National Association of Student
Financial Aid Administrators Presents …

What You
Need to Know
About Financial Aid

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Topics We Will Discuss Tonight

- What is financial aid
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- What is financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances

What is Financial Aid?

Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses

What is Cost of Attendance (COA)

- Direct costs

- Indirect costs

- Direct and indirect costs combined into cost of attendance

- Varies widely from college to college

What is the Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute

- Stays the same regardless of college

- Two components
  - Parent contribution
  - Student contribution

- Calculated using data from a federal application form and a federal formula

What is Financial Need

Cost of Attendance

−   Expected Family Contribution

=   Financial Need

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Categories of Financial Aid

- Need-based

- Non-need-based

Types of Financial Aid

- Scholarships

- Grants

- Loans

- Employment

Gift Aid

Self-Help Options

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Gift Aid: Scholarships

- Money that does not have to be paid back

- Awarded on the basis of merit, skill, or unique characteristic

Gift Aid: Grants

- Money that does not have to be paid back

- Usually awarded on the basis of financial need

Self-Help Option: Loans

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

Self-Help Option: Employment

Allows student to earn money to help pay educational costs

- A paycheck; or
- Non-monetary compensation, such as room and board

Sources of Financial Aid

- Federal government

- States

- Private sources

- Civic organizations and churches

- Employers

Federal Government

- Largest source of financial aid

- Aid awarded primarily on the basis of financial need

- Must apply each year using the Free Application for Federal Student Aid (FAFSA)

Common Federal Aid Programs

- Federal Pell Grant

- Teacher Education Assistance for College and Higher Education Grant

- Federal Supplemental Educational Opportunity Grant

- Federal Perkins Loan

- Federal Work-Study

- Subsidized and Unsubsidized Loans

- PLUS Loans

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States

- Residency requirements 12/31/2012

- Award aid on the basis of both merit and need

- Use information from the FAFSA

- Deadlines vary by state; check paper FAFSA or FAFSA on the Web site - **Indiana March 10, 2013 – Received by Date**

Private Sources

- Foundations, businesses, charitable organizations

- Deadlines and application procedures vary widely

- Begin researching private aid sources early

Civic Organizations and Churches

- Research what is available in community

- To what organizations and churches do student and family belong?

- Application process usually spring of senior year

- Small scholarships add up!

Employers

- Companies may have scholarships available to the children of employees

- Companies may have educational benefits for their employees

Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family

- May be filed electronically or using paper form

  - Available in English and Spanish

FAFSA

- Information used to calculate the Expected Family Contribution or EFC
  - The amount of money a student and his or her family may reasonably be expected to contribute towards the cost of the student's education for an academic year

- Colleges use EFC to award financial aid

FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1st prior to the academic year for which the student requests aid

- For the 2013–14 academic year, the FAFSA may be filed beginning January 1, 2013

- Colleges may set FAFSA filing deadlines

FAFSA on the Web

- Website: www.fafsa.gov
- 2013–14 FAFSA on the Web available on January 1, 2013
- FAFSA on the Web Worksheet:
  - Used as "pre-application" worksheet
  - Questions follow order of FAFSA on the Web

FAFSA on the Web

Good reasons to file electronically:

- Built-in edits to prevent costly errors

- Skip logic allows student and/or parent to skip unnecessary questions

- Option to use Internal Revenue Service (IRS) Data Retrieval Tool

FAFSA on the Web

Good reasons to file electronically:

- More timely submission of original application and any necessary corrections
- More detailed instructions and "help" for common questions
- Ability to check application status online
- Simplified application process in the future

IRS Data Retrieval Tool

- While completing FOTW, applicant may submit real-time request to IRS for tax data

- IRS will authenticate taxpayer's identity

- If match found, IRS sends real-time results to applicant in new window

- Applicant chooses whether or not to transfer data to FOTW

IRS Data Retrieval Tool

- Available early February 2013 for 2013–14 processing cycle

- Participation is voluntary

- Reduces documents requested by financial aid office

IRS Data Retrieval Tool

- Some will be unable to use IRS DRT

- Examples include:

  - Filed an amended tax return

  - No SSN was entered

  - Student or parent married but filed separately

Federal Student Aid Personal Identification Number (FSA PIN)

- Website: www.pin.ed.gov

- Sign FAFSA electronically

- Not required, but speeds processing

- May be used by students and parents throughout aid process, including subsequent school years

FAFSA on the Web Worksheet

2013–14 FAFSA on the Web Worksheet contains:

- Instructions

- Questions that gather basic information on student and parent, if applicable

General Student Information

- Social Security Number

- Citizenship status

- Drug convictions

- Selective Service registration

- High School Completion

Student Dependency Status

FAFSA asks questions to determine status:

- If all "No" responses, student is dependent

- If "Yes" to any question, student is independent

Information About the Parents of Dependent Students

- Tax, income, and other financial information

- Dislocated worker status

- Assets

Information About the Student (and Spouse)

- Tax, income, and other financial information

- Dislocated worker status

- Assets

Additional Information

- College and housing information

Signatures

- Required
  - Student
  - One parent (dependent students)
- Format
  - Electronic using PIN
  - Signature page
  - Paper FAFSA

Frequent FAFSA Errors

- Social Security Numbers
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth

FAFSA Processing Results

Central Processing System (CPS) notifies student of FAFSA processing results by:

· Paper Student Aid Report (SAR) if paper FAFSA was filed and student's e-mail address was not provided

· SAR Acknowledgement if filed FAFSA on the Web and student's e-mail address was not provided

FAFSA Processing Results

- CPS notifies student of FAFSA processing results by:

    - E-mail notification containing a direct link to student's on-line SAR if student's e-mail was provided on paper or electronic FAFSA

- Student with PIN may view SAR on-line at www.fafsa.gov

FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA submitted

- College reviews ISIR
  - May request additional documentation, such as proof that a sibling is enrolled in college

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Student Aid Report

- Review data for accuracy

- Update estimated information when actual figures are available

Making Corrections

If necessary, corrections to FAFSA data may be made by:

- Using FAFSA on the Web (www.fafsa.gov) if student has a PIN;

- Updating paper SAR (SAR Information Acknowledgement cannot be used to make corrections); or

- Submitting documentation to college's financial aid office

Special Circumstances

- Cannot report on FAFSA

- Send written explanation to financial aid office at each college

Special Circumstances

- Change in employment status

- Medical/Dental expenses not covered by insurance

- Change in parent marital status
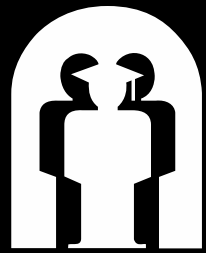
- Unusual dependent care expenses

Free FAFSA Filing Workshops

- College Goal Sunday – February 24, 2013 2:00 – 4:00pm – Plymouth High School & Various other locations throughout Indiana

- Ancilla College – Starting February 26 – March 7, 2013

- Watch website (Ancilla.edu) for additional information.

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Questions?

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