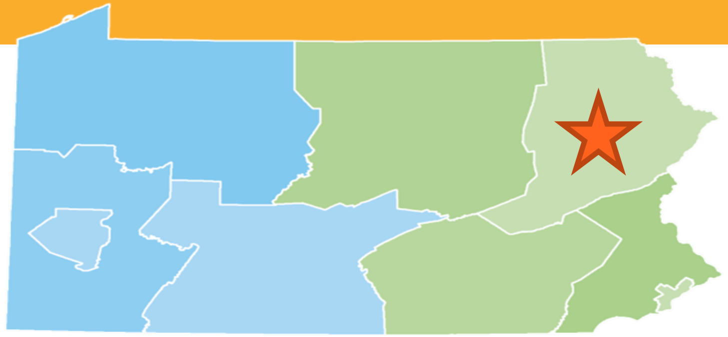
FINANCIAL AID 101

Prepare for Your Future

Your presenter



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AGENDA

- What is Financial Aid?
- How do I apply?
- The Aid sources available.
- What happens next?
- Making smart decisions!

Financial Aid Basics

Financial Aid is funding provided to students and families to help pay for POSTSCONDARY EDUCATION expenses

Principles:

- **Paying is a joint responsibility of student and parent(s)**
- **A Federal Formula determines family "NEED"**
- **FORMS must be filed to receive ANY Aid**
- **Be a consumer – open minded, diverse search**
- **Buy and EDUCATION, NOT A SCHOOL**

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Types of Financial Aid

GIFT AID: **Scholarships and Grants (not repaid)**

Based on: **Financial Need** (income, assets, family)

Merit (ability, actions, criteria)

- Sources: Federal/State Government, Schools/Colleges, Organizations, Businesses, Community, Employers, FREE Internet Search

SELF HELP AID: **Loans, Work Programs, Savings**

Loans are borrowed money and must be repaid

- Sources: Federal Government, Banks, Schools/Colleges

Work Study – earned money by students

Also…. Tuition Reimbursement and Military

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Start with the FORMS

FAFSA – Free Application for Federal Student Aid

- Required by **ALL Schools, PHEAA** and some scholarship organizations
- <u>Required every year attending</u>

STATE GRANT FORM through PHEAA

- <u>Required first year after FAFSA is completed</u>

<u>Some schools require additional forms::</u>

CSS Profile – through the College Board; additional fees

Institutional Financial Aid Forms - through a specific school

KNOW WHAT FORMS EACH SCHOOL REQUIRES

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FAFSA.GOV - New look and format for AY 19/20

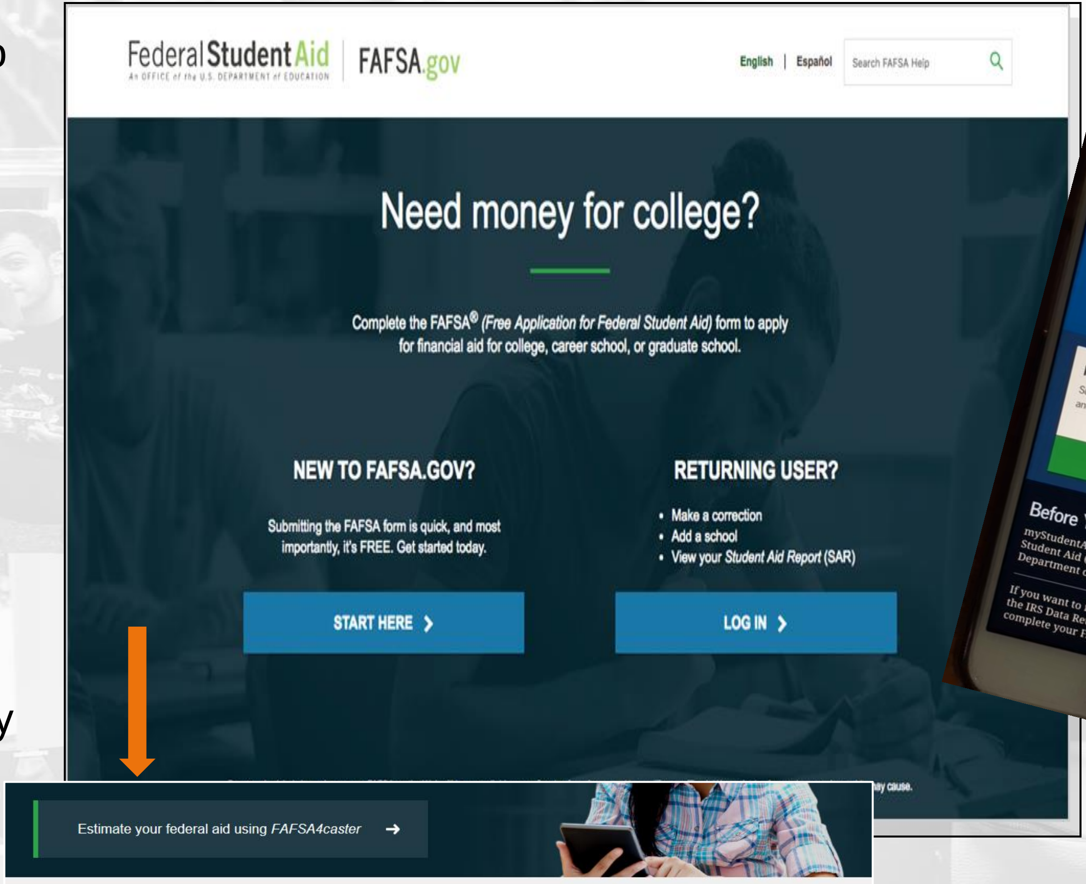
The primary form used to determine Eligibility for Federal Financial Aid

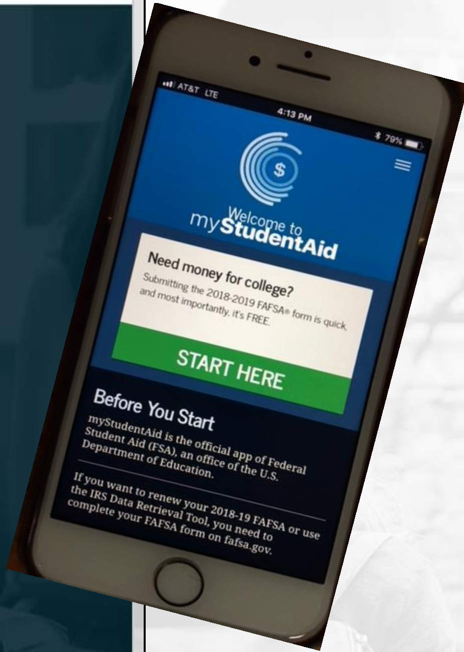
Complete every year enrolled

New web format for online, tablet and phone use and a new “My Student Aid” App

Skip Logic built in to skip questions that don’t apply

Fafsa4caster – practice site





DEADLINES *live it, learn it, love it*

Federal Deadlines - Apply anytime after October 1 in the year prior to when you will attend school

(AY 2019-20: 10/1/18 to 6/30/20)

School Deadlines - vary, check websites!

