Address:

**Submit**

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# FEDERAL WORK-STUDY

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Part-time employment funded by the government that allows students to earn money that can be used to help pay for college.



## HOW FEDERAL WORK-STUDY WORKS

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- Students work either on-campus or off-campus through a private nonprofit organization or public agency.
- Undergraduate students are paid by the hour and earn at least the federal minimum wage.
- Income from Work-Study does not impact future eligibility for financial aid.



# LOAN OPTIONS

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When evaluating loan options, consider origination fees, interest rates, repayment options and the total cost of the loan.

# FEDERAL STUDENT LOANS

Federal Student Loans, also known as Federal Direct Loans, are originated by the federal government.

	Federal Perkins Loans	Direct Stafford Loans
FAFSA Required	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Credit Check Required	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>• Available to students with exceptional financial need</li> </ul>	<ul style="list-style-type: none"> <li>• Available to undergraduate and graduate students</li> </ul>
Annual Loan Limit	<ul style="list-style-type: none"> <li>• Up to \$5,500</li> </ul>	<ul style="list-style-type: none"> <li>• Loan amount you are eligible to receive each year will vary</li> </ul>
Interest Rates	<ul style="list-style-type: none"> <li>• Fixed interest rate of 5.00%</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed interest rate of 4.66% for subsidized and unsubsidized loans for undergraduate students</li> <li>• Fixed interest rate of 6.21% for unsubsidized loans for graduate students</li> </ul>
Origination Fees	<ul style="list-style-type: none"> <li>• Zero</li> </ul>	<ul style="list-style-type: none"> <li>• 1.073% of the loan amount for subsidized and unsubsidized loans with a first disbursement made between October 1, 2014 and September 30, 2015</li> </ul>
Repayment Plans	<ul style="list-style-type: none"> <li>• Varies by school</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple repayment options (visit <a href="http://studentaid.gov">studentaid.gov</a>)</li> </ul>
Payment Deferment While in School	<ul style="list-style-type: none"> <li>• No payments due until 9-months after graduation or enrollment in school less than half-time</li> </ul>	<ul style="list-style-type: none"> <li>• No payments due until 6-months after graduation or enrollment in school less than half-time</li> </ul>

Interest rates for Direct Stafford Loans are based on loans with a first disbursement between July 1, 2014 and June 30, 2015.

# FEDERAL STUDENT LOANS

Undergraduate Loan Limits	
<b>Dependent Students</b>	<p><b>Year 1 – \$5,500</b> (up to \$3,500 subsidized, \$2,000 unsubsidized)</p> <p><b>Year 2 – \$6,500</b> (up to \$4,500 subsidized, \$2,000 unsubsidized)</p> <p><b>Year 3 – \$7,500</b> (up to \$5,500 subsidized, \$2,000 unsubsidized)</p> <p><b>Year 4 – \$7,500</b> (up to \$5,500 subsidized, \$2,000 unsubsidized)</p> <p><b>Year 5 – \$7,500</b> (up to \$5,500 subsidized, \$2,000 unsubsidized)</p>
<b>Independent Students</b>	<p><b>Year 1 – \$9,500</b> (up to \$3,500 subsidized)</p> <p><b>Year 2 – \$10,500</b> (up to \$4,500 subsidized)</p> <p><b>Year 3 – \$12,500</b> (up to \$5,500 subsidized)</p> <p><b>Year 4 – \$12,500</b> (up to \$5,500 subsidized)</p> <p><b>Year 5 – \$12,500</b> (up to \$5,500 subsidized)</p>

## FEDERAL STUDENT LOANS

Federal Direct Parent PLUS Loans allow parents to borrow up to the full cost of education, less any other financial aid.

	Direct Parent PLUS Loans
FAFSA Required	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Credit Check Required	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>• Available to parents of dependent students</li> </ul>
Annual Loan Limit	<ul style="list-style-type: none"> <li>• Up to 100% of the cost of attendance minus other financial aid</li> </ul>
Interest Rates	<ul style="list-style-type: none"> <li>• Fixed interest rate of 7.21% (for loans with a first disbursement between July 1, 2014 and June 30, 2015)</li> </ul>
Origination Fees	<ul style="list-style-type: none"> <li>• 4.292% of the loan amount for loans with a first disbursement made between October 1, 2014 and September 30, 2015</li> </ul>
Repayment Plans	<ul style="list-style-type: none"> <li>• Multiple repayment options (visit <a href="http://studentaid.gov">studentaid.gov</a>)</li> </ul>
Payment Deferment While in School	<ul style="list-style-type: none"> <li>• Repayment begins once the loan is fully disbursed, unless a deferment is requested while the student is enrolled in school at least half-time</li> </ul>

## COMPARE YOUR OPTIONS

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If you need to borrow, compare federal and private student loans and choose the loans that best fit your needs.

