

Financial Aid 101

Paying for Postsecondary Education



Your Presenter

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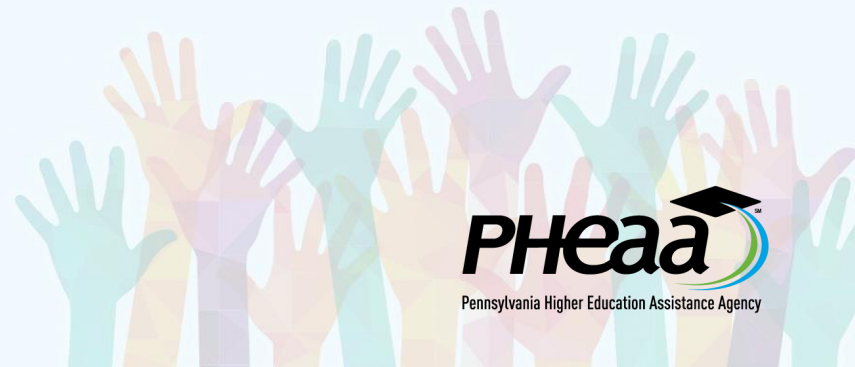
A photograph of a dense forest with tall, thin trees and a path leading into the distance. The trees are mostly green, and the path is a mix of brown and green. The overall scene is bright and vibrant.

How will you get there?

A photograph of a dorm room. On the left, there are wooden bunk beds with blue bedding. In the center, a window looks out onto a building. Below the window is a white radiator. The text "Tuition, Fees, Dorm, Meal Plan, Books, Living Expenses, Transportation..." is overlaid in white on the image.

**Tuition, Fees, Dorm, Meal Plan,
Books, Living Expenses,
Transportation...**

Collegecost.ed.gov





Should I Plant a Money Tree?

Where Does the Money Come From?

Federal / State
Government

School / College

Private Sources

- Clubs and organizations
- Employers
- Internet scholarship searches



FAFSA – Free Application for Federal Student Aid

FAFSA.gov

Apply for financial aid from schools, the federal financial aid programs and PHEAA on one application.



FAFSA

- **Class of 2016** can file the FAFSA as early as January 1 if they are attending college in 2016-17. It is recommended that you complete the FAFSA as soon as possible after **January 1**.
- **Class of 2017** can file their FAFSA as of October 1 2016.
- The FAFSA must be completed every year!

FAFSA.gov

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND® | FAFSA®
An OFFICE of the U.S. DEPARTMENT of EDUCATION | Free Application for Federal Student Aid

Home | About Us | FSA ID | StudentAid.gov | Help | | SEARCH | English | Español

Get help paying for college

Submit a Free Application for Federal Student Aid (FAFSA)



<h3>New to the FAFSA?</h3> <p>Start A New FAFSA</p>	<h3>Returning User?</h3> <ul style="list-style-type: none">• Make a correction• Add a school• View your Student Aid Report (SAR), and more... <p>Login</p>
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Window of Opportunity

Know When to Apply for FAFSA & Your Deadlines!



- **How soon can you file the FAFSA?)**
 - » **Seniors: after Jan 1st 2016 | Juniors: after October 1st 2016**
- **School Deadlines** – vary by school
- **PA State Grant Deadlines for FAFSA**
 - » **May 1, 2016** – First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges)
 - » **August 1, 2016** – 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.

FAFSA and Your Family



Student Status: Who is Independent?



- ✓ Most high school seniors are dependent and required to provide information about their parent(s) on the FAFSA.

Student Status: Who is Independent?



- ✓ 24 or older on Jan 1st of award year
- ✓ Veteran (includes active duty personnel)
- ✓ Working on graduate level degree
- ✓ Married or separated
- ✓ Emancipated minor or in legal guardianship
- ✓ Orphan, in foster care, or ward of the court at anytime when student was age 13 or older
- ✓ Have legal dependents other than spouse
- ✓ Student deemed homeless by proper authority

Info You May Need to Complete the FAFSA:



- Social Security Numbers
- Driver's license (student only; this information is optional)
- Previous year's federal income tax return (1040, 1040A or 1040EZ)
- W-2 forms from all employers
- Current bank statements (checking and savings)
- Current business and farm records (if >100 employees / if you don't live on the farm)
- Records of any stocks, bonds and other investments, including 529 accounts (Net amounts)
- Additional untaxed income, tax records may be needed such as: Veteran's non-educational benefits, child support paid/received, workers' compensation, disability payments
- Alien registration or permanent resident card (if not a U.S. citizen)

City
W-2
Copy 2 to be filed with employ

Tax



Form

1040

Label

See

Department of the Treasury - In

U.S. Individual Inc

For the year Jan 1 - Dec 31

When do you file your FAFSA and which tax documents do you use?