PA State Grant Deadlines for FAFSA

May 1 - First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges)

August 1 – 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

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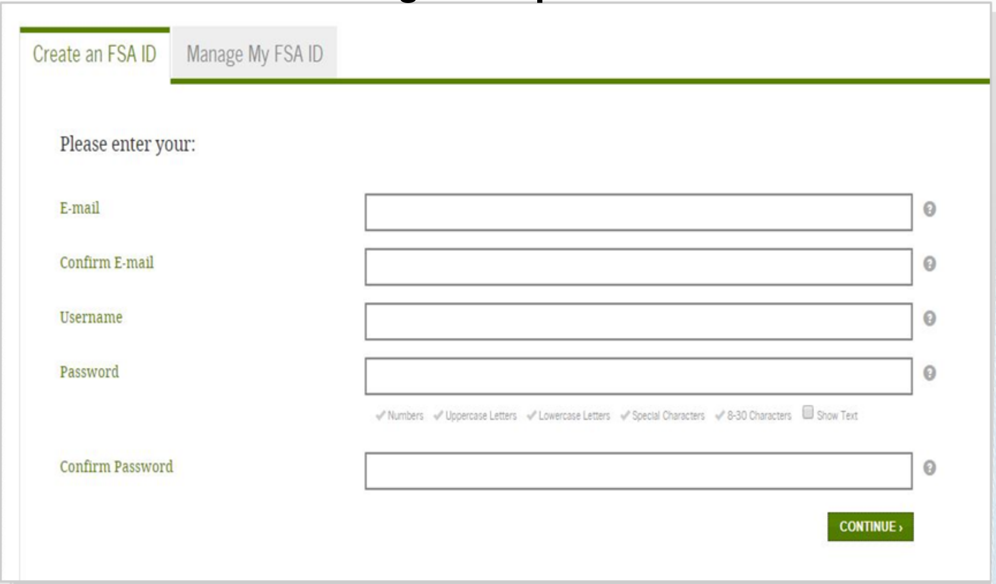
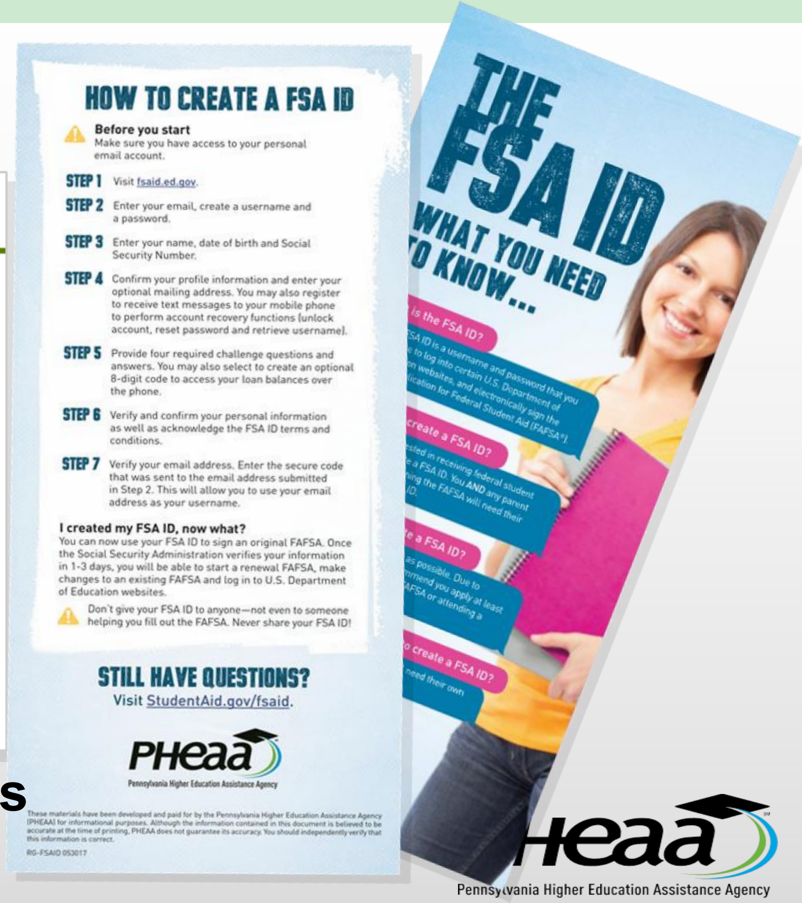
Create an FSA ID (your electronic signature)

