National Association of Student Financial Aid Administrators Presents …

What You Need to Know About Financial Aid

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Topics We Will Discuss

- What is financial aid?
- Cost of attendance (COA)
- Expected family contribution (EFC)
- Financial need
- Types of financial aid
- Free Application for Federal Student Aid (FAFSA®) www.fafsa.gov
- 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

The amount of financial aid a student is eligible for applies to all schools no matter what their tuition and fees are

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What is Cost of Attendance (COA)?

Tuition and fees

Room and board

Books and supplies

Transportation

Miscellaneous personal expenses

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What is Expected Family Contribution (EFC)?

Measurement of student's and family's ability to pay postsecondary educational expenses

Student contribution

Parent contribution

(for dependent students)

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The EFC Calculation looks at….

1. INCOME of both student and parents
2. ASSETS of both student and parents (do not include family home or personal property)
3. FAMILY size
4. NUMBER in college
5. AGE of the older parent (the older the parents, the less income and assets are included in EFC calculations)

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What is Financial Need?

Cost of attendance (COA)

– Expected family contribution (EFC)

= Financial need

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Need Varies By School

	School 1	School 2	School 3
Cost of Attendance for one year	$ 39,028	$ 19,388	$ 14,285
Less EFC	**$ 6,355**	**$ 6,355**	**$ 6,355**
Financial Need	**$ 32,673**	**$ 13,033**	**$ 7,930**

EFC stays the same

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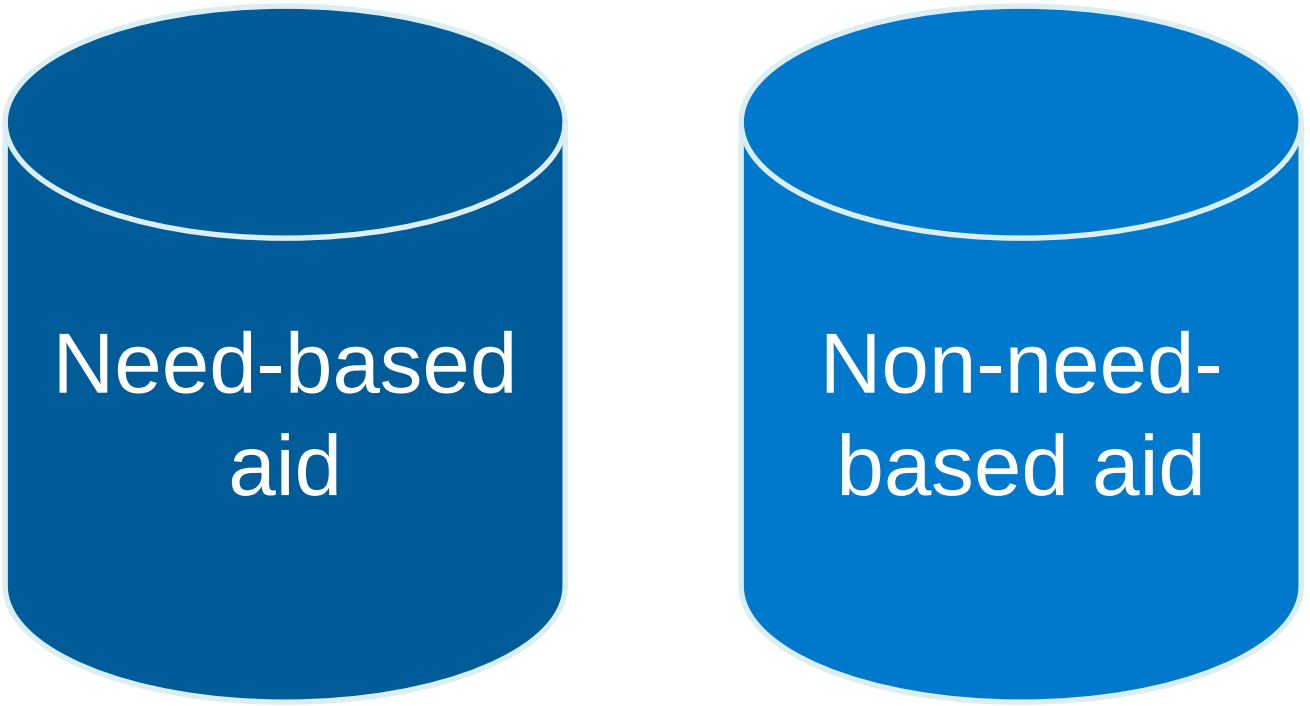
Categories of Financial Aid



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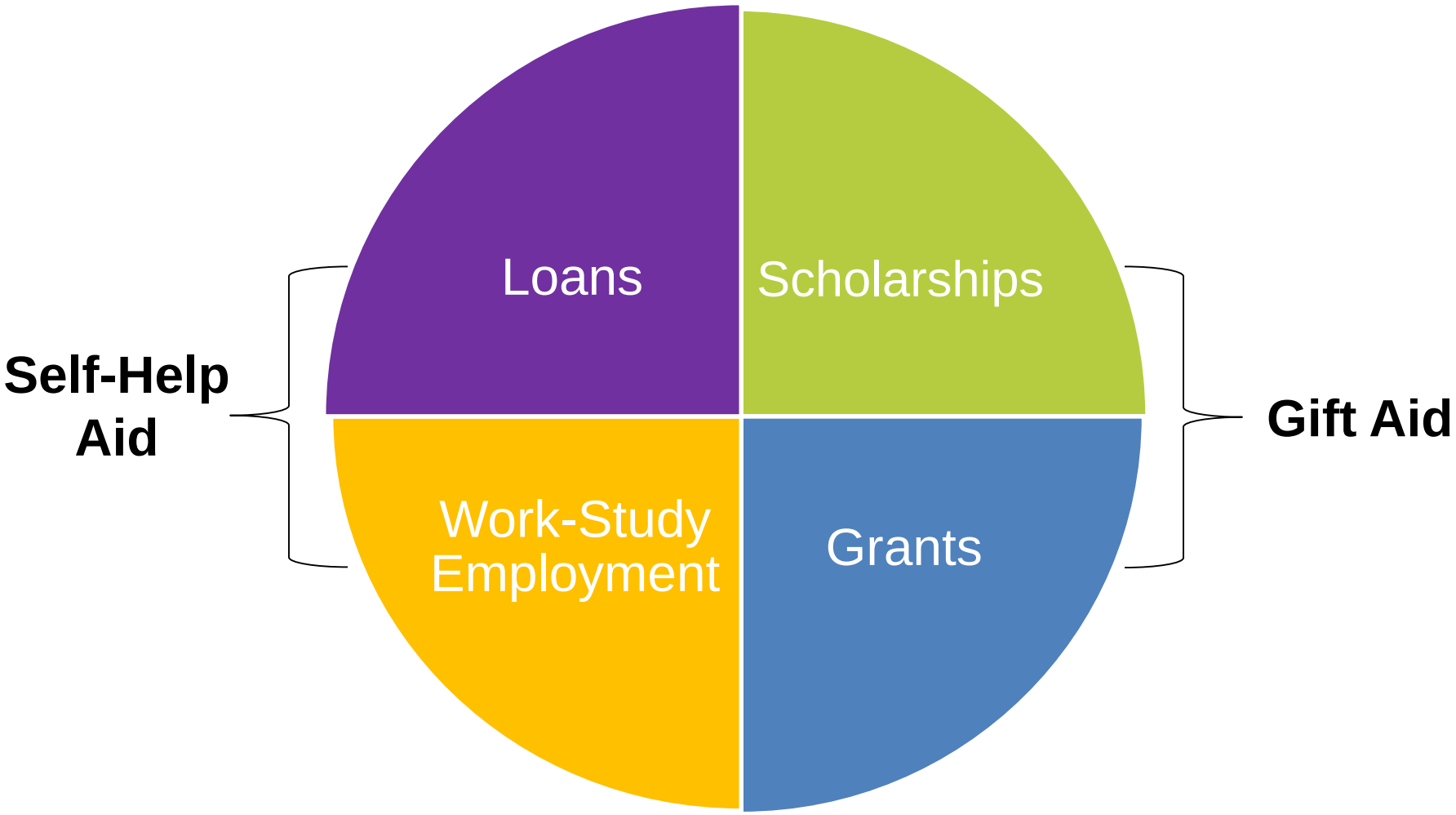
Types of Financial Aid



