

National Association of Student  
Financial Aid Administrators

# What You Need to Know about Financial Aid

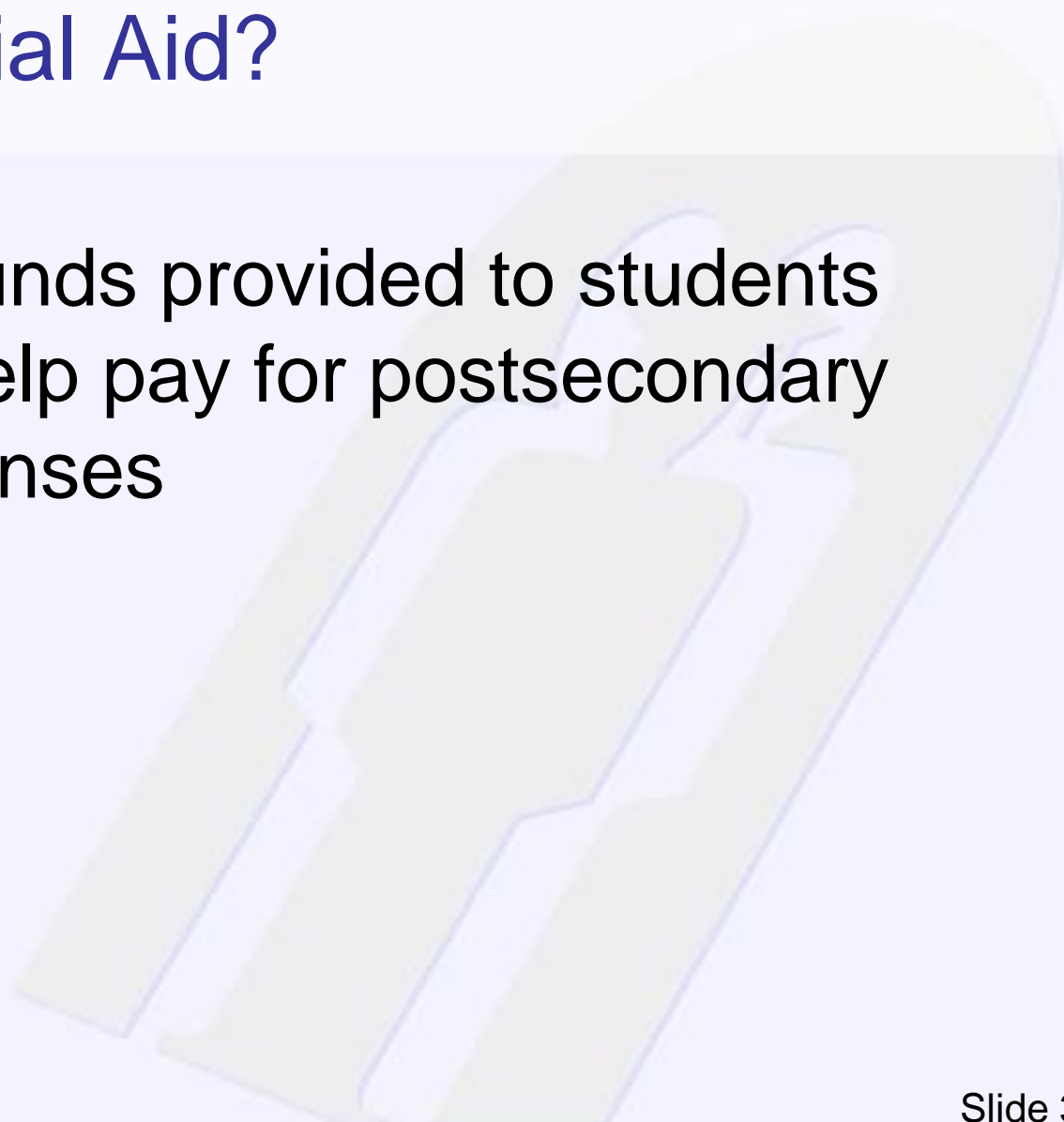
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# Topics We Will Discuss Tonight

- 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 is 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