FSAID.ed.Gov

or scroll down at FAFSA.gov & options within the FAFSA



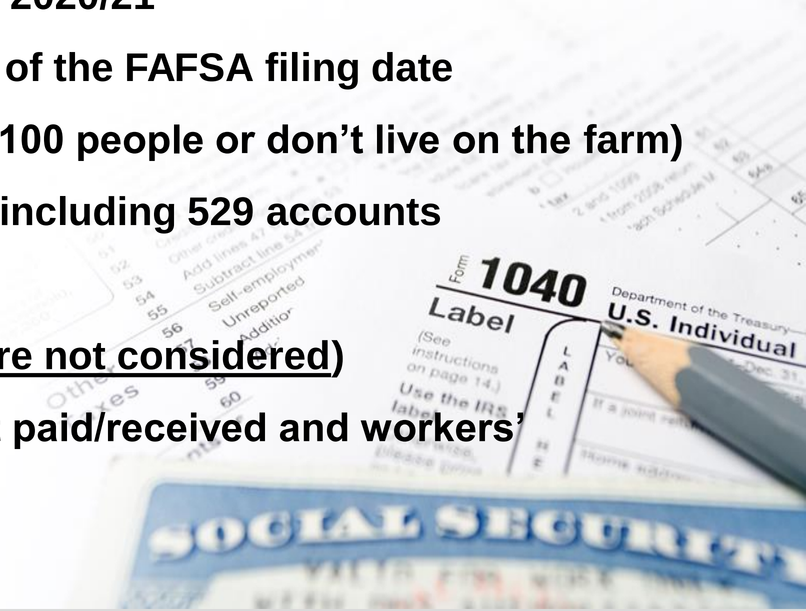


Student and ONE Parent need separate ID's

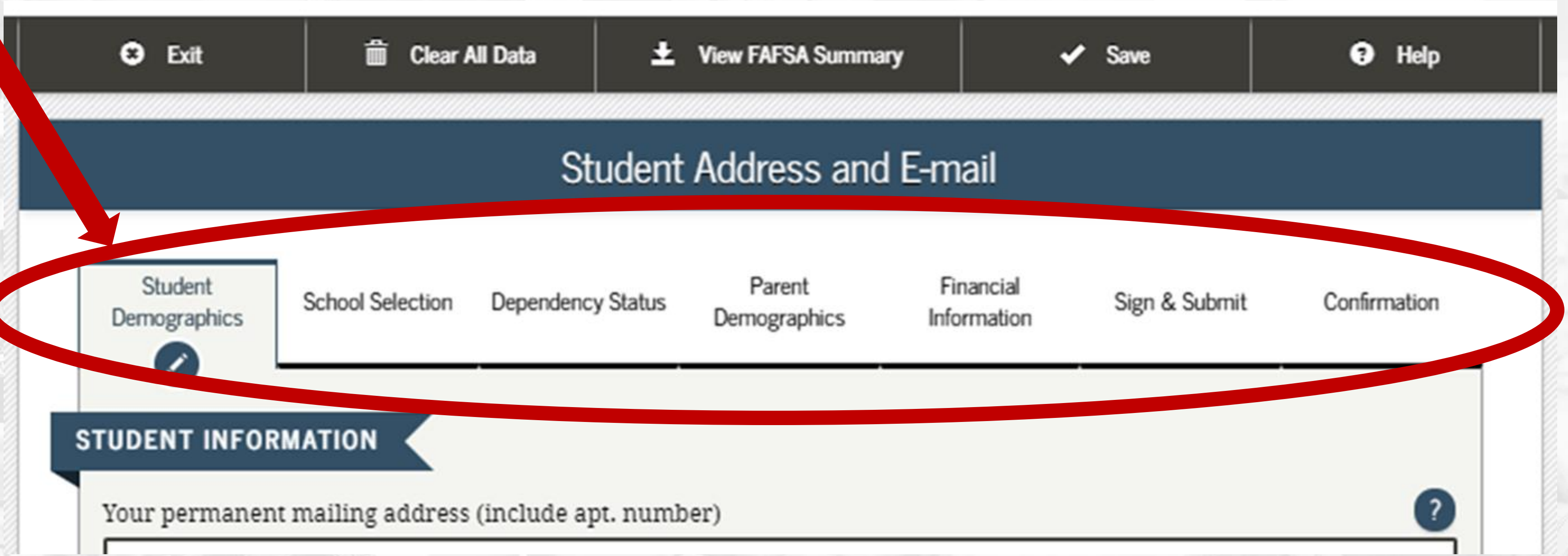
- Separate emails addresses required

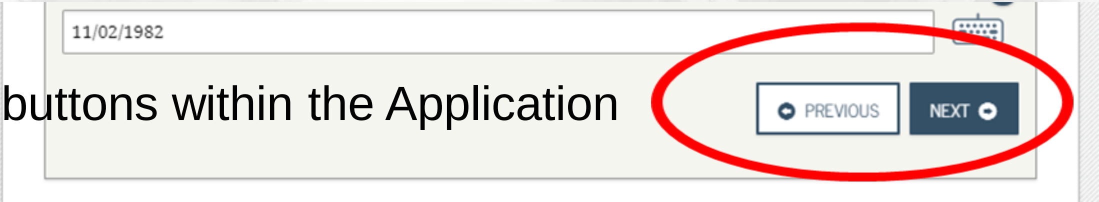
Documents You May Need

- Social Security Number or alien registration number if not US Citizen
- Driver’s license (student only and optional)
- Prior, Prior year’s Federal income tax returns (1040, 1040A or 1040EZ) & W2 foms
    - 2017 taxes for AY 2019/2020 , 2018 taxes for AY 2020/21
- Current bank statements (checking and savings) as of the FAFSA filing date
- Current business and farm records (if employ over 100 people or don’t live on the farm)
- Records of any stocks, bonds & other investments, including 529 accounts
    - NET AMOUNTS
- Untaxed Income (untaxed Social Security benefits are not considered)
    - Veterans non-education benefits, child support paid/received and workers’ compensation.

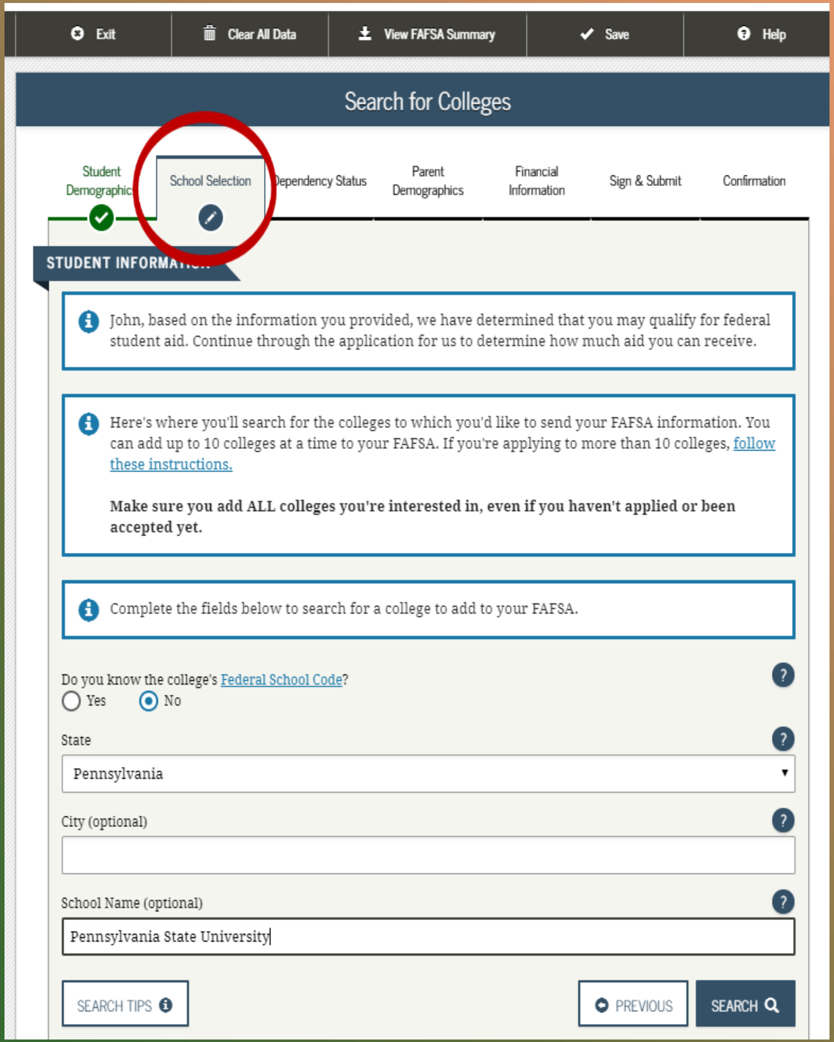


7 Sections / fill in the blanks





Use the Pevious and Next buttons within the Application



SCHOOL SELECTION

Look at more than one!

