



Please silence your cell phones!

Thank you for being considerate to the people around you.



Financial Aid 101

Paying for Postsecondary Education



Your Presenter

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Higher Education Access Partner

South Central Region

PA Higher Ed Assistance Agency

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Financial Aid 101

What We'll Cover



Topics

- Latest Headlines and Trends
- Web Resources
- Financial Aid Basics
- Scholarships
- Federal and State Aid
- Loans
- Forms
- Financial Aid Award Letters
- Tips and Strategies

Financial Aid 101

Latest Headlines and Trends



A Recent Survey Says...

**HAVE YOU RULED OUT OR WILL YOU
RULE OUT ANY COLLEGES BASED
ON THEIR “STICKER” PRICE?**

NO --- 45%

YES --- 40%

I DON'T KNOW YET --- 15%

“2014 Rising Seniors’ Perceptions on Financial Aid,”
produced by Ruffalocody Enrollment Management, in conjunction with Scannell & Kurz

A Recent Survey Says...

ARE YOU GOING TO BORROW FOR YOUR UNDERGRADUATE DEGREE?

PLANNING TO BORROW --- 48%

I DON'T KNOW --- 43%

NOT PLANNING TO BORROW --- 9%

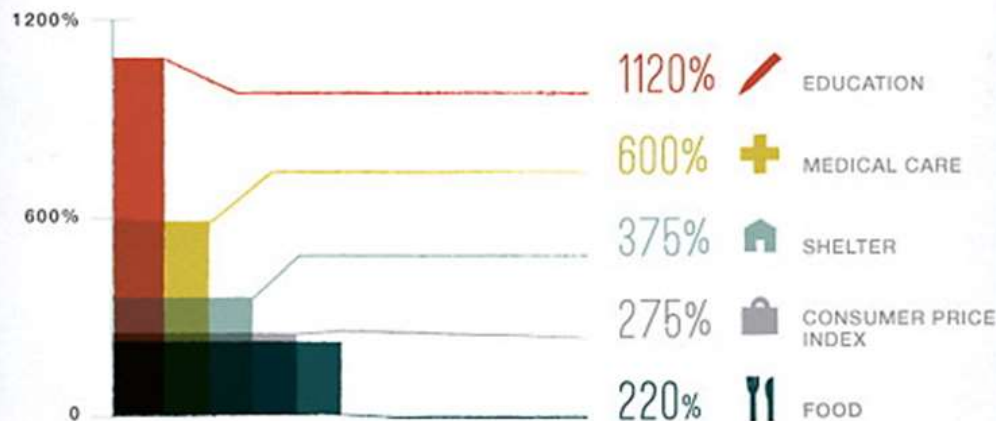
“2014 Rising Seniors’ Perceptions on Financial Aid,”
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THE RISING COST OF COLLEGE

With the rising cost of education, today's students are investing a small fortune in their college education. How has the price of college fluctuated through the years? What are students doing about the increase in college tuition?

The percent change in college tuition in comparison with the costs of medical care, shelter, consumer price index and food since 1978.

