FUNDING YOUR COLLEGE EDUCATION: FINANCIAL AID 101

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AGENDA

- What is Financial Aid?

- How do colleges award Financial Aid?

- What is the Financial Aid application process?

- What to do if the family's financial situation has changed?

- What types of aid can be included on the award letter?

- What are the best ways to find scholarships?

WHAT IS FINANCIAL AID?

- Any funds provided to students and families to help pay for college expenses

- Sources of Financial Aid:

  - Federal Government

  - State Government

  - Institutional

  - Private Sources

  LOANS ARE CONSIDERED FINANCIAL AID!

TWO TYPES OF FINANCIAL AID...

Gift Aid

- Funds which do not need to be repaid

Example:

- Federal or State Grants

- Scholarships

Self-Help Aid

- Funds which must be repaid or earned

Example:

- Loans

- Work Study

HOW DO COLLEGES AWARD AID?

COLLEGES AWARD AID BASED ON...

Merit

- Often notified after accepted for admission

- Based on GPA and/or ACT/SAT test scores, special talents, athletic abilities, leadership/service

Financial Need

- Notified between December and April from the FA office

- Cost of Attendance - EFC = Financial Need

  Tuition and Fees
  Room and Board
  Books and Supplies
  Transportation
  Miscellaneous
 Expenses

EXPECTED FAMILY CONTRIBUTION (EFC)

EFC is an index number calculated when the
Free Application for Federal Student Aid (FAFSA)
is submitted by the student. The EFC is NOT what
a student will pay for a year of college.

EFC Factors:

- Parental Income

- Parental Assets (excluding retirement account values and primary residence)

- Student Income

- Student Assets

- Family Size

- Number in College

- Age of Older Parent

FINANCIAL NEED VARIES BASED ON THE COLLEGE'S COST OF ATTENDANCE

Cost of Attendance (Variable) — Expected Family Contribution (Constant) = Need (Variable)
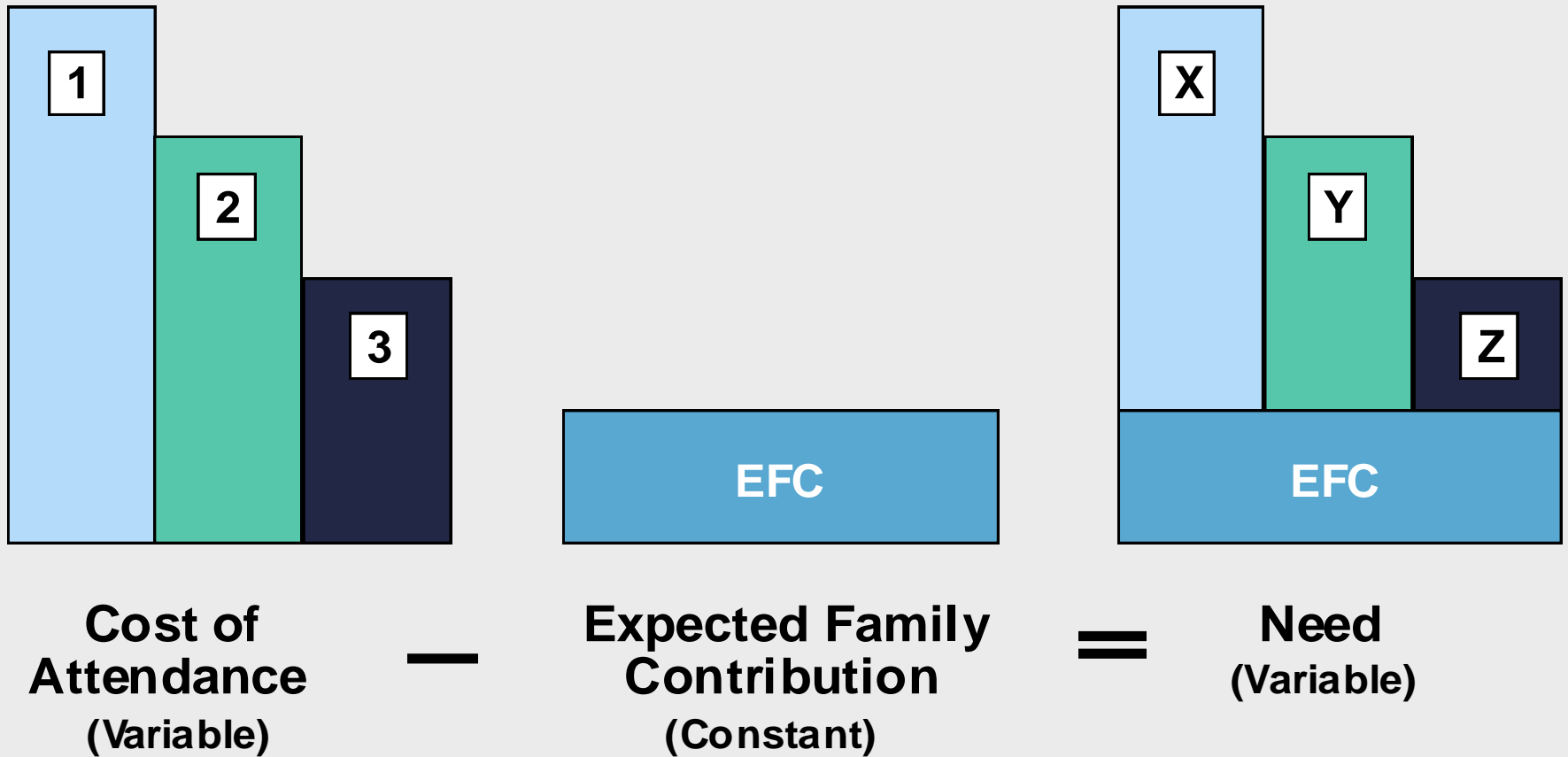
THE FINANCIAL AID APPLICATION PROCESS

