

# College Financial Aid Night



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***For Students***, the scariest part is getting into the college of their choice.

***For their Parent***, the scariest part is paying for it!!!

***Let's .....***



***By Dispelling Myths & Unraveling Mystery!***

# The Cost of Higher Education



## Myth

- The published cost represents the true cost.

## In Actuality

- What really matter is the amount the student will pay.
- It's the net price!

# Who Qualifies for Financial Aid?



## Myth

- Only low-income families qualify for financial aid.

## Truth

- The EFC should be less than the cost of attendance for a student to qualify for need-based aid.

# Student Debt is at Mortgage Levels



## Myth

- Student Debt is at a crisis level.
- Students borrow over \$100,000 in student loans.

## In Actuality

- More students are going to college and therefore, more students are borrowing.
- Only 4% of students with outstanding student debt owe \$100,000 or more.
- Most had pursued advanced degrees!

# Tonight's Agenda



## **To Dispel Myths & Unravel Mystery**

A discussion of :

- Sources and Types of Financial Aid
- Application Process
- Determining Eligibility
- Tools, Tips & Thoughts

# Who Qualifies for Financial Aid?




## Principles of Financial Aid

- Parents and students are primarily responsible for financing an education.
- Sacrifice is assumed.
- Financial aid assessment is an evaluation of economic strength, not cash flow.
- The family contribution is standardized calculation that assesses ability to pay, not a willingness to pay.
- Financial aid is a supplement whose intent is for student access and choice.

# Sources & Types of Financial Aid



- Grants
- Scholarships
- Work-Study Program
- Federal Stafford Loans
  - *Subsidized*: no interest while enrolled
  - *Unsubsidized*: interest accrues while enrolled
    - ✦ No payment due on either loan while enrolled

A large, grey, cloud-like thought bubble with a smaller, similar bubble below it. It contains text about reading award packages carefully.

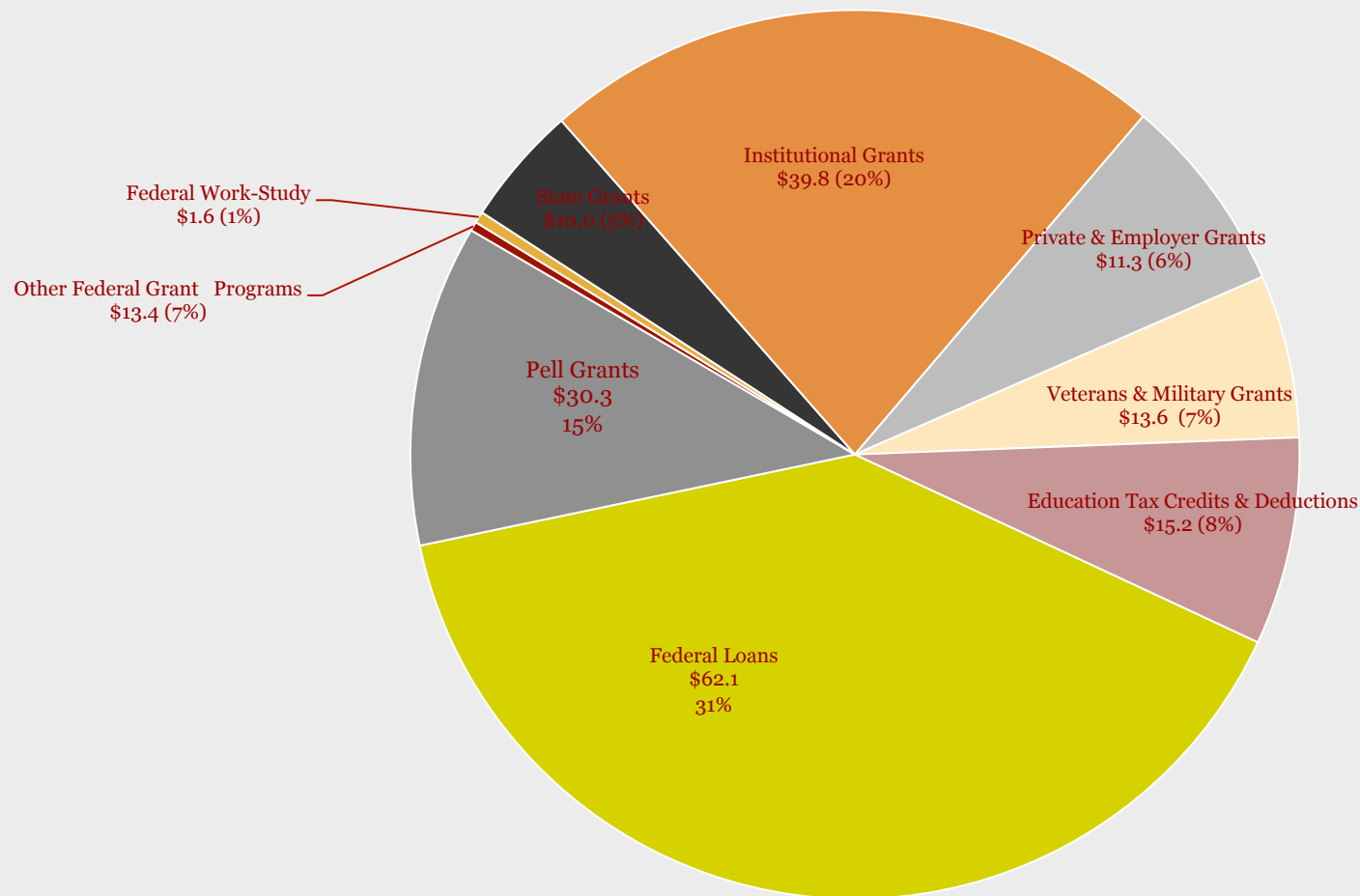
Read your award package carefully! Understand what is free, what is earned, and what is repaid.