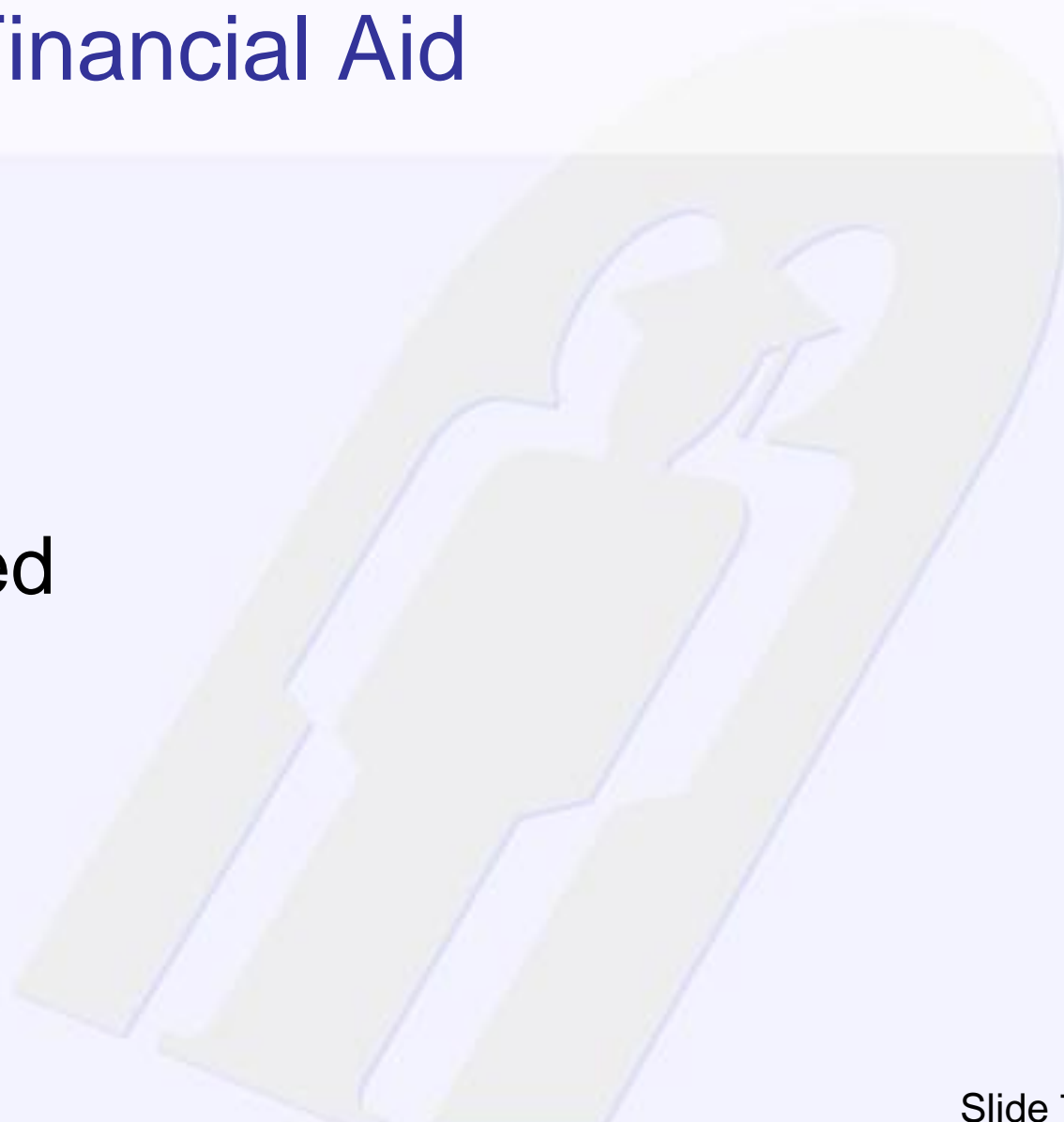
– Expected Family Contribution

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= Financial Need

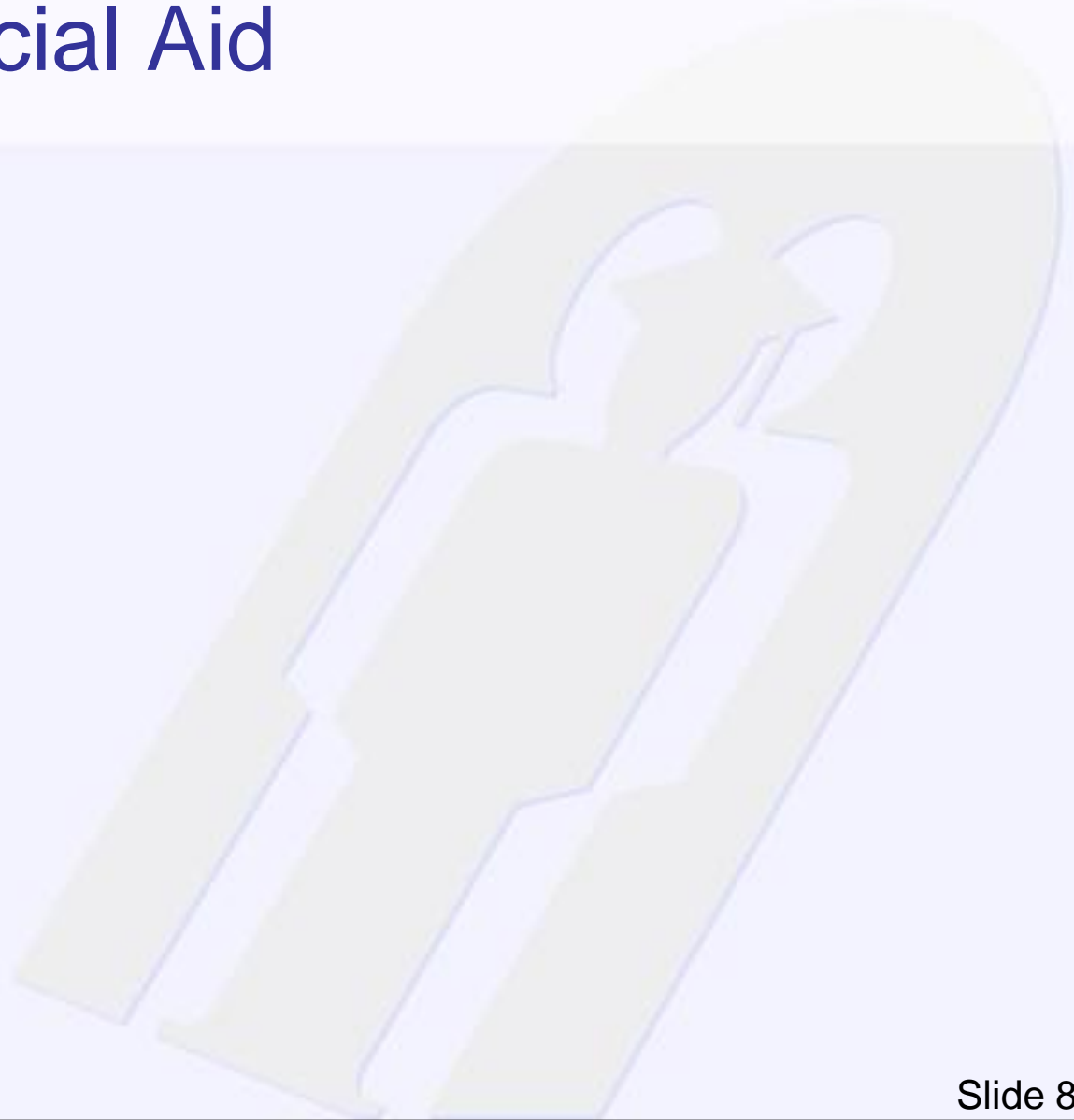
# Categories of Financial Aid

- Need-based
- Non-need-based



# Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment



# Scholarships

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

# Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need

# 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

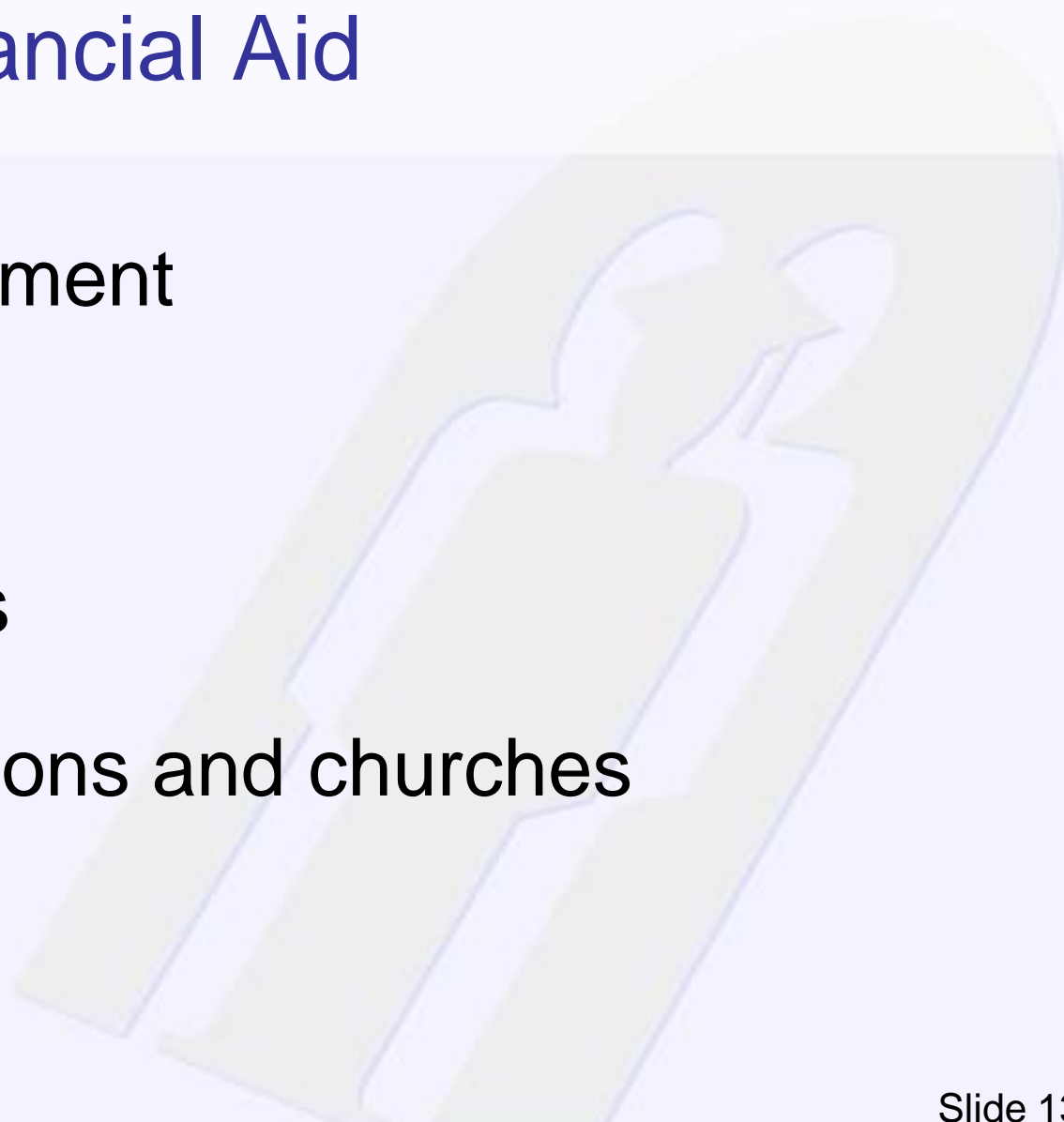