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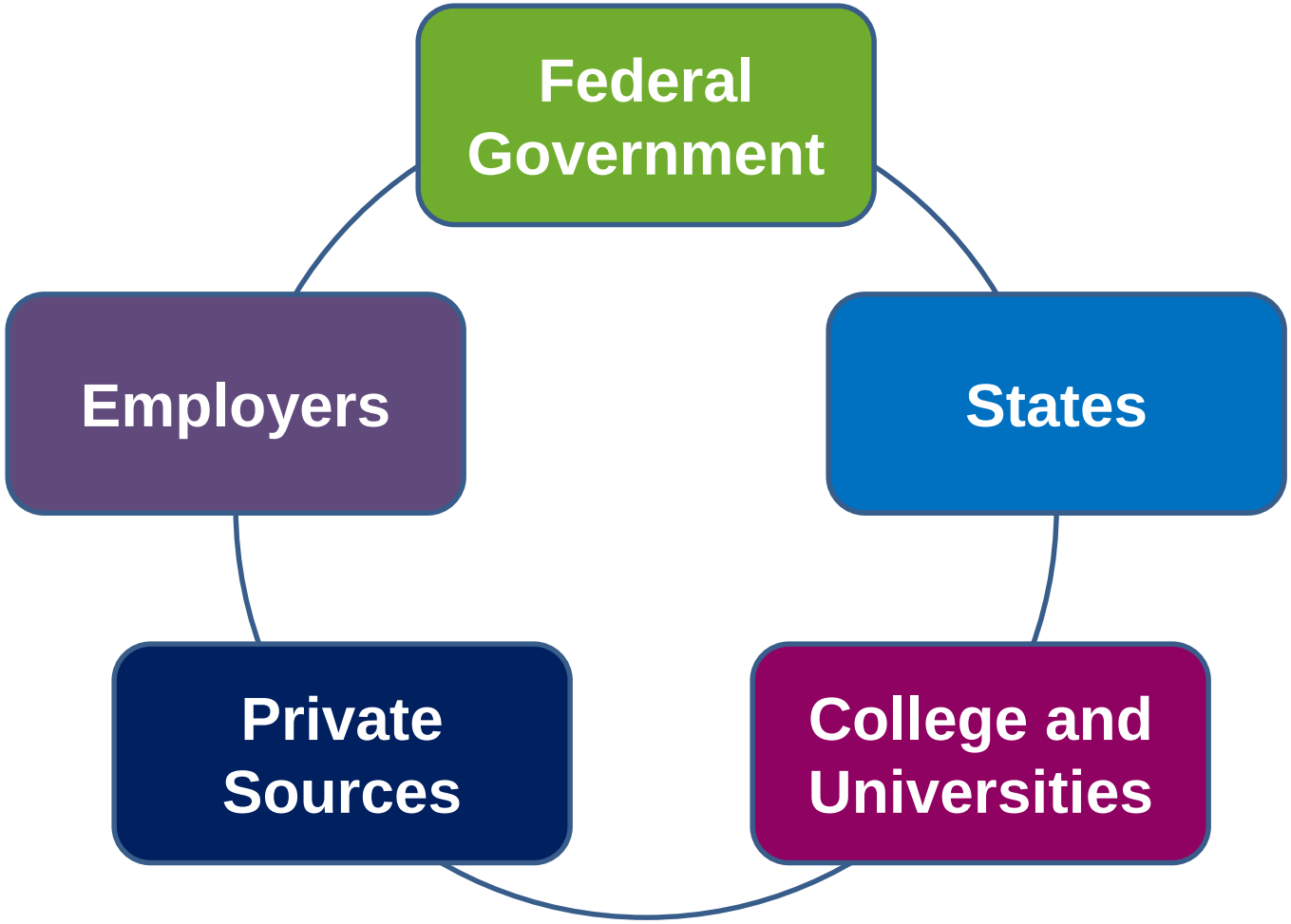
Sources of Financial Aid



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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
- Eligibility requirements must be met

For questions on eligibility**:**
https://studentaid.ed.gov/sa/eligibility

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Federal Student Aid Programs

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

www.heab.state.wi.us

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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

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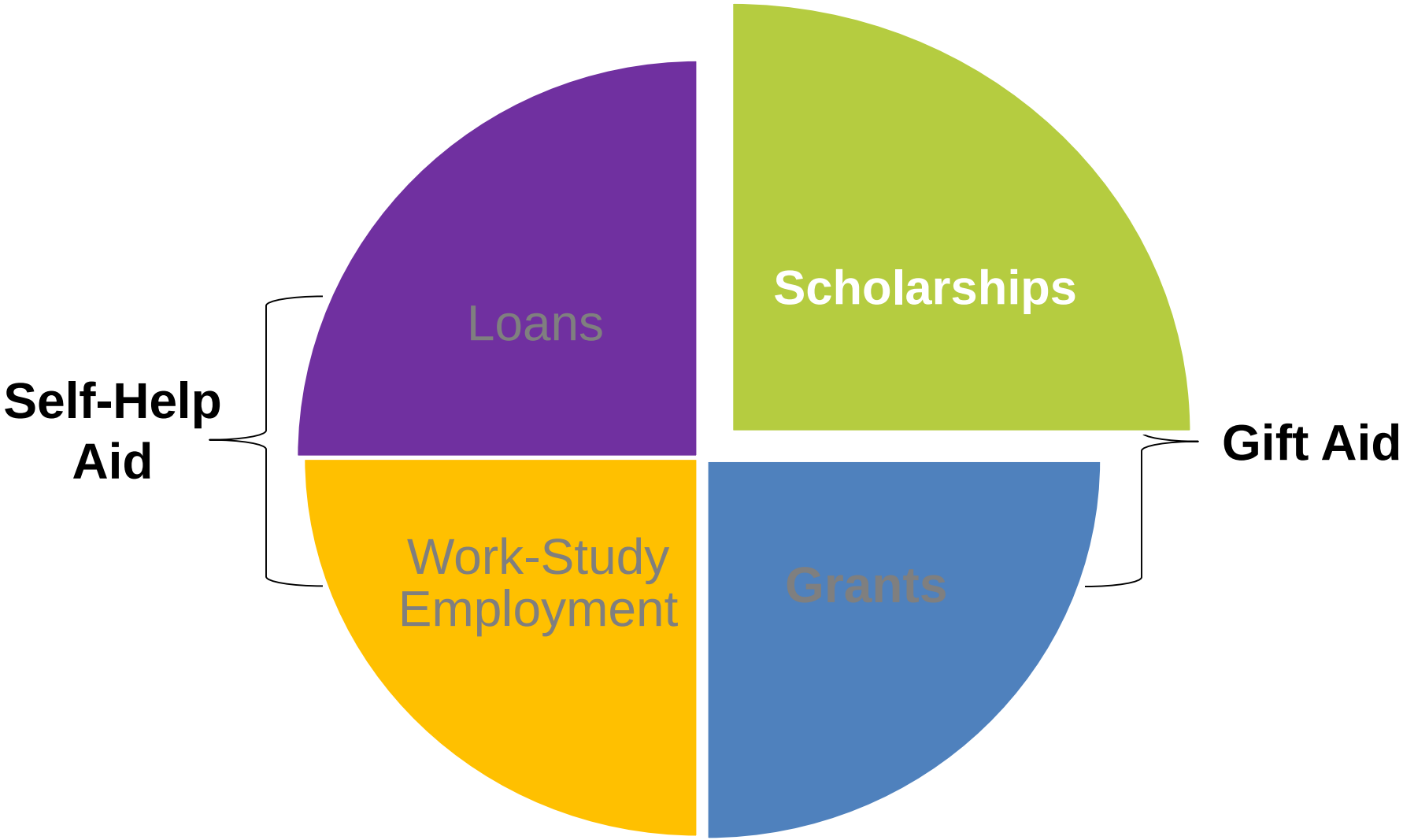
Scholarships



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Scholarships (FREE!!!)
Begin Researching Early! Even small scholarships add up!

- High School
  Check your high school's website

- Colleges/Universities
  Academic, Athletic, Need
  Check your college's website

- Civic organizations
  Churches, PTA, Elks, Kiwanis, cultural leagues, etc.