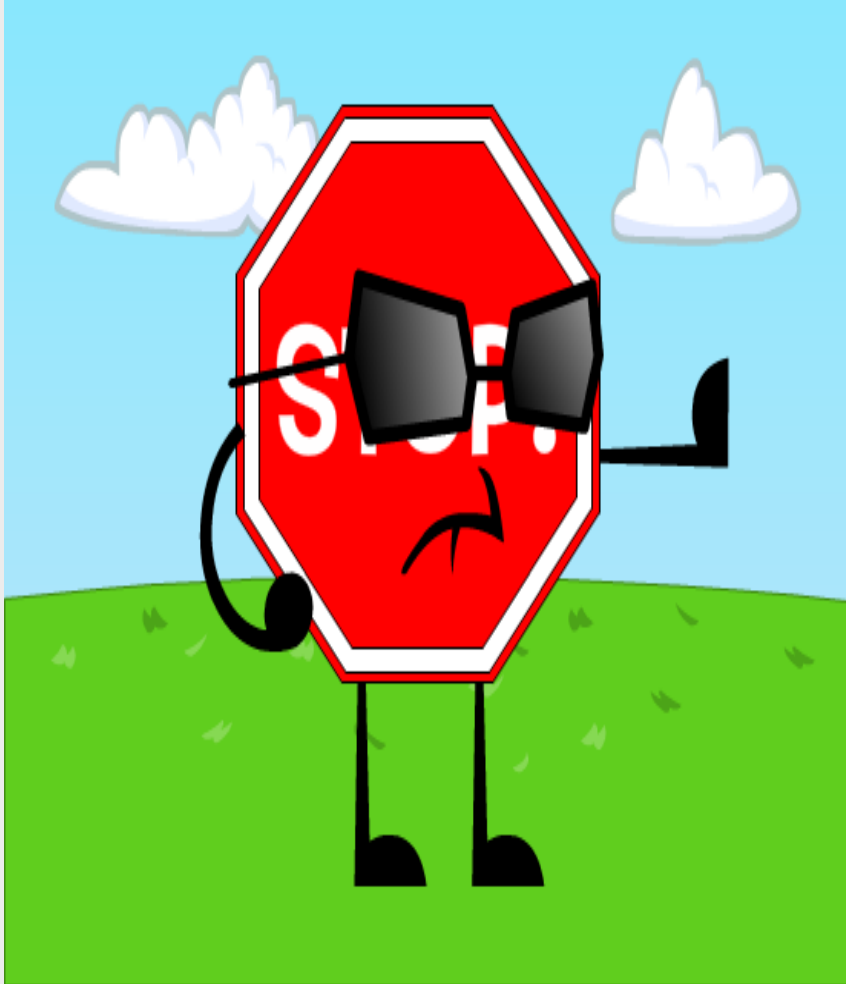
# 2015-2016 \$240.9 Billion Total Student Aid

Source of Information: The College Board “Trends in Student Aid 2015”

To learn more visit: <https://trends.collegeboard.org/>



# Do You Want to Be Considered Financial Aid?



## The FATAL Mistakes

- Missing Admission Deadlines
- Missing Financial Aid Deadlines
- Missing Required Applications
- Missing Information