Starting the Financial Aid Application Process

1) Establish an FSA ID for the student and one parent at **fsaid.ed.gov**

2) ONLY IF REQUIRED BY A SCHOOL:
   Complete the CSS Profile at cssprofile.collegeboard.org

3) **Complete the FAFSA on or after October 1 at fafsa.gov**

1) ESTABLISH AN FSA ID FOR THE STUDENT AND ONE PARENT AT FSAID.ED.GOV

- The FSA ID (Federal Student Aid Identification) allows access to on-line federal student aid websites

- It becomes an electronic signature on federal financial aid documents including the FAFSA and federal loans

- The student and one parent must establish an FSA **ID with his/her own email and cell number**

- FSA IDs should be established several days before filing the FAFSA, since identity confirmation with the Social Security Administration is required

2) CHECK TO SEE IF THE CSS PROFILE IS REQUIRED BY ANY OF YOUR SCHOOLS

- The CSS Profile (College Scholarship Service PROFILE) is a non-federal financial aid application that some schools use in addition to the FAFSA

- Distributed by the College Board: cssprofile.collegeboard.org

- Few schools require the CSS Profile

- There is a basic fee to file the form, plus an additional fee for every college to which it is sent. <u>Only submit it to schools that require it.</u>

- Colleges request information not required on the FAFSA that may include: business value, property value of the home, income and investment information of non-custodial parents and step-parents, and value of investments held by the student, parents, or siblings

3) COMPLETE THE FAFSA (FREE APPLICATION FOR FEDERAL STUDENT AID) ON OR AFTER OCTOBER 1 AT FAFSA.GOV

- The FAFSA (Free Application for Federal Student Aid) is a **<u>FREE</u>** federal online form produced by the U.S. Department of Education

- It collects financial information from the family to calculate the student's EFC so the college can calculate need-based aid

- It is completed for the 20-21 school year on or after 10/1/19 using 2018 income, tax information and current asset values

- It must be completed every year

FAFSA.GOV (PREFERRED!)