- Private businesses

- Parental affiliations
  Employers & labor unions

- Online scholarship searches
  for example: www.fastweb.com
  https://studentaid.ed.gov/sa/types/grants-scholarships/finding-scholarships

- Marshfield Area Community Foundation
  www.marshfieldareafoundation.org

- Check Deadlines – every scholarship is different
- NEVER pay to fill out a scholarship application
- Beware of SCAMS

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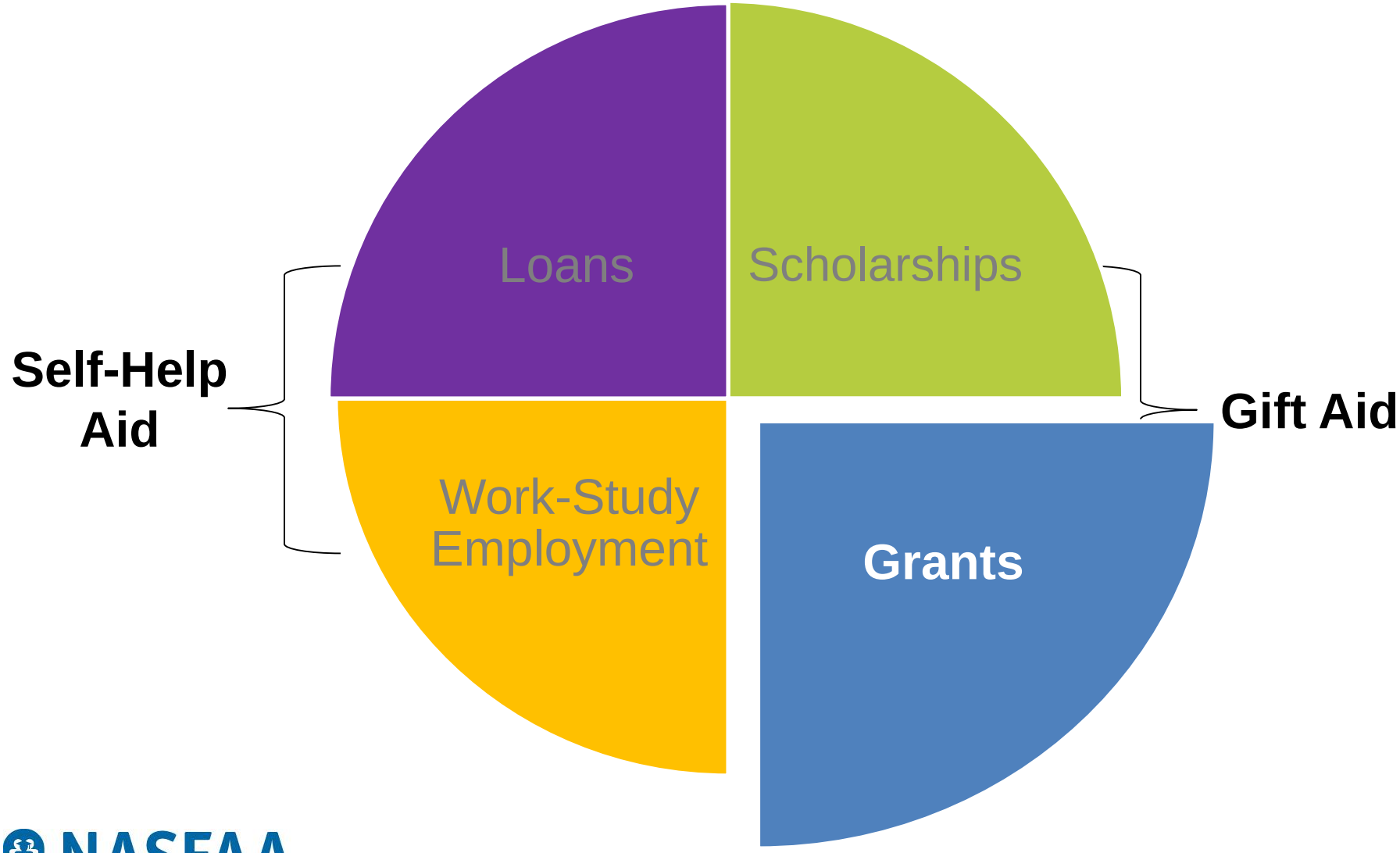
Grants



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Federal Grants

Pell Grant

- Need based
- $6095 **maximum** for 2018-2019 or $3047 per semester (Amount awarded is based on the EFC number)
- Pell is pro-rated by the number of credits student is enrolled in up to full time status
- Eligibility is limited to 12 full time semesters

Federal Supplemental Educational Opportunity Grant (SEOG)

This is a very high need grant and is very limited

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State Grants

Wisconsin Grant

- $2829/year **maximum** for 2018-2019
- Eligibility is limited to 10 semesters
- Available for UW System, WI Technical Colleges, WI Tribal Colleges, WI Non-Profit Private Colleges

Talent Incentive Grant (TIP)

- Renewable each semester
- Low income
- First generation students
- Submitted by High School Counselors

Wisconsin and Non-Wisconsin Indian Grant

Fund for WI Scholars Grant

Academic Excellence Scholarship

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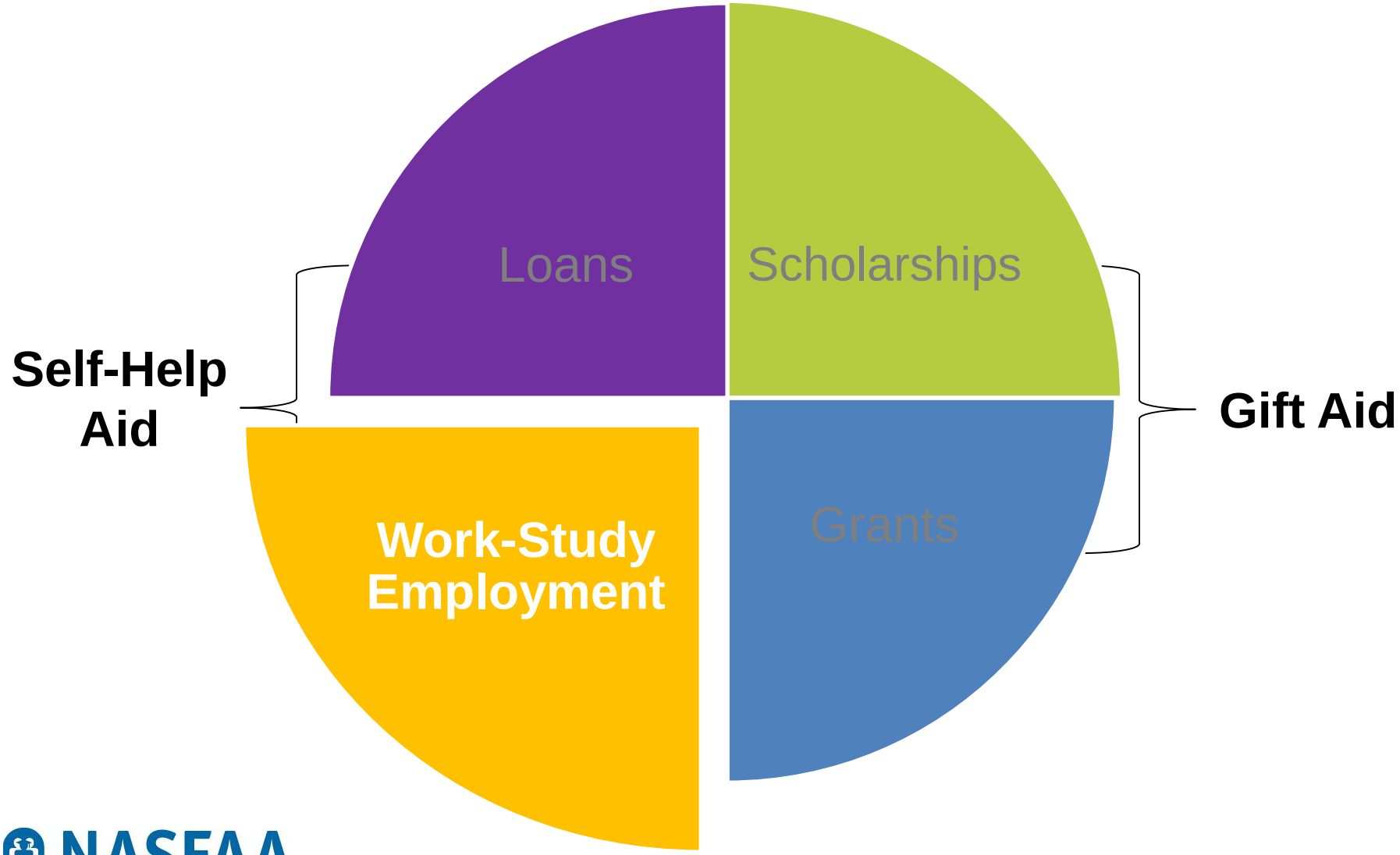
Work-Study Employment



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Federal Work Study

- Students work part time, usually on campus
- Must be awarded work study as part of their financial aid package and is need-based
- Students must be enrolled in at least 6 credits to qualify
- Earnings can be used to meet personal expenses
- Earnings are not applied to tuition account
- Check with the financial aid office to find available jobs
- Good source of experience

Studies show that students who work part-time while in school perform better academically

