

College Financial Aid Night



JULIE B. SAVINO

**EXECUTIVE DIRECTOR
STUDENT FINANCIAL ASSISTANCE**

SACRED HEART UNIVERSITY

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

For Parents, the scariest part is paying for it!!!

Tonight's discussion will highlight:

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

Myth and Reality



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!

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. Forms of merit-based aid available not always based on need to those who qualify.

Myth and Reality



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!

Who Qualifies for Financial Aid?



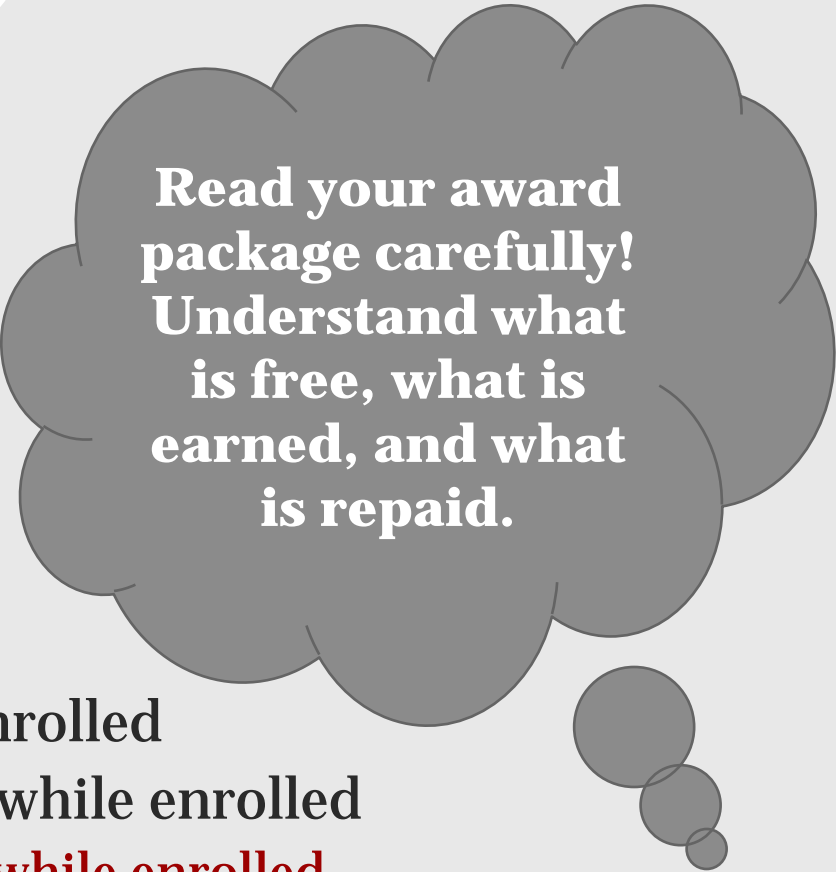
Principles of Financial Aid

- 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 a 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**