# Employment

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 every 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
- Stafford Loans
- PLUS Loans

# States

- Residency requirements
- 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

# 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 1<sup>st</sup> prior to the academic year for which the student requests aid
- For the 2011–12 academic year, the FAFSA may be filed beginning January 1, 2011
- Colleges may set FAFSA filing deadlines

# FAFSA on the Web



- Website: [www.fafsa.gov](http://www.fafsa.gov)
- 2011–12 FAFSA on the Web available on January 1, 2011
- 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
- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status on-line
- Simplified application process in the future

# IRS Data Retrieval Tool

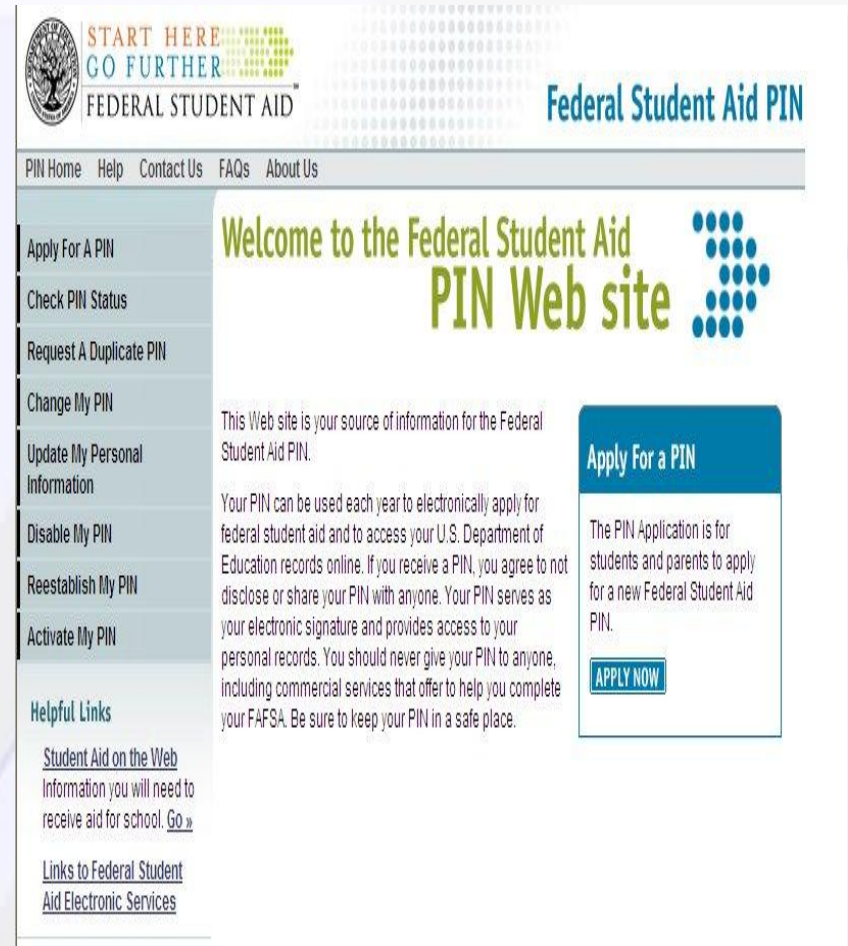
- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer's identity
- If match found, IRS sends real-time results to applicant in new window
- Applicant chooses whether or not to transfer data to FOTW