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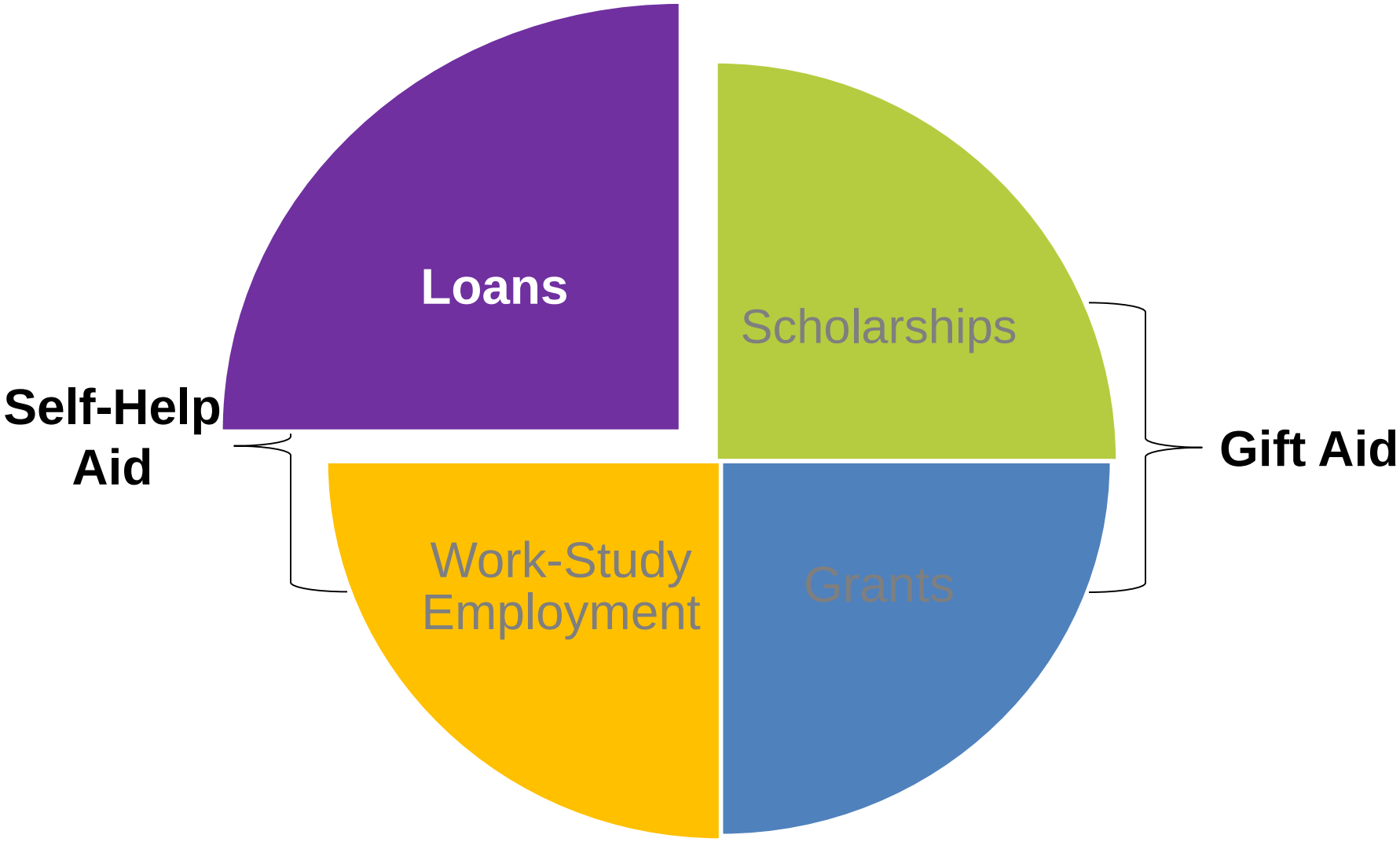
Loans



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Student Loans

Subsidized

- Need based and interest free until graduation
- Fixed interest rate is 4.53% for loans disbursed July 1, 2019 – June 30, 2020
- Repayment begins 6 months after graduation or enrolled in less than 6 credits

Unsubsidized

- Starts accruing interest as soon as money is released
- Students can pay interest while still in school (recommended).
- Fixed interest rate is 4.53% for loans disbursed July 1, 2019 - June 30, 2020
- Repayment begins 6 months after graduation or enrolled in less than 6 credits

Annual Loan Limits (Dependent Students)

Freshman - $5,500

Sophomore - $6,500

Junior/Senior - $7,500

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Parent Loan for Undergrad Students (PLUS)

Loan is in Parents' name

Must pass a basic credit check

Annual loan limit: COA minus other student accepted aid

2019/20 fixed interest rate – 7.08%

60-day grace period

Compare Plus loan to private/alternative loans

- Private Loans are through a lending institution
- These should be considered only as a last resort
- Interest Rates can be higher with no deferments
- Most require a credit check and a co-signer

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Warning

Students can get hooked into a lot of unnecessary borrowing

Parents can help keep the borrowing to a minimum by discussing budgets and looking at other funding sources

Encourage students to only borrow what is needed for direct educational expenses and avoid borrowing funds for discretionary spending

ALWAYS have the student check with his/her financial aid office BEFORE pursuing private/alternative loans to make sure all other options have been exhausted

Look into other financing options such as Military Benefits, School payment plans, part time employment, etc.

Remind students that loans must be paid back with interest

Defaulting on student loans will negatively impact student's credit rating

- Federal tax refunds and wages can be garnished to make payments
- Students will not be able to get financial aid again until loans are back in good standing

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Free Application for Federal Student Aid (FAFSA®)

- Collects demographic and financial information for student and parents of dependent students
- Information is used to calculate the expected family contribution (EFC)
- Colleges use EFC to award financial aid
- Available in English and Spanish

www.fafsa.gov

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Free Application for Federal Student Aid (FAFSA®)

- May be filed at any time during an academic year, but no earlier than October 1st prior to the academic year for which the student requests aid
- For the 2020-21 academic year, the FAFSA may be filed beginning October 1, 2019 using 2018 Tax information
- Colleges may set FAFSA priority dates

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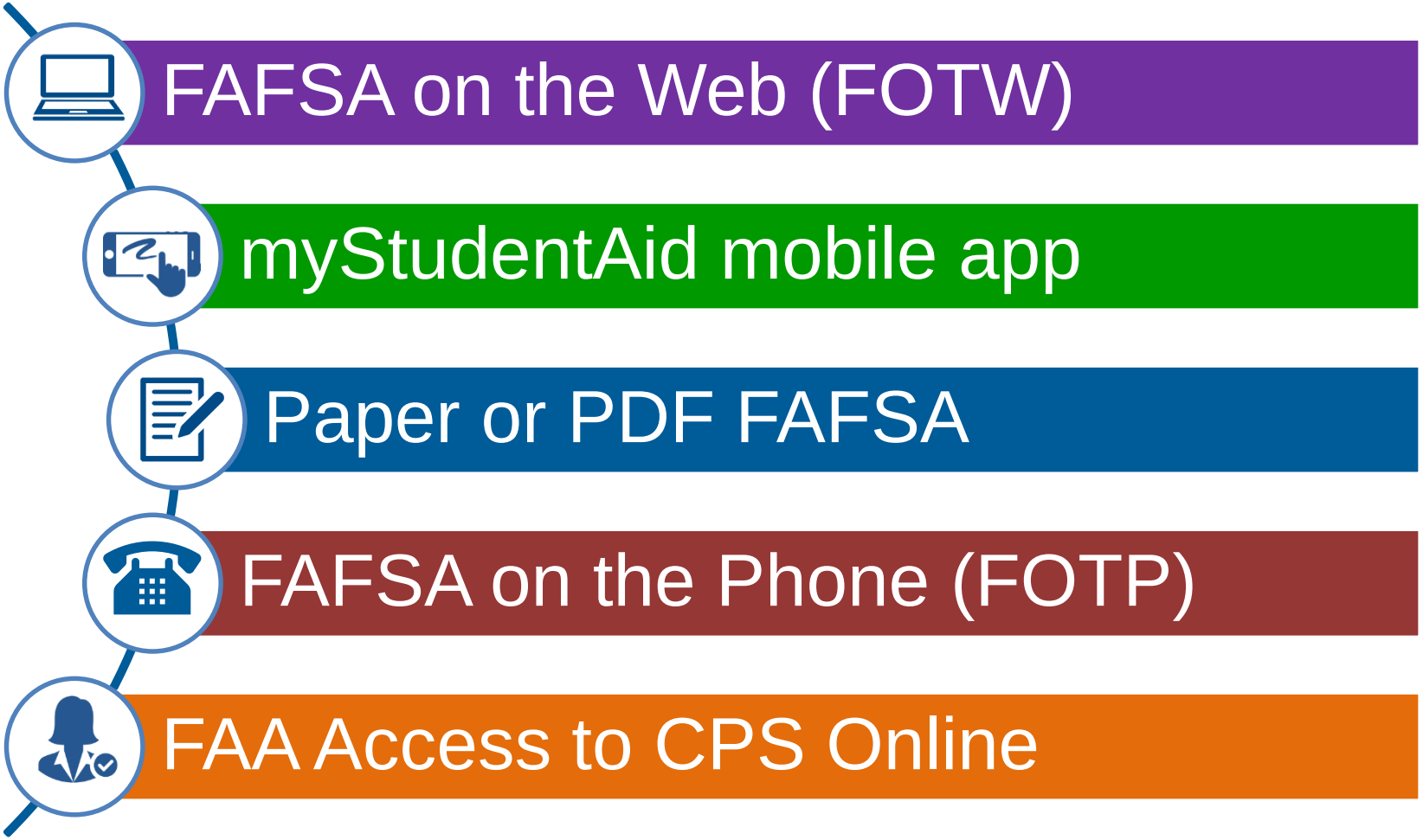
Free Application for Federal Student Aid (FAFSA®)