Select up to 10 colleges you are interested in attending

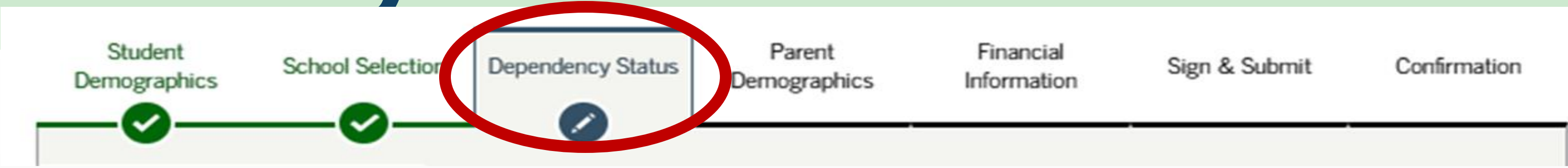
- You don't have to be currently accepted
- List the one you're most likely to attend first

Schools cannot see your Financial Info unless you list them on FAFSA

Schools cannot see the order or your other selections

Search by name or by school code

Dependency Status



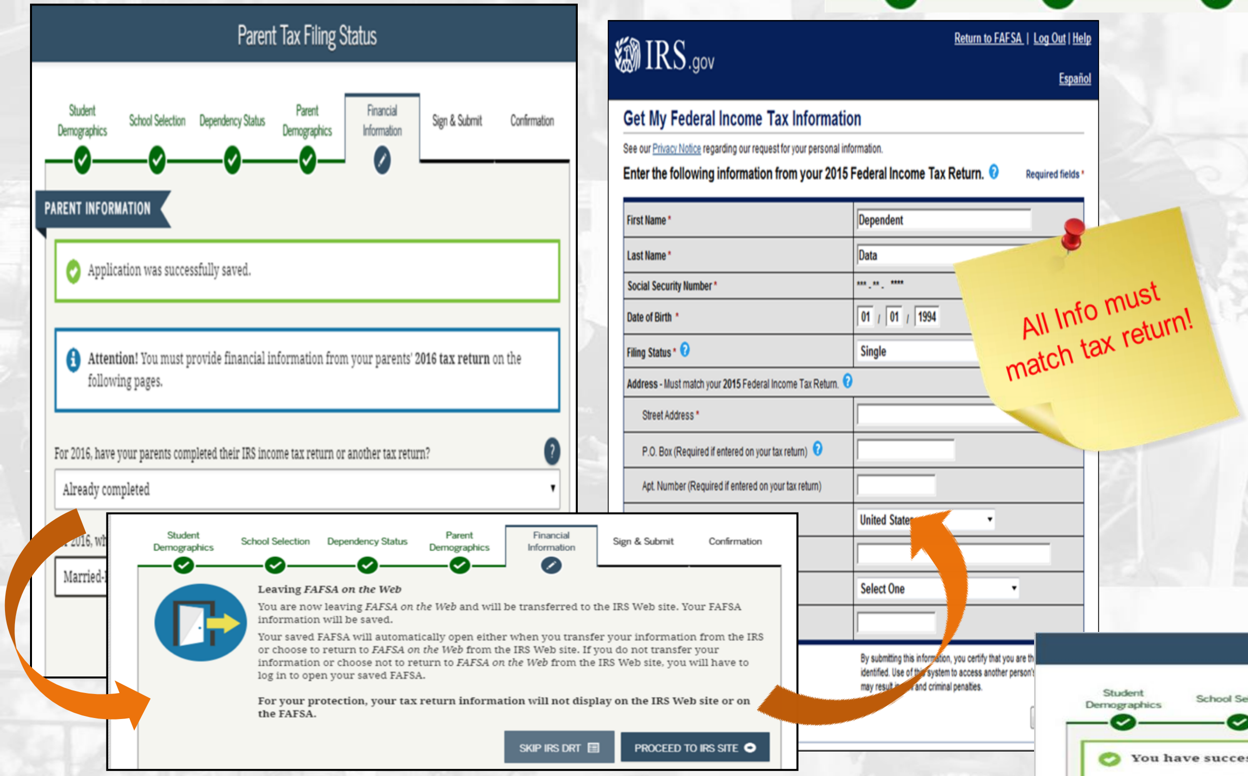
Independent students are:

- 24 or older on January 1 of award year
- Veteran (includes active duty personnel)
- Married
- Working on graduate degree
- Emancipated minor or in a legal guardianship
- Orphan, in Foster Care or Ward of the Court at any time when the student was age 13 or older
- Have legal dependents other than spouse
- Student deemed homeless by proper authority

Whose information goes on the FAFSA?

- ✓ **Independent student** – only their info
- ✓ **Dependent Student and Parent(s)**
  - ✓ **Divorced or Separated Parents -> Custodial Parent**: the parent that you lived with most during the last 12 months, if equal: the parent that provided the most financial support
  - ✓ **Divorced/Separated parents who live in the same household**
  - ✓ **Same Sex Parents**
  - ✓ **Steppparents**
  - ✓ **Adoptive parents**
- ✓ **NOT a parent for FAFSA:**
  - ✓ Foster parents
  - ✓ Legal guardians
  - ✓ Anyone else the student is living with

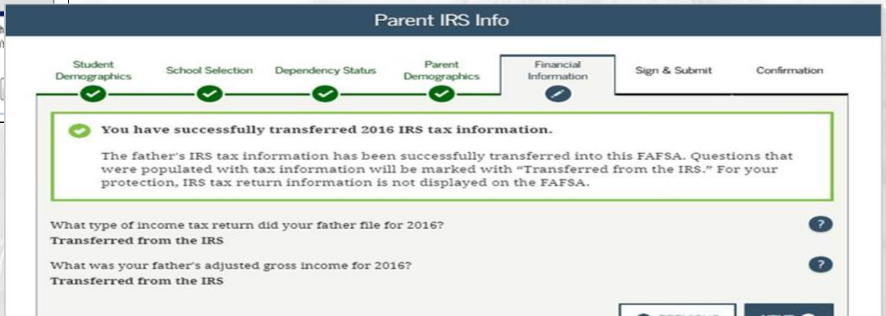
IRS Data Retrieval Tool



Students and Parents can transfer IRS Tax Return Information directly into the FAFSA if applicable

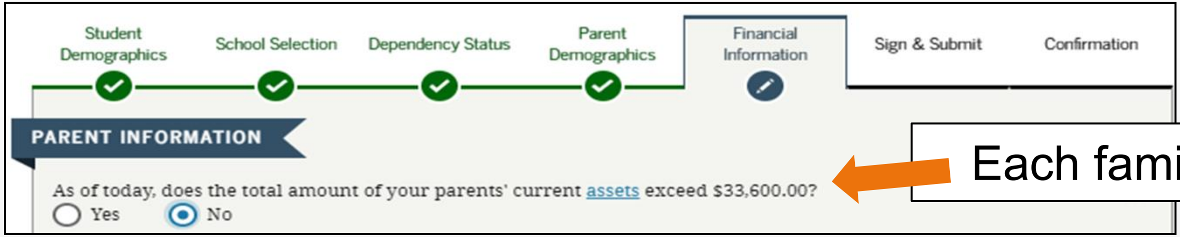
- Manual entries are verified

Have W2's for earned income reporting



Assets

An **ASSET PROTECTION ALLOWANCE** is applied against a Parent's assets, based on the information gathered to this point



Each family's number is unique to them

NOT AN ASSET: **Home, Personal Property, Qualified Retirement Funds, Value of Life Insurance. Social Security Benefits are NOT considered**

Report **NET ASSETS** (Value - Associated Debt/Penalty = Asset)

529 college savings accounts are reported as Parent Investments IF the total assets including the 529 are ABOVE the asset protection allowance number