	Seniors (Class of 2016)	Juniors (Class of 2017)	Sophomores (Class of 2018)	Freshman (Class of 2019)
Initial FAFSA	After January 1, 2016	After October 1, 2016	After October 1, 2017	After October 1, 2018
Which taxes do you use?	2015 tax information (may have to estimate tax information and make correction with the IRS Data Retrieval Tool once taxes are complete)	2015 tax information (will be able to use the IRS Data Retrieval tool first time)	2016 tax information	2017 tax information
Renewal FAFSA	After October 1, 2016	After October 1, 2017	After October 1, 2018	After October 1, 2019
Which taxes do you use?	2015 tax information (will use the IRS Data Retrieval Tool again and moving forward)	2016 tax information	2017 tax information	2018 tax information



Special Circumstances



- ✓ **Recent death or disability**
- ✓ **Reduced income**
- ✓ **Recent separation or divorce**

Contact the school and ask for a special consideration AND contact State Grant Division at PHEAA

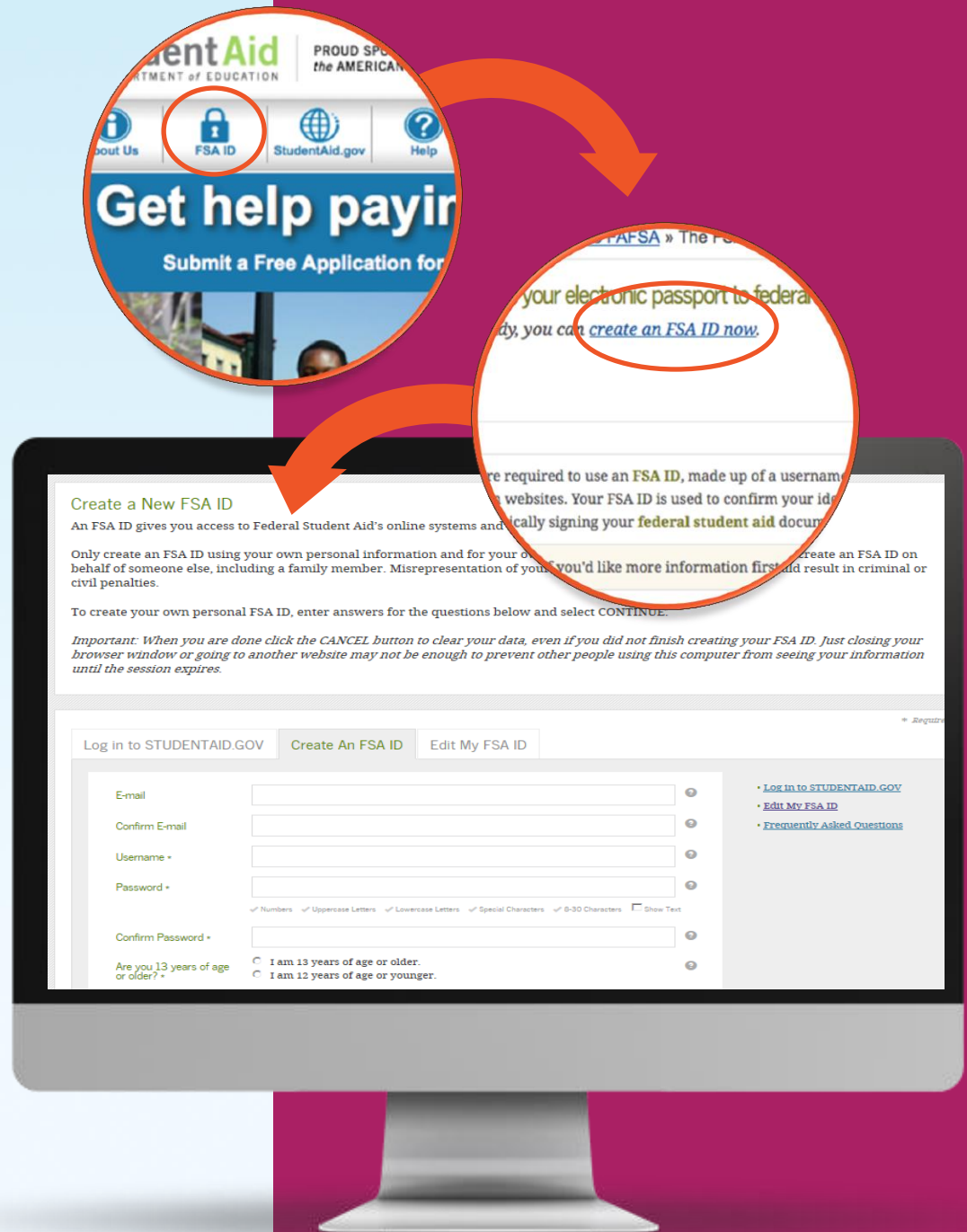




Electronic Signature:

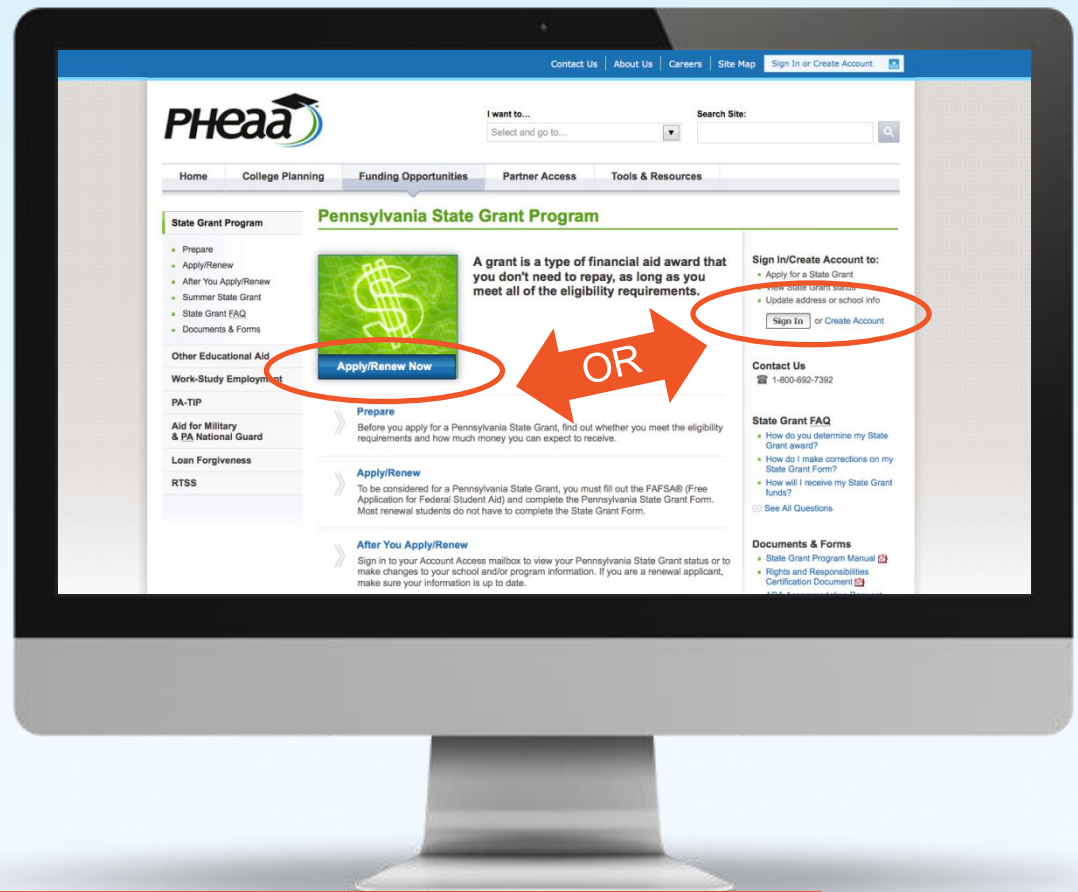
Create an FSA User ID and Password:

- **NEW** - Replaces the “PIN”
- Student and one parent will sign the FAFSA electronically - each needs a SEPARATE email address and ID/password



Online State Grant Application

- Link off the FAFSA Application Confirmation Page
 - » **Missed the link or it wasn't available?**
 - Link in an email sent to student/parent from PHEAA, OR
 - Go to PHEAA.org; State Grant Program; and complete the form
- Additional questions needed to determine PA State Grant eligibility:
 - » Enrollment status (full-time/part-time)
 - » Value of PA 529 College Savings Program
 - » Program of study for students in vocational programs
 - » Employment status



Help screens are available for all questions

Where does my FAFSA go?