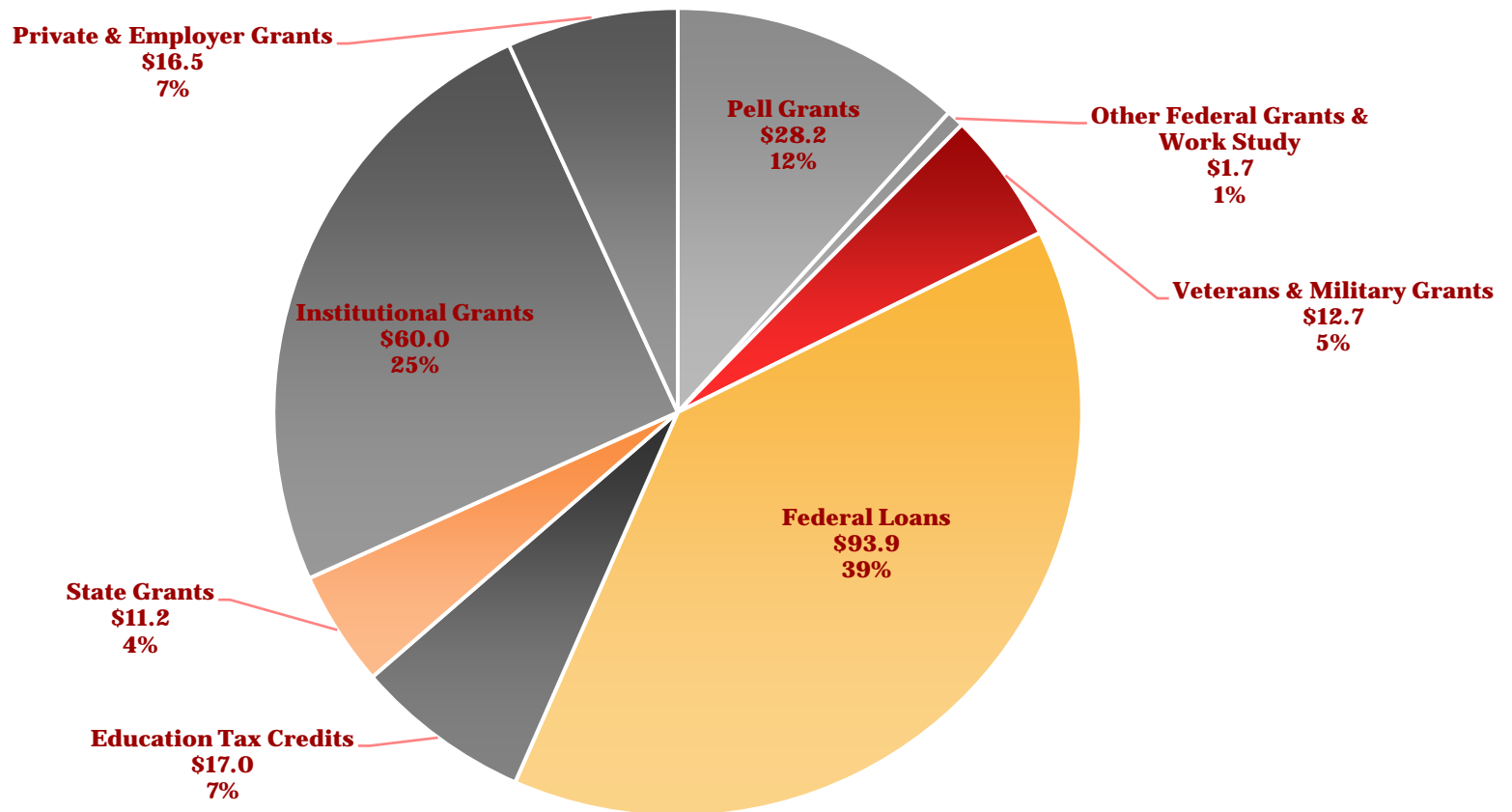


Read your award package carefully! Understand what is free, what is earned, and what is repaid.