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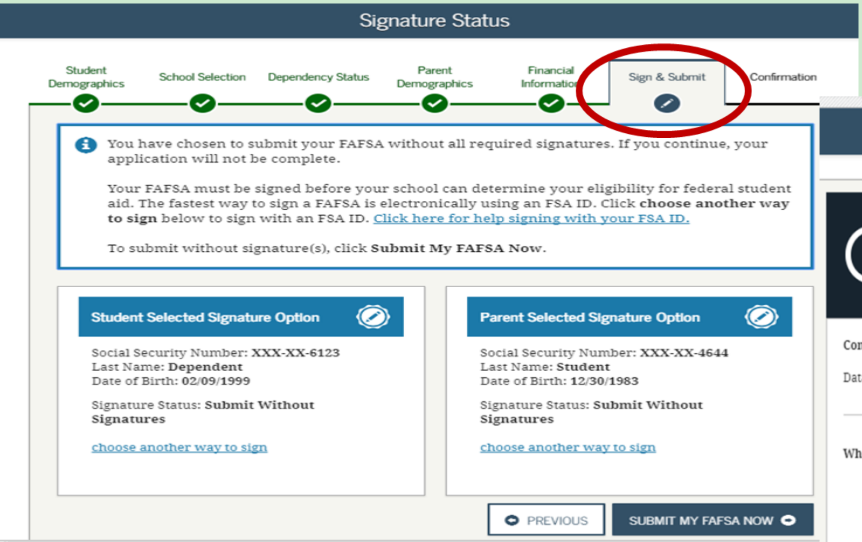
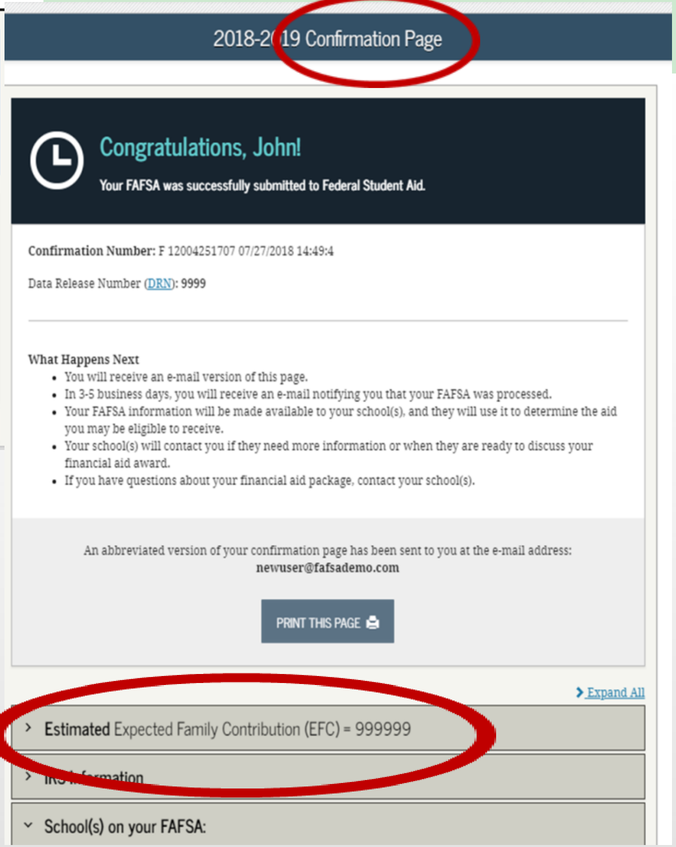
Sign + Submit = EFC / AID calculations





EFC stays the same for ALL schools

Parent contribution divided by number of children in college at the same time

Student Income protection: 50% over $6,570 is considered

EFC: Expected Family Contribution

Family Financial Strength Number, NOT what you're expected to pay

Driving factors: Income, Family Size and Age of oldest parent

Approx calculation on assets: 20% student, 6% of parent assets

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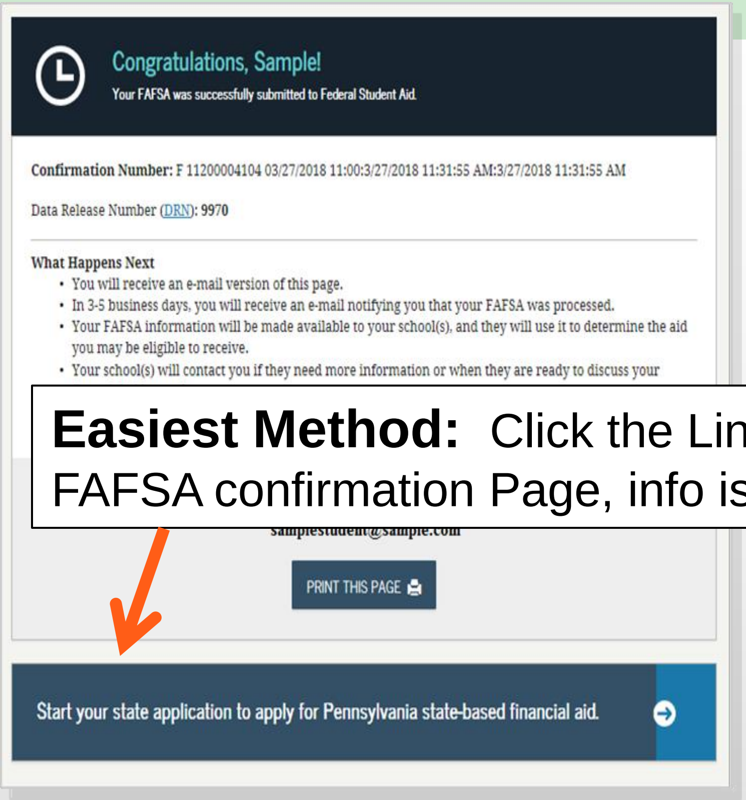
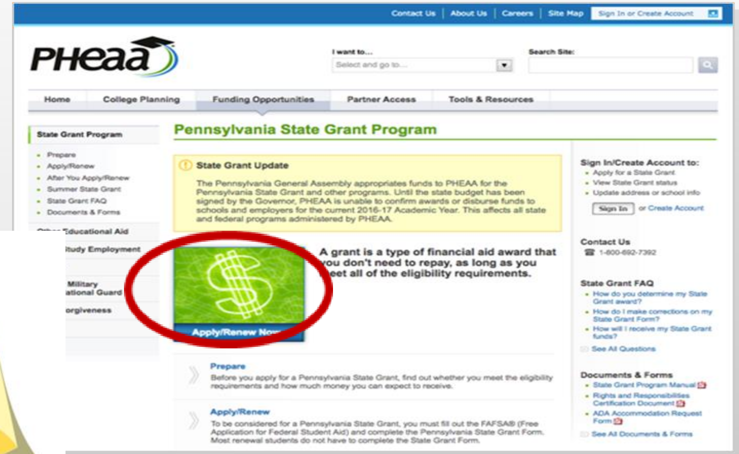
PA State Grant FORM



Easiest Method: Click the Link on the FAFSA confirmation Page, info is transferred

Completed the first year attending, uses new FAFSA in subsequent years

Missed the Link – go to PHEAA.org, 24 hours after filing or watch for PHEAA reminders



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The process…..

Department of Education's Central Processing System uses the FAFSA calculations to create your NEED ANALYSIS

- [x] EFC is calculated – number used to determine aid
- [x] SAR/ISIR – reports your eligibility for Aid to you and your school choices
- [ ] Schools and State receive your results
- [ ] Grant eligibility is calculated
- [ ] You Apply/Applied to your school choices
- [ ] Once Accepted – schools produce Award Letters (Aid Packages) based on Need and any Internal Aid

  (Cost – EFC = Need)
- [ ] You compare Award Letters
- [ ] Determine true costs of school and make affordable choices

Cost of Attendance

The Financial Aid Office will include DIRECT COSTS in determining the student's <u>annual cost</u> of attendance (Budget) at their school.