# IRS Data Retrieval Tool

- Available late January 2011 for 2011–12 processing cycle
- Participation is voluntary
- Could reduce documents requested by financial aid office

# Federal Student Aid Personal Identification Number (FSA PIN)

- Website: [www.pin.ed.gov](http://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



The screenshot shows the homepage of the Federal Student Aid PIN website. At the top left is the U.S. Department of Education logo with the text "START HERE GO FURTHER FEDERAL STUDENT AID". To the right is the text "Federal Student Aid PIN". Below the header is a navigation menu with links for "PIN Home", "Help", "Contact Us", "FAQs", and "About Us". A left sidebar contains a list of actions: "Apply For A PIN", "Check PIN Status", "Request A Duplicate PIN", "Change My PIN", "Update My Personal Information", "Disable My PIN", "Reestablish My PIN", and "Activate My PIN". Below this is a "Helpful Links" section with links to "Student Aid on the Web" and "Links to Federal Student Aid Electronic Services". The main content area features a large green heading "Welcome to the Federal Student Aid PIN Web site" with a blue dot pattern graphic. Below this is a paragraph explaining the website's purpose and a warning about the PIN's security. On the right side, there is a blue box titled "Apply for a PIN" with a sub-heading "The PIN Application is for students and parents to apply for a new Federal Student Aid PIN." and a prominent "APPLY NOW" button.

# FAFSA on the Web Worksheet



2011 – 2012

FAFSA ON THE WEB WORKSHEET

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



START HERE  
GO FURTHER.  
FEDERAL STUDENT AID

2011–12 FAFSA on the Web Worksheet—  
4-page booklet containing:

- Instructions
- 24 questions in 4 sections

# FOTW Worksheet: Section 1

## General student information:

- Social Security Number
- Citizenship status
- Drug convictions
- Selective Service registration

# FOTW Worksheet: Section 2

Student's dependency status:

- If all “No” responses, student is dependent
- If “Yes” to any question, student is independent

# FOTW Worksheet: Section 3

Information about the parents of dependent students:

- Tax, income, and other financial information
- Dislocated worker status
- Assets