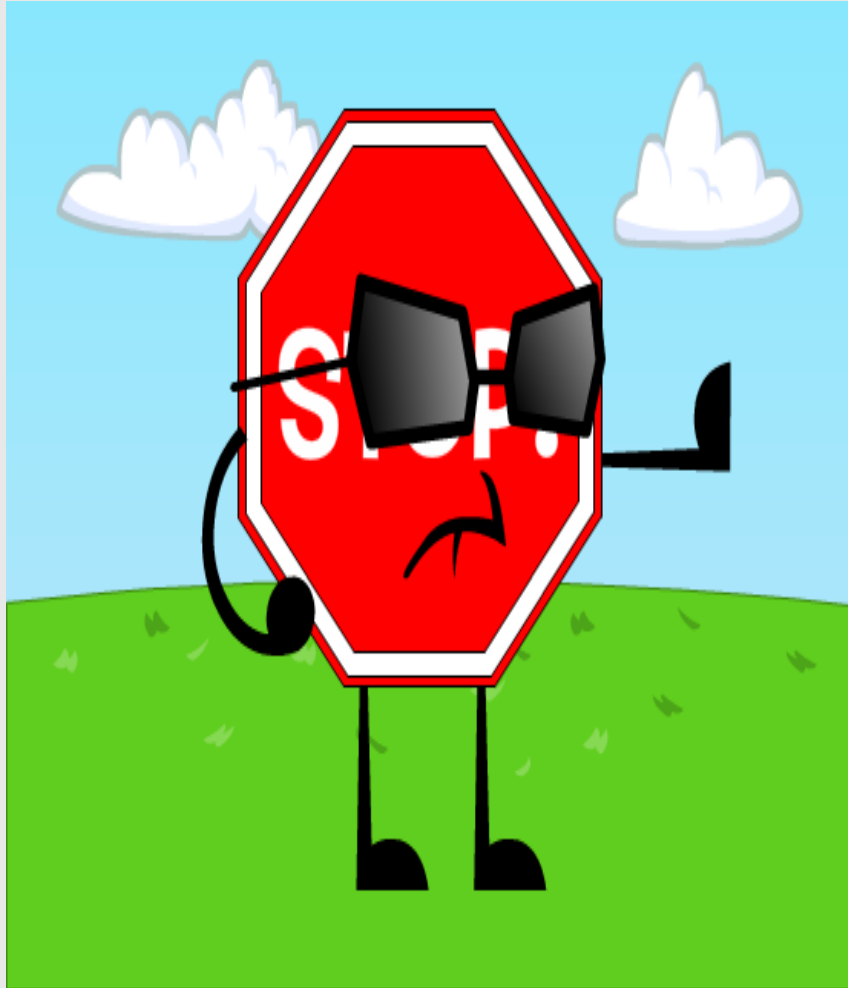
2017-2018 \$250.8 Billion Total Student Aid

Source of Information: The College Board "Trends in Student Aid 2018"

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



Do You Want to Be Considered Financial Aid?



Don' Make the FATAL Mistakes of

- 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
- **CSS Profile**
 - **Not** used by every college; primarily by private colleges
 - ✦ css.collegeboard.org
- **Institutional Applications**
 - Check school publications and websites
- **Deadlines**
 - Each school has their own deadlines
 - Submit two weeks before earliest deadline

Federal Student Aid Process



- **Prepare for College**

Try This Resource: *College Preparation Checklist*

- **Federal Types of Aid**

From types of aid to avoid scams

- **Who Gets Aid**

Learn About the Eligibility Requirements

- **FAFSA: Applying for Financial Aid**

Mobile-friendly FAFSA website

Mobile App: myStudentAid

- **How to Repay Your Loans**

www.studentaid.ed.gov

EARLY ESTIMATE STUDENT AID TOOLS

FAFSA4caster gives you a free early estimate of your eligibility. It is not an application; it's a planning tool.

“Types of Federal Student Aid” Video to learn about grants, loans, work-study and how to fund education. Available in English and Spanish as well as accessible version.

- <https://studentaid.ed.gov/sa/types>

Federal Student Aid ID (FSA ID)



- **Access to Federal Student Aid's online systems**
 - Used to confirm identity and serves as your legal, electronic signature for FAFSA, Federal Stafford Loans and Federal Parent Loans.
 - FSA ID is the username and password
- **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
 - 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 ← **not** “.com”
- 2020-2021 FAFSA available 10/1/19
- 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 2018 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 basic personal information like family**

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**
 - Currently unable to use DRT if, on 2018 taxes:
 - ✦ Married and filed as Married Filing Separately
 - ✦ Married and filed as Head of Household
 - ✦ Unmarried and both legal parent living together
 - ✦ 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 2018 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
 - Overview of application
 - Link to start your CSS Profile
- **Available 10/1/2019**
- **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 2018 tax information**
 - Enter information manually
 - If divorced/separated, use custodial parent information
 - Some schools may require the Non-Custodial Profile (NCP) Form for divorced or separated
- **Will ask for other financial information including assets, medical debt & expenses**
- **Will take into account personal information on family size, number in college and more**

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.