- The information on your FAFSA and your resulting EFC are sent to the schools/colleges that you listed on the FAFSA and to PHEAA.
- You will also receive notification that it has been processed.



Expected Family Contribution

Can be as low as zero for high need students

Expected Family Contribution (EFC) is determined based on your FAFSA information including:

- Parent income and assets
- Student income and assets
- Family size
- Number of children in college
- Age of the older parent

How is the EFC Calculated?

- Parent contribution + student contribution = EFC
- Bulk of EFC comes from income
- Home, personal property, qualified retirement funds, and value of life insurance excluded from assets
- Asset protection allowance (based on age of older parent, or the parent if single parent household)
- Parent asset contribution usually = roughly 6%
- Student income contribution = 50% of amount over \$6,400
- Student asset contribution = 20% of assets
- Parent contribution divided by number of children in college at the same time

Calculating Financial Need

Schools/colleges receive financial aid information and calculate financial need

- Financial Aid Office (FAO) “packages” student based on financial need and available funding (varies from school to school)
- Financial aid award letter sent to student

School cost	\$26,000
EFC	-\$3,000
<hr/>	
Financial Need	\$23,000



Check Requirements

Know what financial aid forms each school requires

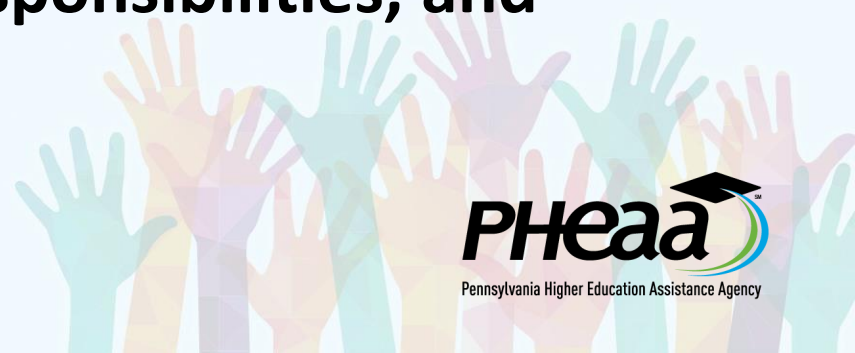
- **Free Application for Federal Student Aid (FAFSA)**
- **PA State Grant Form (SGF)**
- **CSS PROFILE Form**
<https://profileonline.collegeboard.org>
- **Institutional Application**

A vibrant field of sunflowers stretches across the frame under a clear, bright blue sky. The sunflowers in the foreground are in sharp focus, showing their bright yellow petals and dark brown, textured centers. The background is filled with more sunflowers, slightly out of focus, creating a sense of depth. The overall scene is bright and cheerful.

Award Letters

Financial Aid Award Letter

- **Official notification from school about financial aid, terms, and conditions.**
- **Lists the type and amount of each award to be received**
- **Describes what must be done to accept or reject any award.**
- **Discloses students rights, responsibilities, and academic requirements.**



Pennsylvania State Grant*

- In-state (PA) - Full-time up to \$4,340
- In-state (PA) – Part-time 1/2 of the FT award
- Out-of-state - Up to \$600 in DC, DE, MA, OH, RI, VT, WV
- Amount determined in part by the cost of the school

* Must be at least half-time to be eligible



Pennsylvania State Grant (PHEAA)

- A Pennsylvania State Grant is based on financial need and other requirements
- The maximum amount of the grant is determined, in part, by the cost of attendance at the school:

Community College	\$2,308
State University	\$3,693
State Related	\$3,970
Private Institution	\$4,340

Other State Programs

- State Work-Study - job related to major
- Educational Assistance Grant (EAP) – National Guard
- Chafee Education and Training Grant – co-administered with the PA Department of Human Services
- Blind or Deaf Beneficiary Grant
- Postsecondary Educational Gratuity Program (PEGP)
- Partnerships for Access to Higher Education (PATH)
- Pennsylvania Targeted Industry Program (PA –TIP)
- Ready to Succeed Scholarship (RTSS)
- For details, see the PA Student Aid Guide, or visit [PHEAA.org](https://www.pheaa.org).