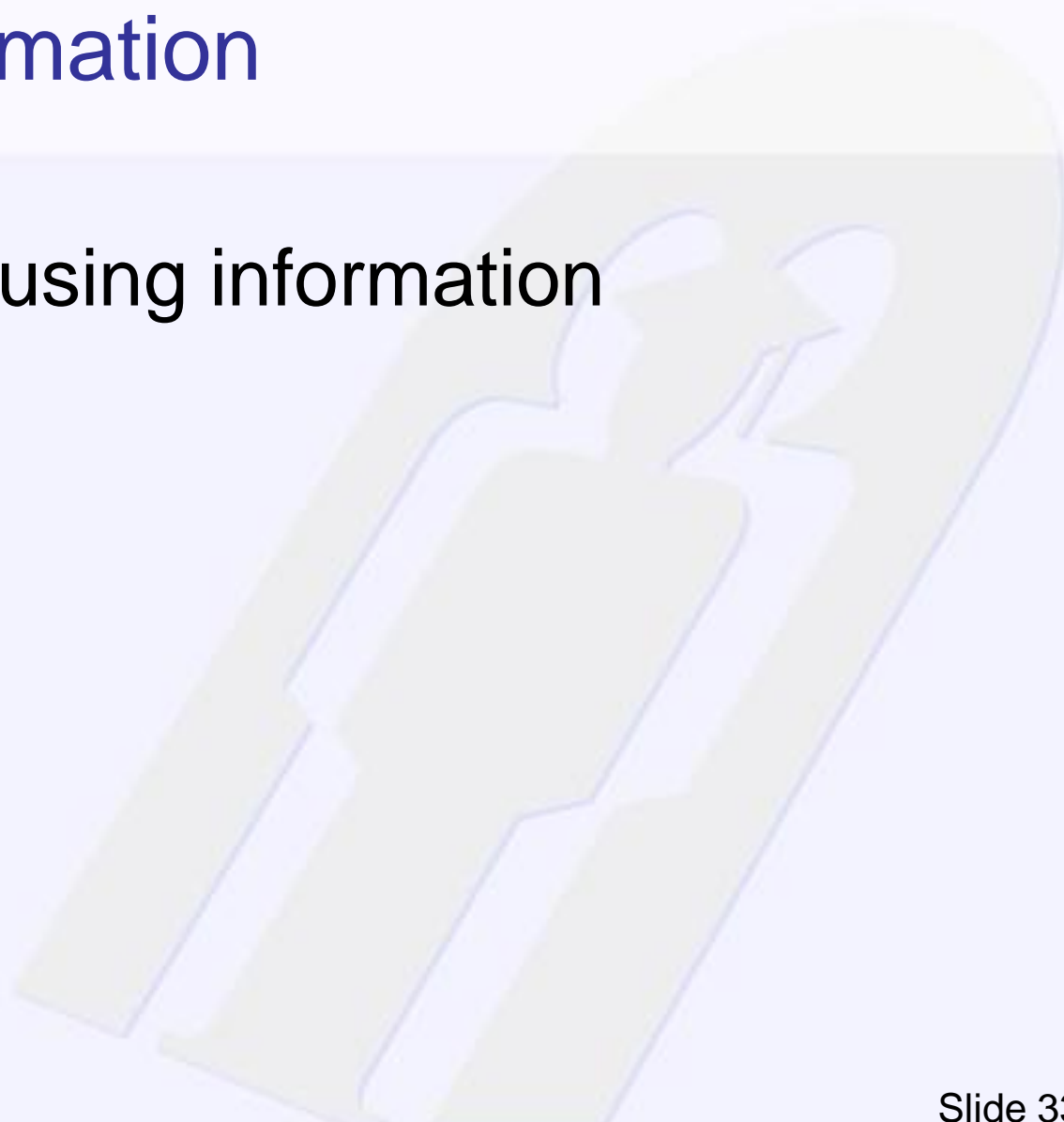
# FOTW Worksheet: Section 4

Information about the student (and spouse):

- Tax, income, and other financial information
- Dislocated worker status
- Assets