# Financial Aid Applications

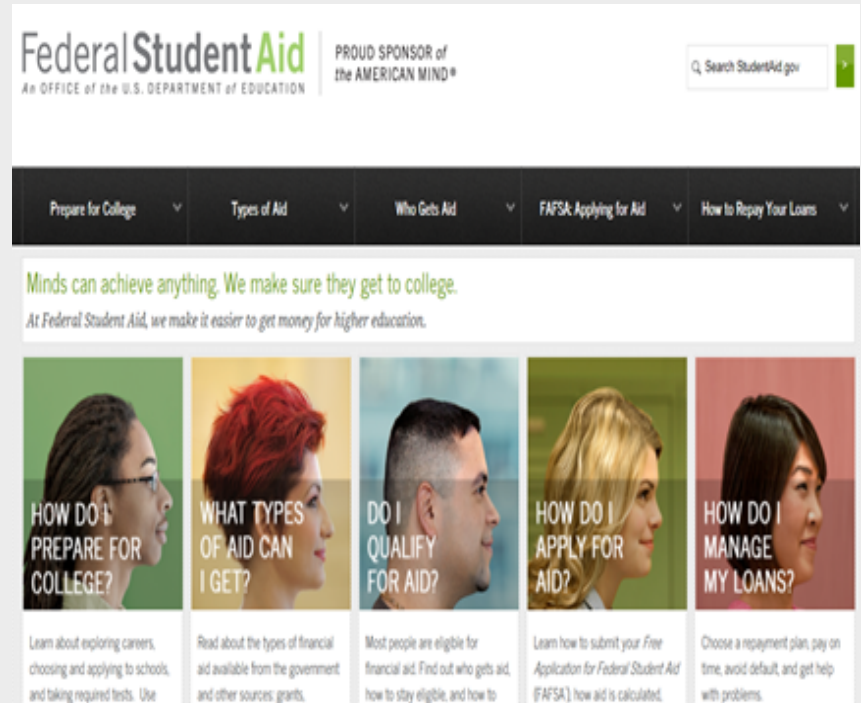


- **Free Application for Federal Student Aid (FAFSA)**
  - Required for Federal & State Aid
    - ✦ [fafsa.gov](https://fafsa.gov)
- **CSS Profile**
  - **Not** used by every college; primarily only by private colleges
    - ✦ [css.collegeboard.org](https://css.collegeboard.org)
- **Institutional Applications**
  - Check school publications and websites
- **Deadlines**
  - Each school may have their own deadlines
  - Submit two weeks before earliest deadline
    - ✦ **February 15<sup>th</sup> Deadline - Submit by February 1<sup>st</sup>**

# Federal Student Aid Process

- Federal Student Aid Programs
- Applying for College
- Applying for Financial Aid
- My FSA
- High school juniors can take advantage of FAFSA4caster web site and learn about the process, gain early awareness of aid eligibility and much more.

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)



# Federal Student Aid ID (FSA ID)



- **Gives you access to Federal Student Aid's online systems**
  - Serves as your legal, electronic signature for FAFSA, Federal Stafford Loans and Federal Parent Loans.
  - Replaces the Federal Student AID PIN (used from 1998-2015)
- **Students *and at least one* parent need an FSA ID.**
  - Specific to each individual, i.e. if you have more than one student in college, a parent only has one FSA ID
- **Create FSA ID**
  - [www.fsaid.ed.gov](http://www.fsaid.ed.gov)
  - Name, SSN, date of birth, mailing address, email address & phone number
    - ✦ Students should not use a high school email address
    - ✦ Must match the information on file with the Social Security Administration (SSA)

# Free Application for Federal Student Aid



## FAFSA Basics

- [fafsa.gov](https://fafsa.gov) ← **not** “.com”
- 2018-2019 FAFSA will be available 10/1/17
- Supports Federal Methodology (FM) used to determine eligibility for Federal & State Financial Aid
- Submitted each year the student is in school
- 1 FAFSA per student, not per family
- No cost to complete FAFSA

## Information Requested

- Parent & Student 2016 tax information
  - If eligible, use data retrieval tool, otherwise enter manually
  - If divorced/separated, use custodial parent information
- Information on savings & checking account balances; investments, including stocks and bonds
- Will take into account more than 1 student in college

# Federal Data Retrieval Tool (DRT)



- **The IRS DRT provides parent & student tax data to automatically fill in the FAFSA form ~ enhanced security and privacy**
  1. On “Parent Financial Information” page, answer DRT eligibility questions
  2. Enter Parent’s FSA ID & Click "Link to IRS" (*will leave the FAFSA website*)
  3. Once on IRS DRT website will go through authentication process and once authenticated will be provided a list of all possible fields that could transfer to FAFSA form
  4. Select “Transfer My Information into the FAFSA”. Will not see be able to view tax information on the IRS DRT web page, nor view transferred information on FAFSA. FAFSA will note in field “transferred from the IRS”
  5. Repeat for student tax filers on “Student Financial Information” page
- **If unable to use DRT, enter information manually**
  - Current unable to use DRT if, on 2016 taxes:
    - ✦ Married and filed as Married Filing Separately
    - ✦ Married and filed as Head of Household
    - ✦ Filed a Form 1040X amended tax return
    - ✦ Filed a Puerto Rican or foreign tax return

# After Submitting the FAFSA



- **Review the Student Aid Report for errors**
  - If necessary, make corrections and resubmit FAFSA
  - If selected for verification, a notification will be present
    - ✦ You may be required to submit tax transcripts and/or other forms for verification purposes to the school
    - ✦ Financial aid awards are tentative until verification is complete
  
- **If 2016 tax information is not representative of current income**
  - Contact each school about appeal/professional judgment
    - ✦ Do not alter FAFSA information on your own



# CSS Profile Application



## CSS Profile Basics

- [css.collegeboard.org](https://css.collegeboard.org)
  - Overview of application
  - Link to start your CSS Profile
- Available 10/1/17
- Supports Institutional Methodology (IM)  
Used to determine eligibility for institution specific funding
- May not be required each year, depends on institution
- 1 CSS Profile per student, not per family
- \$25 to complete one CSS Profile, \$16 each additional application

## Information Requested

- **Parent & Student 2016 tax information**
  - Enter information manually
  - If divorced/separated, use custodial parent information
    - ✦ Some schools may require Non-Custodial Profile Form
- Will ask for other financial information including assets, medical debt & expenses
- Will take into account more than 1 student in college

# Determining Eligibility



$$\begin{array}{r} \text{Cost of Attendance} \\ - \quad \text{Federal EFC} \\ \hline \text{Financial Need} \end{array}$$

# The Cost of Attendance



- **Direct Costs**
  - Tuition and required fees
  - Room and board for resident students
- **Indirect Costs**
  - Books and supplies
  - Transportation to and from campus
  - Miscellaneous personal expenses



# Expected Family Contribution (EFC)



**The EFC is a measure of capacity *over time to absorb educational costs***

- Not a dollar amount expected from *current income or assets*
- Not an estimate of *extra cash available*
- Not the same as the student's bill or the amount a family will actually pay to attend college.

