


# What You Need to Know About Financial Aid

National Association of Student  
Financial Aid Administrators Presents ...

## 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)
- Financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA®)
- Special circumstances

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### What is Financial Aid?

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



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# What You Need to Know About Financial Aid

## 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

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## What is 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

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## What is Financial Need?

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution} \\ \hline = \text{Financial Need} \end{array}$$

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# What You Need to Know About Financial Aid

## Categories of Financial Aid

- Need-based aid
- Non-need-based aid

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## Types of Financial Aid

- Scholarships
  - Grants
  - Loans
  - Employment
- Gift Aid
- Self-Help Aid

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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

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# What You Need to Know About Financial Aid

## Gift Aid: Grants

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

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## Self-Help Aid: 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

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## Self-Help Aid: Work-Study Employment

- Allows student to earn money to help pay educational costs
  - A paycheck; or
  - Nonmonetary compensation, such as room and board
- Student may opt whether or not to work or number of hours to work

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# What You Need to Know About Financial Aid

## Sources of Financial Aid

- Federal government
- States
- Colleges and universities
- Private sources
- Civic organizations and churches
- Employers

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## Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of financial need
- Must apply each year using the FAFSA

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## Federal Student Aid Programs

- Federal Pell Grant
- Iraq and Afghanistan Service Grant (IASG)
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loans
- Subsidized and Unsubsidized Federal Direct Student Loans (Direct Loans)
- Federal PLUS Loans

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# What You Need to Know About Financial Aid

## States

- Residency requirements usually apply
- Award aid on the basis of both merit and need
- Use information from the FAFSA and/or state aid applications
- Deadlines vary by state
  - Check PDF FAFSA or FAFSA on the Web website

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## Colleges and Universities

- Award aid on the basis of both merit and need
- Aid may be gift aid or self-help aid
- Use information from the FAFSA and/or institutional applications
- Deadlines and application requirements vary by institution
  - Check with each college or university

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## Private Sources

- Foundations, businesses, charitable organizations
- Deadlines and application procedures vary widely
- Begin researching private aid sources early

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# What You Need to Know About Financial Aid

## Civic Organizations and Churches

- Research what is available in community
- To what organizations and churches do student and family belong?
- Application process usually occurs during spring of senior year
- Small scholarships add up!

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## Employers

- Companies may have scholarships available to the children of employees
- Companies may have educational benefits for their employees

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## 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

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# What You Need to Know About Financial Aid

## FAFSA

- Information used to calculate the expected family contribution (EFC)
  - 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

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## FAFSA



- May be filed at any time during an academic year, but no earlier than October 1<sup>st</sup> prior to the academic year for which the student requests aid
- For the 2017–18 academic year, the FAFSA may be filed beginning October 1, 2016
- Most colleges set FAFSA filing deadlines

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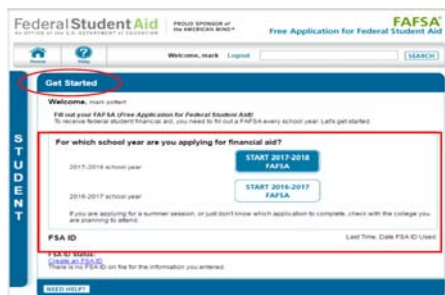
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## FAFSA on the Web (FOTW)



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# What You Need to Know About Financial Aid

FAFSA

### CHANGES TO THE FAFSA PROCESS FOR 2017-18

**SUBMIT A FAFSA EARLIER:** Students will be able to submit a 2017-18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The same submission date will be a permanent change, enabling students to complete and submit their FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016-17 schedule. The 2016-17 FAFSA became available Jan. 1, 2016.)

**USE EARLIER INCOME AND TAX INFORMATION:** Beginning with the 2017-18 FAFSA, students will report income and tax information from an earlier tax year. For example, on the 2017-18 FAFSA, students (and parents, as appropriate) will report their 2015 income and tax information, rather than their 2016 income and tax information.

Here's a summary of key dates for submitting the FAFSA depending on when you plan to go to school.

IF YOU PLAN TO ATTEND COLLEGE FROM	YOU WILL SUBMIT THIS FAFSA	YOU CAN SUBMIT THE FAFSA FROM	USING INCOME AND TAX INFORMATION FROM
July 1, 2015-June 30, 2016	2015-18	January 1, 2015-June 30, 2016	2014
July 1, 2016-June 30, 2017	2016-17	January 1, 2016-June 30, 2017	2015
July 1, 2017-June 30, 2018	2017-18	October 1, 2016-June 30, 2018	2015
July 1, 2018-June 30, 2019	2018-19	October 1, 2017-June 30, 2019	2016

FederalStudentAid
StudentAid.gov/afsa

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## 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 to import tax data

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## 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

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# What You Need to Know About Financial Aid

## 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 browser window
- Applicant chooses whether or not to transfer data to FOTW

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## IRS Data Retrieval Tool

- Available October 2016 for 2017–18 processing cycle
- Participation is voluntary
- Reduces documents requested by financial aid office

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## IRS Data Retrieval Tool

- Some will be unable to use IRS DRT
- Examples include:
  - Filed an amended tax return
  - No Social Security Number (SSN) was entered
  - Student or parent married, but filed separately

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# What You Need to Know About Financial Aid

## FSA ID

- Sign FAFSA electronically
- Not required, but speeds up processing
- May be used by students and parents throughout aid process, including subsequent school year
- Only the owner should create a FSA ID



<https://fsaid.ed.gov/npas/index.htm>

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## FAFSA on the Web Worksheet

FAFSA on the Web Worksheet contains:

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

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## General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug convictions
- Selective Service registration
- Level of parents' school completion

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# What You Need to Know About Financial Aid

## Student Dependency Status

FAFSA asks questions to determine dependency status for federal student aid (not IRS) purposes:

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

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## Information About Parents of Dependent Students

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of means-tested federal benefits
- Assets
- Untaxed income

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## Information About Student (and Spouse)

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of means-tested federal benefits
- Assets
- Untaxed income

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# What You Need to Know About Financial Aid

## Additional Information

- College and housing information
- FAFSA preparer information
- Certification of Statement of Educational Purpose

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## Signatures

- Required
  - Student
  - One parent (dependent students)
- Format for submitting signatures
  - Electronic using FSA ID
  - Signature page
  - Paper FAFSA

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## Frequent FAFSA Errors

- Social Security Numbers
- Divorced/widowed/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

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# What You Need to Know About Financial Aid

## FAFSA Processing Results

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

- Paper Student Aid Report (SAR) if paper FAFSA filed and student's email address is blank
- SAR Acknowledgement if filed FAFSA on the Web and student's email address is blank

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## FAFSA Processing Results

- CPS notifies student of FAFSA processing results by:
  - Email notification containing a direct link to student's online SAR, if student's email was provided on paper or electronic FAFSA

- Student with FSA ID may view SAR online at [www.fafsa.gov](http://www.fafsa.gov)

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## FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA is submitted
- College reviews ISIR
  - May request additional documentation

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# What You Need to Know About Financial Aid

## Student Aid Report

- Review data for accuracy and correct any errors
- Update estimated tax information when actual figures become available

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## 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 FSA ID;
- Updating paper SAR (SAR Information Acknowledgement cannot be used to make corrections); or
- Submitting documentation to college's financial aid office

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## Special Circumstances

- Cannot be documented using FAFSA
- Send written explanation and documentation to financial aid office at each college
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education

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# What You Need to Know About Financial Aid

## Special Circumstances

- Change in income
- Change in employment status
- Unusual medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parental information

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