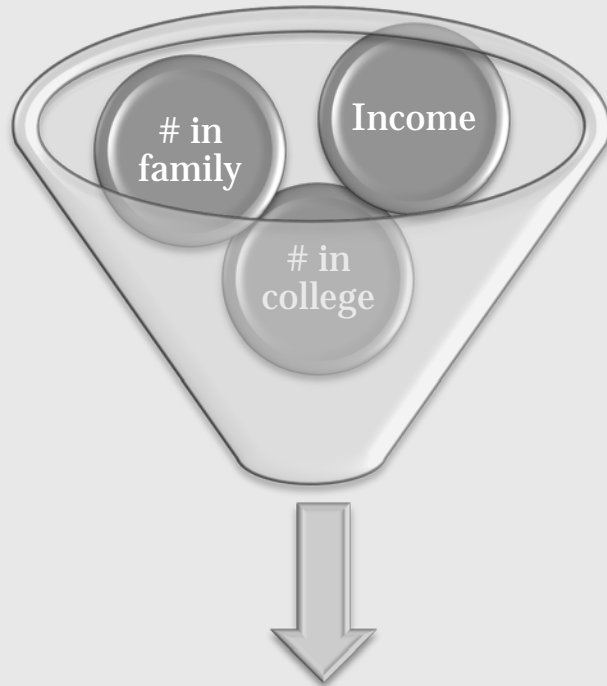
Institutions often calculate an alternate Institutional EFC to award institutional and private sources of financial assistance

- 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 Federal Need Analysis

The FAFSA

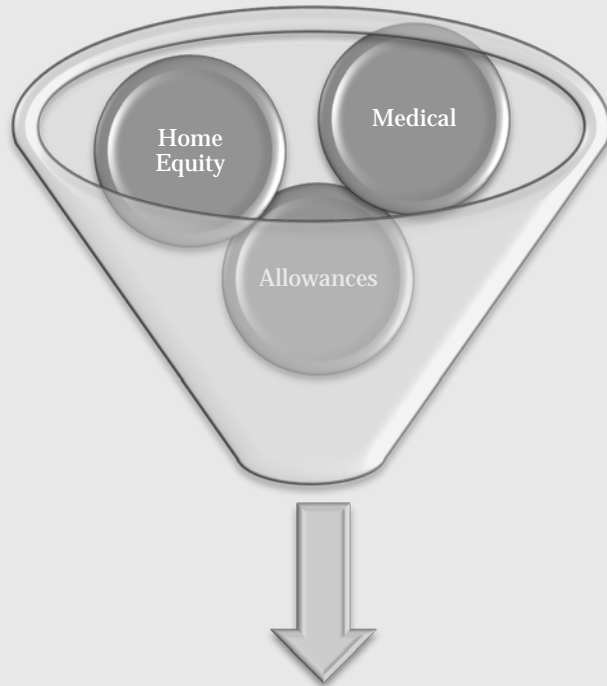


FM EFC

- 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 Institutional Need Analysis