**The Federal EFC is calculated according to a formula established by law**

- The formula considers financial information reported on a student's FAFSA
- Used to calculate eligibility for the Pell Grant and other forms of federal aid and state aid.

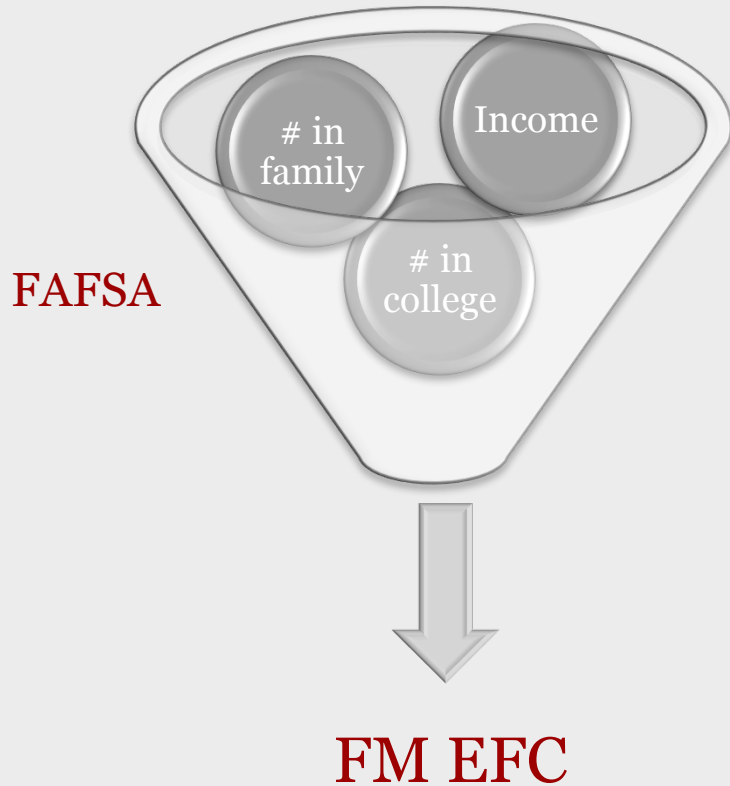
**Institutions often calculate an alternate Institutional EFC to award institutional and private sources of financial assistance**

- The calculation considers information reported on an alternate application like the CSS Profile, institutional or other private forms
- Used to award institutional and private sources of financial assistance.

**The EFCs are subject to school verification and adjustments**

# Elements of Need Analysis

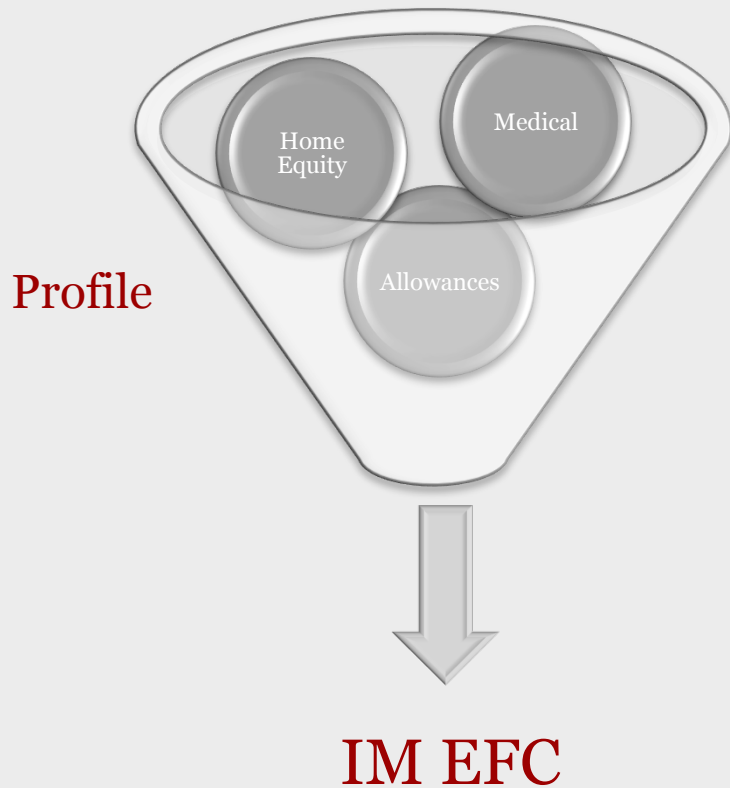
## The Financial Aid Funnel



- Uses both parent and student information (*dependent* students)
- Parent's income is the major determinant
- Uses standard income and asset protections allowance
- Parents' assets range from 2% to 6% of total
- Students' assets range from 25% to 35% of total
- Federal Methodology (FM) does not consider Home Equity or Qualified Retirement Assets

# Elements of Need Analysis

## The Financial Aid Funnel



- Institutional Methodology (IM) treats income and assets differently than FM
  - Typically uses home equity
  - Protection for emergencies
  - Protection for college savings
  - May allow for medical expenses
  - May adjust for regional cost of living
- Institutional options!
- It is OK to estimate!

