

# Paying for College

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The College Place



# Topics We Will Discuss

1 Definitions

2 Types and sources of financial aid

3 Financial aid application process

4 Special circumstances

5 Questions



# What is Financial Aid?

- ❖ Financial aid -- funds provided to students and families to help pay for postsecondary educational expenses





# Cost of Attendance

## ❖ **Direct costs**

Billed by or paid directly to the college, such as tuition and on campus housing

## ❖ **Indirect costs**

Necessary expenses, such as transportation and personal care items, that are not paid to the college

- ❖ Colleges combine direct and indirect expenses into the cost of attendance, or student budget
- ❖ Cost of attendance varies widely among different types of colleges



# Expected Family Contribution (EFC)

- ❖ Amount family can reasonably be expected to contribute, but not what the family will pay to the college
- ❖ EFC the same regardless of what college the student attends
- ❖ Two components:
  - ❖ Parent contribution
  - ❖ Student contribution
- ❖ Calculated using FAFSA data and a federal formula

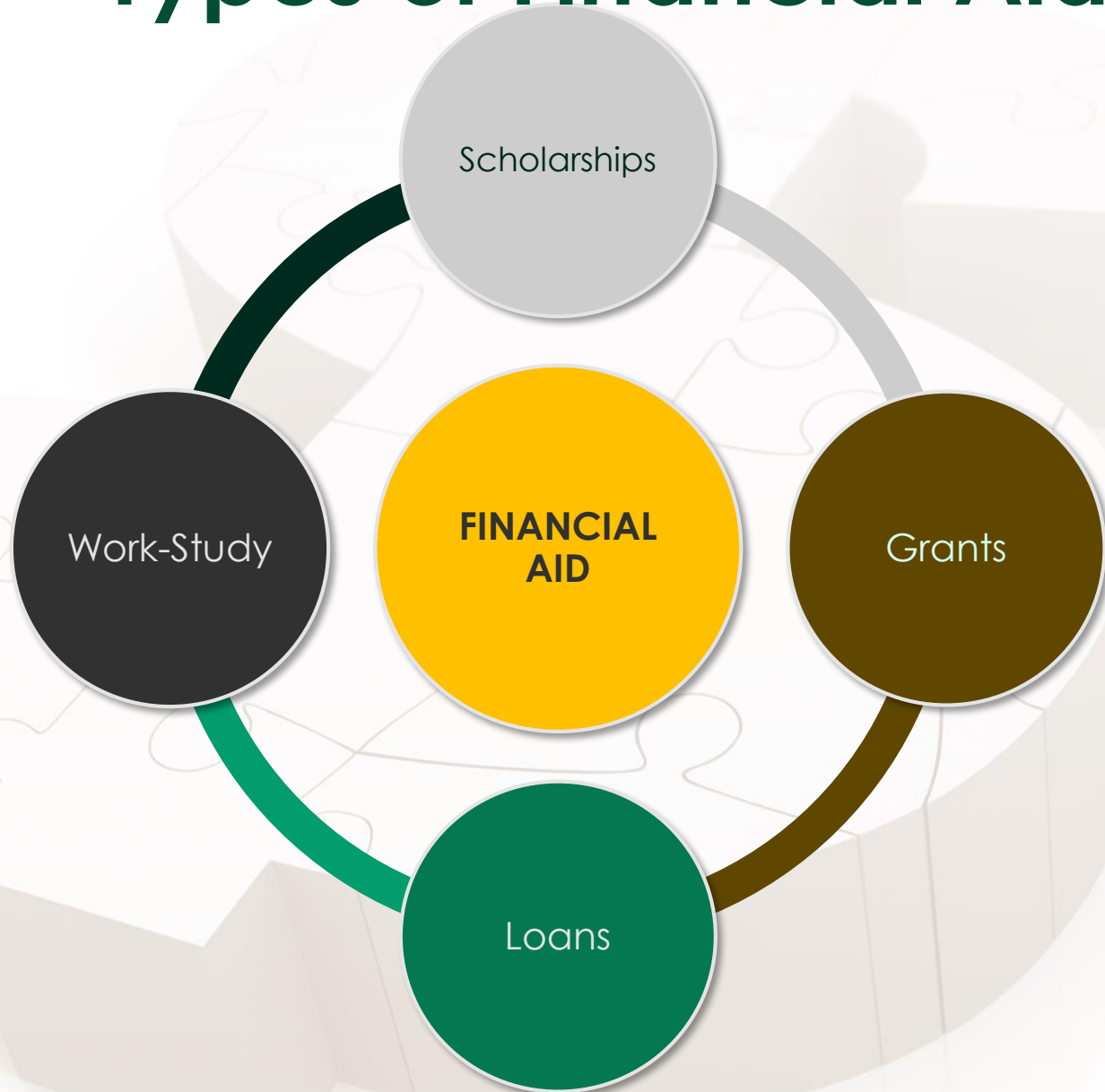


# Financial Need

- ❖ The difference between the cost of attendance and the EFC
- ❖ Need will vary based on cost of different colleges
- ❖ Your financial need determines how much aid you may receive
- ❖ **Colleges may or may not be able to award enough financial aid to meet your financial need**



# Types of Financial Aid





# Scholarships

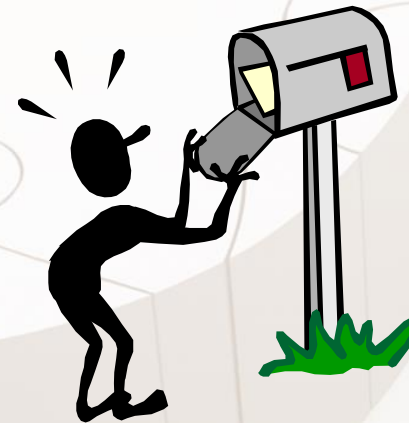
- ❖ Money that does not have to be paid back
- ❖ Awarded on the basis of merit, skill, or unique characteristic





# Scholarship Sources

- ❖ Foundations
- ❖ Businesses
- ❖ Civic organizations and charities
- ❖ Employers





# Scholarship Websites

[www.collegeboard.com](http://www.collegeboard.com)

[www.fastweb.com](http://www.fastweb.com)

[www.scholarships.com](http://www.scholarships.com)

[www.finaid.org](http://www.finaid.org)



There should be **no charge** for scholarship searches!