CSS Profile or Other



IM EFC

- **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!**

Eligibility for Financial Aid



Total Cost

- Federal EFC

= Financial Need

4 Year Private

4 Year Public

\$45,000

\$27,000

\$10,000

\$10,000

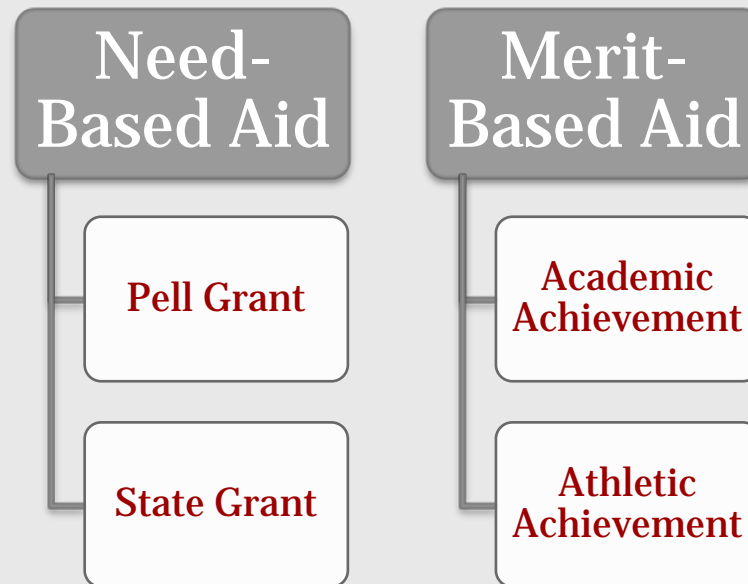
\$35,000

\$17,000

Forms of Gift Aid

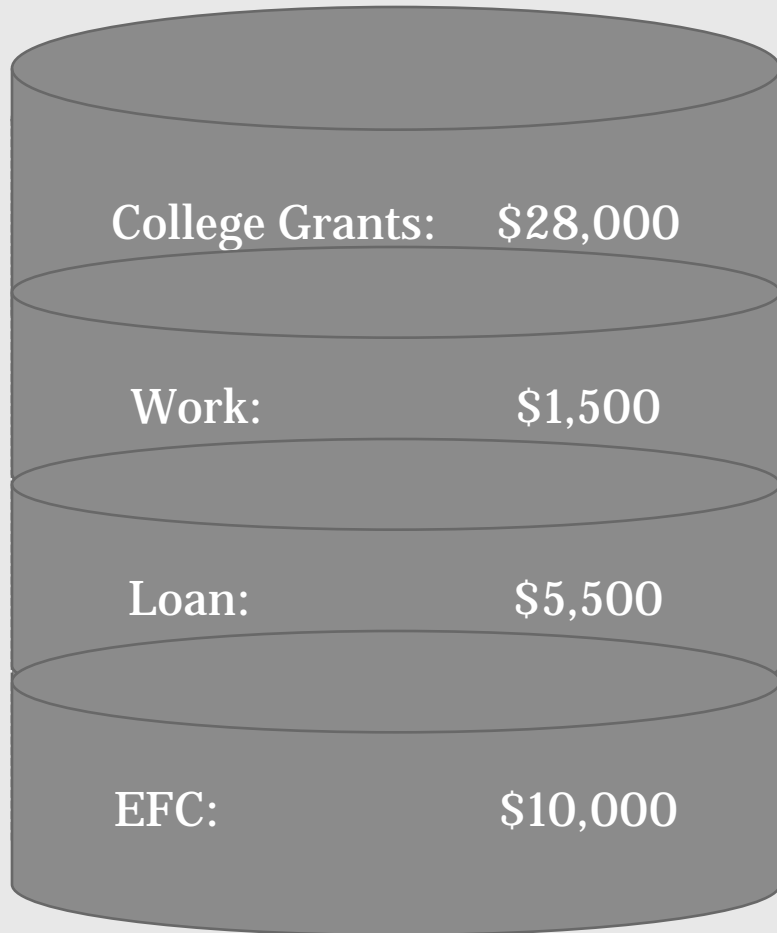


- Gift aid as a form of need-based aid is subject to a student's demonstrated financial need. Gift aid as a form of merit-based aid considers achievement, talent & participation, regardless of financial need.

