



# **Destination College: Understanding Financial Aid**



## **Workshop Overview**

- Defining financial aid
- Determining financial aid
- Understanding the types of financial aid
- Understanding financial aid award letters
- Conducting scholarship searches
- Managing student educational debt



# **What is Financial Aid?**



Financial aid is money awarded to qualified students to assist them in paying for college.

Financial aid is need-based aid and is awarded by Federal and state governments and colleges and universities.

Types of financial aid include grants, scholarships, loans and work-study.



# **How is Financial Aid Determined?**



Financial aid is determined by the Federal government and is based upon information obtained a submitted FAFSA (Free Application for Federal Student Aid).

Before a FAFSA can be completed, students and parents must first obtain individual FSA Ids.

The FSA Id is used to confirm the student's identity when accessing his/her financial aid information and serves as an electronic signature on Federal student aid documents.



Students can choose any of the three methods to file their FAFSA:

- Apply online at <http://fafsa.ed.gov>  
(recommended method-quickest processing times)
- Complete a PDF FAFSA  
(PDF FAFSA must be mailed for processing)
- Request a paper FAFSA at 1-800-4-FED-AID  
(paper FAFSA must be mailed for processing)



The FAFSA uses tax information submitted from the prior prior tax year and will be available on October 1st.

This year the 2015 tax return will be used.

For an explanation of changes to the FAFSA, visit

<http://studentaid.ed.gov/sa/about/announcements/fafsa-changes>





In addition to the FAFSA, colleges and universities may also require students to submit a CSS/Financial Aid Profile (CSS Profile) and/or institutional financial aid forms.

Always, check a college's website for its required financial aid forms.

Unlike the FAFSA which is free, there is a fee to submit a CSS Profile.



Prior to starting the FAFSA and the CSS Profile, students and their parents should gather the following materials:

- Prior and current year tax forms;
- Records of all untaxed income (i.e., child support, retirement accounts, 529 and benefits);
- Checking and savings bank statements;
- Investment statements and trusts;
- Property tax records (for house value).



The Federal government determines a student's Estimated Family Contribution (EFC) based upon the submitted FAFSA. The EFC is a per family contribution and **not** a per child contribution.

The **Cost of Attendance** (the real and estimated costs to attend a college for an academic year) *minus* the student's **EFC equals** a student's **eligibility of aid/student's demonstrated need**.

Based upon the student's aid eligibility, the college develops an award package that will include grants, scholarships, loans and/or work study.



The COA represents the majority of the costs associated with attendance and includes:

- Tuition
- Fees
- Room and Board
- Transportation
- Books and Supplies
- Personal Expenses



To obtain an estimated COA, students and their parents should use the college's Net Price Calculator (NPC) and the Fafsa4Caster, <https://studentaid.ed.gov/sa/fafsa/estimate>.

Colleges and universities are required to offer a NPC on their websites. All NPCs are not created equal. A useful NPC will require similar detailed information that is used in the FAFSA and the CSS Profile.



## **Remember to determine...**

- If a college is need-blind or need-aware?
- If a college meets 100% of demonstrated need?
- How demonstrated need is met?
- How is need determined?

## **Always...**

- Apply for aid early and accurately;
- Be mindful of all deadlines;
- Remember colleges may have different deadline dates.



**What are the kinds of  
financial aid that may be  
awarded?**



## Federal Student Loans

**Direct Subsidized Loan** is a Federal loan, based on demonstrated need, is for undergraduate students and no interest accrues while the student is in school at least part-time (6 credits). A maximum amount a dependent student can borrow over a four-year period is \$19,000.

**Direct Unsubsidized Loan** is a Federal loan, is not based on demonstrated need, is for undergraduate and graduate students and interest will accrue while the student is in school at least part time (6 credits). The maximum amount a dependent student can borrow over a four-year period is \$27,000 plus \$5,000 more for a fifth collegiate year.





## Other Types of College Student Loans

**State Loans** are offered by individual states and may offer better interest rates and terms.

**Private Loans** are usually offered by a bank or servicer with variable interest rates and fees. These loans should be considered last after all other resources have been exhausted. They cannot be consolidated with Federal loans and have different repayment terms.



## Other Types of College Loans (continued)

**Parent Plus Loan** is a loan that is only in the parent(s)' name; that allows parent(s) to borrow up to the COA minus any awarded aid; that requires a FAFSA to be submitted and a credit history check to be performed and that begins repayment 60 days after the final disbursement (which may be before the student completes his/her degree). This loan allows for forbearance in times of economic hardships and loan deferment.



## **Did you know....**

Submitting the FAFSA electronically will expedite its processing. After the FAFSA is processed, the student will receive an award letter from each college detailing the amount and kind of aid that he/she has been offered.

If the student is applying to multiple schools, it is important to compare award letters and to follow up with financial aid offices if additional aid is needed.



**What are the components  
of a financial aid award  
letter?**



Financial aid award letters indicate dollar amounts per semester and a total for the academic year by element and may include Federal, state and/or institutional grants, scholarships, loans and/or Federal work-study.

Always, review and compare financial aid award letters.

Submit an appeal letter to request additional financial aid funding after the student receives a financial aid award. Reasons for appeal include unusual circumstances, negotiations or appeals.



**What are the elements of a  
scholarship search?**



## **Key Components of a Scholarship Search**

- Start early, search often, get organized
- Define student's strengths and unique attributes and total dollars desired
- Use key words in search such as “foundation” “scholarship” “scholarships” “grant” “fellowship” “scholarship deadline”
- Pursue smaller, lesser known, local scholarships
- Be mindful of deadlines, of the term of the scholarship and of the amount of the award



# **How can educational debt be managed?**





Planning early is key to managing educational debt. At the beginning and during the college admissions process and before accepting an admissions offer, students and parents should have open and honest conversations about finances and how college will be financed.

If cost is a significant factor, plan accordingly to ensure that the student has as many options as possible.

The student should consider his/her short- and long-term educational goals (i.e., undergraduate, graduate, and/or professional schools) before making any educational decisions.



Students can obtain career specific salary estimates by using the Occupational Outlook Handbook, <http://www.bls.gov/ooht>.

Loan repayment amounts should not exceed 20% of the student's net income.

Use the Department of Labor's (DOL) Repayment Estimator to obtain repayment amounts and options.

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>



## **Financial Aid Resources**

<https://fafsa.ed.gov> (FAFSA)

<https://studentaid.ed.gov> (Student Aid)

<https://studentloans.gov> (Student Loans)

<https://ifap.ed.gov> (Federal Student Aid Handbook)

<http://css.collegeboard.org> (CSS Profile)



## **Financial Aid Resources**

<http://www.financialaidtoolkit.ed.gov/tk/resources/all.js>

[sp](http://www.financialaidtoolkit.ed.gov/tk/resources/all.js) (Federal Aid Tool Kit)

<http://www.mhec.state.md.us>

(Maryland Higher Education Commission/academic common market/financial aid/state scholarships and grants)

[http://www.nasfaa.org/State Financial Aid Programs](http://www.nasfaa.org/State_Financial_Aid_Programs)

(State Financial Aid Programs)

<http://collegecost.ed.gov/catc/default.aspx>

(DOL's College Affordability & Transparency Center)



## **About Achieva**

Achieva Educational Consulting offers students personalized college counseling and group workshops to help students achieve their college admissions goals through an organized and supportive approach that balances the interests of students with their parents' budgets.



For more information about Achieva,

- Call Melissa at **301-461-8328**
- Email **achievaonline@gmail.com**
- Visit **achievaonline.com**
- Tweet **@achievaonline**

Thank You!