

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 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?



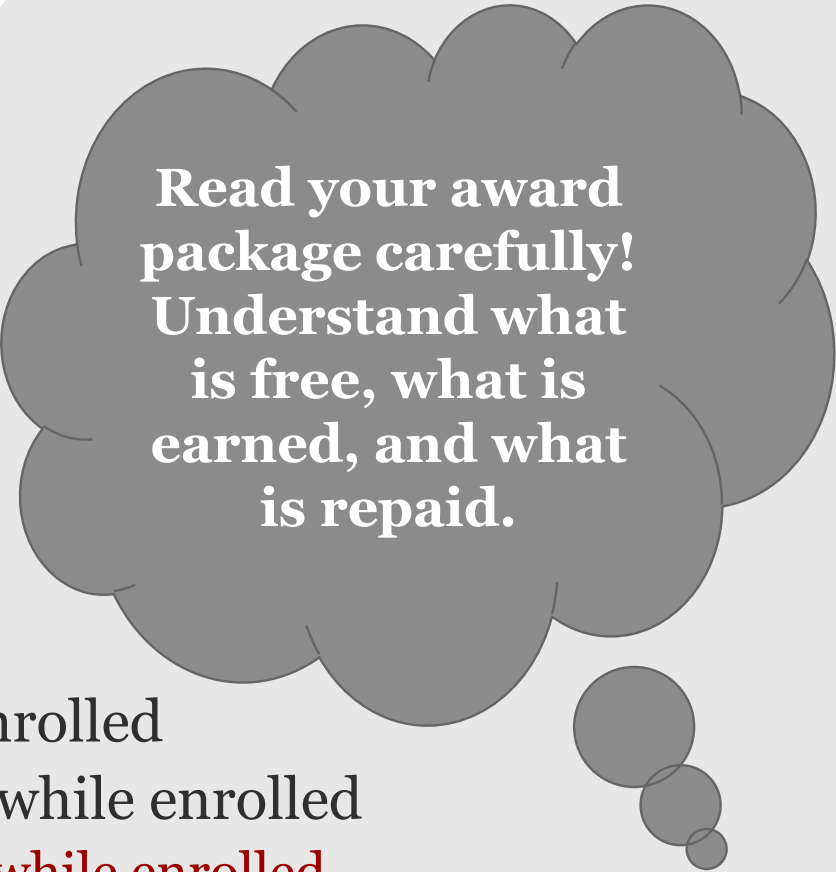
Principles of Financial Aid

- 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**



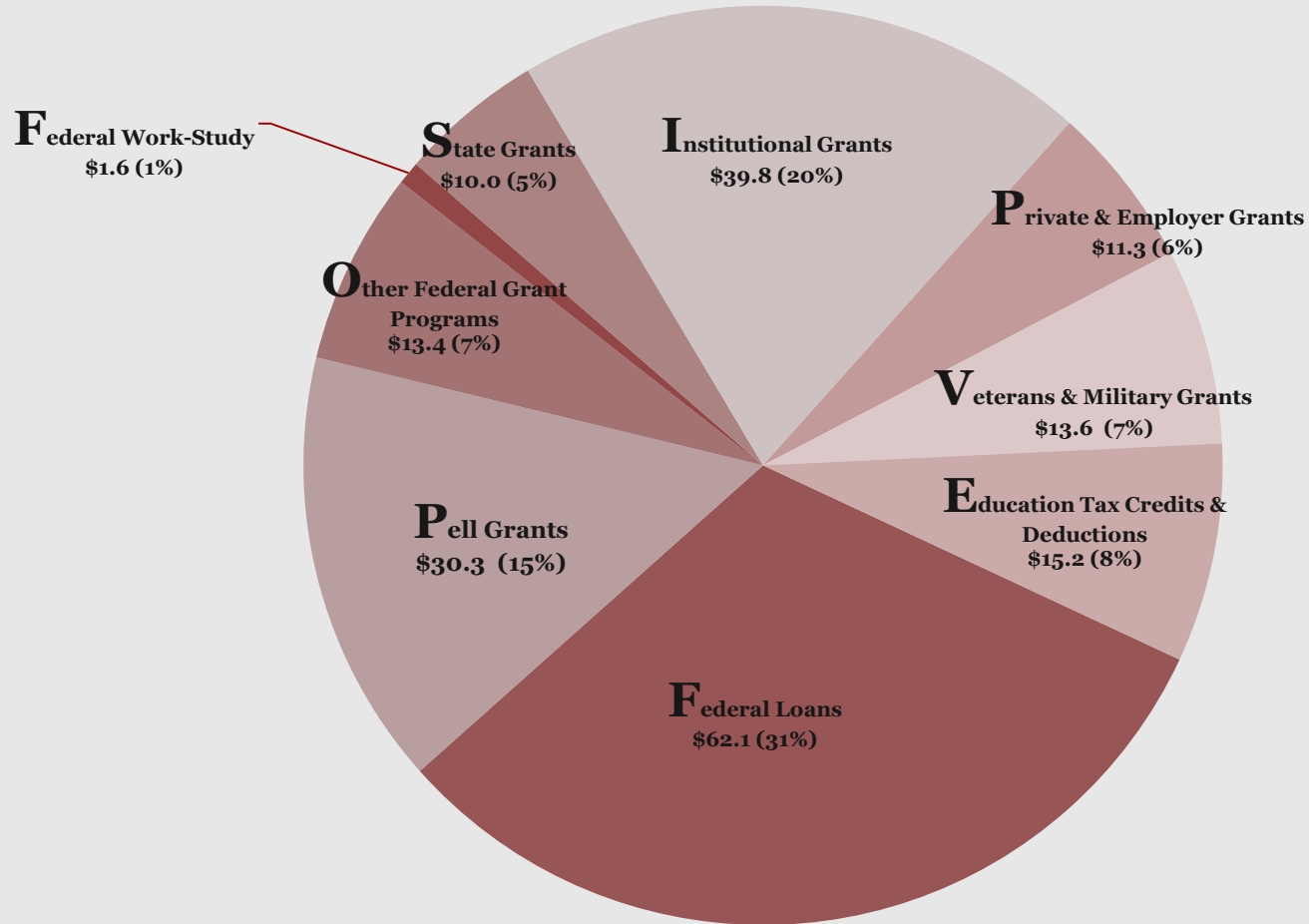