- Tuition, Fees, Room, Meals(Board), Books, Supplies

Don't forget about **INDIRECT COSTS**:

- Dorm Furnishings, Transportation, Personal Expenses, Laundry, Dependent Care, Pizza…

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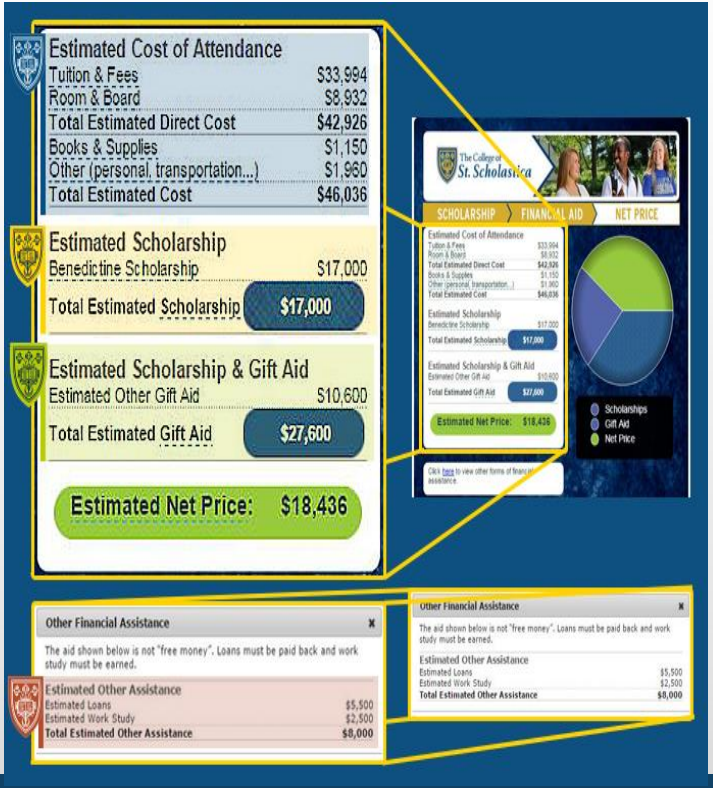
Every Institution, by law, must provide families with a Net Price Calculator on their website to estimate net costs

<u>**ESTIMATED** data provided by each institution:</u>

- ➢ Total price of attendance
- ➢ Tuition, Fees, Room and Board
- ➢ Expenses (ie personal, transportation..)
- ➢ Estimated merit and need based grant aid
- ➢ ESTIMATED NET PRICE (attendance minus grant aid)

Does not always include internal Scholarships



Special Circumstances …

If things change …contact the Financial Aid Office

- Reduced Income or PPY Inflated Income
- Recent death or disability
- Divorced or separated parents
- Step or Adoptive parents
- Foster parents
- Legal guardians
- Living with others

Only a school can change a FAFSA related to circumstances

Contact PHEAA for PA Grant re-consideration

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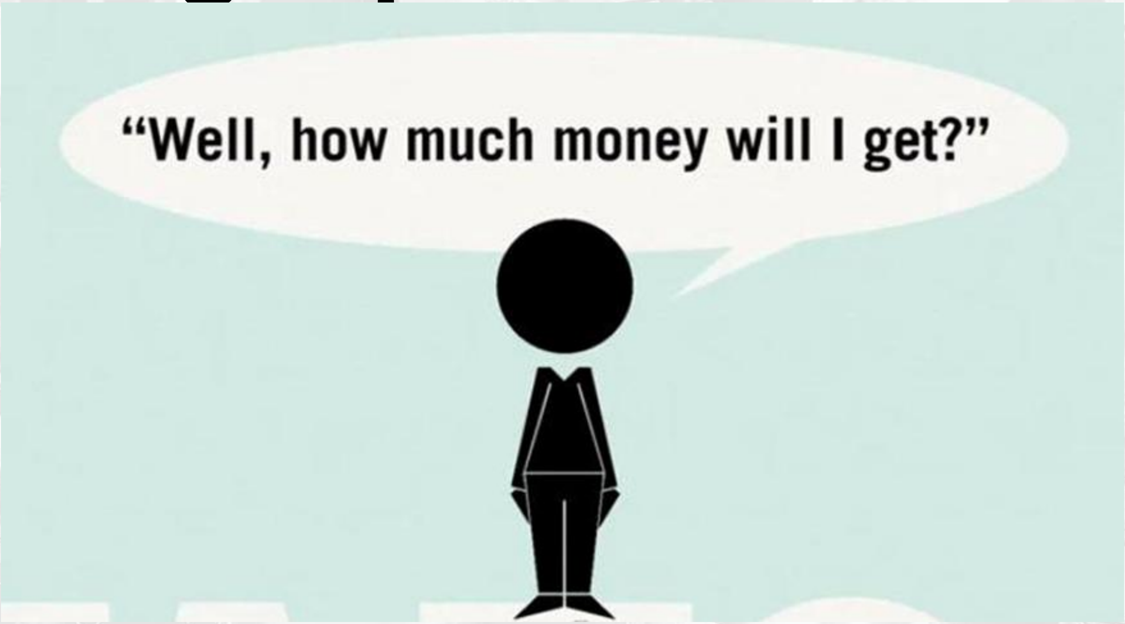
Funding Options Available



Federal Grants based on Need (EFC)

Pell Grant …………… **up to $6,095** (18/19 AY)

Campus-based aid – amounts determined by FAO

FSEOG…………………… **up to $4000**

Federal Work Study… FAO determines

Student must be enrolled at least half-time and meet satisfactory academic progress

Eligibility determined by FAFSA (forms)

Amounts determined by Need Analysis & Cost of School

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Other Federal Grant Programs

StudentAid.ed.gov/types

- TEACH Grant
- Occupational Vocational Rehabilitation Program (OVR)
- Post 9/11 GI Bill Benefits
- Iraq and Afghanistan Service Grant
- US Dept. of Health and Human Services
  - https://www.benefits.gov/us-department-health-and-human-services-hhs-student-assistance-programs
- Americorps
- American Opportunity Tax Credit & Lifetime Learning Credit
  - tax return credits - see IRS Publication 970

PA State Grant pheaa.org

Full time in PA* …. **up to $4,128** (18/19 AY)

Greater than 50% Online: half of the eligible award

Out of State – up to $551 in DE, DC, MA, OH, WV, VT

- **All other states - $0**

* Must be a resident of PA, attend at least half-time in a minimum 2 year program and meet satisfactory academic progress – see pheaa.org or the PA Student Aid Guide

Eligibility determined by FAFSA & PA Grant Form
Amounts determined by Need Analysis & Cost of School

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State Administered Grants – pheaa.org