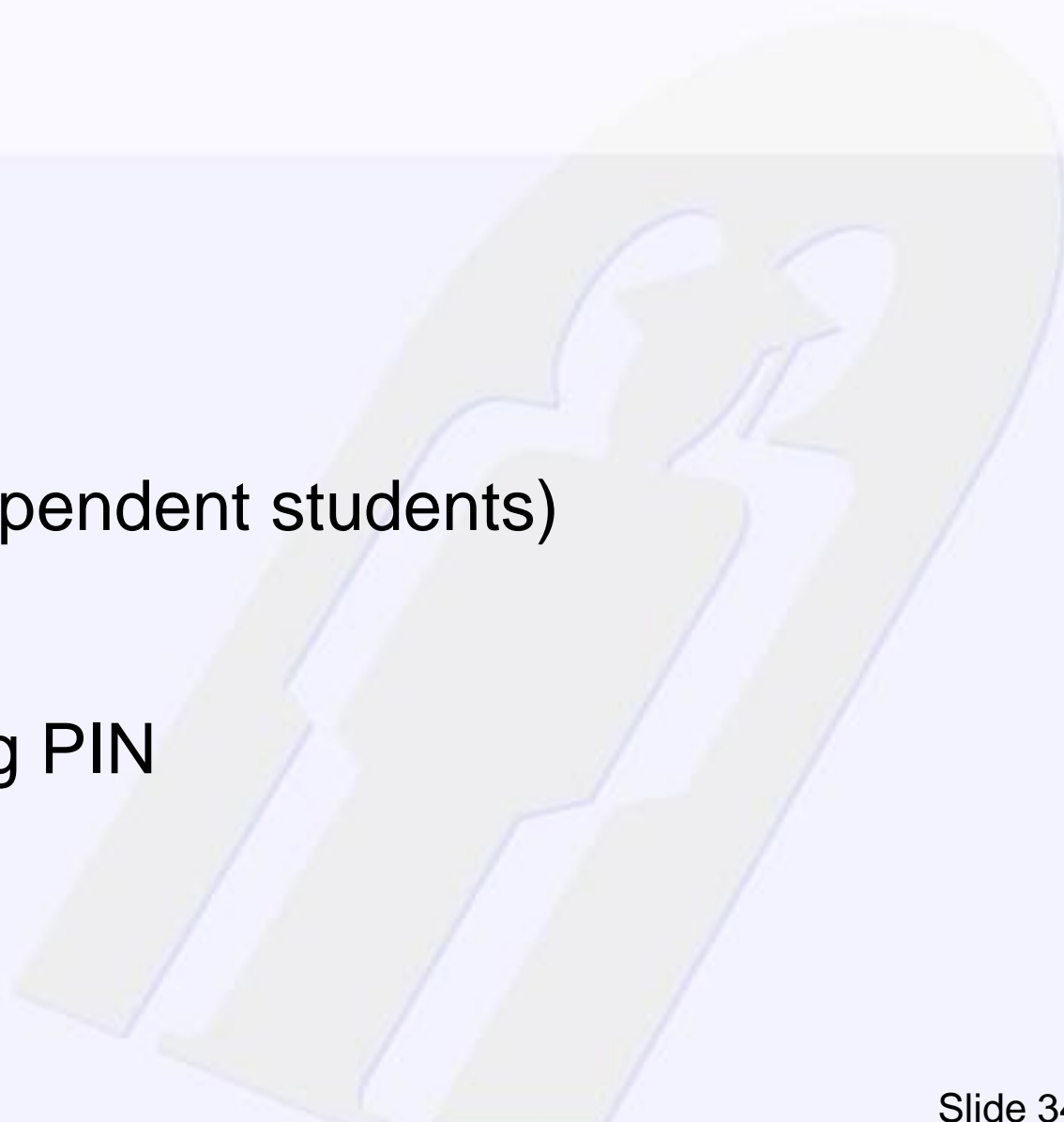
# Additional Information

- 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

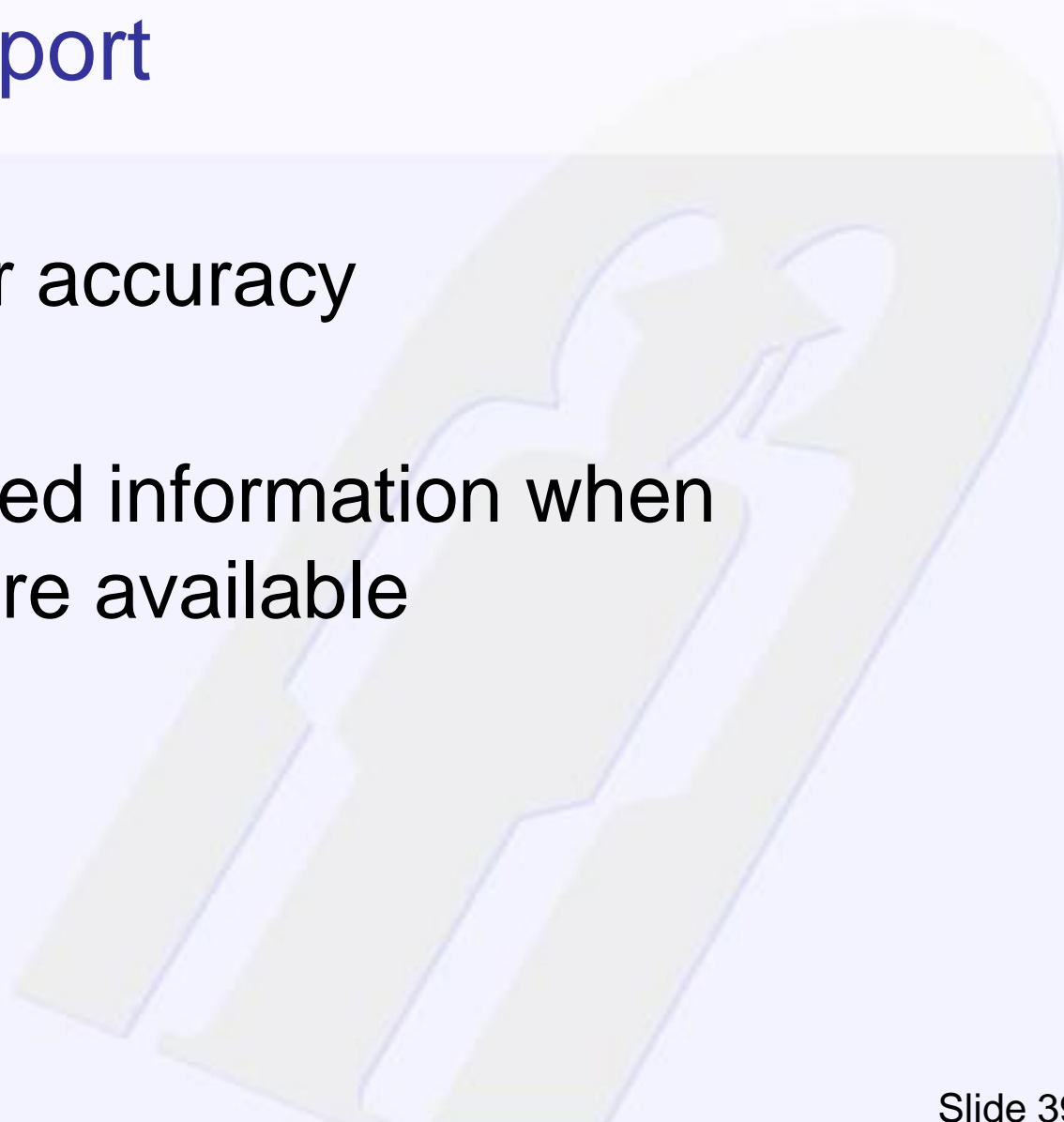
- CPS notifies student of FAFSA processing results by:
  - E-mail notification containing a direct link to student's electronic SAR if student's e-mail was provided on paper or electronic FAFSA
- Student with PIN may view SAR on-line at [www.fafsa.gov](http://www.fafsa.gov)