Read your award package carefully! Understand what is free, what is earned, and what is repaid.

A large, grey, cloud-like thought bubble graphic with three smaller circles leading to it from the bottom right. The text inside is white and bold.

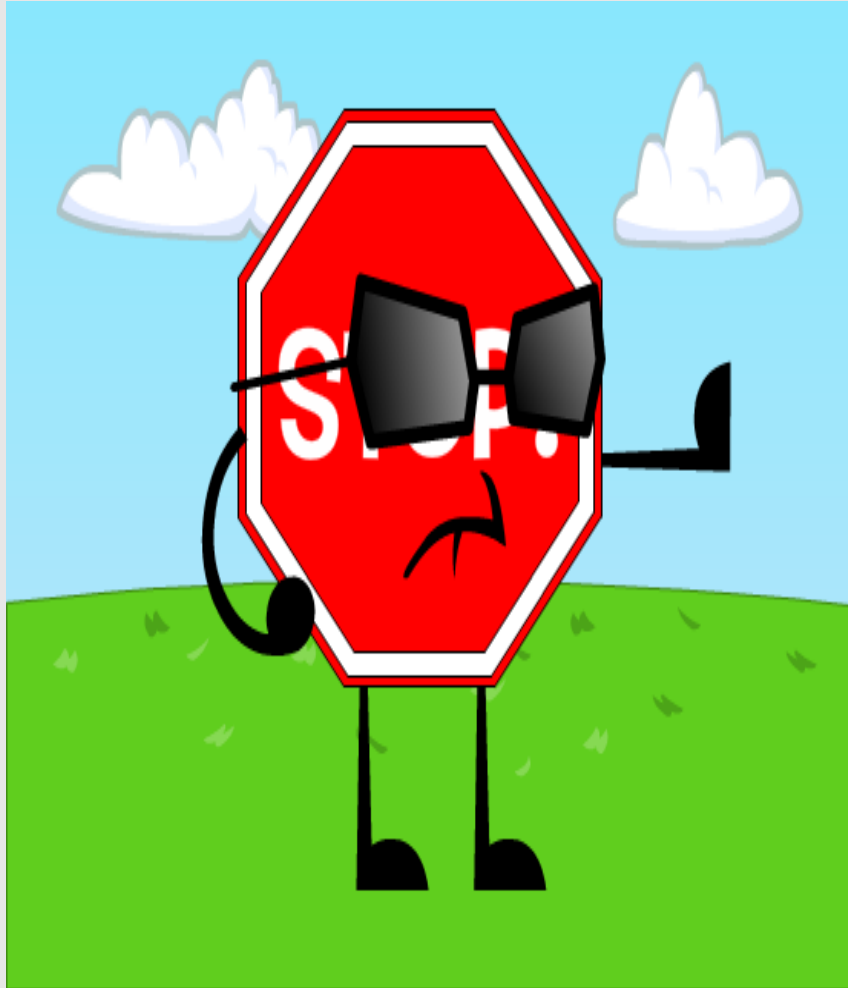
2014-2015 \$197.3 Billion For Undergraduate Students