# Eligibility for Financial Aid

Total Cost

- Federal EFC

= Financial  
Need

4 Year Private

4 Year Public

\$45,000

\$27,000

\$10,000

\$10,000

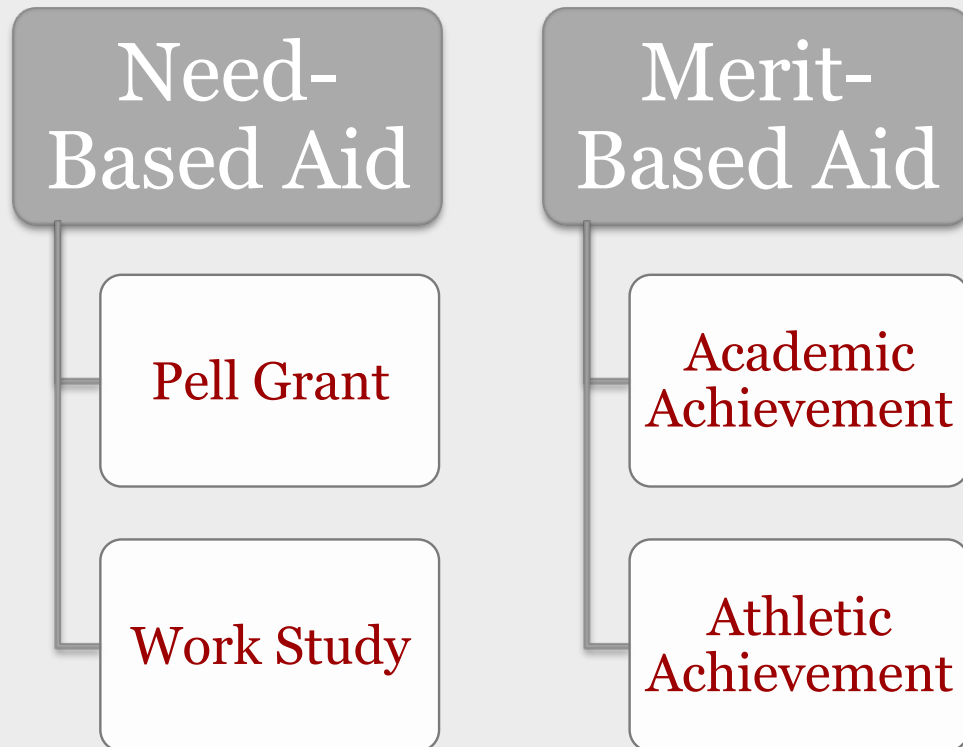
\$35,000

\$17,000

# Need-Based vs. Merit Based



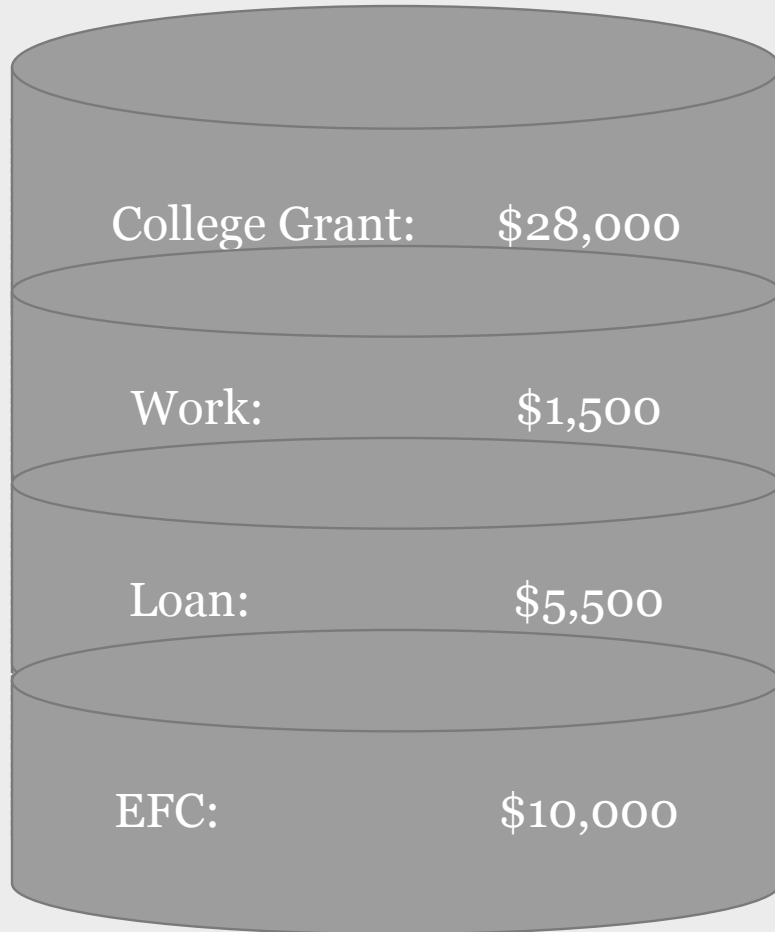
- Need-based aid is subject to a student's demonstrated financial need. Merit-based aid considers achievement, talent & participation, regardless of financial need.