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Benefits of Using FOTW or MyStudentAid app

- Built-in edits to prevent costly error
- 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
- More timely submission of original application and any necessary corrections
- Detailed instructions and “help” with common questions
- Ability to check application status online
- Simplified application process in the future

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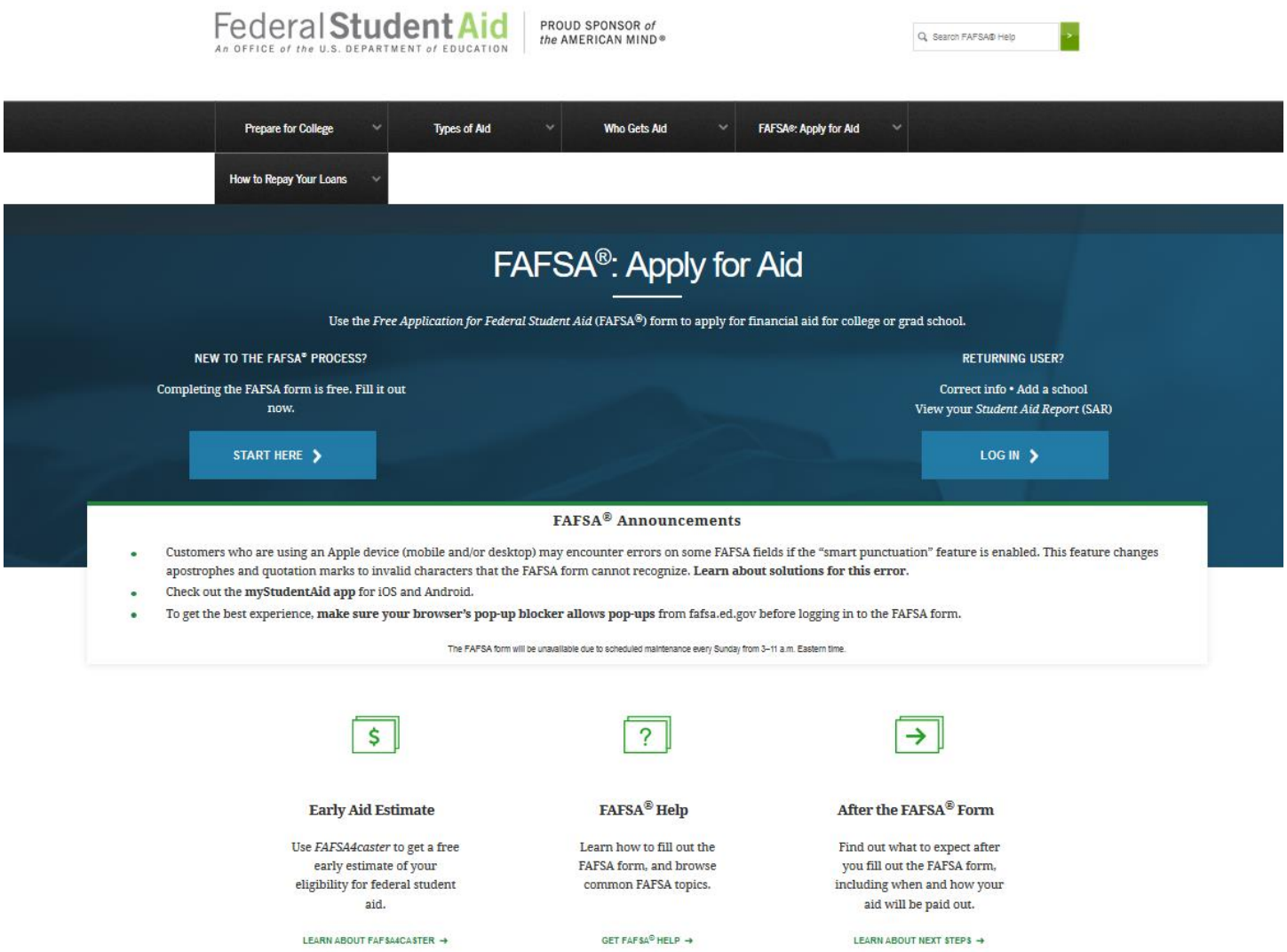
FAFSA on the Web (FOTW)