Federal Programs

- Pell Grant (2015-16 max award \$5,775)*
- Campus-based aid – amounts determined by FAO
 - » FSEOG..... up to \$4,000
 - » Federal Work-Study..... FAO determines
- For most programs, student must be enrolled at least half-time.

* Goes to most financially needy students



Federal Work-Study

“ Students who participate in the federal work-study program are more likely to graduate and be employed 6 years after college than their similar counterparts who don’t participate in the program, according to a new study. ”

Inside Higher Ed reports

Study conducted by two
Columbia University researchers,
Judith Scott-Clayton and Veronica Minaya



Other Federal Programs

- TEACH (must meet teaching commitment)
 - » For more information, visit studentaid.ed.gov.
- Iraq and Afghanistan Service Grant
 - » For more information, visit studentaid.ed.gov.
- Americorps
 - » for details, go to www.americorps.gov



Types of Federal Loans



1. Undergraduate Students

- » Subsidized
- » Unsubsidized

2. Graduate Students

- » Unsubsidized
- » GradPLUS Loan

3. Parents

- » PLUS Loan



Federal Student Loans

- No credit check
- Annual and aggregate borrowing limits
- Fixed interest rate
- Rate for new loans is reset every July 1st
- Rate is based on 10-year Treasury note (+2.05%)
- 6-month grace period
- 10-year standard repayment
- Flexible repayment options



Interest Rates – Student Loans

- Undergraduate – Subsidized and Unsubsidized:
 - » 4.29% for 2015-16
 - » Capped at 8.25%
- Graduate – Unsubsidized Only:
 - » 5.84% for 2015-16
 - » Capped 9.50%



Student Loan Borrowing Limits

Dependent Students (excluding students whose parents cannot borrow PLUS)	Base Stafford Loan Amount Subsidized/Unsubsidized	Additional Unsubsidized Stafford Loan Amount
Freshmen	\$3,500	\$2,000
Sophomores	\$4,500	\$2,000
Juniors, Seniors	\$5,500	\$2,000
Graduate or Professional	\$8,500	\$12,000

Student Loans

- **SUBSIDIZED =**
no interest charged to student while enrolled or in grace
 - » Based on financial need
 - » Interest will not be charged during the grace period, if the loan was first disbursed after June 30, 2014
- **UNSUBSIDIZED =**
interest accrues in school and grace
 - » Any interest not paid during grace will be capitalized at repayment
 - » There is a 1.068% fee deducted from loan amount at disbursement

Loan Calculator



Loan Balance:	\$16,000.00
Adjusted Loan Balance:	\$16,000.00
Loan Interest Rate:	4.29%
Loan Fees:	0.00%
Loan Term:	10 years
Minimum Payment:	\$50.00
Total Years in College:	2.5 years
Average Debt per Year:	\$6,400.00
Monthly Loan Payment:	\$164.21
Number of Payments:	120
Cumulative Payments:	\$19,704.69
Total Interest Paid:	\$3,704.69

Loan Calculator



Loan Balance:	\$28,500.00
Adjusted Loan Balance:	\$28,500.00
Loan Interest Rate:	4.29%
Loan Fees:	0.00%
Loan Term:	10 years
Minimum Payment:	\$50.00
Total Years in College:	4 years
Average Debt per Year:	\$7,125.00
Monthly Loan Payment:	\$292.49
Number of Payments:	120
Cumulative Payments:	\$35,099.24
Total Interest Paid:	\$6,599.24

PLUS and GradPLUS

- Parent & GradPLUS
 - » 6.84% for 2015-16
 - » Capped at 10.50 %
 - » Up-front fee of 4.292% deducted at disbursement
- May borrow up to full cost of education minus financial aid
- Credit check is required on this loan



Federal Direct PLUS (Parent)

- Repayment begins immediately - can defer repayment until 6 months after student graduates or drops below half-time enrollment
 - » If defer payment – encouraged to make interest payments
 - » Standard repayment is 10 years