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

- DEADLINES
- missing application dates
- missing admission dates
- 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 only by private colleges
 - ✦ 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 15th Deadline - Submit by February 1st**

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

The screenshot shows the homepage of the Federal Student Aid website. At the top, it features the text "Federal Student Aid" in green and black, with "AN OFFICE of the U.S. DEPARTMENT of EDUCATION" below it. To the right, it says "PROUD SPONSOR of the AMERICAN MIND®". A search bar is located in the top right corner with the text "Search StudentAid.gov". Below the header is a dark navigation bar with five menu items: "Prepare for College", "Types of Aid", "Who Gets Aid", "FAFSA Applying for Aid", and "How to Repay Your Loans". The main content area has a white background with the headline "Minds can achieve anything. We make sure they get to college." and the sub-headline "At Federal Student Aid, we make it easier to get money for higher education." Below this is a row of five colored boxes, each featuring a profile of a student and a question: "HOW DO I PREPARE FOR COLLEGE?", "WHAT TYPES OF AID CAN I GET?", "DO I QUALIFY FOR AID?", "HOW DO I APPLY FOR AID?", and "HOW DO I MANAGE MY LOANS?". Each box has a short paragraph of text below it.

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**
 - 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)

FAFSA Update 2017-2018 Academic Year



“Old” FAFSA

- Supports Federal Methodology (FM)
- Available January of student’s senior year
- Use taxes from year prior
 - Student enters college Fall 2016, report 2015 tax information
 - Make corrections once taxes are filed
- College enrollment deadline before you may have accurate financial aid information

New Prior-Prior FAFSA

- Supports Federal Methodology (FM)
- Available October of student’s senior year
- Use taxes from two years prior
 - Student enters college Fall 2017, report 2015 tax information
 - Taxes have been filed
- Allows more time to consider the financial aspect of college decision

Free Application for Federal Student Aid



FAFSA Basics

- fafsa.gov ← **not** “.com”
- 2017-2018 FAFSA will be available 10/1/16
- Creates 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 2015 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)



- **Transfer parent & student tax data directly into FAFSA from the IRS**
 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. Submit IRS information & select “Transfer My Information into the FAFSA”
 4. 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 2015 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
 - ✦ **If selected, financial aid awards are tentative until verification is complete**

- **If 2015 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 10/1/16
- 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 2015 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.

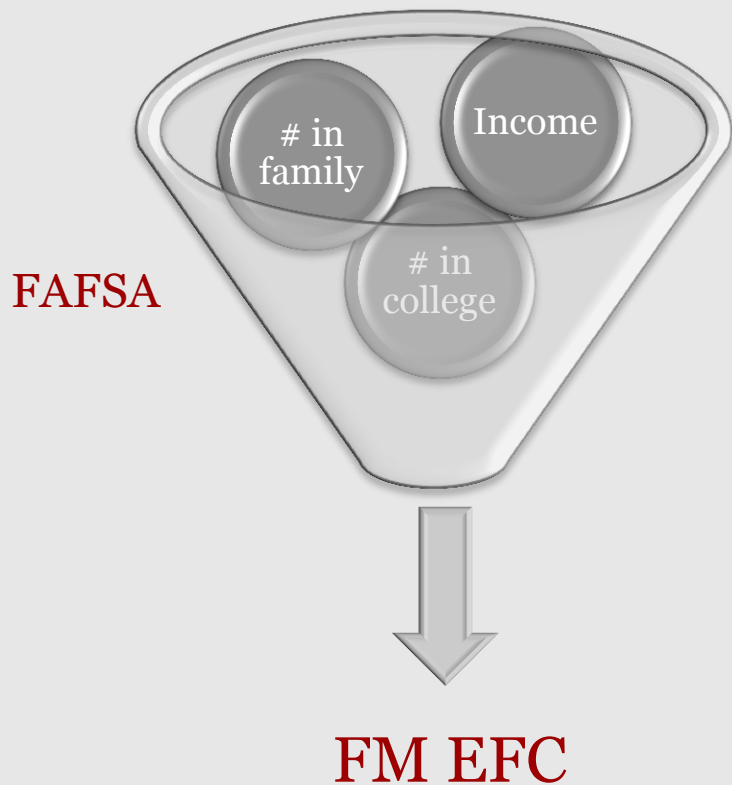
Institutions often calculate an alternate Institutional EFC to award institutional and private sources of financial assistance