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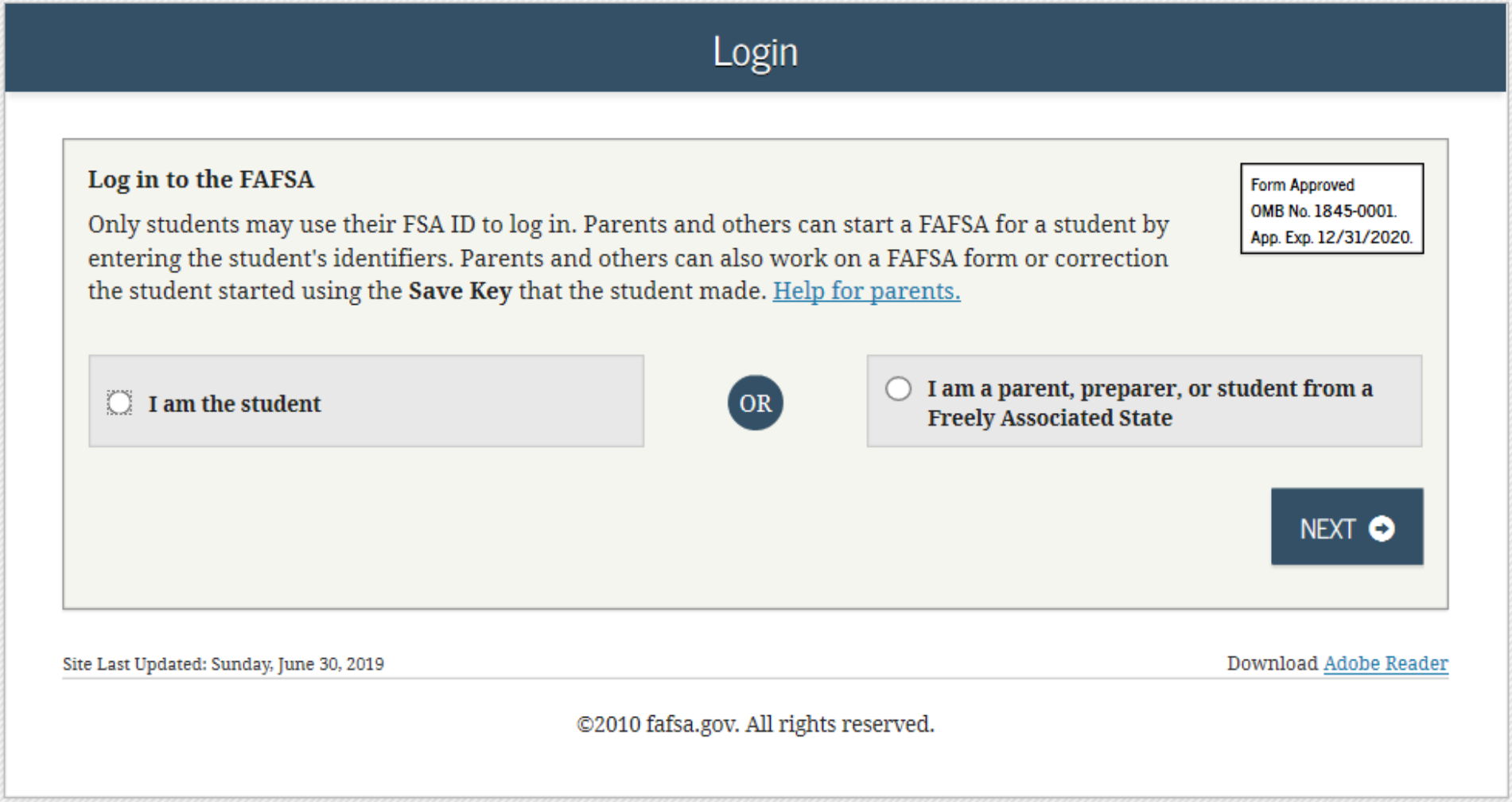
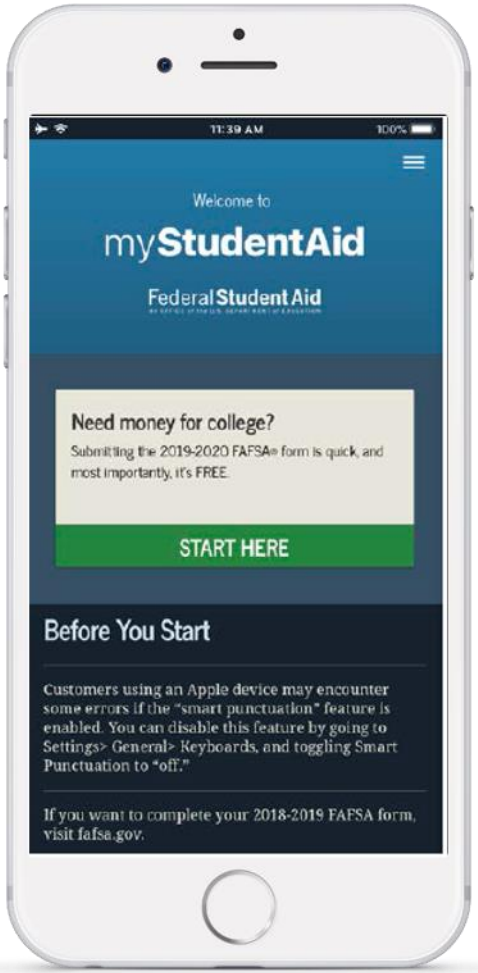
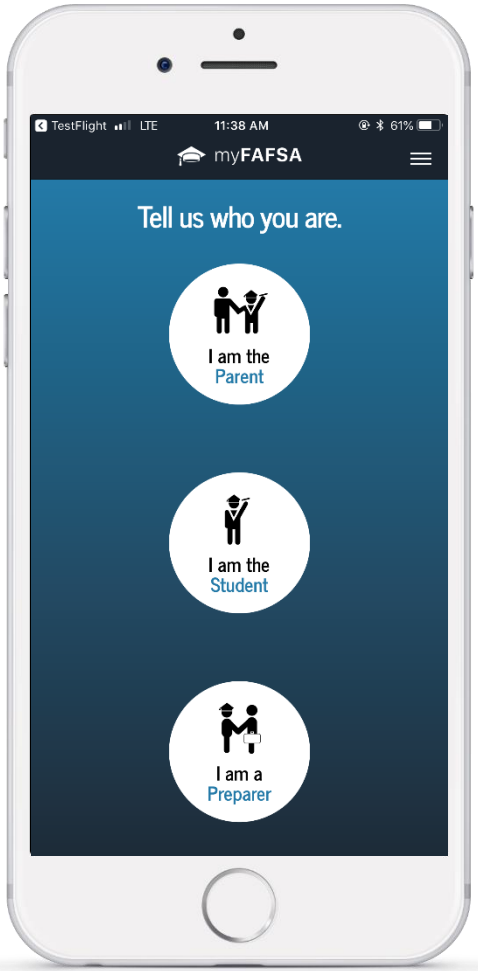
FAFSA on the Web (FOTW)



myStudentAid Mobile App





Mobile ability to begin, complete, save, and submit the FAFSA

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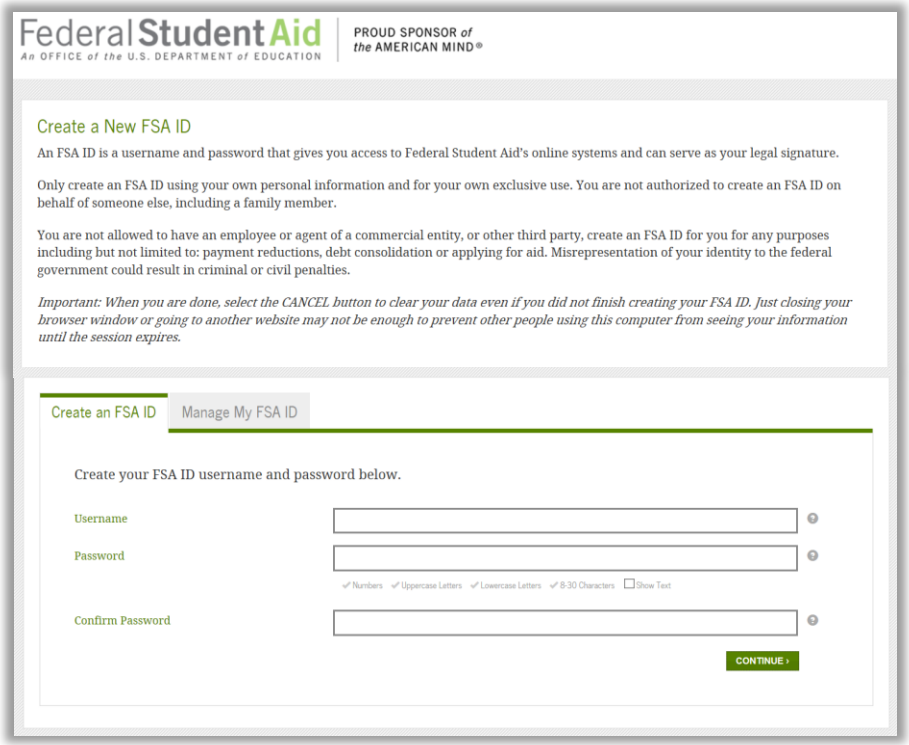
FSA ID

- Used for FAFSA completion and allows access to certain U.S. Department of Education websites
- May be used by students and parents throughout financial aid process, including subsequent school years
- Only the owner should create an FSA ID
- Apply at: StudentAid.gov/fsaid



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IRS Data Retrieval Tool (DRT)

- Allows for certain tax return information to be transferred from the IRS database
- Participation is voluntary and student chooses whether or not to transfer data to FOTW
- IRS will authenticate taxpayer's identity
- If tax record is found, IRS transfers information to populate the FAFSA
- Reduces documents requested by financial aid office

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IRS Data Retrieval Tool

Certain tax filers cannot use the IRS Data Retrieval Tool

Did not indicate on FAFSA a tax return was completed	Marriage date is January 2019, or later	First three digits of the SSN are 666	Filed a non-U.S. tax return	Married and filed as head of household, or filed separate returns	Neither married parent entered a valid SSN	Non-married parent or both married parents entered all zeroes for the SSN

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General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug conviction of possession or sale
- Selective Service registration
- Highest education level completed by father/mother
- College information (students can list up to 10 colleges)
- Housing plans

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Student Dependency Status

FAFSA asks questions to determine dependency status for Title IV 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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Dependency Questions

- Will you be 24 or older by Dec. 31 of the school year for which you are applying for financial aid?
- As of today, are you married?
- At the beginning of the 2020/21 school year, will you be working on a master's or doctorate program?
- Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training?
- Are you a veteran of the U.S. Armed Forces?
- Do you have children who will receive more than half of their support from you between July 1, 2020 and June 30, 2021?
- Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you.
- At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court?
- At determined by a court in your state of legal residence, are you or were you in legal guardianship
- Are you homeless or at risk of being homeless?

A student can be determined to be independent by the financial aid office via professional judgment, but the student must contact the school for details. These waivers are not commonly done and are reserved for **extreme** situations.

****A parent's refusal to provide support or financial data is insufficient to make a student independent regardless of tax filing status.****

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Information About Parents of Dependent Students

- Tax, income, and other financial information
- Dislocated worker status
- If the family qualified for means-tested federal benefits in the previous two years such as SNAP, Medicaid eligibility, free or reduced lunches
- Assets
- Untaxed income

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Divorced/Separated Explained

- FAFSA needs to be completed using the parent with whom the student lived with more in the past 12 months.