myStudentAid app
For Apple or
Android
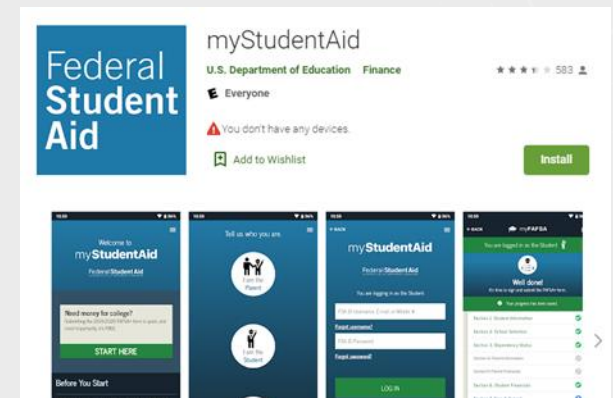
INFORMATION NEEDED TO COMPLETE THE FAFSA

Included:
- 2018 W-2 Forms
- 2018 1040s
- Social Security Numbers
- Assets (values as of the day the FAFSA is filed):
  - Savings and Checking Accounts
  - Stocks, Bonds, Mutual Funds
  - 529 Plans (for all children in the family)
  - Property owned other than primary residence (rental, investment or private)
- Untaxed Income
  - Child Support (Paid or Received in 2018)
  - Disability
  - Contributions to a retirement plan made in 2018

Not included:
- Value of home or vehicles
- Social Security Income
- Social Security Disability
- Business value if fewer than 100 employees
- Retirement fund values
  - (only amounts added into an account in 2018 are considered untaxed income)

IRS DATA RETRIEVAL TOOL

- Recommended way to provide tax information

  - Dependent students and parents who file "Married Jointly" or "Head of Household" are able to use the tool with their FSA ID

  - Parents who are married but file taxes separately are not eligible to use the IRS Data Retrieval Tool

- The prompts within the FAFSA take you to the IRS site once you give permission. Read these directions carefully!

- **NOTE: security features** eliminate the ability to see the dollar amounts being transferred from the IRS to the FAFSA. You will see "transferred from the IRS" rather than dollar figures. Only financial aid administrators will be able to see the data.

AFTER FILING THE FAFSA…

1. A link to the Student Aid Report (SAR) will be emailed to the student - read it and check for errors

2. Is the student selected for Verification?

    Closely follow directions for verification -- some schools are unable to give a financial aid award letter until verification is complete

3. Financial Aid Award Letters will be posted online or sent between December and April – compare awards from all schools

4. Make a college commitment by May 1 and accept the aid online (follow directions in the award letter)

VERIFICATION

- About one third of all FAFSAs are selected for a double-check process called verification

- Verification is NOT like an IRS tax audit, and NOT a sign of mistakes

- The school will have a verification worksheet to complete and request documentation of additional forms that were used to complete the FAFSA

- To verify tax information if the IRS Data Retrieval tool was not used to file the FAFSA, order an IRS tax return transcript at irs.gov or provide a signed copy of tax returns to the college(s)

- Read all correspondence from the Financial Aid office carefully and follow their directions closely

SPECIAL CIRCUMSTANCES

If your financial situation is not reflected accurately on the 2020-21 FAFSA (using 2018 income information), you can petition the Financial Aid Office to review your situation. **The college's Financial Aid Office has final say on what they consider to be a "special circumstance."**

Examples of possible appeals	**Examples of likely denials**
• Loss of Job	• Credit Card Bills
• Reduction of Overtime	• Mortgage Payments
• Medical Bills	• Co-pays for Medical Check-ups
• Divorce/Separation	• Parental Student Loan Payments
• Private Elementary or Secondary School Tuition Paid for Siblings	

COMMON FAFSA CONCERNS

Why is parent information on the FAFSA?

- The FAFSA is an application. Federal regulations dictate that parental information needs to be included until a student meets certain criteria or turns 24.

Does putting parent information make them liable for college costs?

