

Understanding Financial Aid

Wauwatosa West High School
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September 26, 2017

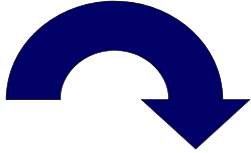
Agenda

- o Principles and History of Federal Financial Aid
- o Key Concepts
- o Completing the FAFSA
- o 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

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

Demonstrated Financial Need

Financial Need is a simple equation:

$$\begin{array}{r} \text{COA} \\ - \text{EFC} \\ \hline = \text{Need} \end{array}$$

Examples of Financial Need

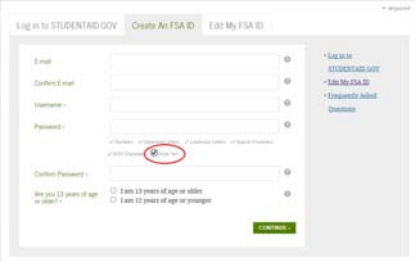
<u>Public College</u>	<u>Private College</u>
Cost \$24,610	Cost \$49,320
<u>EFC \$10,000 -</u>	<u>EFC \$10,000 -</u>
Need \$14,610	Need \$39,320

Source: The College Board
Average Estimated Budgets, 2016-17

Get Organized

- o To complete the FAFSA you will need to:
 - o Create FSA ID (replaced the PIN)
 - o Parent must have his/her own FSA ID
 - o FSA ID serves as electronic signatures for the FAFSA and promissory notes
 - o Go to: fsaid.ed.gov

Create an FSA ID

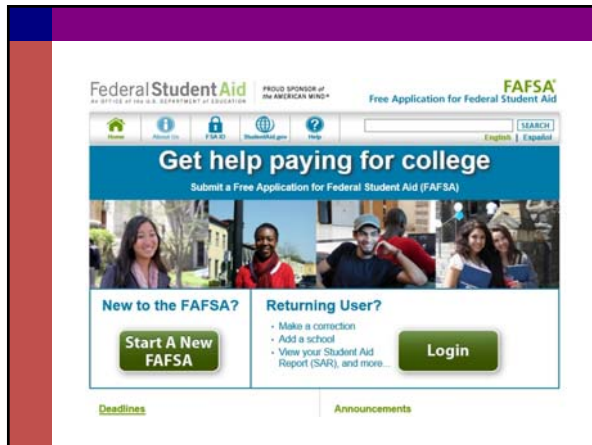


- ◆ Person specific - Student and Parent each need his/her own FSA ID
- ◆ Each need to provide own Email Address (Do not use high school email)
- ◆ Check "Show Text" – to see what you are typing (keep separate record)

Submit the FAFSA

www.fafsa.gov

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



Completing the FAFSA

Points to Remember:

- o The earliest you may file the FAFSA for the 2018-2019 school year – **October 1, 2017**
- o Check with the colleges where you plan to apply for deadlines and institutional requirements
- o Prior-Prior Tax Year reporting (**Tax Year 2016**) - Perform the **IRS Data Retrieval Process (DRT) (Encrypted)**
- o If you have not filed your 2016 taxes yet, it is o.k. to estimate
- o If you cannot perform the IRS DRT, order a tax return transcript from IRS, in case you need to report tax info to school
- o Who is considered a parent?
- o You must re-apply for aid every year

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>

<http://www.collegescholarships.org/financial-aid/>

<http://www.collegetoolkit.com/>

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 Direct
Subsidized
Unsubsidized
(anyone can borrow)

2017-18 Variable/Fixed interest
rate of 4.45% (8.25% cap)

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

(Loan Origination Fee of 1.069%)

6 month grace period
10 year repayment

Other Options

- Parent PLUS Loan – 2017-18 Variable/Fixed Rate = 7.00% (Cap=10.50%) (4.276% 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 Direct Loan
- 2,000 Unsubsidized Direct Loan
\$2,180*

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

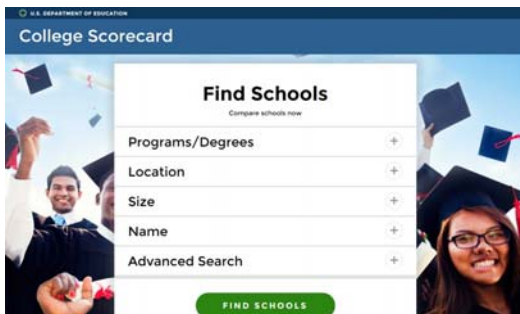
* You MUST have a plan to cover your remaining Balance

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

College Scorecard

(Allows for cost comparison of schools based on averages)



Websites

❖ General Information

- ❖ www.StudentAid.gov
- ❖ <http://www.consumerfinance.gov/paying-for-college>
- ❖ <http://nces.ed.gov/>

❖ Scholarship Search Engines

- ❖ www.fastweb.com
- ❖ www.thesalliemafund.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 4, 9, 11, 16, 18, 23, 25, 2017

November 6, 8, 2017

- Assistance with paper and online FAFSAs
- 43 Events across Wisconsin

For location information:

Visit www.Collegegoalwi.Org

Or call 1-866-578-4625

Additional Information

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

marquettcentral@marquette.edu

website: www.marquette.edu/mucentral