- If it's equal placement, then the student should use the parent who provided more financial support during the past 12 months or during the most recent year that the student received support from a parent. (ex., which parent carried the health insurance)

- If this parent has remarried, the step-parent information ***MUST*** be included on the FAFSA.
  - Step-parent income and assets represent significant information about the family's financial resources and help to form an accurate picture of the family's financial strength

For more information go to:
https://studentaid.ed.gov/sa/fafsa/filling-out/parent-info

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Information About Student (and Spouse)

- Tax, income, and other financial information
- Dislocated worker status
- If the family qualified for means-tested federal benefits in the previous two years such as SNAP, Medicaid eligibility, free or reduced lunches
- Assets
- Untaxed income

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Assets - Explained

Questions asked on the FAFSA:

- As of today, what is your total current balance of cash, savings, and checking accounts? (self reported, will not have to provide bank statements)

- As of today, what is the net worth of your investments, including real estate? (net worth means current value minus debt)
  - **Investments INCLUDE:**
    - real estate; such as hunting land, a cottage or rental property, trust funds, money markets, mutual funds, stocks, bonds, other securities, installment and land sale contracts, etc.
    - Qualified educational benefits or education saving accounts such as Coverdell savings accounts, 529 plans**. (529 plans are listed under parents' assets even if in the student's name)**
  - **Investments DO NOT INCLUDE**
    - The home you live in, the value of life insurance, retirement plans (401k's), pension funds, annuities, non-education IRAs, Keogh plans, etc., personal property such as cars, boats, snowmobiles, etc.

- As of today, what is the net worth of your current businesses and/or investment farms?
  - Don't include a family farm or family business with 100 or fewer full-time employees or full-time equivalent employees.

If you have Asset questions, contact the Department of Education

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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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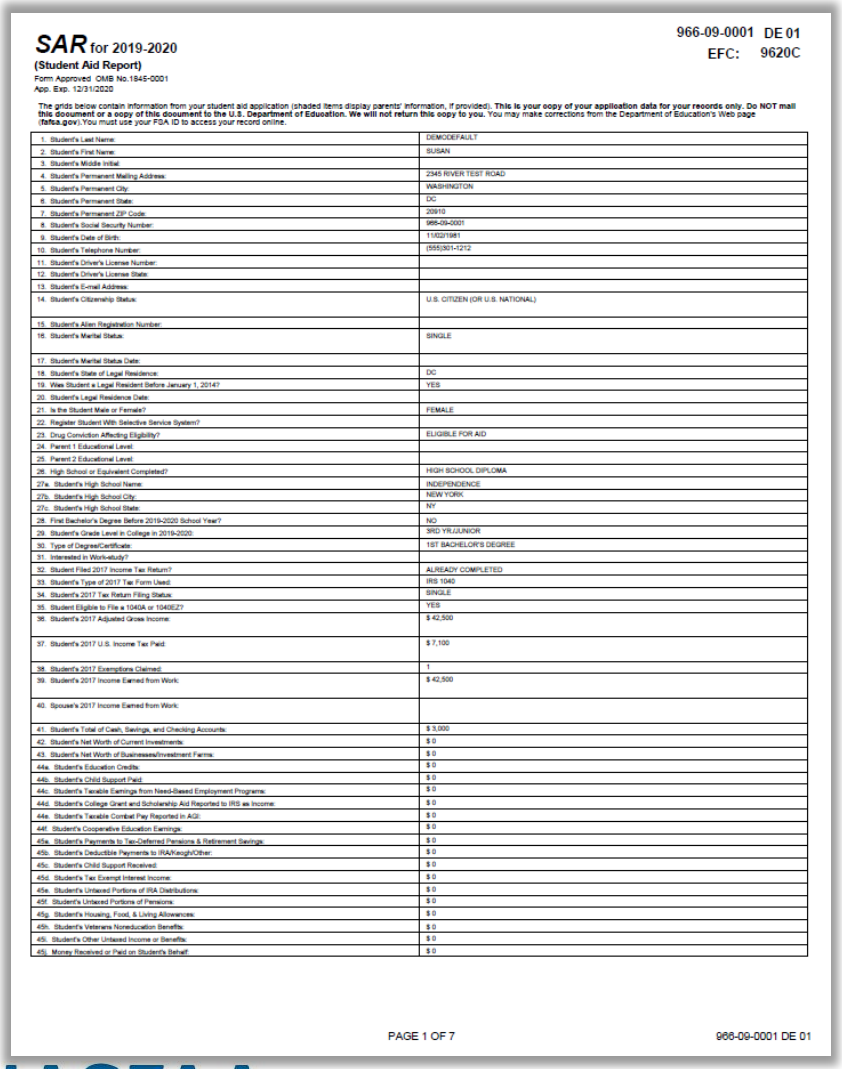
Email Notification of SAR (Student Aid Report) Processing



SAR for 2019-2020
(Student Aid Report)
Form Approved OMB No.1845-0001
App. Exp. 12/31/2020

966-09-0001 DE 01
EFC: 9620C

The grids below contain information from your student aid application (shaded items display parents' information, if provided). **This is your copy of your application data for your records only. Do NOT mail this document or a copy of this document to the U.S. Department of Education. We will not return this copy to you.** You may make corrections from the Department of Education's Web page (**fafsa.gov**).You must use your FSA ID to access your record online.

1. Student's Last Name:	DEMODEFAULT
2. Student's First Name:	SUSAN
3. Student's Middle Initial:	
4. Student's Permanent Mailing Address:	2345 RIVER TEST ROAD
5. Student's Permanent City:	WASHINGTON
6. Student's Permanent State:	DC
7. Student's Permanent ZIP Code:	20910
8. Student's Social Security Number:	966-09-0001
9. Student's Date of Birth:	11/02/1981
10. Student's Telephone Number:	(555)301-1212
11. Student's Driver's License Number:	
12. Student's Driver's License State:	
13. Student's E-mail Address:	
14. Student's Citizenship Status:	U.S. CITIZEN (OR U.S. NATIONAL)
15. Student's Alien Registration Number:	
16. Student's Marital Status:	SINGLE
17. Student's Marital Status Date:	
18. Student's State of Legal Residence:	DC
19. Was Student a Legal Resident Before January 1, 2014?	YES
20. Student's Legal Residence Date:	
21. Is the Student Male or Female?	FEMALE
22. Register Student With Selective Service System?	
23. Drug Conviction Affecting Eligibility?	ELIGIBLE FOR AID
24. Parent 1 Educational Level:	
25. Parent 2 Educational Level:	
26. High School or Equivalent Completed?	HIGH SCHOOL DIPLOMA
27a. Student's High School Name:	INDEPENDENCE
27b. Student's High School City:	NEW YORK
27c. Student's High School State:	NY
28. First Bachelor's Degree Before 2019-2020 School Year?	NO
29. Student's Grade Level in College in 2019-2020:	3RD YR./JUNIOR
30. Type of Degree/Certificate:	1ST BACHELOR'S DEGREE
31. Interested in Work-study?	
32. Student Filed 2017 Income Tax Return?	ALREADY COMPLETED
33. Student's Type of 2017 Tax Form Used:	IRS 1040
34. Student's 2017 Tax Return Filing Status:	SINGLE
35. Student Eligible to File a 1040A or 1040EZ?	YES
36. Student's 2017 Adjusted Gross Income:	$ 42,500
37. Student's 2017 U.S. Income Tax Paid:	$ 7,100
38. Student's 2017 Exemptions Claimed:	1
39. Student's 2017 Income Earned from Work:	$ 42,500
40. Spouse's 2017 Income Earned from Work:	
41. Student's Total of Cash, Savings, and Checking Accounts:	$ 3,000
42. Student's Net Worth of Current Investments:	$ 0
43. Student's Net Worth of Businesses/Investment Farms:	$ 0
44a. Student's Education Credits:	$ 0
44b. Student's Child Support Paid:	$ 0
44c. Student's Taxable Earnings from Need-Based Employment Programs:	$ 0
44d. Student's College Grant and Scholarship Aid Reported to IRS as Income:	$ 0
44e. Student's Taxable Combat Pay Reported in AGI:	$ 0
44f. Student's Cooperative Education Earnings:	$ 0
45a. Student's Payments to Tax-Deferred Pensions & Retirement Savings:	$ 0
45b. Student's Deductible Payments to IRA/Keogh/Other:	$ 0
45c. Student's Child Support Received:	$ 0
45d. Student's Tax Exempt Interest Income:	$ 0
45e. Student's Untaxed Portions of IRA Distributions:	$ 0
45f. Student's Untaxed Portions of Pensions:	$ 0
45g. Student's Housing, Food, & Living Allowances:	$ 0
45h. Student's Veterans Noneducation Benefits:	$ 0
45i. Student's Other Untaxed Income or Benefits:	$ 0
45j. Money Received or Paid on Student's Behalf:	$ 0

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- If valid email address is provided on FAFSA
- Provides access to electronic SAR at www.fafsa.gov
- Recap of what was entered on the FAFSA
- Can see if any errors were entered

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Making Corrections

If necessary, corrections to FAFSA data may be made by:

- Using FAFSA on the Web, if student has an FSA ID;
- Updating paper SAR; or
- Submitting documentation to college's financial aid office.