- No. The FAFSA is just an application. It does not make you liable for your student's educational costs.
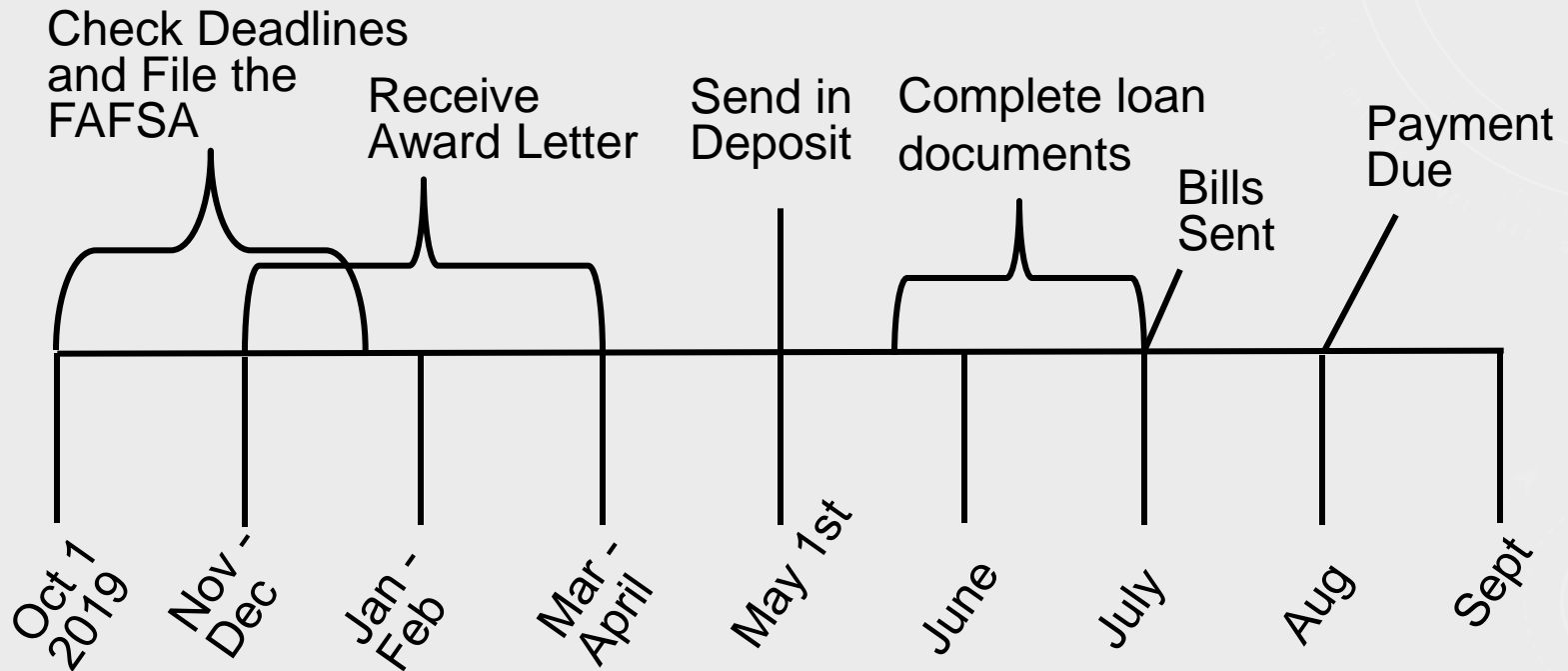
A parent is remarried. Why should a spouse's information be on the FAFSA?

- Your spouse is in the student's household. FAFSA asks about the household in which the student resides.

- Note: when reporting tax information, it doesn't matter who claims the student….what matters is which parent the student lived with more than 50% in the past year (from the date you are filing the FAFSA).