- State Work-Study Program
- Partnerships for Access to Higher Education Program (PATH)
- PA Targeted Industry Program (PA-TIP)
- PA National Guard Educational Assistance Program (EAP)
- Chafee Education and Training Grant (Foster Students)
- Postsecondary Education Gratuity Program (PEGP)
- Blind or Deaf Beneficiary Grant Program
- Ready to Succeed Scholarship Program
  - 2nd year and beyond

Scholarships! Don’t miss FREE Money

- **START EARLY–and KEEP LOOKING**
  - GOOGLE your Interests
- DON’T PAY for information (Scam)
- Criteria varies by school and organization
  - Follow Directions – provide what is asked
- Don’t Fear Essays – recycle
- Don’t disqualify yourself until IT disqualifies YOU
- Small amounts ADD UP
- Activities, Athletics, Family, Hobbies, Attributes, Participation – DO YOUR RESEARCH
- Create a Profile/Resume – everything about you
- **DON’T MISS DEADLINES**

- ✓ **FastWeb.com**
- ✓ **EducationPlanner.org**
- ✓ **FinAid.org**
- ✓ **Unigo.com**
- ✓ **Scholarships.com**
- ✓ **Scholarship-Page.com**
- ✓ **DoSomething.org/Scholarships**
- ✓ **Colleges.Niche.com**
- ✓ **StudentScholarships.org**
- ✓ **BigFuture.Collegeboard.org**
- ✓ **CollegeAnswer.com**
- ✓ **CollegeNet.com**
- ✓ **MeritAid.com**
- ✓ **MORE….**

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Federal Direct Loan Program (borrowed funding)

StudentLoans.gov or the School's Website

Awarded to ALL eligible undergraduate students, regardless of NEED

2 Loan components, **based on FAFSA**

Subsidized – Govt pays interest while attending and during grace period

Unsubsidized – Student is responsible for interest (Accrues in school and grace)

5.045% variable/fixed interest rate, 1.062% fee (AY 18/19)

- Changes every July 1 for new loans

- **In Student's Name**
- No Collateral or Credit Check
- No Payments required while attending school and 6 month Grace Period
- Affordable repayment options
- MUST complete a FAFSA and Sign an MPN
- Additional amounts for Independent Students and if Parent PLUS Loan is denied

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Federal Direct Stafford Loan Program Borrowing Limits

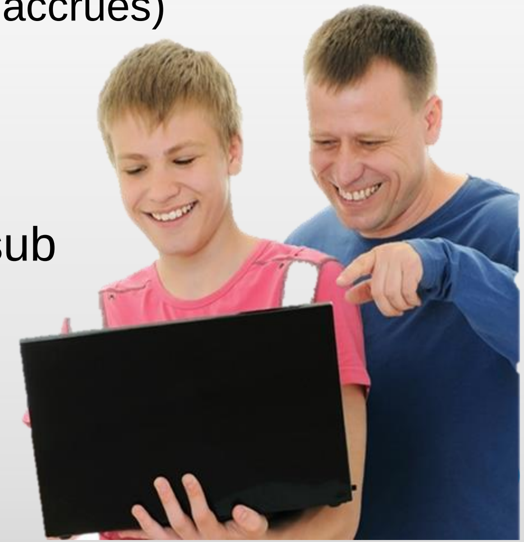
Undergraduate Students			Graduate Students
Annual Limits	Dependent Students	Independent or Dependent Students whose parents are unable to borrow a PLUS Loan	Graduate or Professional Studies
1st Year	**$5,500** Total No more than $3,500 may be subsidized	**$9,500** Total No more than $3,500 may be subsidized	**$20,500** each academic year Graduate / Professional students are no longer eligible for subsidized loans
2nd Year	**$6,500** Total No more than $4,500 may be subsidized	**$10,500** Total No more than $4,500 may be subsidized	
3rd Year and beyond	**$7,500** Total No more than $5,500 may be subsidized	**$12,500** Total No more than $5,500 may be subsidized	
Aggregate Limits	**$31,000** Total No more than $23,000 may be subsidized	**$57,500** Total No more than $23,000 may be subsidized	**$138,500** Total

Federal Direct PARENT PLUS Loan

For Parents of Dependent Undergraduate Students

PLUS loans also available for Independent Graduate Students

- In a Parent's Name for student costs – up to the Cost of Attendance
- Payment can be deferred while student is in school (interest accrues)
- No Debt-to-Income test, Only lenient credit check
- Must apply each year and file a FAFSA
- IF DENIED – student is eligible for an additional $4,000 unsub



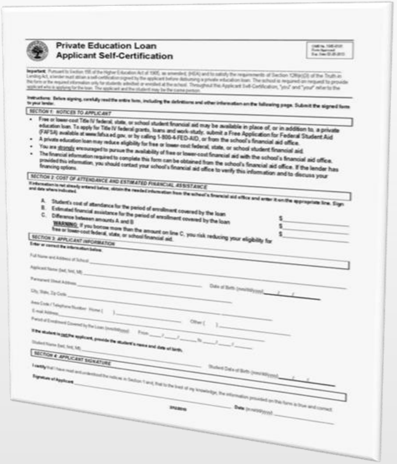
7.595% Variable/Fixed Interest Rate; 4.248% fees (AY 18/19)

Changes every July 1 for new loans

Private / Alternative Education Loans

Options for Balances from private lenders or financial institutions

- **In student's name / co-signers usually required**
  - Some loan products have a co-signer release
- Can borrow up to the Cost of Attendance
- Based on credit scores and debt-to-income
- Terms vary by lender – compare before making choices
- Students must sign a "Self Certification Form" per DOE


Private Education Loan
Applicant Self-Certification

Compare to find the right fit

- Ie: **PHEAA Forward** – PHEAA education loan starting in Jan 2019

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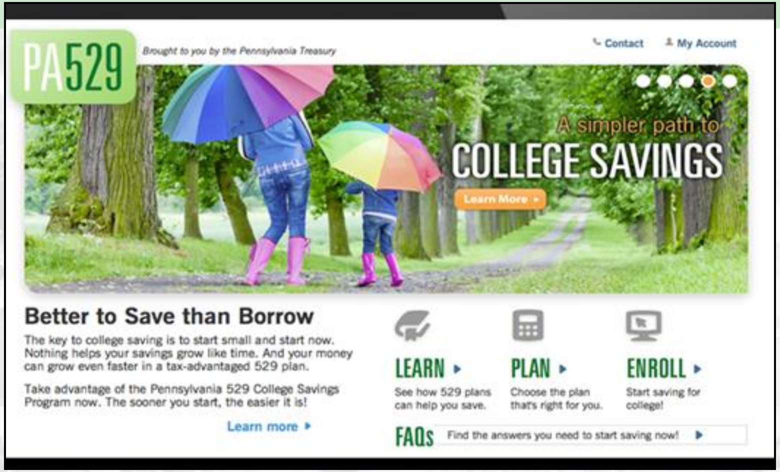
Other ways to save and pay



PA 529 College Saving Plan

A tax free savings account for post secondary education costs **PA529.com**

Upromise.com

Anyone can earn for your student by registering credit cards and shopping with participating companies

$ earned can go into a 529, pay a loan or be received for expenses

Options to Cover the Cost of Education

- A school doesn't care how you come up with the balance, just that you do.
- 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 – DOE
- ✓ Parent PLUS Loans – DOE
- ✓ Private Education Loans – Banks / Finance Entities
- ✓ Institutional Loans – School
- ✓ Home Equity Loans – Banks

- ✓ Employers – Tuition reimbursement programs
- ✓ 401K – Withdrawal or loans (See a financial advisor or your HR Dept)
- ✓ Credit Cards – Banks (be cautious)
- ✓ Student part-time job – Students work-study/private jobs


Next Steps
SENIOR

Schools determine NEED

1. **Using FAFSA calculations**:

School Cost (varies per school) $26,000
EFC (stays the same) ………………….. - $3,000
FINANCIAL NEED ……………………….... $23,000

2. FAO “**Packages**” students based on Financial Need and available funding (varies by school)

3. Financial **Award Letter** is sent to the Student

NOTE: EFC Stays the same, Costs Vary

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Financial Aid Award Letter Understand it!

