

# Investing in a College Education

Basics of Financial Aid and the FAFSA Process

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# We will answer:

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- What is financial aid?
- How do I apply?
- What happens next?

# What is financial aid?

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Money to pay for college

- Scholarships
- Grants
- Loans
- Work Study

# Sources of Financial Aid

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## Federal

- Grants
- Loans
- Work Study

## State

- Grants

## Institutional

- Grants and Scholarships

## Private

- Scholarships and Loans

# How do I apply?

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## Application for Admission

- May double as a scholarship application at the institution
- Apply early for best opportunity

## Free Application for Federal Student Aid (FAFSA®)

- Federal financial aid application, but used for federal, state and institutional need-based aid
- Apply online at [fafsa.gov](https://fafsa.gov) between October 1 and April 15 prior to the start of the academic year (10/1/2019 – 4/15/2020 for 2020-21)
- Note: Some schools may have earlier FAFSA deadlines
- Application must be completed every year

## Institutional Aid Application or the CSS PROFILE

- Check with each school for required applications

# How much financial aid can I get?

In general, depends on your financial need

- Financial need determined by Expected Family Contribution (EFC) and cost of attendance (COA)
- EFC comes from what you report on FAFSA form
- COA includes tuition, fees, room and board, transportation, etc.

$$\text{COA} - \text{EFC} = \text{Financial Need}$$

# What is the EFC exactly?

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- Calculated by the FAFSA
- Score of family's financial strength
- Used to determine federal, state, and institutional aid
- Ranges from 0 to 999,999

# Comparison of Need

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|                | High Cost School | Low Cost School |
|----------------|------------------|-----------------|
| Cost           | \$60,000         | \$25,000        |
| <u>(-) EFC</u> | <u>\$25,000</u>  | <u>\$25,000</u> |
| (=) Need       | \$35,000         | \$0             |



# Completing the FAFSA

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Create a username and password called the FSA ID

- Learn about the FSA ID and find the link to create one at [StudentAid.gov/fsaid](https://StudentAid.gov/fsaid)
- You and your parent must each create your own FSA ID; you can't share one
- If you provide an email address when creating your FSA ID, it must be a unique email address (can't provide same email address for more than one person's FSA ID)
- Don't tell anyone your FSA ID!

# Completing the FAFSA

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Gather the documents you need to apply

- Social Security Card
- Student & Parent's Earned & Untaxed Income
  - For 2020-21 FAFSA, use 2018 income
  - Federal income tax returns
  - W2 forms
  - Child support paid and received
  - Pre-taxed retirement contributions
- Bank Statements & Investment Records
  - For assets, report current values as of the day you complete the FAFSA

# Who's My Parent(s) for the FAFSA

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- “Parent” means your legal (biological or adoptive) parent or stepparent
- The following are not considered “parents” unless they have legally adopted you:
  - Widowed Stepparent
  - Grandparents
  - Foster Parents
  - Legal Guardians
  - Older Brothers or Sisters
  - Aunts or Uncles

[StudentAid.gov/fafsa-parent](https://studentaid.gov/fafsa-parent)

# Completing the FAFSA

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Apply at [fafsa.gov](https://fafsa.gov)

- Use your (student's) FSA ID to start the application; saves time and confusion
- Need help?
  - Use the help functions within the FAFSA form
  - Live chat help
  - Call 1-800-4-FED-AID
  - Call the financial aid office where you are applying

# FAFSA Eligibility

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- U.S. citizen/national or eligible noncitizen
- High school diploma or equivalent
- Eligible degree/certificate program in college/career school
- Student has valid Social Security number
- Males registered for Selective Service
- Satisfactory academic progress in college/career school

Info about eligibility: [StudentAid.gov/eligibility](https://studentaid.gov/eligibility)

# Additional FAFSA Information

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- Name, SSN, and Birthday MUST be correct
- Fill in all blanks
- Can select up to 10 schools to send the FAFSA
- Household Size
  - Include parents, yourself (student), parent's children, others
  - Report number in college – include family members, do not include parents

# FAFSA Financial Information

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- Student and Parents
- Use IRS Data Retrieval Tool (IRS DRT) whenever possible, links directly to the IRS
- If you did not file, still report wages from work (if any)
- Carefully review all untaxed income questions
  - Review W2 box 12 for retirement contributions
- Report parent assets as of the day you complete the FAFSA

# Investments Include

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- Real estate (not the home you live in)
- Rental property
- Trust funds
- UGMA & UTMA accounts (owner)
- Money market funds
- Mutual funds
- Certificates of deposit
- Stocks and stock options
- Bonds
- Other securities, etc.
- Educational savings accounts
  - Always report as a parent asset

*Only report the net value of all investments*



# Investments Do Not Include

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- The home you live in
- Life insurance policies
- Retirement plans
  - 401(k) plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.
- Family farm you live on and operate
- Small business you and your family own and control more than 50 percent with 100 or fewer full-time or full-time equivalent employees

# Submitting the FAFSA

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- Student & Parent both sign using the FSA ID
- Don't forget to click SUBMIT
- A SAVED application will not be processed
- Will receive a confirmation page, print for your records
- The EFC is calculated and printed on the confirmation page
- Watch for response by email, confirming that your FAFSA form was processed

# What happens next?

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- Watch for emails or letters from the schools you are considering
  - Give the schools any additional paperwork they ask for
  - Meet all deadlines or you could miss out on aid!
- Each school will send a financial aid offer

# Financial Aid Offer

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- May be sent via mail, email and/or portal
- Includes all Federal, State, and Institutional Aid
- Financial aid offers are sent as early as November and as late as April
- Every school is different
- You can now calculate your Family Responsibility or Out-of-Pocket Expenses

Direct Costs – Financial Aid Offered  
= Out-of-Pocket Expenses

# Financing Options

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Need help covering the out-of-pocket expenses?

- College Savings Plans
- Payment Plans
- Federal Direct Parent PLUS Loans
- Private Education Loans

# Outside Scholarships

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- Free Online Scholarship Searches
  - [fastweb.com](http://fastweb.com)
  - [finaid.org](http://finaid.org)
  - [collegeboard.org](http://collegeboard.org)
  - [collegeanswer.com](http://collegeanswer.com)
- High School Guidance Office
- Community Foundations
- Employers
- Churches
- Civic Organizations

# Is This College Affordable?

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A candid review of family resources is essential

- **Parents –**

- Current income
- Savings or investments
- Home Equity
- College Savings Plans

- **Student –**

- Savings or investments
- Summer earnings
- Academic year earnings

- **Other resources**

# Tips & Strategies

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- File the FAFSA
- Be informed
- Set goals/expectations for student
- Meet deadlines! Keep copies!
- Keep a positive attitude
- Consider all aid options
- Ask for help



# Additional Information

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- Special Circumstances
  - If the FAFSA does not reflect your current financial situation, contact the financial aid office at each school.
- Indiana Residents **MUST** file by April 15
  - For consideration of state aid
- FAFSA Help
  - Federal Student Aid provides free help online at [fafsa.gov](https://fafsa.gov) and 1-800-4-FED-AID
  - Contact the financial aid office where you are applying

# Questions?

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