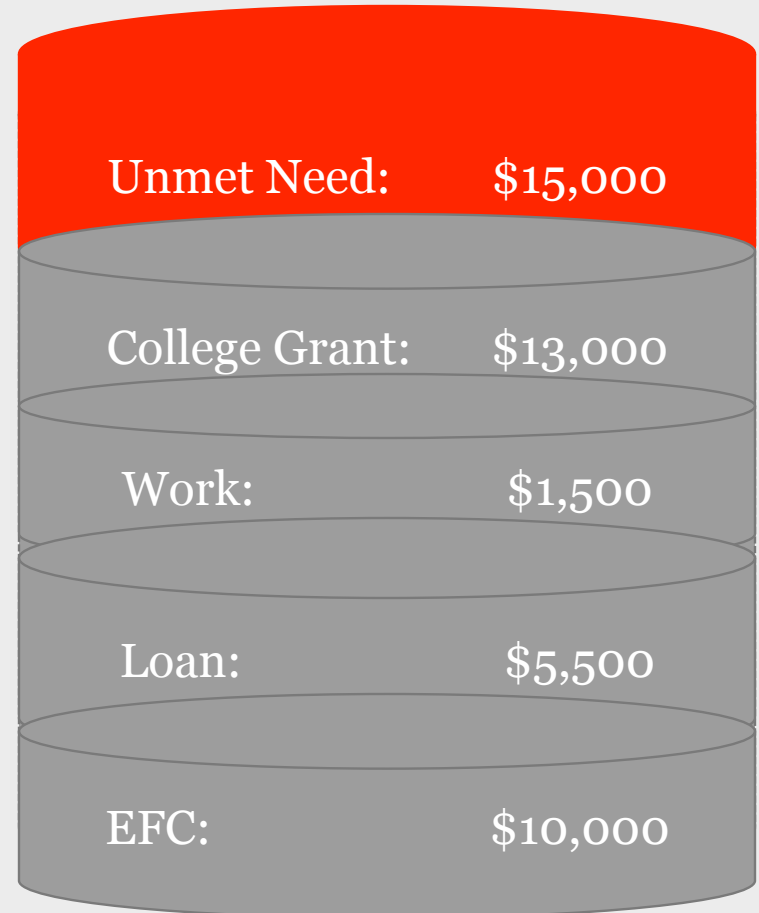


# The Financial Aid Award Package

Total Cost = \$45,000



Total Cost = \$45,000

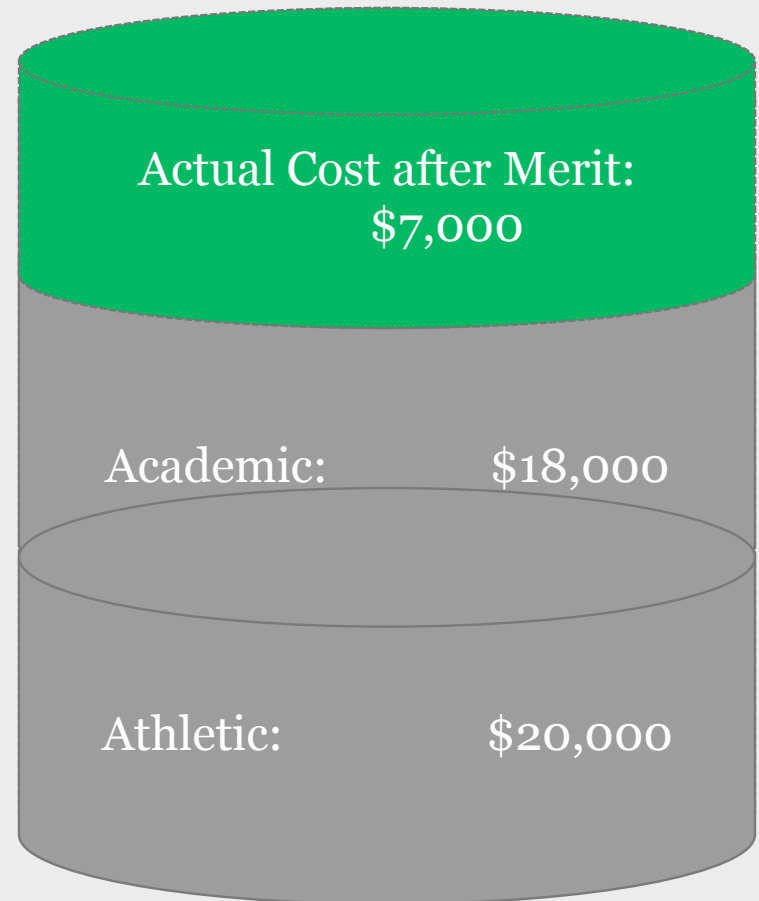


# The Financial Aid Award Package

Total Cost = \$45,000



Total Cost = \$45,000



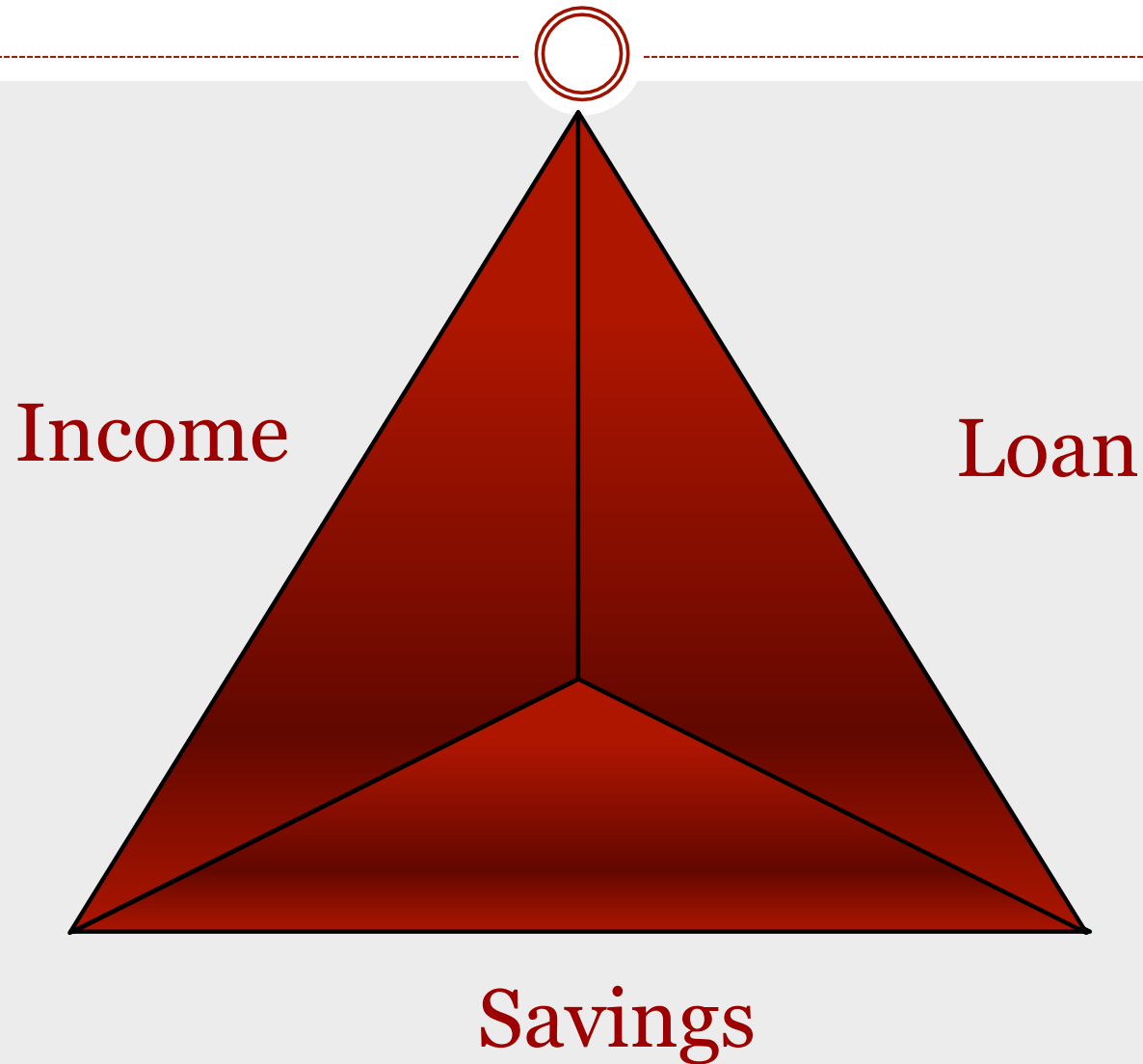
# Financial Aid Reality



**Total Cost of Education**  
(minus) - Aid Awarded  
(equals) = Family Share



# Finding the Family Share



# Finding the Family Share



- Ask people if they know of any private scholarships you could apply for – employer, guidance office, faith based organizations, clubs family may belong to and local library. Do research on the web. There are many free, quality websites for scholarship searches. Be imaginative!
- Families should save as much as they can – no amount is too small!
- Sign up for monthly payment plan through the institution, generally will allow you to pay the remaining balance over 10 months.
- If you find it difficult to pay within a 10 month period, research long-term financing options.
  - Federal Parent Loan (Plus)
  - Connecticut Family Education Loan Program (CHESLA)
  - Private Alternative Loan for Education
  - Personal Family Options

# Net Price Calculator



## What is it?

- Institutions all have their own versions!
- Allows for an *estimate* of your expenses and financial aid possibilities from each institution
- Not a guaranteed award
- Intended to help families understand out-of-pocket expenses earlier in the application process

## Information Requested

- Financials from Parent & Student 2016 Tax Returns
- Earnings statements (W2 forms, recent paycheck stubs)
- Bank statements
- Student academic information



## State of Connecticut Programs

<http://www.ctohe.org/sfa>

[Roberta B. Willis Scholarship Program \(formerly Governor's Scholarship\)](#)  
[Veterans Benefits](#)

### [CHESLA Loan Program](#)

The Connecticut Higher Education Supplemental Loan Authority.  
Provider of the Connecticut Family Education Loan Program  
(CHESLA). [www.chesla.org](http://www.chesla.org)

# Outside Scholarships



- Consider making a specific email account
  - [Juliescholarships@gmail.com](mailto:Juliescholarships@gmail.com)
- Look for opportunities where there will be less applicants
  - Start with town, then county, then state, then national
  - Specific major, ancestry, or participation
- Notify college when you win a scholarship
  - May reduce current award from school

## Potential Sources

- Guidance Office
- Local Businesses
- Civic and Community Organizations
- Ethnic & Cultural Organizations
- Parents' Employer
- Churches/Religious Groups