SINCE 1978, COLLEGE TUITION HAS INCREASED 1,120%



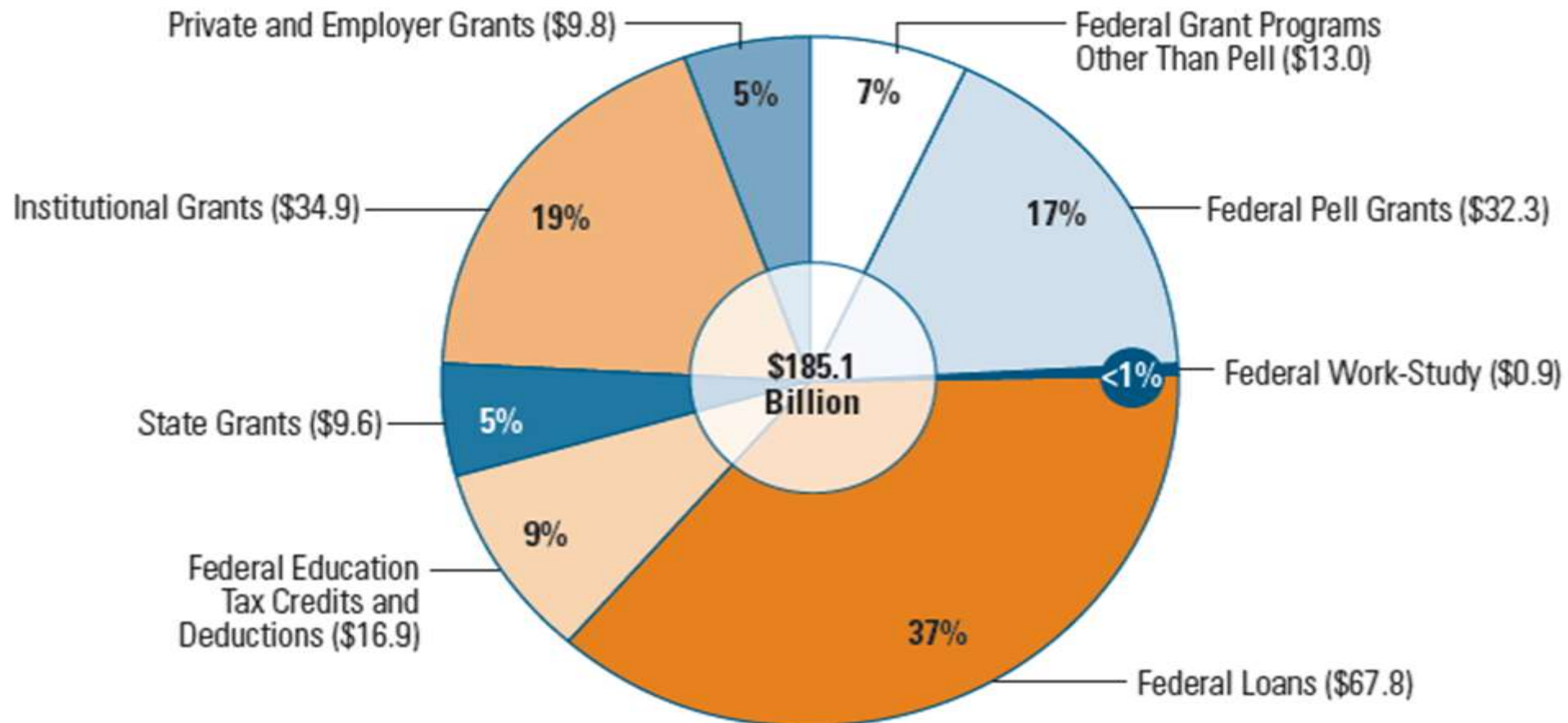
CourseSmart®

www.coursesmart.com

Sources: "21st Century Insurance College Survey", Instant.ly | nsf.gov/statistics/ | news.everest.edu/library.wisc.edu/vlc/Textbooks2008.pdf | "Fall 2012 Textbooks: Initial Findings," Student Monitor LLC, 2012. www.bloomberg.com | trends.collegeboard.org | foxbusiness.com | Time Magazine | Fox Business | Treasury.gov | Georgetown.edu | Education.yahoo.net | Nces.ed.gov | Consumerreports.org

PHeaa
Pennsylvania Higher Education Assistance Agency

2012-13 Undergraduate Student Aid by Source and Type



To learn more, visit:

Trends in Student Aid 2013, Trends In Higher Education Series, College Board <https://trends.collegeboard.org/>

Troubling Headlines?

- **Student loan burden continues to grow**
- **Paying For College - Are You and Your Student on the Road to Going Broke Or Into a Lot of Debt?**
- **Is College worth the money?**
- **U.S. Student-Loan Balances Increase 62% Between 2004 and 2012**
- **When Kids Come Back Home**



Unfinished Business

The National Student Clearinghouse reports:

- Over the past 20 years, more than 31 million Americans started a postsecondary education, but did not finish.
- The more institutions attended and the older the student, the less chance there was of completion.
- More than 10 million of these completed less than one semester.

Education loans have to be repaid, even if you do not finish your education.

Underemployment

These people have college degrees:

- More than 317,000 waiters (over 8,000 of them have doctoral or professional degrees)
- More than 80,000 bartenders
- More than 18,000 parking lot attendants

All told, some 17,000,000 Americans with college degrees are doing jobs that the Bureau of Labor Statistics says require less than the skill levels associated with a bachelor's degree.

“Your Degree Doesn’t Matter”*

**Don’t let one mistake ruin
your career aspirations.
Employers do background
checks and credit checks.**

**** Pennsylvania Liquor Control Board (PLCB) brochure***

Postsecondary Education Is Still Worth It

- **75 % of today's jobs require education beyond high school**
- **According to US Census Bureau Data, the average college graduate from a 4-year degree program earns almost \$1,000,000 more over a lifetime than a high school graduate.**



Education: A Great Investment

- **Average loan payments for Bachelors Degree: about \$300/mo for 10 years**
- **Average additional earnings with higher education: about \$2,100/mo for 40 years**

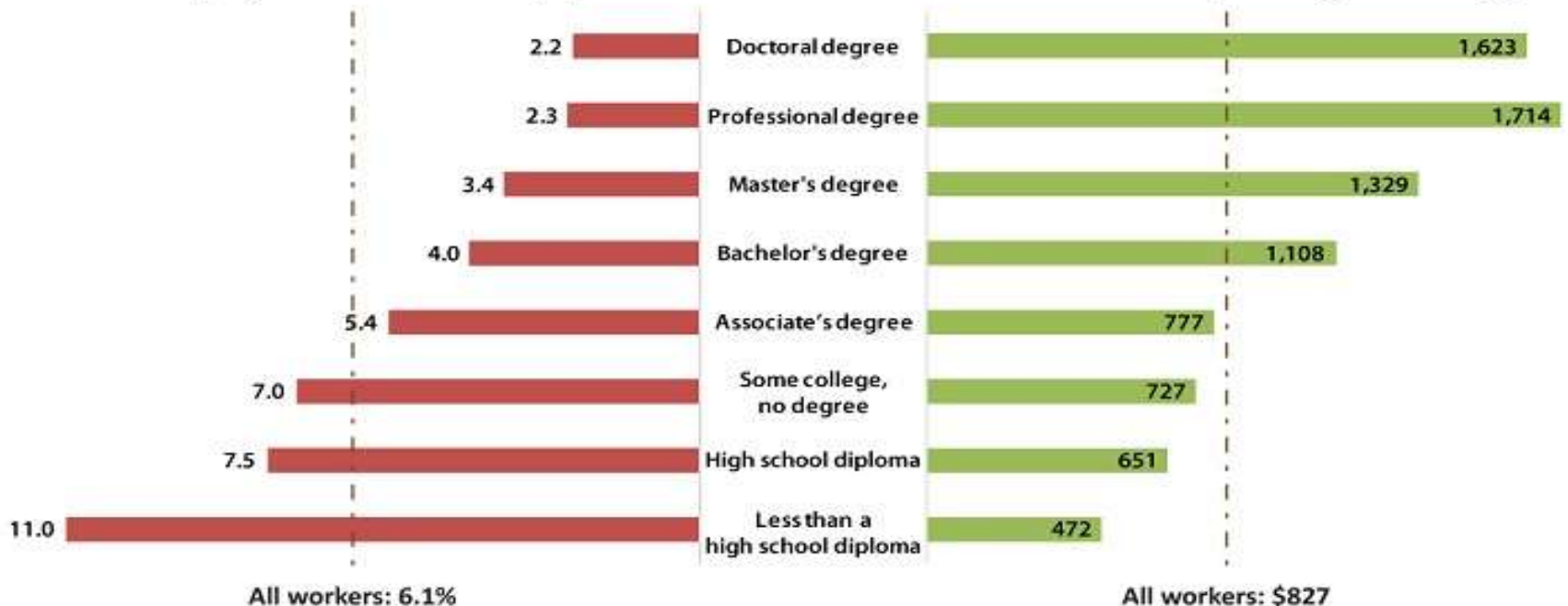


Education = Higher Pay and Lower Unemployment

Earnings and unemployment rates by educational attainment

Unemployment rate in 2013 (%)

Median weekly earnings in 2013 (\$)



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: Current Population Survey, U.S. Bureau of Labor Statistics, U.S. Department of Labor

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Be Smart Consumer



Be a Smart Consumer

Do your Research...