# Loans

- ❖ Money students or parents borrow to pay college costs
- ❖ Repayment usually begins after education is finished
- ❖ Only borrow what is really needed
- ❖ Look at loans as an investment in the future



# Loan Comparison

## **STAFFORD LOAN (STUDENT)**

- May be need-based
- No credit check
- Maximum fixed interest rate of 6.8%
- First year students can borrow up to \$5,500
- Usual repayment period is 10 years
- Repayment begins when student is no longer in school

## **PLUS LOAN (PARENT)**

- Not need-based
- Credit check required
- Fixed interest rate of 7.9%
- Parents may borrow up to the COA
- Usual repayment period is 10 years
- Repayment begins 60 days after disbursement



# Federal Pell Grant

- ❖ Largest federal grant program
- ❖ Need-based award that does not have to be repaid
- ❖ Award amount based on enrollment status, COA, and EFC
- ❖ Maximum award amount is \$5,550



# TEACH Grant

- ❖ For students who are absolutely sure that they are interested in a career in education
- ❖ High need fields in high need areas
- ❖ \$4,000 per year for four years
- ❖ Must teach for four years or it must be repaid





# Federal Work-Study

Allows student to earn money to pay educational costs

- ❖ Receive a paycheck or
- ❖ Non-monetary compensation, such as room and board





# Federal Government

- ❖ Largest source of financial aid
- ❖ Aid awarded primarily on the basis of need
- ❖ Must apply each year by submitting the FAFSA





# Free Application for Federal Student Aid (FAFSA)

- ❖ A standard form that collects demographic and financial information about the student and family
- ❖ Should be filed electronically
- ❖ Available in English and Spanish
- ❖ Information used to calculate the Expected Family Contribution (EFC)



# FAFSA

- ❖ For 2012-2013 academic year, the FAFSA may be filed beginning January 1, 2012
- ❖ Colleges may set FAFSA filing deadlines
  - **Not meeting a college's priority deadline may impact the amount of financial aid a student receives**



# FAFSA Eligibility

The student must be one of the following to receive following to be eligible for federal financial aid:

- ❖ U.S. citizen
- ❖ U.S. national
- ❖ U.S. permanent resident
- ❖ In possession of an I-94 with designation refugee, asylum granted, Cuban-Haitian Entrant, parolee, or T-visa



# FAFSA on the Web



START HERE  
GO FURTHER  
FEDERAL STUDENT AID™

FAFSA

Free Application for Federal Student Aid

FAFSA Home Student Aid on the Web Application Deadlines PIN Site Help Contact Us FAQs Site Map About Us

- ❖ [www.fafsa.gov](http://www.fafsa.gov)

- ❖ 2012-2013 FAFSA available January 1, 2012

- ❖ FAFSA on the Web (FOTW) Worksheet

  - ❖ “Pre-application” worksheet

  - ❖ Questions follow order of FAFSA on the Web



# Student Financial Aid PIN

- ❖ [www.pin.ed.gov](http://www.pin.ed.gov)
- ❖ Sign FAFSA electronically
- ❖ Can request PIN before January 1
- ❖ Speeds up processing
- ❖ May be used by students and parents throughout the process, including subsequent school years



# FAFSA 4caster

- ❖ Families can take advantage of the FAFSA4caster Web site and learn about the financial aid process, gain early awareness of aid eligibility, and much more.
- ❖ <http://www.fafsa4caster.ed.gov/>



# Information Needed for FAFSA

- ❖ PIN numbers for student and one parent
- ❖ Social Security Numbers
- ❖ Alien Registration number for student (if applicable)
- ❖ Birthdates
- ❖ 2011 federal tax forms (or last pay stubs of 2011 and 2010 tax forms)
- ❖ Amounts in savings, checking, investments



# Frequent FAFSA Errors

- ❖ Incorrect Social Security Numbers
- ❖ Divorced/remarried parental information
- ❖ U.S. income taxes paid
- ❖ Household size
- ❖ Real estate and investment net worth







# CSS PROFILE

- ❖ Online application that collects information used by certain colleges and scholarship programs to award institutional aid funds
- ❖ Available at [www.collegeboard.com](http://www.collegeboard.com) now
- ❖ More detailed than FAFSA
- ❖ Fees - \$25 for first school, \$16 for each additional school



# Special Circumstances

- ❖ Cannot report on FAFSA
- ❖ Send explanation to financial aid office at each college
- ❖ College will review special circumstances
  - Request additional documentation
  - Decisions are final and cannot be appealed to U.S. Department of Education



# Special Circumstances

Examples of special circumstances

- ❖ Change in employment status
- ❖ Medical bills not covered by insurance
- ❖ Change in parent marital status
- ❖ Unusual dependent care expenses



# Questions





# THANK YOU!

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