What You Need to Know About Financial Aid

Topics We Will Discuss Today

- 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

What is Financial Aid?

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

## 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

## What is Financial Need?

\[
\text{Cost of Attendance} - \text{Expected Family Contribution} = \text{Financial Need}
\]
### What You Need to Know About Financial Aid

#### Categories of Financial Aid

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

#### Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment

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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Gift Aid: Grants

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

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

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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Sources of Financial Aid

- Federal government
- States
- Colleges and universities
- 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 each year using the FAFSA

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 Perkins Loan
- Federal Work-Study (FWS)
- Subsidized and Unsubsidized Federal Direct Student Loans (Direct Loans)
- PLUS Loans
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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 paper FAFSA or FAFSA on the Web site

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

Private Sources

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

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 (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 the January 1st prior to the academic year for which the student requests aid
- For the 2015–16 academic year, the FAFSA may be filed beginning January 1, 2015
- Most colleges set FAFSA filing deadlines

FAFSA on the Web (FOTW)

- Website: www.fafsa.gov
- 2015–16 FAFSA on the Web available on January 1, 2015
- FAFSA on the Web Worksheet:
  - Used as “pre-application” worksheet
  - Questions follow order of FAFSA on the Web

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 early February 2015 for 2015–16 processing cycle
- Participation is voluntary
- Reduces documents requested by financial aid office

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

General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug convictions
- Selective Service registration
- Level of parents’ school completion
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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 email address was not provided
- SAR Acknowledgement if filed FAFSA on the Web and student’s email address was not provided

- 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 PIN may view SAR online at 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

#### Student Aid Report

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

#### Making Corrections

If necessary, corrections to FAFSA data may be made by:
- Using FAFSA on the Web (www.fafsa.gov) if student has a FSA PIN;
- 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

### College Board Profile

- Supplement to FAFSA (not replacement) required by many selective schools
- Provides much deeper understanding of family’s ability to pay
- Fee-based
- Can be submitted as early as October of HS senior year

### Contact information

Ed Irish  
Director of Financial Aid  
775-221-2425  
epiris@wm.edu