Benefits of Paying Interest

- Paying now will reduce what is capitalized!
- Interest accrues on your unsubsidized student loan and Federal PLUS Loan:
 - » Every day, from the day the loan is disbursed until you make the last payment
 - » Even if your loan is not in repayment
- Interest accrues on your subsidized student loan:
 - » Every day, from the day the repayment period starts until you make the last payment



Studentloans.gov



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Private/Alternative Loans



Private/Alternative Loans

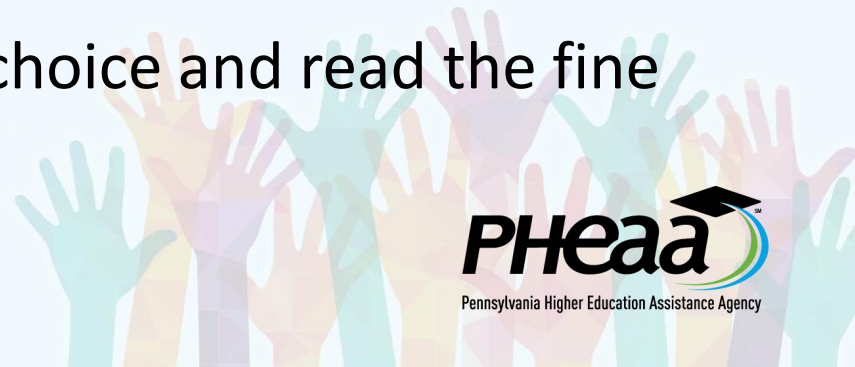


**Consider these
ONLY after looking
into all other sources
of financial aid**



Private/Alternative Loans

- Nonfederal loans, made by a *lender* such as a bank, credit union, state agency, or a school.
- Student borrows in his or her own name
- Based on credit scoring and debt-to-income ratio
- Repayment may be deferred until education completed
- Fees, interest rates, loan amounts, and repayment provisions vary by lender and are generally higher than federal student loans
- **Co-signers usually required.** Some loan products have a co-signer release option
- Compare loans before making choice and read the fine print!



Financial Aid 101

Final Thoughts/Wrap-Up



Other Ways to Pay Your Bill

- ✓ Savings
- ✓ 529 College Saving Plans
- ✓ Scholarships
- ✓ Tuition Payment Plans – School

A black and white woodpecker with a red crest is perched on a tree trunk. The bird is facing left, looking slightly upwards. The background is a clear blue sky. The text "Searching for Scholarships" and "Early Bird Gets the Worm" is overlaid on the image in white font.

Searching for Scholarships

Early Bird Gets the Worm

Scholarships

- Scholarships are **FREE MONEY**
- Scholarships are awarded by foundations, philanthropists, non-profit organizations, businesses and colleges to help students pay for college
- Check with your School Counselor for Local Scholarships!
- Fastweb.com is the largest, most accurate and most frequently updated scholarship database.

www.fastweb.com

Smart Borrowing Tip



- Research job availability in your chosen field, before selecting your major
 - » You won't be able to repay your student loan if you aren't gainfully employed.
 - » Research employment rates in your potential career field before making a final decision on your major.



Smart Borrowing Tip



- Research your expected salary in your future career, find an affordable school, and borrow realistically.
 - ✓ 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.



MySmartBorrowing.org

An interactive, online tool created by PHEAA that helps students and families:

- Estimate career salaries & college tuition
- View the impact of savings on overall cost
- Calculate loan repayment
- **Avoid overborrowing**



MySmartBorrowing.org

What You Can Be Doing Now

- **Student and parent apply for an FSA ID at:
www.studentaid.ed.gov/fsaid**
- **Visit websites with free information about college, financial aid and careers**
- **Explore scholarship opportunities – locally, regionally and nationally**
- **Use Net Price Calculator at schools interested in attending to get an estimate of your “net price” to attend. Net Price calculator available on each school’s website.**
- **Use the FAFSA4caster – to estimate EFC and eligibility for federal financial aid**
 - **Free online tool, available at www.fafsa4caster.ed.gov**

The Plan



- ✓ Narrow down career choices
- ✓ Research and apply to several schools
- ✓ Work hard on scholarship search
- ✓ Don't fear the FAFSA (do the State Grant app, too)
- ✓ Release your info to several schools
- ✓ Compare estimated financial aid award letters
- ✓ Make the tough choices
- ✓ Think of the future
- ✓ Finish on time

Contact Information

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QUESTIONS?