When evaluating student loan options, we encourage you to carefully consider:

- Fees
- Interest rates
- Monthly payment
- Total loan cost



Student loan options should be evaluated based on your financial situation.

# THE AWARD LETTER

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The Award Letter outlines how much financial aid you will receive.

## AWARD LETTERS

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Award Letters are typically sent to students and parents in early April to mid-May.

The Award Letter may include:

- Expected Family Contribution
- Unmet Need
- Cost of attendance
- Grants and Scholarships
- Work-Study
- Federal Loans

Award Letter templates can vary, so carefully review each letter as you compare financial aid packages.



# SAMPLE AWARD LETTER – PRIVATE UNIVERSITY

Estimated Cost of Attendance	
Tuition	\$33,900
Matriculation Fee	\$500
Room and Board	\$10,622
Books and Supplies	\$1,000
Personal Expenses	\$800
<b>TOTAL</b>	<b>\$46,822</b>

Aid Program	Fall	Spring	Summer	Total	Decline
Grant/Freshman	\$10,300	\$10,300	\$0	\$20,600	<input type="checkbox"/>
Federal Direct Stafford Loan (subsidized)	\$1,750	\$1,750	\$0	\$3,500	<input type="checkbox"/>
Federal Work-study	\$1,250	\$1,250	\$0	\$2,500	<input type="checkbox"/>
<b>TOTAL</b>				<b>\$26,600</b>	

\$46,822 (COA)	
– \$10,000 (EFC)	
– \$26,600 (Total Aid)	
<b>= \$10,222 (Unmet Need)</b>	<b>= Cash out-of-pocket</b>

# SAMPLE AWARD LETTER – PUBLIC UNIVERSITY

Estimated Cost of Attendance	
Tuition	\$9,456
Fees	\$2,340
Room and Board	\$10,376
Books and Supplies	\$1,000
Personal Expenses	\$800
<b>TOTAL</b>	<b>\$23,972</b>

Aid Program	Fall	Spring	Summer	Total	Decline
Grant/Freshman	\$3,000	\$3,000	\$0	\$6,000	<input type="checkbox"/>
Federal Direct Stafford Loan (subsidized)	\$1,750	\$1,750	\$0	\$3,500	<input type="checkbox"/>
Federal Work-study	\$1,250	\$1,250	\$0	\$2,500	<input type="checkbox"/>
<b>TOTAL</b>				<b>\$12,000</b>	

\$23,972 (COA)	
– \$10,000 (EFC)	
– \$12,000 (Total Aid)	
<b>= \$1,972 (Unmet Need)</b>	<b>= Cash out-of-pocket</b>

# HOW & WHEN TO APPEAL

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If your circumstances change, you have options to appeal your Award Letter.

## COLLEGE FUNDING APPEALS

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### Circumstances that may increase financial aid eligibility include:

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- Tuition expenses at an elementary or secondary school
- Medical or dental expenses not covered by insurance
- Unusually high child care costs
- Recent unemployment
- Number of parents enrolled in college at least half-time
- Changes in family income
- Affected by a natural disaster

### How to appeal:

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- Appeal in person, if possible, or submit a well-written letter
- Explain your situation
- Provide specifics and documentation

# TAX BENEFITS & TIPS

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Potential tax savings are available through education tax credits and savings plans.

## TAX BENEFITS FOR EDUCATION

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The IRS provides tax savings to individuals and families who pay for higher education.

### Tax Credits:

- American Opportunity Tax Credit
- Hope Credit or Lifetime Learning Credit

We encourage you to consult a tax professional and also see IRS Publication 970 for more information.



Visit [irs.gov](https://www.irs.gov) for more information

## HELPFUL TIPS

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1. Use planning tools to estimate the cost of attendance and financial aid eligibility.
2. Submit your FAFSA early at: [fafsa.ed.gov](https://fafsa.ed.gov)
3. A success resume can help streamline grant and scholarship applications.
4. Have documentation and specific details if you choose to appeal your Award Letter.
5. If you need to borrow, compare loan options and choose the loans that best fit your needs.