- **What is the Net Price that you will pay? Use the Net Price Calculator at schools student is interested in attending to get an estimate of your “net price” to attend. Net Price calculator available on each school’s website.**
- **What is the graduation rate?**
- **What is the average debt of graduates?**
- **What is the repayment rate and default rate of the school’s borrowers?**
- **What is the employment outcome for recent graduates?**

What You Can Be Doing Now

- **Student and parent apply for an FSA ID at:
www.studentaid.ed.gov/fsaid**
- **Visit websites with free information about college, financial aid and careers**
- **Explore scholarship opportunities – locally, regionally and nationally**
- **Use Net Price Calculator at schools interested in attending to get an estimate of your “net price” to attend. Net Price calculator available on each school’s website.**
- **Use the FAFSA4caster – to estimate EFC and eligibility for federal financial aid**
 - **Free online tool, available at www.fafsa4caster.ed.gov**

Ways to Reduce the Need for Financial Aid

- **Graduate on Time**
 - 4 year for Bachelors Degree / 2 year Associates Degree
- **Research and find the right school and major**
 - Minimize transfer and change of major
- **Earn college credits while in high school through AP courses, Vo-Tech, and dual enrollment**
- **Consider options for cutting costs (commute, take summer classes, buy used books, make smart meal plan choices)**
- **2 + 2 Strategy (2 years at a Community College then transfer credits to a 4 year school)**
- **3 + 2 (Master's Degree)**

Most students are NOT taking the credits needed to graduate on time.

"Full-time" taking 15+ credits per semester

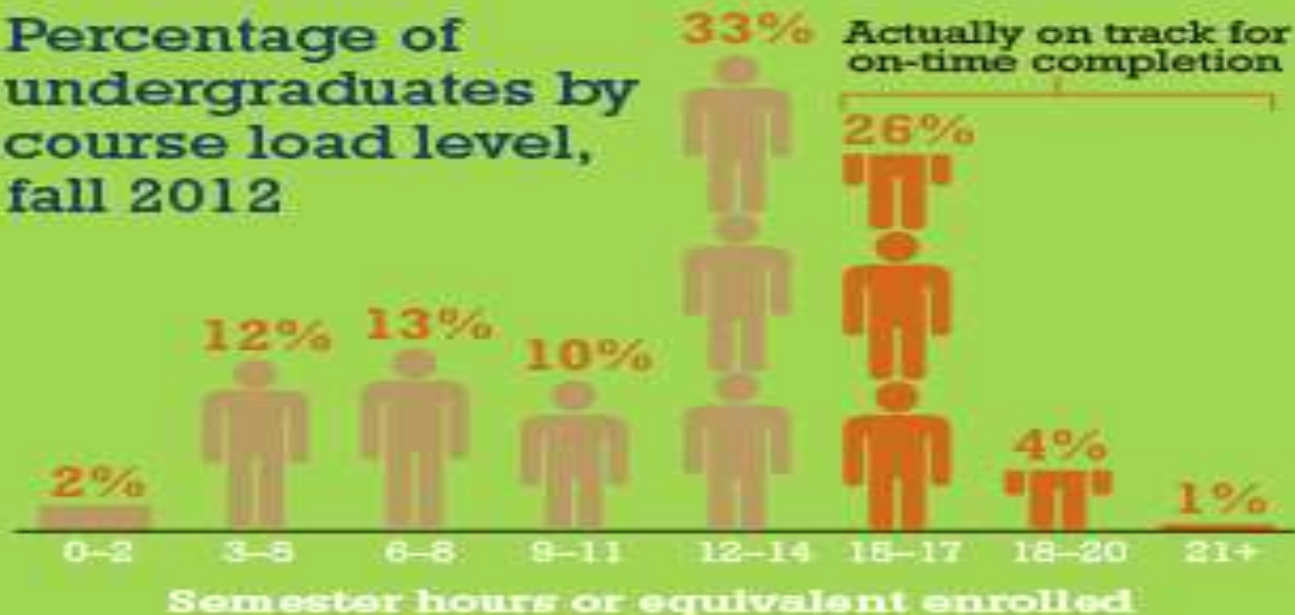


At 2-year institutions



At 4-year institutions

Percentage of undergraduates by course load level, fall 2012



Source: Postsecondary Analytics, How Full-Time are "Full-Time" Students? prepared for Complete College America, October 2013.

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Examples of Web Resources



Do a Web Search for these “Tens”!

- 10 most useless college majors
- 10 careers that didn't exist 10 years ago
- Top 10 colleges for the top 10 majors
- 10 highest earning 4-year degrees
- 10 majors w/ the highest unemployment rates
- 10 majors w/ the highest loan defaults
- 10 college costs that no one warned you about
- 10 ways to get more scholarships