- 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

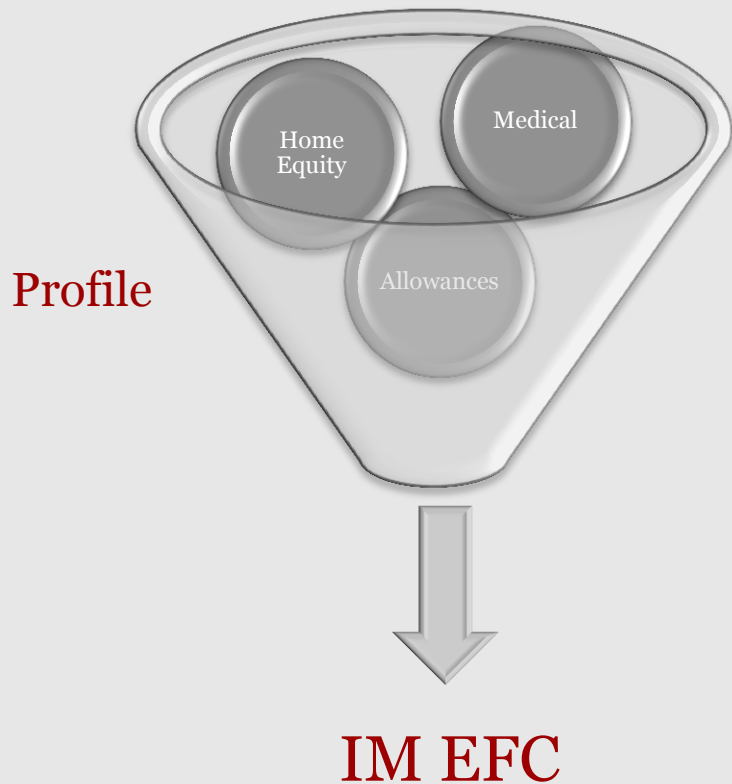
The Financial Aid Funnel



- 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

\$22,000

\$10,000

\$10,000

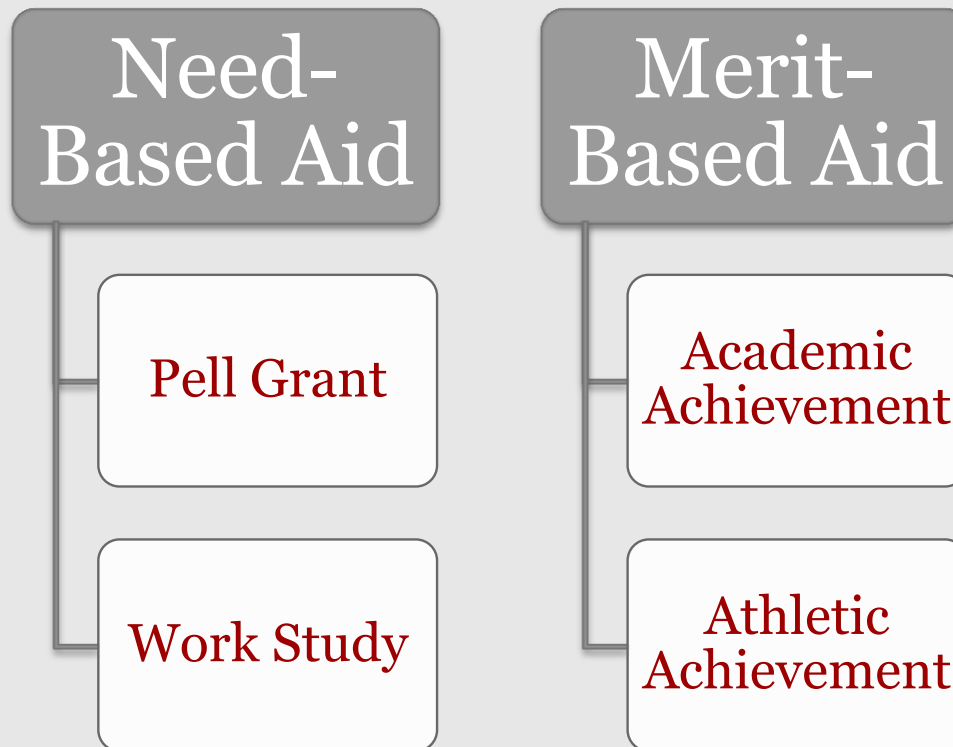
\$35,000

\$12,000

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.