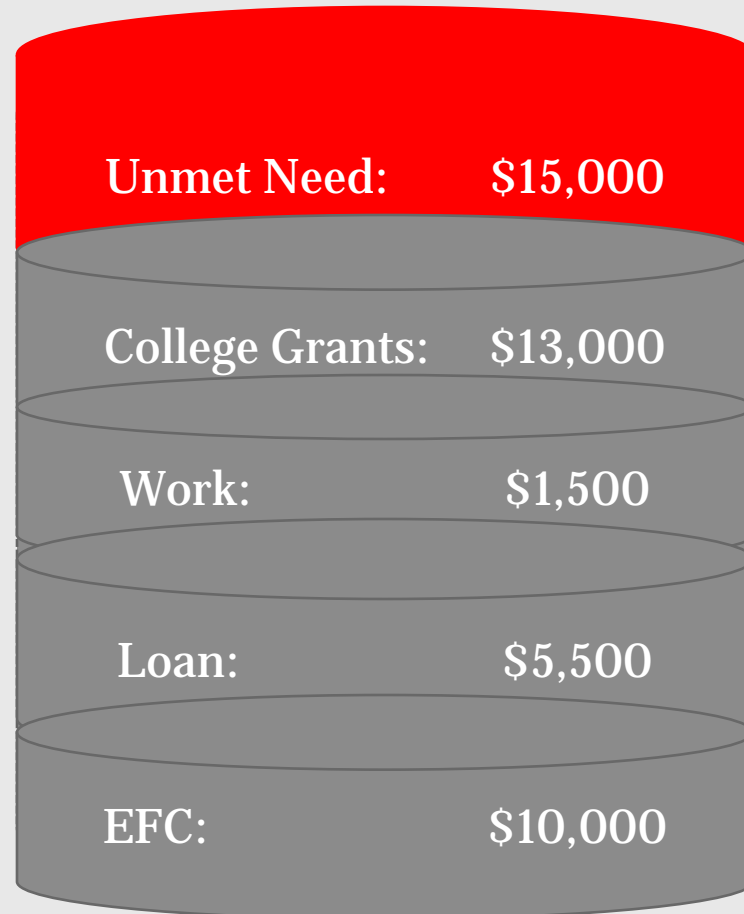


The Financial Aid Award Package

Total Cost = \$45,000

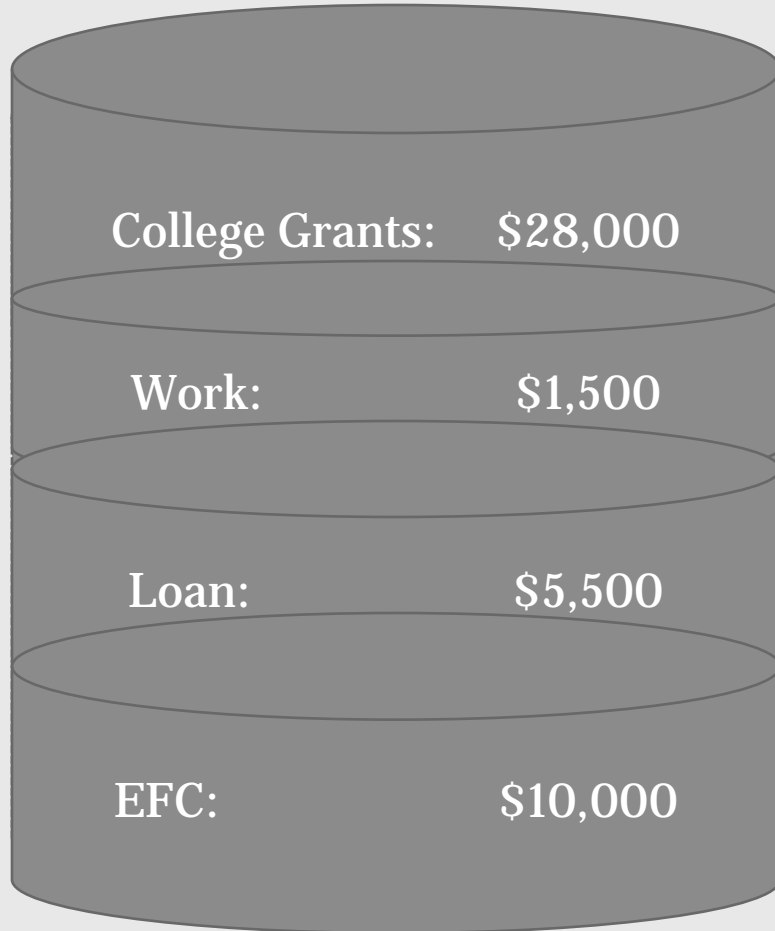


Total Cost = \$45,000

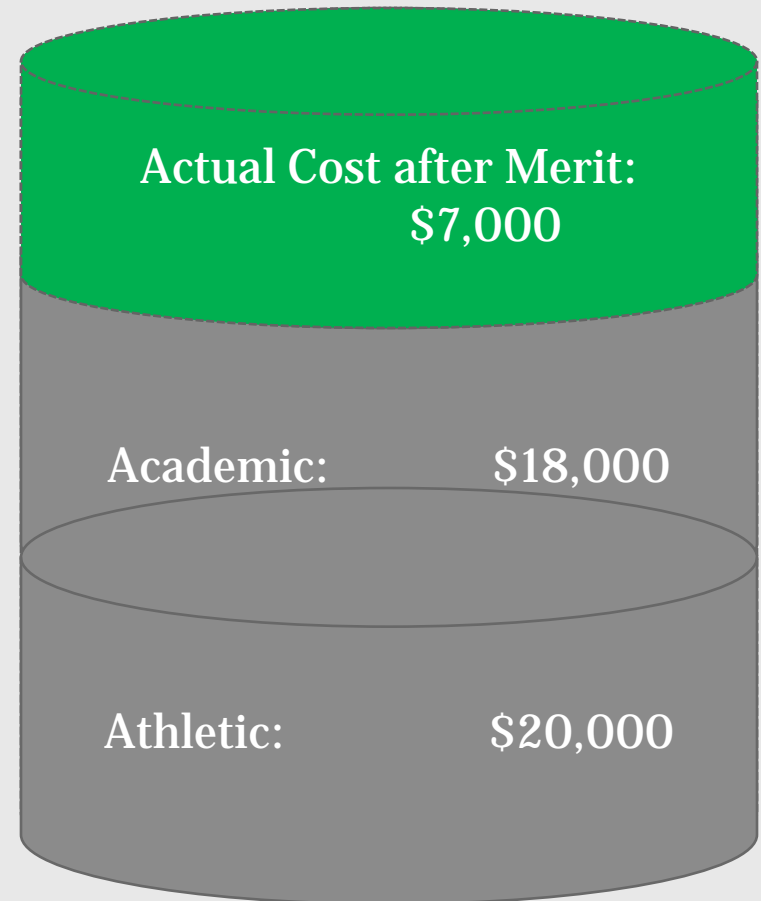


The Financial Aid Award Package

Total Cost = \$45,000



Total Cost = \$45,000



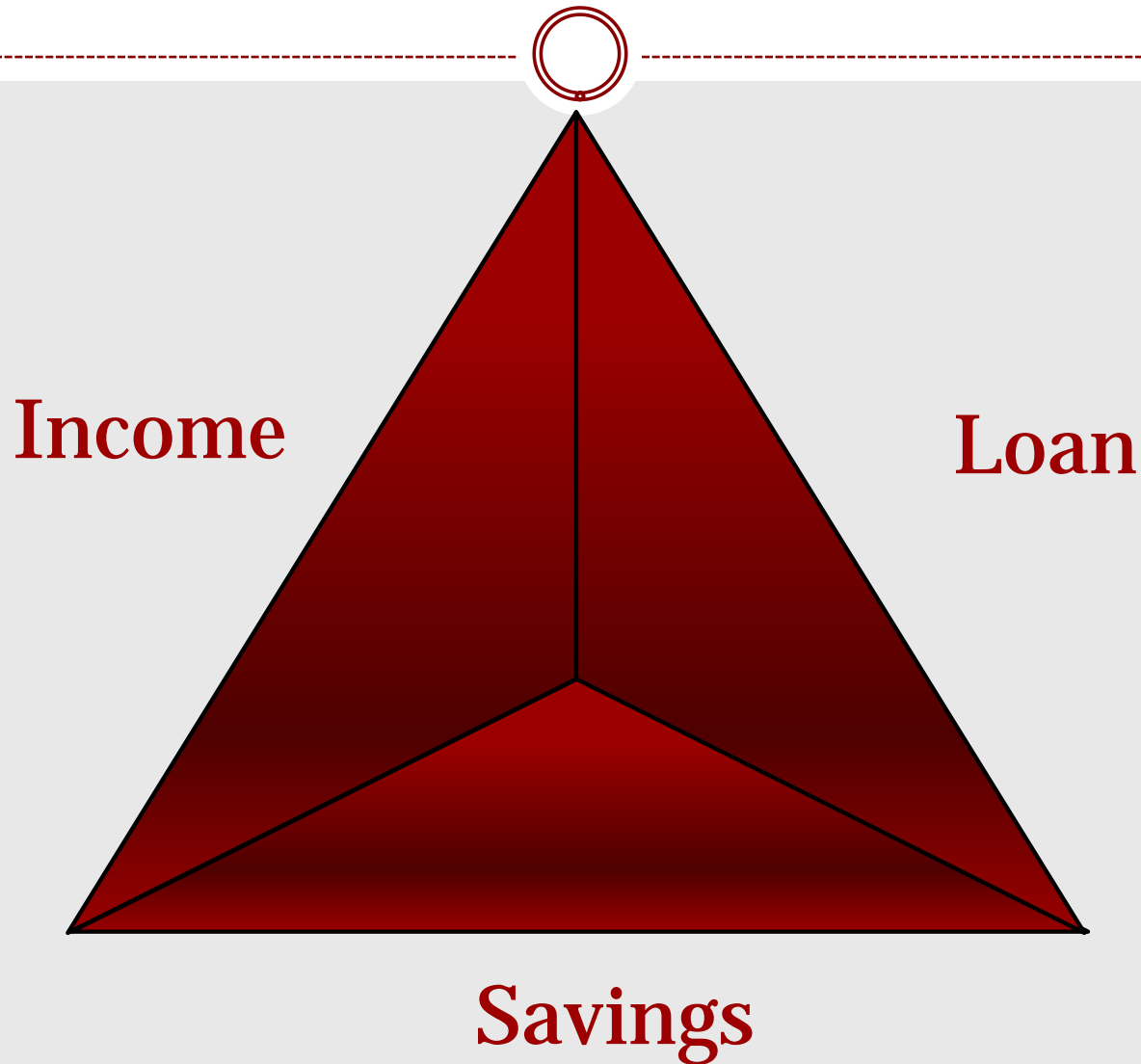
Financial Aid Reality



Total Cost of Education
(minus) - Gift 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

Financial Aid Resources



- www.irs.gov/transcript To request a copy of your Tax Return Transcript (if unable to use data retrieval tool on FAFSA)
- studentloans.gov To completed Stafford Loan paperwork and Apply for Plus Loans
- www.nasfaa.org Consumer tips for parents and students as well as financial aid tools for completing required applications
- savingforcollege.com/intro-to-529s/does-a-529-plan-affect-financial-aid Unbiased, independent resource to understand the benefits of 529 college savings plans
- salliemae.com/research/how-america-pays-for-college Annual report of undergraduate families attitudes. 1,600 telephone interviews.



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

Outside Scholarships



- **Consider making a specific email account**
 - 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
- **School Soup**
 - www.schoolsoup.com
- **Admission Hook**
 - <http://www.admissionhook.com/>
- **Scholarship America**
 - 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:

Interest Rate: [choose rate](#)

Loan Fees:

Loan Term (Years): [choose extended term](#)

Minimum Payment:

Enrollment Status: ▼

Degree Program: ▼

Total Years in College:

Print payment schedule? Yes 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?**

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!