FINANCIAL AID APPLICATION TIPS

- Watch carefully for FAFSA priority filing deadlines. Find them on the college website or call the Financial Aid office

- Submit supplemental applications (like the CSS Profile, institutional forms or STEMM applications) if required

- The FAFSA and CSS Profile can be saved as you go – it is not necessary to complete either in one sitting

- CCP students are considered "first time, never attended college" when filing the FAFSA

- **GET YOUR STUDENT INVOLVED!**

FINANCIAL AID TIMELINE

Timeline:
- **Check Deadlines and File the FAFSA** — Oct 1 2019 / Nov - Dec
- **Receive Award Letter** — Jan - Feb / Mar - April
- **Send in Deposit** — May 1st
- **Complete loan documents** — June / July
- **Bills Sent** — July
- **Payment Due** — Aug

Months: Oct 1 2019, Nov - Dec, Jan - Feb, Mar - April, May 1st, June, July, Aug, Sept

- Bills are sent prior to each semester
- Financial aid should be accepted and processed by August
- Check for the award letter in the student's portal

TYPES OF AID THAT MAY BE AVAILABLE TO THE STUDENT

LOANS IN THE STUDENT'S NAME

Federal Direct Loan

- Will be awarded by the college

  - **Subsidized** (need based, interest subsidized)

  - **Unsubsidized** (non-need based, interest accumulates)

- Fixed Interest Rate 4.53%*

- First year maximum: $5,500

- Principal repayment starts 6 months after the student leaves school or drops below half time attendance

Private Loan

- Non-need based, NOT awarded by the college

- Student:

  - Must pass a credit check

  - **Needs a credit-worthy co-signer**

- Can be Fixed OR Variable interest rate. You MUST research thoroughly.

- Principal payment can be required while the student is in college, although many defer payment if requested

*2019-2020 rate. 2020-21 rates will be set July 1, 2020

LOAN IN THE PARENT'S NAME

PLUS Loan

- Federal Student loan program, where one parent borrows on behalf of a dependent student

- The FAFSA must be filed in order to apply

- Parent must pass a simplified credit check

    - Does not take debt to income ratio or fico score into consideration

- Fixed interest rate of 7.08%*

- Payments can be deferred until up to six months after the student graduates or drops below half-time status

- If the parent is denied, the student is awarded additional Federal Unsubsidized Direct Loan funds

Private Loan for Parents

- Some banks are beginning to offer private loans to parents of enrolled college students where the parent borrows on behalf of a dependent student

*2019-2020 interest rate. 2020-21 rates will be set July 1, 2020

FEDERAL GRANTS

- Pell Grant
  - Award based on student's EFC and enrollment status
  - For undergraduate students
  - EFC must be less than 5,677 to qualify for award of $657-$6,195
- FSEOG
  - Campus Based Aid (first-come-first-served)
  - College awards to the neediest students
  - Can be up to $4,000 but differs from school to school
- TEACH Grant
  - For education majors who agree to teach a specific subject (Example: Math, Science, certain foreign languages…)
  - College must participate in the program
  - Students must agree to teach at least 4 years in a low-income school or the grant will be repaid as if it were an unsubsidized loan

STATE GRANTS

Ohio College Opportunity Grant (OCOG)

- Award based on EFC and enrollment status, and must be enrolled in a 4-year public or private college in Ohio (or eligible Pennsylvania school for a reduced award)

- EFC must be 2,190 or less AND household income less than $96,000

  - 2019-20 Awards:
    - Private Non-Profit College: $3,500
    - Public College: $2,000
    - Private For-Profit College: $1,300

Other grants include (ohiohighered.org)

- Ohio War Orphans Scholarship

- Ohio Safety Officers College Memorial Fund

- Choose Ohio First (STEMM)

INSTITUTIONAL/OUTSIDE SCHOLARSHIPS

- Institutional Monies
  - Check college websites for more information and application procedures
  - Differs by institution
- Outside/Local Scholarships
  - Check through your Guidance Office
- National Scholarships
  - clevelandfoundation.org
  - collegeboard.org
  - collegescholarships.com
  - petersons.com
  - hsf.net
  - uncf.org

Beware of scholarship scams!
Check them out at bbb.org.

Don't stop reading after the scholarship title!
Read scholarship criteria carefully - you could qualify!!

QUESTIONS???

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