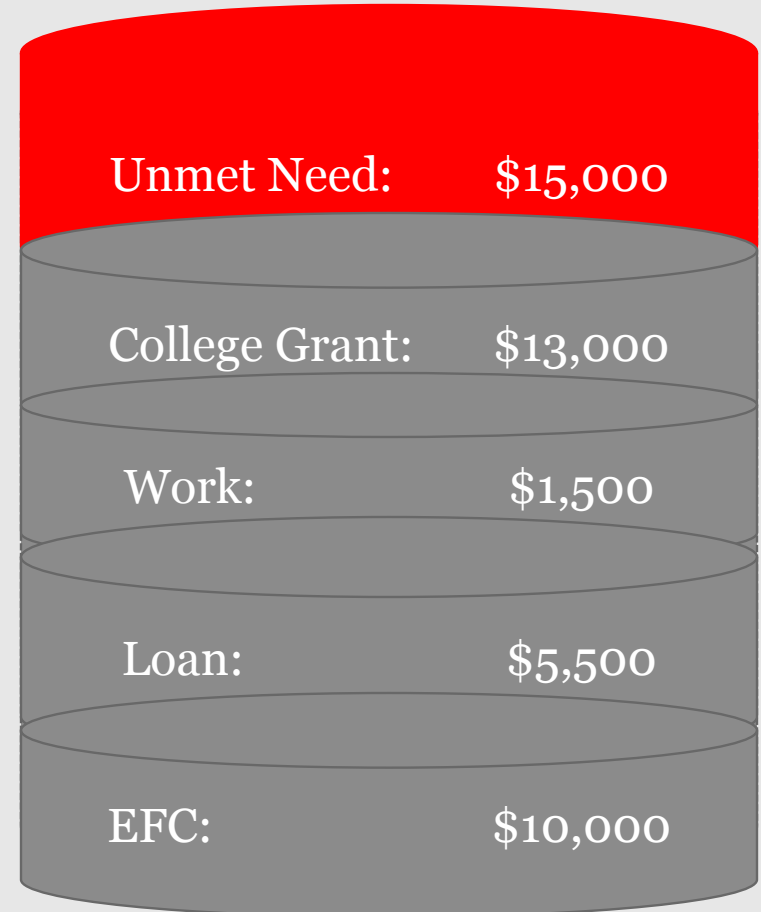


The Financial Aid Award Package

Total Cost = \$45,000

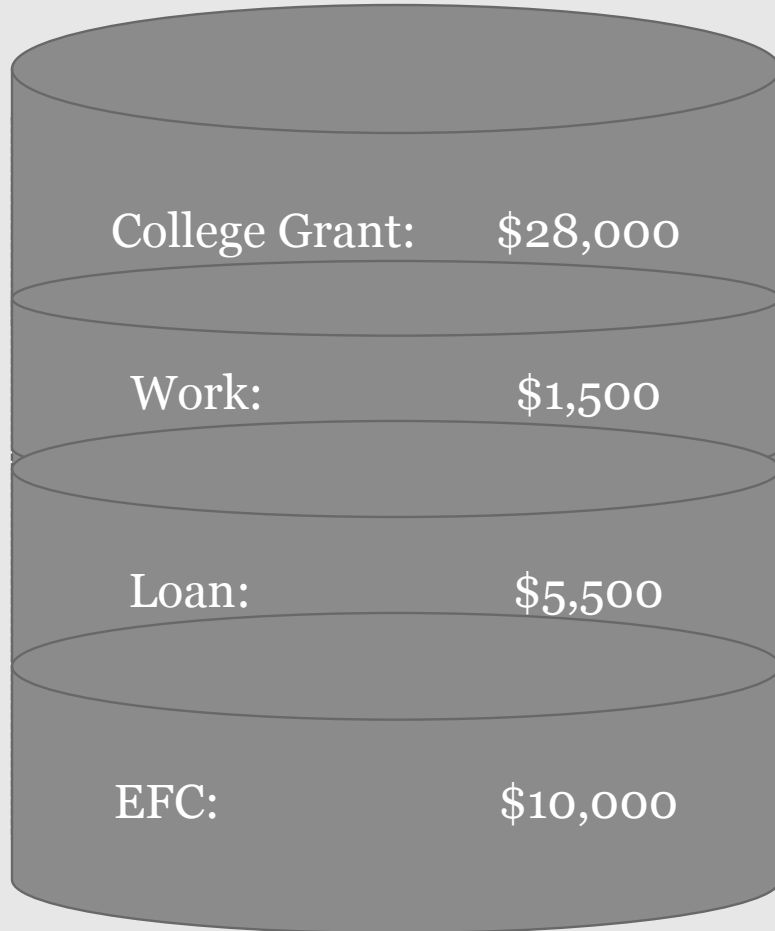


Total Cost = \$45,000

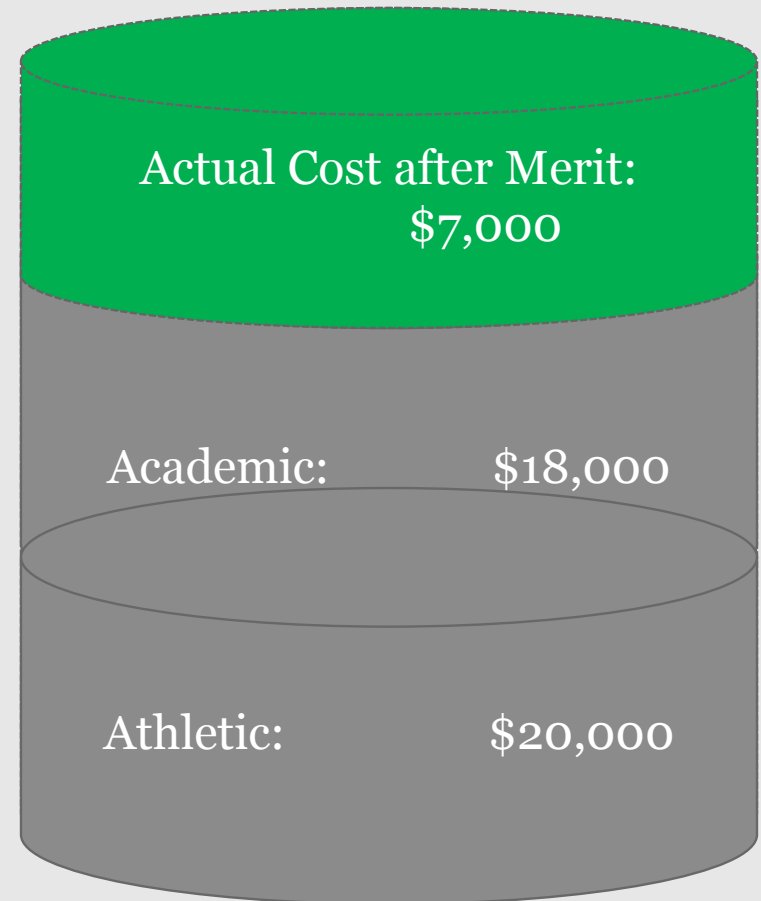


The Financial Aid Award Package

Total Cost = \$45,000



Total Cost = \$45,000



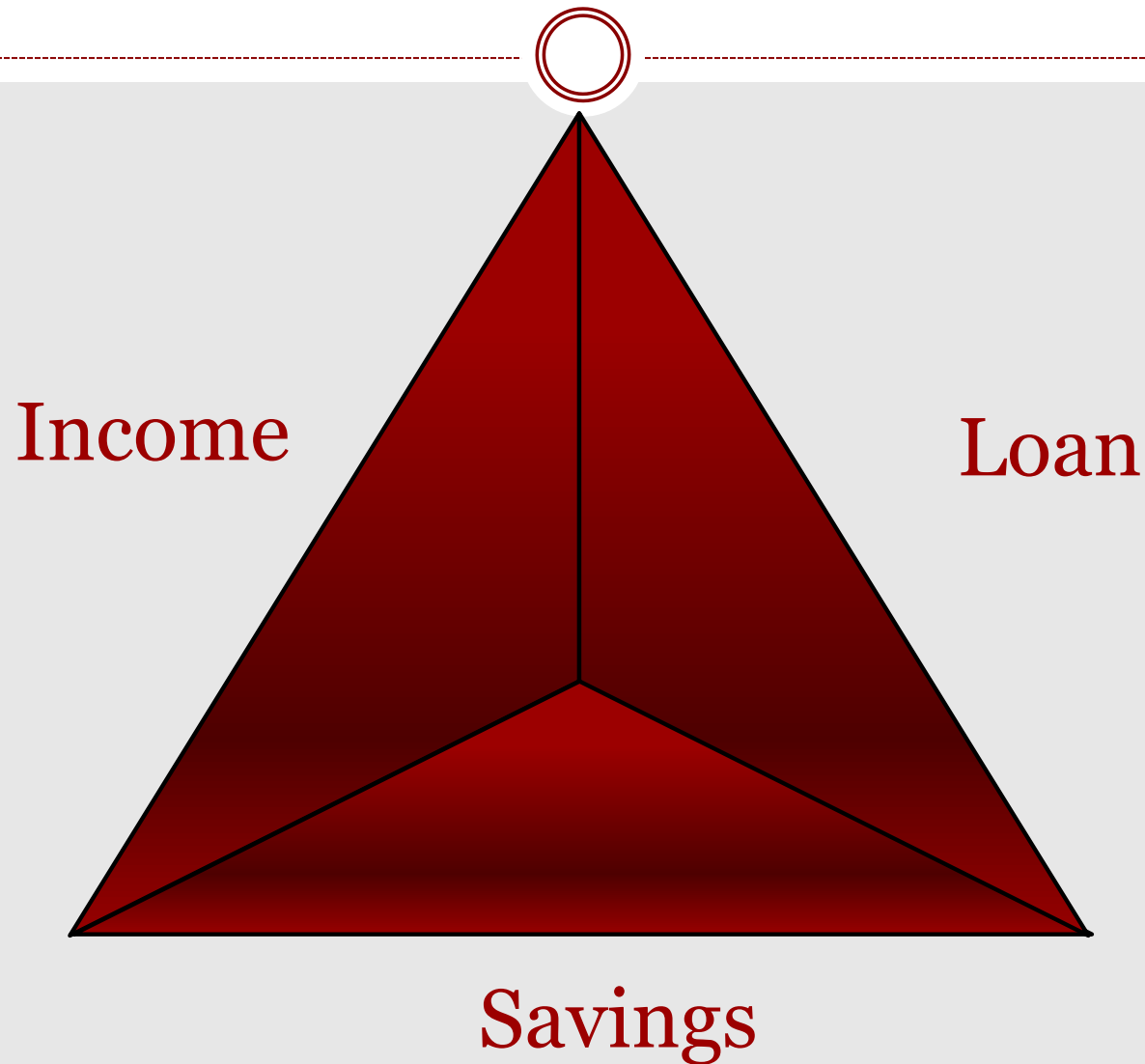
Financial Aid Reality



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 2015 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 \(formerly Governor's Scholarship\)](#)
[CT Minority Teacher Incentive Grant](#)
[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**
 - Expected Family Contribution
- **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%"/> choose rate
Loan Fees:	<input type="text" value="0.0%"/>
Loan Term (Years):	<input type="text" value="10"/> choose extended term
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 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
- studentaid.ed.gov An Office of the U.S. Department of Education
- 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 2014-15 over \$197.3 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.