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Frequent FAFSA Errors

- Wrong Social Security Number
- Not using name as listed on Social Security Card (no nicknames)
- Confusing parent information with student information
- 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
- Missing Signatures/Not getting an FSA ID before filling out the FAFSA
- Not using the correct website which is: www.fafsa.gov

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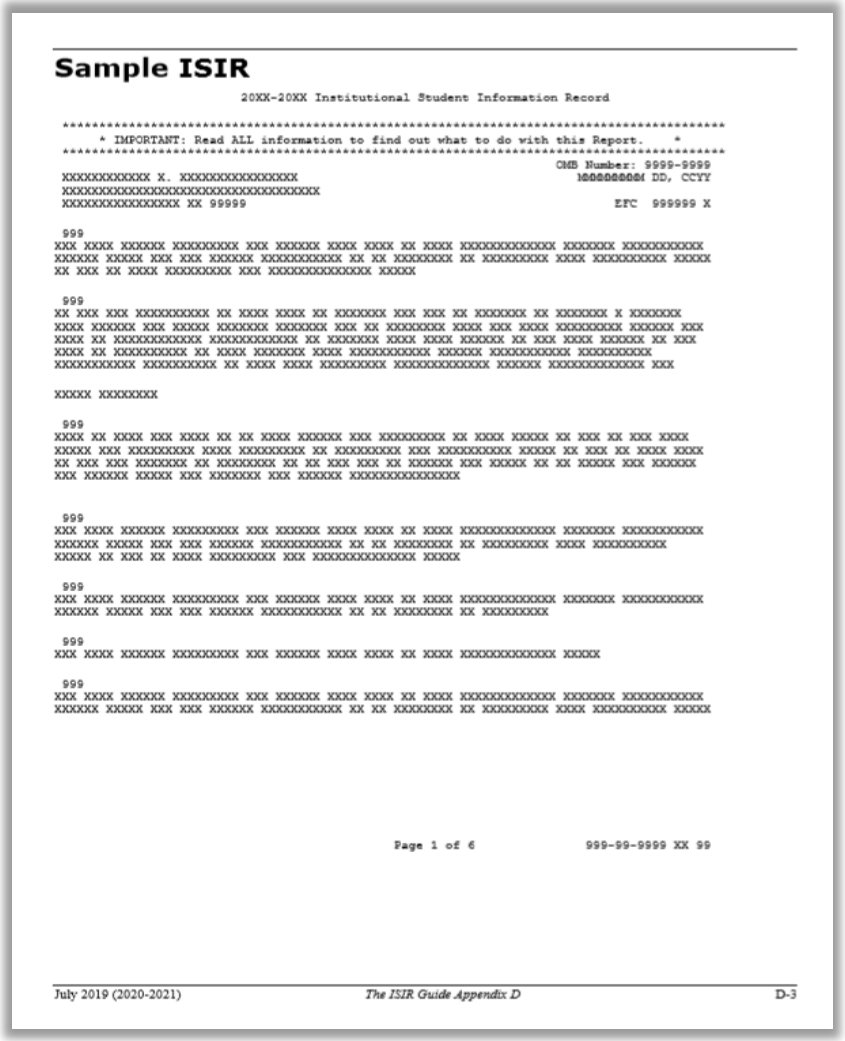
Institutional Student Information Record (ISIR)



Sample ISIR

20XX-20XX Institutional Student Information Record

***

What Happens Next?

- Once you are admitted, the Financial Aid office will start processing your financial aid
- 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!
- Evaluate schools' aid offers.
- Once you decide which school to attend, stay connected with the financial aid office to find out when and how you will get your aid.

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Special Circumstances

- Conditions exist that cannot be documented with the FAFSA
- Send written explanation and documentation to your college's financial aid office
- 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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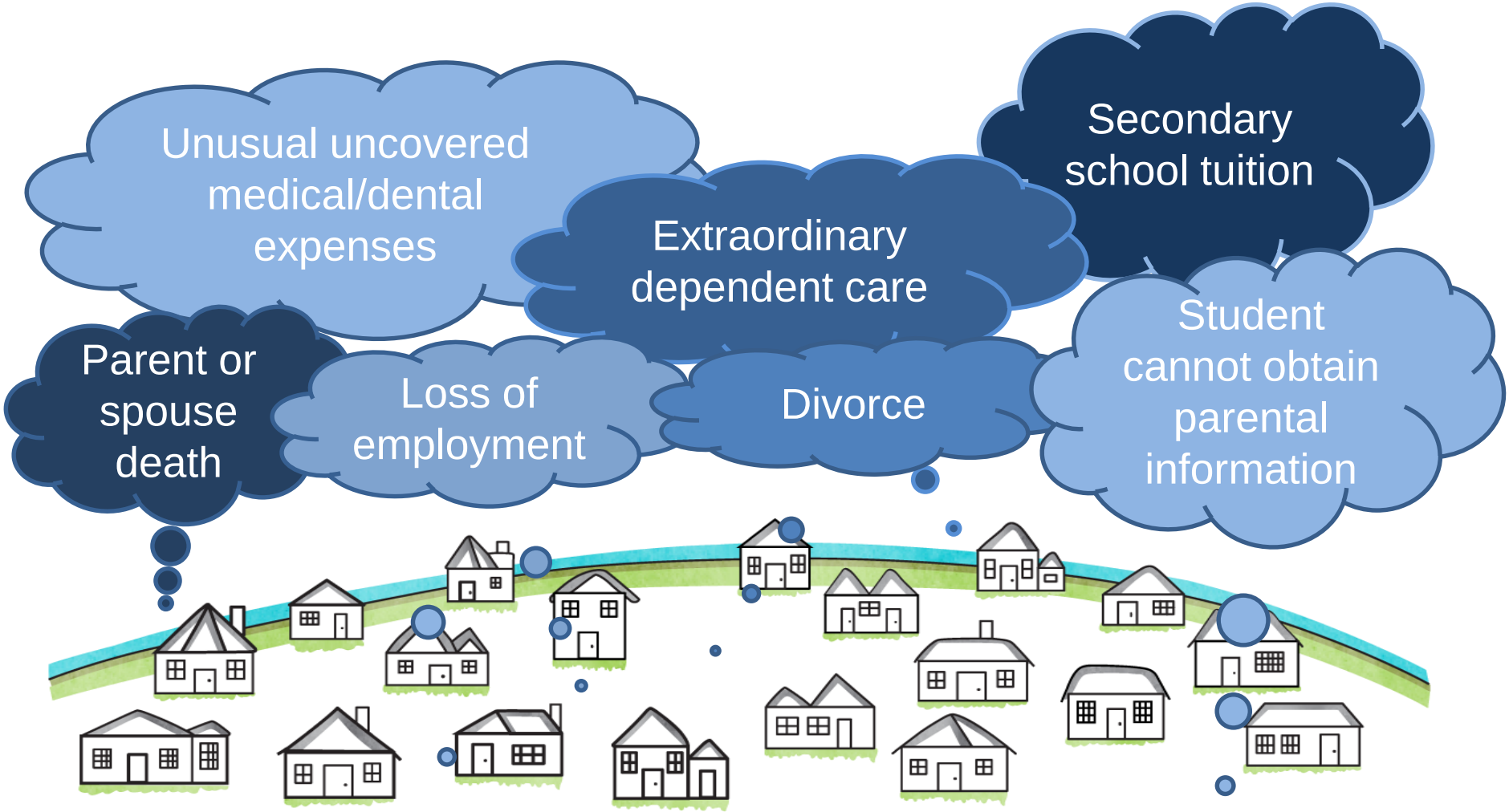
Special Circumstances



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Student Responsibility

The Student

Files the FAFSA
Is selected for verification
Receives an award notification
Is responsible for notifying FAO of outside scholarships

The Student

Accepts/Declines aid offer
Signs the Master Promissory Note for Federal Loans
Completes Loan Entrance Counseling

The Student

Is responsible for their bill with the institution
Is responsible for their student loans
May choose to share information with their parent, or others

Students should start a financial aid folder and keep all correspondence and paperwork received for Aid, grants, loans and scholarships. Keep it in a safe and secure place. Write down the username and password used for the FAFSA.

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Get FAFSA HELP

College Goal Wisconsin

- Free program to help families complete the FAFSA (Free Application for Federal Student Aid)
- 45 events across the state
- ATTEND AN EVENT TO BE ENTERED TO WIN A SCHOLARSHIP!
- 97 percent of the families felt it was worth attending

For location information:
visit www.collegegoalwi.org

NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Marshfield
UW-Stevens Point

Questions??

Contact the Financial Aid Office at the school the student will be attending with any specific questions.

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