An official notification from the School about financial aid, terms, and conditions

- Lists the type and amount of each award to be received and accept/reject steps
  - Sign and return
  - Complete MPN’s for loans; Entrance Counseling

Verification: IF you are flagged, request official tax transcripts online at **www.irs.gov** or by calling (800) 908-9946. Please note that tax transcripts are not the same as copies of tax returns

REVIEW and ASK QUESTIONS

- Is there criteria on the Gift Aid - GPA, Participation, Membership, Major ?
- Will funds change if tuition changes; Will Gift Aid continue in subsequent years
- Is PLUS and Workstudy packaged?!
- How are Outside Scholarships Handled?
- What is the overall debt – the letter is for one year’s costs.

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Packaging Example

SCHOOL	A	B	C	D
COST	$ 6,600	$15,000	$25,000	$45,000
EFC (stays the same for all schools)	$ 3,000	$ 3,000	$ 3,000	$ 3,000
NEED	$ 3,600	$12,000	$22,000	$42,000
FREE MONEY (varies)	**$2,000**	**$ 7,000**	**$ 9,500**	**$23,000**
LOANS **(Federal Direct Lending)**	$4,600	$ 5,500	$ 5,500	$ 5,500
WORK STUDY (after you work a job!)	$ 0	$ 0	$ 2,000	$ 3,000
TOTAL AID	$ 6,600	$12,500	$17,000	$31,500
GAP **(Cost – Aid)**	$ 0	$ 2,500	$ 8,000	$13,500
ACTUAL COST (Cost – FREE Money)	**$4,600**	**$ 8,000**	**$15,500**	**$22,000**

Begin with the End in Mind

RESEARCH the <u>EXPECTED SALARY</u> in your FUTURE CAREER, find an <u>affordable school</u>, and <u>borrow realistically</u>

- 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 Dept**
- **Much depends on You and Your Choices**

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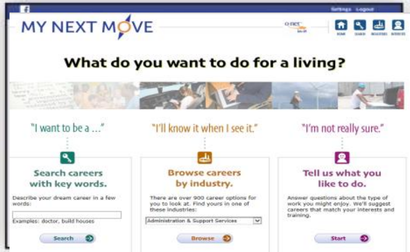
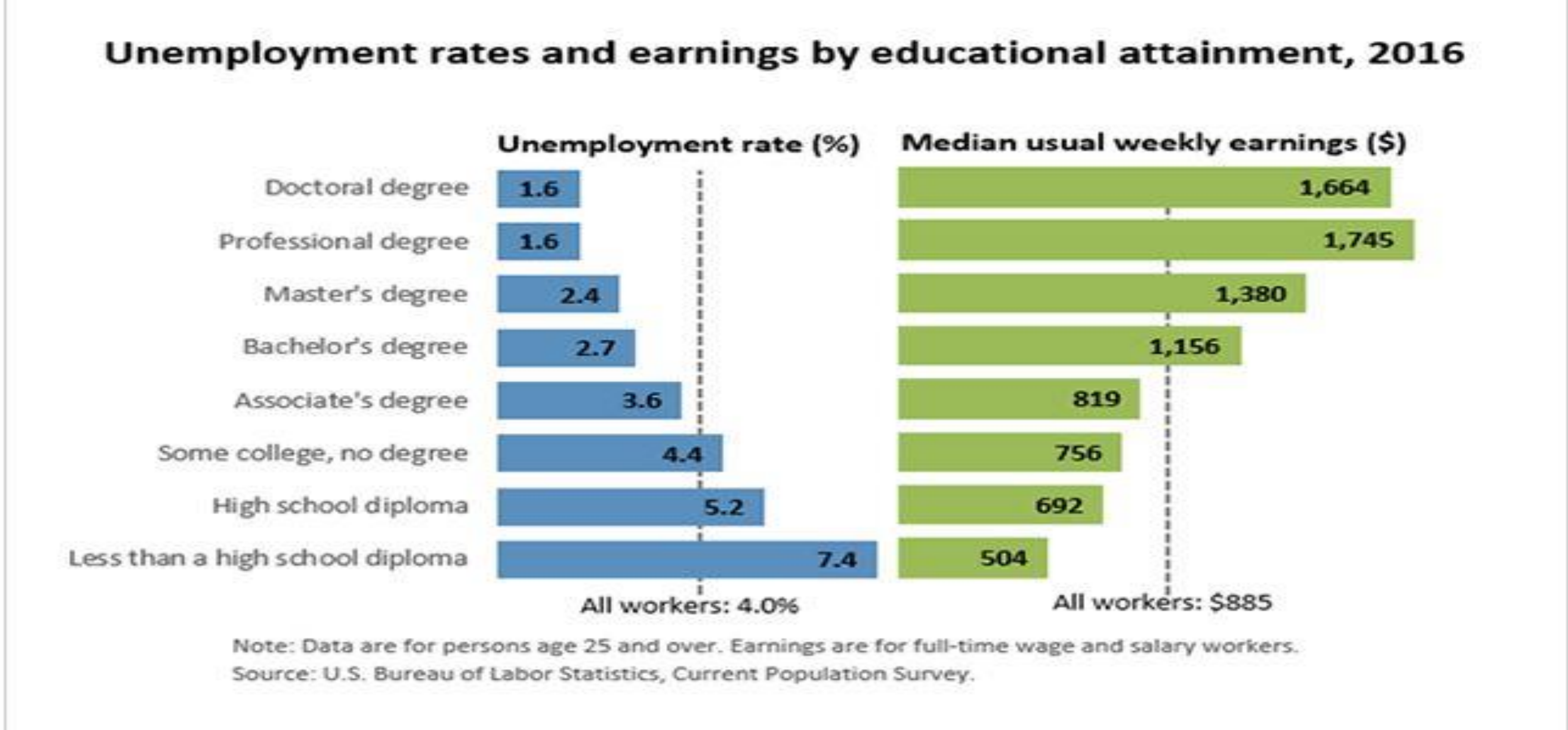
PHEAA Online Resources

- PHEAA.org
- EducationPlanner.org
  - Career planning
- MyNextMove.org
  - Research Careers
- MySmartBorrowing.org
  - Borrow smart
- YouCanDealWithIt.com
- Facebook.com/pheaa.aid
- MyFedLoan.org



It pays to have an education



Thanks and Best Wishes!

Questions?

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