# Outside Scholarships



- **Fast Web**
  - [www.fastweb.com](http://www.fastweb.com)
- **School Soup**
  - [www.schoolsoup.com](http://www.schoolsoup.com)
- **Admission Hook**
  - <http://www.admissionhook.com/>
- **Scholarship America**
  - [www.scholarshipamerica.org](http://www.scholarshipamerica.org)
- **Tuition Funding Sources**
  - <http://www.tuitionfundingsources.com/>
- **Should not pay for these applications**
- **May require information from financial aid forms**
  - For example a FAFSA calculated Expected Family Contribution (EFC)
- **Renewal varies based on award**

# Student Loans



## Options

- **Stafford Loans**
  - Solely in the student's name
  - Subsidized/Unsubsidized Stafford
  - No credit check, student cannot be in default on a previous loan
- **Private Loans**
  - Student will need a co-signer
  - Requires credit check
- **Parent Loans**
  - Solely in the parent's name
  - Requires credit check

## What to Consider

### [Loan Repayment Calculator](#)

Loan Balance:	<input type="text" value="20,000"/>
Interest Rate:	<input type="text" value="6.8%"/> <a href="#">choose rate</a>
Loan Fees:	<input type="text" value="0.0%"/>
Loan Term (Years):	<input type="text" value="10"/> <a href="#">choose extended term</a>
Minimum Payment:	<input type="text" value="\$50"/>
Enrollment Status:	<input type="text" value="In Repayment"/> ▼
Degree Program:	<input type="text" value="Bachelor's Degree"/> ▼
Total Years in College:	<input type="text" value="4"/>
Print payment schedule?	<input type="radio"/> Yes <input checked="" type="radio"/> No

**CALCULATE**

<http://www.finaid.org/calculators/loanpayments.phtml>

# Top 5 Things to Consider!



1. **Never rule out a college because of cost alone.**
2. **Compare costs before applying** — Net price calculators can provide an estimate of financial aid eligibility and remaining college costs. Net price calculators should be available on every college's website.
3. **Remember to apply** — FAFSA deadlines are available online at <https://fafsa.ed.gov/deadlines.htm>. Many colleges and universities also provide funds through an institutional application, the CSS/Financial Aid PROFILE® and/or a state application.
4. **Get advice** — The financial aid office at the college or universities you are applying provide workshops or can give advice.
5. **Compare awards** — Look at scholarships, grants, loans, and parental contributions before making a final decision on a college.

# Questions to ask and *not* assume!



- When will I receive my financial aid award?
- How do outside awards affect the aid package?
- What is the school's policy on non-custodial parents?
- Are the scholarships/grants renewable each year?
- What happens if financial circumstances change?

# Financial Aid Resources



- [www.irs.gov/transcript](http://www.irs.gov/transcript) To request a copy of your Tax Return Transcript (if unable to use data retrieval tool on FAFSA)
- [studentloans.gov](http://studentloans.gov) To completed Stafford Loan paperwork and Apply for Plus Loans
- [www.nasfaa.org](http://www.nasfaa.org) Consumer tips for parents and students as well as financial aid tools for completing required applications
- [studentaid.ed.gov](http://studentaid.ed.gov) An Office of the U.S. Department of Education
- [www.ctohe.org](http://www.ctohe.org) The Connecticut Office of Higher Education

# Final Thoughts ...



- Many factors involved in the awarding of aid result in different financial aid packages from different schools.
- Consider a financial “safety” school.
- The best deal is not always the best fit!
- Consider all types of aid ... particularly when it comes to educational loans.
- Look at all financing options – start with those suggested by the college at which the student enrolls.
- Financing plans should cover 4 years.
- Appeal if circumstances change.
- Spend time with scholarship and grant search tools – they make a difference!

# Final Thoughts on Financial Aid Myths and Truths



Myth: Saving for college hurts the chances of getting aid.

Truth: If you save you won't need to borrow or borrow as much! The EFC includes only 5.64% of the net worth of assets.

Myth: The FAFSA is too complex and takes too long to complete.

Truth: For most first-time filers, the FAFSA takes less than 30 minutes to complete. For repeat filers less than 20 minutes.

Myth: Students borrow more because college costs more.

Truth: College does cost more due to increased cost of labor and other expenses like energy. Families are also less prepared to pay for college. Only 51% of college bound families saved for college. Student's take longer to complete a bachelors degree. 40% graduate in 4 years, and 58% graduate in 5 years.

Myth: There is less aid available.

Truth: In 2015-16 over \$240.9 Billion was awarded in aid. Grants represented 60% of the total. Another 8% in tax credits are given to families.

# Final Thoughts on Financial Aid Myths and Truths



Myth: Loans are too hard to pay back.

Truth: Income contingent payment plans are available. PAYE (Pay As You Earn) only asks for payment of 10% of a borrower's net income. Allows a borrower to opt into other plans without penalty.

Myth: The return on a college degree is less because of the increase in the cost of education.

Truth: College degree is at it highest premium! During the Great recession a college gradates salary decreased by only 5%, compared to those without a degree whose income declined 10-12%. The number of college graduates also remained steady during the Great Recession. Those without a degree experienced 8 – 10% unemployment.

Myth: Colleges will offer grants in the first years but only offer loans in the later years.

Truth: If a family's economic situation remains similar from year to year and the student is making satisfactory progress towards a degree, then the financial aid offered in the first year will be renewed annually.