# 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 copies of federal tax returns

# Student Aid Report

- Review data for accuracy
- Update estimated information when actual figures are available



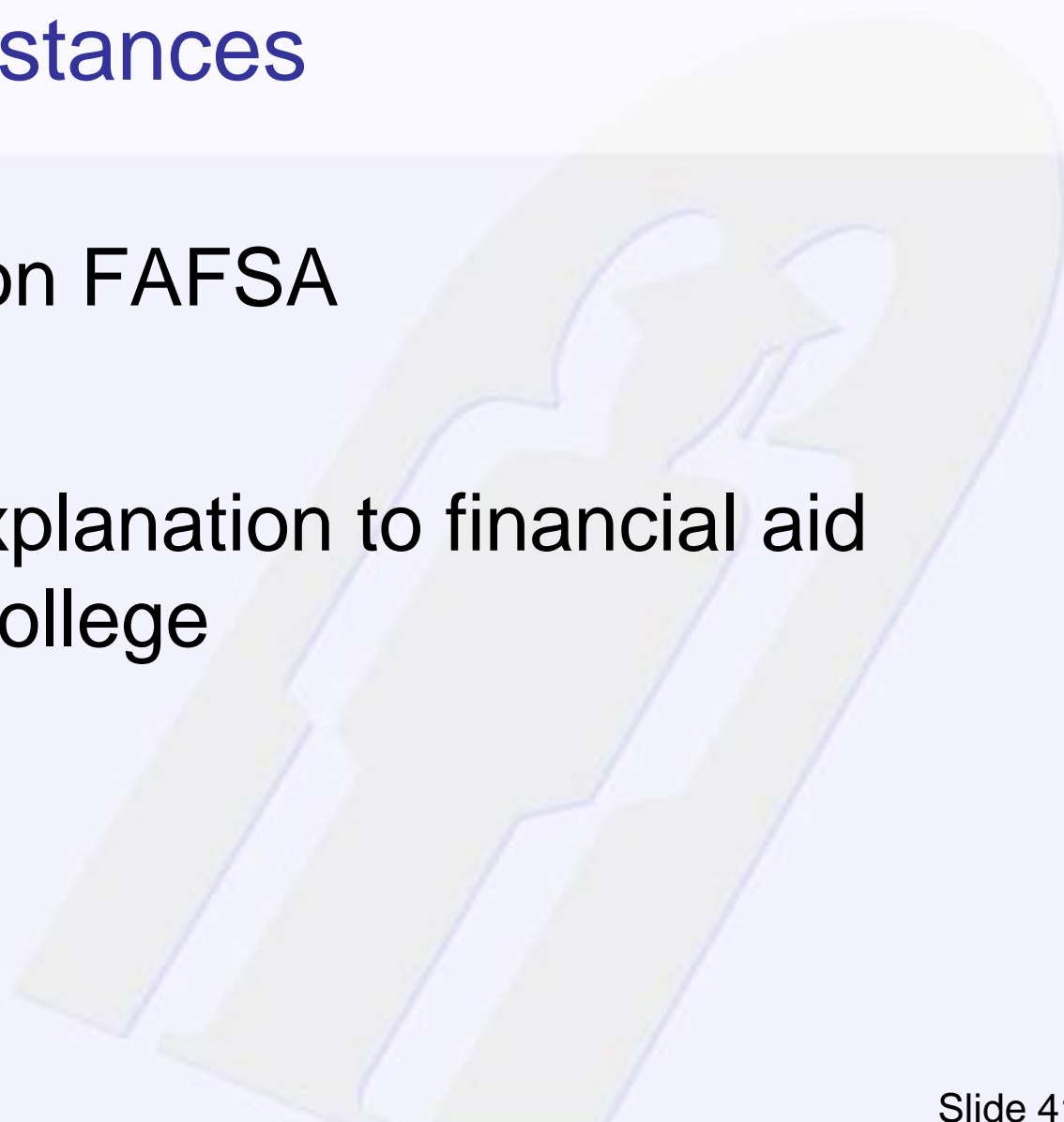
# Making Corrections

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

- Using FAFSA on the Web ([www.fafsa.gov](http://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 expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parent information



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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS