Understanding Financial Aid

Oconomowoc High School
Margaret Zitzer
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Agenda

- Principles and History of Federal Financial Aid
- Key Concepts
- Completing the FAFSA
- Types of Aid Available
History and Philosophy of Financial Aid

- Students and their family(ies) have primary responsibility to pay for college.
- Financial aid assessment is NOT a cash flow analysis, but rather an evaluation of a family’s economic or financial strength.
- Contribution is determined by a standard formula that assesses a family’s ability to pay.
- A family’s ability to pay for educational expenses must be evaluated in an equitable and consistent manner while recognizing that special circumstances can and do alter a family’s ability to pay.
- Willingness is not a factor.
Financial aid helps bridge the gap between the cost of education and what the family can pay.
Key Concepts

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
- Demonstrated Financial Need (Need)
Cost of Attendance
(Direct & Indirect Costs)

- Tuition
- Fees
- Room & Board
- Books & Supplies
- Personal/Miscellaneous
- Travel
Expected Family Contribution

(EFC)

Determined by filing the FAFSA
Free Application for Federal Student Aid
EFC

- Income (Prior Prior Year)
- Assets (Current)
- Family size
- Number in College
- Age of the older parent
Demonstrated Financial Need

Financial Need is a simple equation:

\[ \text{COA} - \text{EFC} = \text{Need} \]
### Examples of Financial Need

<table>
<thead>
<tr>
<th>Public College</th>
<th>Private College</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>$25,290</td>
</tr>
<tr>
<td><strong>EFC</strong></td>
<td>$10,000 –</td>
</tr>
<tr>
<td><strong>Need</strong></td>
<td>$15,290</td>
</tr>
</tbody>
</table>

Source: The College Board  
Average Estimated Budgets, 2017–18
Get Organized

- To complete the FAFSA you will need to:
  - Create FSA ID
  - Parent must have his/her own FSA ID
  - FSA ID serves as electronic signatures for the FAFSA and promissory notes
  - Email Addresses with each account must be unique
  - Go to: fsaid.ed.gov
♦ Person specific – Student and Parent each need his/her own FSA ID
♦ Each need to provide own Email Address (Do not use high school email)
♦ Check “Show Text” – to see what you are typing (keep separate record)
Submit the FAFSA

www.fafsa.gov

- FAFSA is student specific
- Select the appropriate school year
- Complete all sections about you, your school plans and financial information
- use the IRS Data Retrieval Tool (Prior Prior Year)
- Provide current asset information
- List your school code(s) (Up to 10 schools)
- Provide FSA IDs
- Submit your information
- Keep copies for your records
Need money for college?

Complete the FAFSA® (Free Application for Federal Student Aid) form to apply for financial aid for college, career school, or graduate school.

NEW TO FAFSA.GOV?

Submitting the FAFSA form is quick, and most importantly, it’s FREE. Get started today.

START HERE

RETURNING USER?

- Make a correction
- Add a school
- View your Student Aid Report (SAR)

LOG IN
Completing the FAFSA

Points to Remember:

- The earliest you may file the FAFSA for the 2019–2020 school year – October 1, 2018
- Check with the colleges where you plan to apply for deadlines and institutional requirements
- Prior–Prior Tax Year reporting (Tax Year 2017) – Perform the IRS Data Retrieval Process (DRT) (Encrypted)
- If you have not filed your 2017 taxes yet, it is o.k. to estimate
- If you cannot perform the IRS DRT, order a tax return transcript from IRS, in case you need to report tax info to school
- You must re-apply for aid every year
- Who is considered a parent?
WHO’S MY PARENT WHEN I FILL OUT MY FAFSA®?

Are your parents married to each other?

Yes

Report information for both parents on the FAFSA.

No

Do your parents live together?

Yes

Report information for both parents on the FAFSA, even if they were never married, are divorced, or are separated.

No

Did you live with one parent more than the other over the past 12 months?

Yes

Report information on the FAFSA for the parent you lived with more.

No

Has this parent remarried?

Yes

Also report information for your stepparent on the FAFSA.

No

You do not need to report additional parental information.

The following people are not your parents unless they have legally adopted you:

- Biological Parents
- Foster Parents
- Legal Guardian
- Other Brothers or Sisters
- Aunts or Uncles

If you're not sure whom to report as a parent, you can visit StudentAid.ed.gov/afas/filling-out/parent-info or call 800-4-FED-AID (800-433-3243).

If you're not sure whether you are a dependent student, go to StudentAid.ed.gov/afas/filling-out/dependency

Federal Student Aid
An Office of the U.S. Department of Education
FAFSA Follow up

Here’s what happens after you file:

- Your EFC is calculated
- Results are sent electronically to the college(s) you selected (you may list up to 10 schools on the electronic FAFSA)
- You will receive a Student Aid Report (SAR)
- If your family has special circumstances notify the financial aid office (extraordinary expenses and/or loss of income)
- After you are admitted to a college, a financial aid award will be sent to you
- You may be required to verify information submitted on your FAFSA
Types of Aid Available

- **Gift**
  - Scholarships
  - Grants

- **Self-help**
  - Employment
  - Loans
Scholarships

♦ Academic – merit based
♦ Talent
♦ Service
♦ ROTC
♦ Private:

http://www.fastweb.com
https://bigfuture.collegeboard.org/scholarship-search
Grants
(Need-based)

Federal Grants
♦ Pell
♦ SEOG

State Grants
♦ Wisconsin Grant WG

Institutional Grants
Employment

- Two types:
  - Federal Work Study
  - Regular Campus Employment
- Can be used for personal expenses
- Does not adversely affect grades
Student Loans

Federal Stafford
Subsidized
Unsubsidized
(anyone can borrow)

2018–19 Variable/Fixed interest rate of 5.05% (8.25% cap)

Freshmen – $3500
Sophomores – $4500
Juniors/Seniors – $5500
Additional Unsub $2000/year

(Loan Origination Fee of 1.066%)

6 month grace period
10 year repayment
Other Options

- Parent PLUS Loan – 2018–19 Variable/Fixed Rate = 7.60% (Cap=10.50%) (4.264% Origination Fee) requires good credit (COA – other aid = Max)

- Student Alternative Loans – Private Lenders – requires a credit-worthy cosigner

- Private Scholarship
  - MUST be reported to the school

- Payment Plan

- Tax Credits

- EdVest (529 Plan) Withdrawals
Comparing Financial Aid Offers

Step 1
Calculate your direct costs
(tuition, room & boards and fees)

$20,000  Tuition
+  3,000  Room
+  3,000  Board
+    500  Fees

$26,500 Direct Costs
Comparing Financial Aid Offers

Step 2
Subtract any gift aid (grants and scholarships)

$26,500 Direct Costs
- 5,920 Pell Grant
- 2,900 WI Grant
- 10,000 Institutional Grant

$7,680 Remainder After Gift Aid
Comparing Financial Aid Offers

Step 3
The remainder after gift assistance will need to be covered by loans, employment or personal resources (i.e. cash, savings, payment plans and etc.)

$7,680  Remainder After Gift Aid
− 3,500  Stafford Loan
− 2,000  Unsubsidized Stafford Loan
$2,180*

Remainder to be covered by Parent Loan, Alternative Loan, Payment Plan or Personal Resources, etc.

* You MUST have a plan to cover your remaining Balance
Net Price Calculator

• Early financial aid estimation tool
• The average yearly price actually charged to full-time, first-year undergraduate students receiving student aid at an institution of higher education.
• Estimate net price = COA – grants & scholarships
• Not all NPCs are built equally
Websites

- **General Information**
  - [www.StudentAid.gov](http://www.StudentAid.gov)
  - [http://www.consumerfinance.gov/paying-for-college](http://www.consumerfinance.gov/paying-for-college)

- **Scholarship Search Engines**
  - [www.fastweb.com](http://www.fastweb.com)
  - [https://bigfuture.collegeboard.org/](https://bigfuture.collegeboard.org/)
College Goal Wisconsin

- College Goal Wisconsin – is a Statewide event that offers free assistance to families in completing the FAFSA – Scholarship opportunity also

October 3, 8, 10, 15, 17, 22, 24, & 29, 2018
November 5, 7 & 8, 2018

- Assistance with paper and online FAFSAs

- 43 Events across Wisconsin

For location information: Visit www.Collegegoalwi.Org
Additional Information

Marquette University
Office of Student Financial Aid
(414) 288-4000

marquettecentral@marquette.edu

website: www.marquette.edu/mucentral