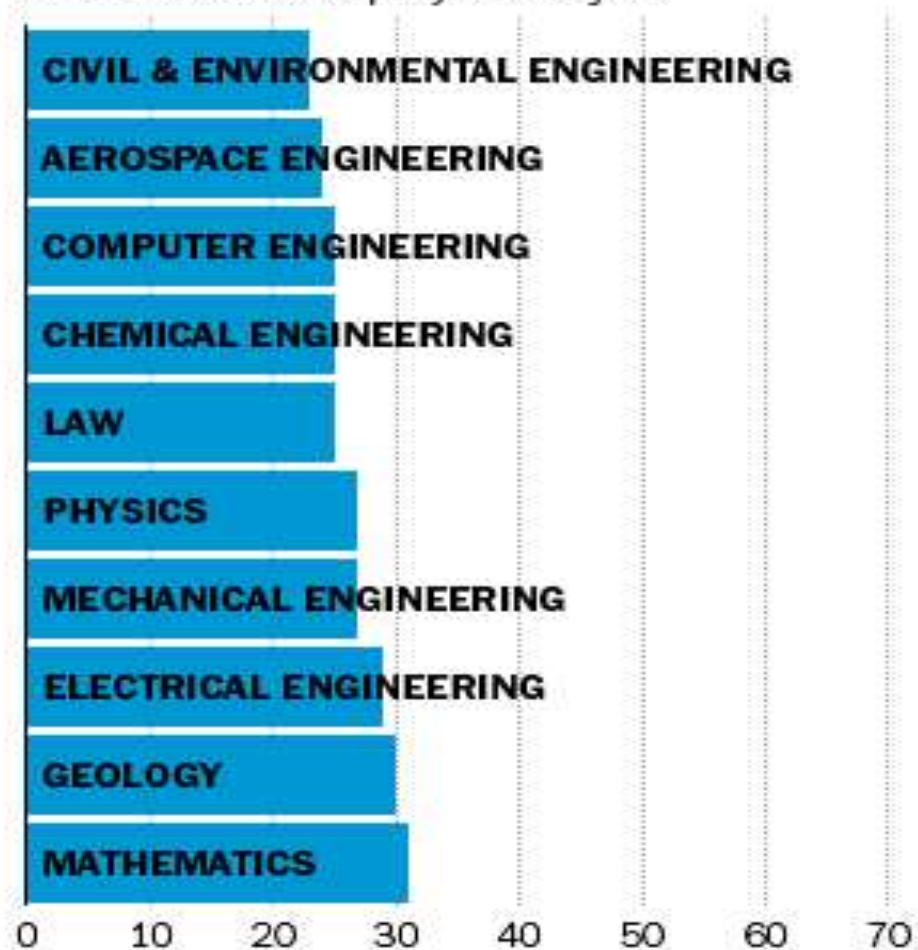
The college majors most and least likely to lead to underemployment

% saying they are underemployed in a recent PayScale survey, by undergraduate major

Most underemployed majors



Least underemployed majors



Money Magazine Lists

- **Best Colleges**
- **Most Affordable Colleges**
- **Best Public Colleges**
- **Best Private Colleges**
- **Best Liberal Arts Colleges**
- **Etc.**

Career Planning

Preparing for School

Paying for School

Self-Assessments

Ask a Counselor

My Smart Borrowing

**Become a smart borrower so you are
PREPARED for the future.**

GET STARTED >



MySmartBorrowingSM

What state would you like to work in?

Pennsylvania, Philadelphia Region

What career are you interested in?

Start typing career to view suggestions

Not Sure?

Let us help you find your career. Choose your CATEGORY of interest

CATEGORY

- Farming, Fishing, and Forestry
- Food Preparation and Serving Related
- Healthcare Practitioners and Technical
- Healthcare Support**
- Installation, Maintenance, and Repair
- Legal
- Life, Physical, and Social Science
- Management
- Office and Administrative Support
- Personal Care and Service

View your potential salary based on your career choice!



How much schools might actually cost!

	\$	771.00
	\$	121.00
	\$	0
Payment is about 10.23% of your expenses.)	\$	303.00
		\$2,961.00
		\$122.00
CONGRATULATIONS! YOU ARE UNDER BUDGET!		

Calculate your possible future budget!

Education can be expensive! While you can't control or predict how much college will cost, you CAN control how well prepared you are. That is why you should follow the five tips below to make sure you are making smart decisions.

The 5 Tips for Smart Borrowing



- 1 Research your expected salary in your future career, find an affordable school, and borrow realistically.
- 2 Research job availability in your chosen field, before selecting your major.
- 3 Consider all types of financial aid carefully.
- 4 Educate yourself on the many loan options available before borrowing.
- 5 Inconsistent or untimely loan repayment could affect your future.

NOTE: The values shown in this tool are only estimates. They are based on national averages and the information you



Becoming a Smart Borrower

Being prepared is one of the most important steps when planning for college. Let's be honest, every choice you make now can play a big part in how life after college could unfold. That's why you should plan ahead, so you aren't caught off guard.

PREPARING FOR YOUR FUTURE

We've put together information to consider during the college planning process.

Smart Borrowing Tip: Research your expected salary in your future career, find an affordable school, and borrow realistically.



Our smart borrowing interactive tool should help you answer these questions:

About Your Career & College Choice

- What could my education cost?
- What could my potential starting salary be?
- Will I realistically be able to find a job in my career path?
- Will I be able to repay my loan on my expected future salary?

About Paying for School

- Am I borrowing too much?
- Do I understand what borrowing means?
- What aid types are available?
- How can I reduce costs to borrow less?

[CONTINUE](#)

Financial Aid 101

Financial Aid Basics



What Is Financial Aid?

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

- **Grants/Scholarships (free money)**
- **Self-Help (work, savings, etc.)**
- **Loans**

Another Way To Look At It

Students and parents pay with:

- **Yesterday's Money (savings)**
- **Today's Money (work, grants)**
- **Tomorrow's Money (loans)**



Basic Principles

- **Paying is the joint responsibility of the student and parent(s), to the extent possible**
- **Need-based financial aid subjected to federal formula to determine financial need**
- **Not all families qualify for need-based aid. There is no guarantee that you will get any free money to pay for higher education**

Where Does the Money Come From?

- ❖ **Federal Government**
- ❖ **State Government**
- ❖ **School/Colleges**

- ❖ **Private Scholarship Sources:**
 - **HS Counselors**
 - **Clubs and organizations**
 - **Employers**
 - **Internet scholarship searches**



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Scholarships



Go After the Best Money First

- **Scholarships are FREE MONEY!** Scholarships are awarded by foundations, philanthropists, non-profit organizations, businesses and colleges to help students pay for college.
- There are several free scholarship databases available online. With more than 1.5 million scholarships worth more than \$3.4 billion.
- The month of November is National Scholarship Month and is devoted to raising awareness of the need for scholarship support for postsecondary education.

Types of Scholarships

- **Postsecondary (In House) Scholarships**
- **Local and Regional Scholarships**
- **National Scholarships**

Scholarship Search Tips

- **Start Searching Early**
- **Use FREE Scholarship Search sites**
- **Don't ignore scholarships with smaller award amounts**
- **Don't miss deadlines**
- **Search for Scholarships every year**
- **Check corporate websites such as Target, Walmart, Kentucky Fried Chicken, as they all have scholarship programs and you don't have to work there to get them**

Your Scholarship Resume

- **Activities and Hobbies**
- **Clubs**
- **Sports**
- **Community Service**
- **Religious Affiliation**
- **Academic Interests**
- **Keep track of the hours spent in community service, working and on special projects.**
- **Write down the dates you participated in various activities.**

Recognize Scholarship Scams

1. Application Fees

- Even if the fee is minimal or “only to encourage serious students to apply”

2. “Guaranteed” Scholarships

- No individual can honestly “guarantee” you’ll win free money

3. Solicitations

- “You’ve been selected....”
- “You are a finalist.....”
- Bona fide companies won’t ask for a check or credit card payment upfront

4. Official-looking Companies

- The logo may look like the US Dept of Education’s logo
- The company may talk about “federal” or “national” awards

5. Seminars

- Don’t get pressured into paying for services on the spot.

(Ebony.com, quoting the Better Business Bureau)

Scholarship Opportunities for All

- **Scholarships for Average Students**
- **Variety of less competitive scholarships**
- **Community Service Scholarships**
- **Video contests**
- **Creativity**
- **Ethnicity**
- **Unusual scholarships**
 - » **Based on Last Name**
 - » **Seussville: Oh, The Places You'll Go! College Scholarship**
 - **Patrick Kerr Skateboard Scholarship**
 - **Tupperware Home Parties Scholarship**

For more visit: <http://www.finaid.org/scholarships/>

fastweb.com

- **Fastweb.com is an excellent site to use for searching as it is a database that pulls specific scholarships for students based on their input. It also sends email alerts when a scholarship matches the student.**
- **Fastweb.com is the largest, most accurate and most frequently updated scholarship database.**

www.fastweb.com

Unique Scholarships

Jif Most Creative Sandwich Contest

- Jif Peanut Butter holds the Jif Most Creative Sandwich Contest as a fun way to award students preparing to attend college. The award includes a scholarship worth \$25,000, as well as a Jif Peanut Butter Basket worth \$50.

The Wear Duck Tape to Prom Scholarship

- Duck Brand products holds an annual contest to see who can make the best Prom outfit from Duck Tape. The winners receive a \$5,000 scholarship.

American Fire Sprinkler Association Scholarship Program

- The American Fire Sprinkler Association has scholarships totalling \$20,000 that are awarded to students who submit the required documents, including an essay on automatic fire sprinklers.

Unique Scholarships

Chick and Sophie Major Memorial Duck Calling Contest.

- Stuttgart, Arkansas, awards scholarships at the Chick and Sophie Major Memorial Duck Calling Contest. First place wins a scholarship of \$2000, second place wins \$1000, 3rd receives \$750, and 4th receives \$500.

The Fountainhead Essay Contest

- Ayn Rand Novels, a site specializing in the writings of author and philosopher Ayn Rand, has an annual essay contest awarding between \$50 and \$10,000 to over 200 students who write essays on chosen topics about Rand's well known work, The Fountainhead. While not strictly a scholarship, these contests are only open to 11th and 12th grade students, and the winnings could provide a great headstart toward paying for college.

\$2,500 "Advice to Your High School Self" Scholarship

- Campus Discovery has a scholarship for \$2,500 called the "Advice to Your High School Self" Scholarship. Students approaching graduation from college or recent college grads who finished an Associates or Bachelor's Degree are eligible.

Displacement vs. Stacking

Ask your school's financial aid office:

“If I receive an outside scholarship, will you reduce the scholarship money you gave me by that amount or will you stack my new scholarship on top of what you gave me?”

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Federal and State Aid



Federal Programs

Pell Grant (2015-16 max award \$5,775) *

Campus-based aid – amounts determined by FAO

- FSEOG..... up to \$4000
- Perkins loan..... up to \$5500
- Federal work-study..... FAO determines

For most programs, student must be enrolled at least half-time.

*** Goes to most financially needy students**

Federal Work-Study

"Students who participate in the federal work-study program are more likely to graduate and be employed six years after college than their similar counterparts who don't participate in the program, according to a new study," Inside Higher Ed reports.

(Study conducted by two Columbia University researchers, Judith Scott-Clayton and Veronica Minaya)

Other Federal Programs

Please check out this web site to see all federal aid sources:

<http://studentaid.ed.gov/types#federal-aid>



Pennsylvania State Grant

- **PA State Grant***
 - **Full-time, in PA.....up to \$4,340**
 - **Part time, in PA.....1/2 of the FT award**
- **Out of state: Up to \$600 in DC, DE, MA, OH, RI, VT, WV**
- **Amount determined in part by the cost of the school**

*** Must be at least half-time to be eligible**

Other State Programs

- **State Work-Study - job related to major**
- **Educational Assistance Grant (EAP) – National Guard**
- **Chafee Education and Training Grant – administered by the Department of Public Welfare**
- **Blind or Deaf Beneficiary Grant**
- **Postsecondary Educational Gratuities Program (PEGP)**
- **Partnerships for Access to Higher Education (PATH)**
- **Pennsylvania Targeted Industry Program (PA –TIP)**
- **Ready to Succeed Scholarship (RTSS)**

For details, see the PA Student Aid Guide, or visit www.pheaa.org

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Smart Borrowing



MySmartBorrowing.org

Become a smart borrower so you are
PREPARED for the future.

GET STARTED >



What state would you like to work in?

Pennsylvania, Philadelphia Region

What career are you interested in?

Start typing career to view suggestions

Let us help you find your career. Choose your CATEGORY of interest.

CATEGORY

- Farming, Fishing, and Forestry
- Food Preparation and Serving Related
- Healthcare Practitioners and Technical
- Healthcare Support
- Installation, Maintenance, and Repair
- Legal
- Life, Physical, and Social Science
- Management
- Office and Administrative Support
- Personal Care and Service

*View your potential salary based
on your career choice!*



*How much schools might
actually cost!*

\$ 771.00

\$ 121.00

\$ 0

\$ 303.00

Payment is about 10.23% of your expenses.

\$2,961.00

\$122.00

CONGRATULATIONS! YOU ARE UNDER BUDGET!

*Calculate your possible
future budget!*

This interactive tool gives you information you can use to make smart decisions about career choices and paying for college.

MySmartBorrowing.org

Borrowing for Higher Education

- **Always consider federal loans first. They have the best interest rates and repayment provisions.**
- **Borrow in the following order:**
 - **Perkins Loan (5% fixed) – student**
 - **Stafford Loan (currently 4.66% fixed) – student**
 - **PLUS Loan (currently 7.21% fixed) – parent and graduate student**
 - **Alternative Loan (variable/fixed rates) – last resort**

Be a Smart Borrower

- **Student debt is an increasing concern as more students graduate with staggering loan amounts.**
- **Think about how you'll repay your debt before you borrow.**
- **Consider every potential free financial aid option before borrowing.**
- **The federal government has made it very easy to borrow – this is good for access, but students need to be aware of the pitfalls of borrowing too much.**
- **If you must borrow, only borrow what you need.**

The Rule

Don't borrow more to get your education than you can reasonably expect to make during your very first year in the workforce.

(Keeps loan payment <12% of gross earnings.)

Smart Borrowing Tip

Research job availability in your chosen field, before selecting your major.

- ✓ You won't be able to repay your student loan if you aren't gainfully employed.
- ✓ Research employment rates in your potential career field before making a final decision on your major.

Smart Borrowing Tip

Research your expected salary in your future career, find an affordable school, and borrow realistically.

- ✓ There are many paths to the same degree.
- ✓ Research every option, including community colleges and commuting.
- ✓ Only attend a school you can reasonably afford.
- ✓ Only borrow what you absolutely need to attend.

Smart Borrowing Tip

Consider all types of financial aid carefully.

- ✓ **Grants and scholarships do not need to be repaid.**
- ✓ **Work-study provides part-time jobs for students.**
- ✓ **Loans must be repaid with interest.**

Smart Borrowing Tip

Educate yourself on the many loan options available before borrowing.

- ✓ **No one loan option is perfect for every family.**
- ✓ **Conduct your own research on the various loan options.**
- ✓ **Decide on the best choice for your situation.**

Smart Borrowing Tip

Inconsistent or untimely loan repayment could affect your future.

- ✓ **Unlike other forms of debt, student loans are difficult to discharge in bankruptcy.**
- ✓ **Your credit score could be affected by inconsistent/untimely payment.**
- ✓ **Deferment or forbearance is an option if you are having trouble making payments, but will increase the total owed.**

Financial Aid 101

Federal Loans



Federal Student Loans

- No credit check
- Annual and aggregate borrowing limits
- Fixed interest rate
- Rate for new loans is reset every July 1st
- Rate is based on 10-year Treasury note (+2.05%)
- 6-month grace period
- 10-year standard repayment
- Flexible repayment options

Types of Federal Loans

Undergraduate Students

- Subsidized
- Unsubsidized

Graduate students

- Unsubsidized
- GradPLUS Loan

Parents

- PLUS Loan



Student Loans

Subsidized = no interest charged to student while enrolled or in grace

- **Based on Financial Need**
- **Interest will not be charged during the grace period, if the loan was first disbursed after June 30, 2014.**

Unsubsidized = interest accrues in school and grace

- **Any interest not paid during grace will be capitalized at repayment**
- ❖ **There is a 1.068% fee deducted from loan amount at disbursement.**



Interest Rates – Student Loans

Undergraduate – Subsidized and Unsubsidized:

- **4.29% for 2015-16**
- **Capped at 8.25%**

Graduate – Unsubsidized Only:

- **5.84% for 2015-16**
- **Capped 9.50%**



PLUS and GradPLUS

Parent & GradPLUS

- **6.84% for 2015-16**
- **Capped at 10.50 %**
- **Up-front fee of 4.292% deducted at disbursement**
- **May borrow up to full cost of education minus financial aid**
- **Credit check is required on this loan**

Federal Direct PLUS (Parent)

Repayment begins immediately - can defer repayment until 6 months after student graduates or drops below half-time enrollment.

- If defer payment – encouraged to make interest payments
- **Standard Repayment is 10 years**

Student Loan Borrowing Limits

Dependent Students (excluding students whose parents cannot borrow PLUS)	Base Stafford Loan Amount Subsidized/ Unsubsidized	Additional Unsubsidized Stafford Loan Amount
Freshmen	\$3,500	\$2,000
Sophomores	\$4,500	\$2,000
Juniors, Seniors	\$5,500	\$2,000
Graduate or Professional	\$8,500	\$12,000

Additional Unsubsidized

Independent Students AND students whose parents cannot borrow PLUS.	Base Stafford Loan Amount Subsidized/ Unsubsidized	Additional Unsubsidized Stafford Loan Amount
Freshmen	\$3,500	\$6,000
Sophomores	\$4,500	\$6,000
Juniors, Seniors	\$5,500	\$7000
Graduate or Professional	\$8,500	\$12,000

Year in College	Base Limit Subsidized or Unsubsidized Loan	Extra Unsubsidized Federal Stafford Loan	Total Guaranteed and Awarded Amount for Academic Year	Additional Unsubsidized Loan	Total Potential Academic Year Limit
1 st year	\$3,500	\$2,000	\$5,500	\$4,000 ¹	\$9,500
2 nd year	\$4,500	\$2,000	\$6,500	\$4,000 ¹	\$10,500
3 rd year	\$5,500	\$2,000	\$7,500	\$5,000 ¹	\$12,500
4 th year	\$5,500	\$2,000	\$7,500	\$5,000 ¹	\$12,500
Certification	\$5,500	\$0	\$5,500	\$7,000 ²	\$12,500
Graduate	\$8,500	\$0	\$8,500	\$12,000 ²	\$20,500

- 1 Must be an independent student OR a dependent student whose parents were denied the PLUS Loan.
- 2 Student may need to contact the financial aid office to request the additional amount.

Please note: "Year in College" is determined based on how many credits you have completed, not on the number of years you have attended school.

Federal Direct Loan Aggregate Limits

Undergraduate Education (Dependent Student)	\$31,000 (\$23,000 maximum Subsidized Loan)
Undergraduate Education (Independent Student OR Dependent Students whose Parents were denied PLUS Loan)	\$57,500 (\$23,000 maximum Subsidized Loan)
Graduate / Professional Education	\$138,500

Capitalization

- Unpaid accrued interest is added to the principal amount.
- You now pay interest on the new, higher balance.

Benefits of Paying Interest

Paying now will reduce what is capitalized!

- **Interest accrues on your unsubsidized student loan and Federal PLUS Loan:**
 - » Every day, from the day the loan is disbursed until you make the last payment.
 - » Even if your loan is not in repayment.
- **Interest accrues on your subsidized student loan:**
 - » Every day, from the day the repayment period starts until you make the last payment.

Calculating Accrued Interest

To calculate your daily interest accrual, use the following formula:

- **Interest rate x current principal balance ÷ number of days in the year = daily interest**

Example:

- **Sara Student has a \$10,000.00 current principal balance and 4.29% interest rate this year. Using the formula:**

$$.0429 \times \$10,000.00 \div 365 = 1.175342... \text{ (round to \$1.18)}$$

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Private/Alternative Loans



Private/Alternative Loans

**Consider these ONLY
after looking into all
other sources of
financial aid**

Private/Alternative Loans

- Nonfederal loans, made by a *lender* such as a bank, credit union, state agency, or a school.
- Student borrows in his or her own name
- Based on credit scoring and debt-to-income ratio
- Repayment may be deferred until education completed
- Fees, interest rates, loan amounts, and repayment provisions vary by lender and are generally higher than federal student loans
- **Co-signers usually required.** Some loan products have a co-signer release option
- Compare loans before making choice and read the fine print!

Financial Aid 101

Forms



The Two Primary Forms

**1. Free Application for
Federal Student Aid
(FAFSA)**

**2. Pennsylvania State Grant
Form (PA SGF)**

Other Forms You May Need To Fill Out (check with your school)

- **College Scholarship Service (CSS) PROFILE form**
- **College-specific form**



Deadlines Are Crucial

- **Make sure you know the priority FAFSA filing deadlines for the schools you are researching.**
- **File your FAFSA prior to the earliest deadline, even if you have to estimate your financial information. You can always update the FAFSA later.**

Deadlines

Know all of your state and school/college deadlines and file the FAFSA by the earliest deadline.

- ❖ **Federal Deadline** - end of the award year - for 2016-2017, this would be **June 30, 2017**
- ❖ **PA State Grant deadlines –**
 - **May 1, 2016** - If you plan to enroll in a degree program or a college transferable program at a junior college or other college or university (excludes community colleges)
 - **August 1, 2016** - If you plan to enroll in a community college; a business, trade, or technical school; a hospital school of nursing; or a 2-year program that is not transferable to another institution
- ❖ **Know School Deadlines**

Don't Fear the FAFSA

- **The FAFSA (Free Application for Federal Student Aid) is a federal form used to determine student eligibility for the following:**
 - **Federal programs, such as Pell Grants, work-study, and student loans**
 - **State programs, such as Pennsylvania State Grant, and other special programs**
 - **School programs, such as need-based grants and scholarships**



FAFSA

Complete the FAFSA as soon as possible after January 1 of the year for which the student is seeking financial aid.

Two ways to complete the FAFSA:

- Online at www.fafsa.gov (highly recommended)
 - safe, secure, fast, skip logic, built-in edits
 - complete FAFSA on the Web Worksheet
 - print the confirmation page when finished
- Paper FAFSA – call 1-800-433-3243



Home



About Us



FSA ID



StudentAid.gov



Help

English

SE

Es

Get help paying for college

Submit a Free Application for Federal Student Aid (FAFSA)



New to the FAFSA?

**Start A New
FAFSA**

Returning User?

- Make a correction
- Add a school
- View your Student Aid Report (SAR), and more...

Login

Deadlines

Information about your deadlines.

School Code Search

Find your college's school code. Also find detailed information about your college.

FAFSA Filing Options

Learn about the other options for filing

Announcements

- **Deadline Approaching:** 2014-2015 applications must be submitted by midnight Central Time, June 30, 2015, after which the 2014-2015 application will no longer be available. To make this change, *FAFSA on the Web* will be unavailable: Wednesday, July 1, from midnight through 4 a.m. CT.

Thinking About College?



Use FAFSA4caster to see how

IRS Data Retrieval Tool (DRT)

The IRS Data Retrieval Tool allows students and parents to access IRS tax return information needed to complete the FAFSA. Students and parents may transfer the data directly into their FAFSA.

- **IRS Data is available:**
 - » **After 2 weeks of electronically filing federal tax return**
 - » **After 8 weeks of filing a paper federal tax return**

If use estimated income to complete FAFSA, can go back once taxes are filed and use IRS Data Retrieval Tool.

Get My Federal Income Tax Information

See our [Privacy Notice](#) regarding our request for your personal information.

Enter the following information as it appears on your <YYYY> Federal Income Tax Return. [?](#)

Required fields *

First Name *	<input type="text" value="Joe"/>
Last Name *	<input type="text" value="Smith"/>
Social Security Number *	<input type="text" value="*** - ** - 6789"/>
Date of Birth *	<input type="text" value="01"/> / <input type="text" value="04"/> / <input type="text" value="1990"/>
Address * ?	
P.O. Box and/or Street Address	<input type="text"/>
	<input type="text"/>
Apt. Number (Required if it appears on your tax return)	<input type="text"/>
Country *	<input type="text" value="United States"/> v
City, Town or Post Office *	<input type="text"/>
State/ U.S. Territory *	<input type="text" value="Select One"/> v
ZIP Code *	<input type="text"/>
Filing Status * ?	<input type="text" value="Select One"/> v

Select the button below to exit the IRS system and return to your FAFSA.

By submitting this information, you certify that you are the person identified. Use of this system to access another person's information may result in civil and criminal penalties.

[Return to FAFSA](#)

[Submit](#)

FAFSA Completion Tips

- Can use estimated income to complete – once taxes completed **MUST** go back and update FAFSA
- Answer all income questions
- Carefully review untaxed income questions
- Review asset questions before completing them
- 529 Plans must be reported as parent assets
- Assets do **NOT** include home, retirement, or insurance
- Do not report a business if it employs less than 100
- Do not report a farm if you live on the farm
- Some people can skip asset questions
- Online Help available on the Form

Signing the FAFSA Electronically

- Student and parent sign electronically with an FSA ID
- Apply for an FSA ID at www.studentaid.ed.gov/fsaid
- Do not lose it. Write it down and store in a safe place
- Can use for future FAFSA filing and parent can use for other children FAFSAs
- Use to sign Federal Direct Student Loan application and Parent PLUS loan application
- Can retrieve your username and/or password if you forget

Pennsylvania State Grant Form

- **Link directly to the State Grant Form from the Confirmation Page of your FAFSA!**



Confirmation - FAFSA on the Web - Federal Student Aid - Windows Internet Explorer

https://test.fotwria.ed.gov:7445/FAFSA/app/fafsa?execution=e1s14

Live Search

FileEditViewFavoritesToolsHelp

Confirmation - FAFSA on the Web - Federal Student Aid

SEARCH

Contact UsBrowse Help

Student Demographics

School Selection

Dependency Status

Parent Demographics

Financial Information

Sign & Submit

Confirmation

2012-2013 Confirmation Page

Confirmation Number: F 04300435508 01/24/2011 15:13:19

Data Release Number (DRN): 6551

Congratulations, test!

Your FAFSA was successfully submitted to Federal Student Aid. You should print this page for your records.

Optional Feature - Start your state application - Click [here](#) if you want to apply for Pennsylvania state-based financial aid.

Eligibility Information

Estimated Expected Family Contribution (EFC) = 00000

The EFC is an index that schools use to determine your eligibility and is not the amount of money that you have to pay. Your school's financial aid office will use your EFC to determine the specific types and amounts of student aid you are eligible to receive.

Pell Grant Estimate - \$5,550.00

Direct Stafford Loan Estimate - \$9,500.00

You may also be eligible to receive other federal, state, or institutional grants, scholarships, and/or work-study.

College Rates

The table shows the [graduation, retention, and transfer rates](#) for the schools you selected. Go to the College Navigator Web site at [www.nces.ed.gov/collegenavigator](#) for complete information.

School Name	Graduation Rate	Retention Rate	Transfer Rate
...

PHeaa

Pennsylvania Higher Education Assistance Agency

PA State Grant Form

- **Students who click on the link will be automatically moved to the PA State Grant Form and will be presented with the additional questions needed to determine State Grant eligibility which includes such items as enrollment status, value of PA 529 College Savings Program, program of study, and employment status.**
- **Printing , signing, and mailing in the State Grant confirmation page is the last step in the process. PHEAA is working on an electronic signature capability but that is not available at this time.**
- **Students will be able to view their status on Account Access available at pheaa.org about three days after completing the FAFSA online.**

Financial Aid 101

Forms – Frequently Asked Questions



Who Is Independent?

- **24 or older on Jan 1st of award year (January 1, 1993)**
- **Veteran (includes active duty personnel)**
- **Working on graduate level degree**
- **Emancipated minor in legal guardianship**
- **Orphan, in foster care, or ward of the court at anytime when student was age 13 or older**
- **Have legal dependents other than spouse**
- **Student deemed homeless by proper authority**
- ❖ **(PA State Grant status can be different)**

Whose Info Goes on the FAFSA?

- Divorced or separated parents (the parent the student lived with the most over the past 12 months. If equal, then the parent who provided more than 50% of student's support)
- Stepparents - yes
- Adoptive parents - yes
- Foster parents - no
- Legal guardians - no
- Anyone else the student is living with - no

Special Circumstances

- Recent death or disability
 - Reduced income
 - Recent Separation or Divorce
- ❖ Contact the school and ask for a special consideration AND Contact State Grant Division at PHEAA



Financial Aid 101

Forms Are Filed – Now What?



Determining Need-Based Eligibility

- Student submits FAFSA
- Family undergoes need analysis
- Expected Family Contribution (EFC) is determined based on:
 - Parent income and assets
 - Student income and assets
 - Family size
 - Number of children in college
 - Age of the older parent

This is NOT necessarily the amount you will pay each year!

Expected Family Contribution (EFC)

- **The EFC is a number derived from a federal formula which considers a family's income, assets, and other factors**
- **In theory, the EFC is the amount a family can reasonably be expected to pay toward college expenses each year**
- **In reality, it is not the amount a family is required to pay and it rarely is the amount a family actually pays.**

How Is the EFC Calculated?

- **Parent contribution + student contribution = EFC**
- **Bulk of EFC comes from income**
- **Home, personal property, qualified retirement funds, and value of life insurance excluded from assets**
- **Asset protection allowance (based on age of older parent, or the parent if single parent household)**
- **Parent asset contribution usually = roughly 6%**
- **Student income contribution = 50% of amount over \$6,400**
- **Student asset contribution = 20% of assets**
- **Parent contribution divided by number of children in college at the same time**

What Happens Next?

- **Student Aid Report or Acknowledgment sent to student (review and make necessary corrections)**
- **Information is sent to PHEAA. Student must complete State Grant Form (SGF). Can link to this directly from the FAFSA.**
- **Account Access (PHEAA) - create an account at www.pheaa.org to view PA State Grant**
- **Information is sent to schools/colleges. Send to all schools being considered.**

What School Costs Are Considered?

- School costs include:
 - » Tuition and fees
 - » Room and board
 - » Books and supplies
 - » Transportation
 - » Miscellaneous living expenses
 - » Child care, if necessary

You can receive financial aid up to the Total of the school regardless of your EFC!

Calculating Financial Need

Schools/colleges receive financial aid information and calculate financial need

School cost.....	\$26,000
EFC.....	- 3,000
Financial need.....	\$23,000

Financial Aid Office (FAO) “packages” student based on financial need and available funding (varies from school to school).

Financial aid award letter sent to student.

Financial Aid Award Letter

- **Official notification from school about financial aid, terms, and conditions.**
- **Lists the type and amount of each award to be received**
- **Describes what must be done to accept or reject any award.**
- **Discloses students rights, responsibilities, and academic requirements.**



Financial Need

- **Your financial aid package may not meet all of your calculated financial need.**
- **Be sure to determine how much will be required of you in out-of-pocket costs and loans.**

Reviewing the Financial Aid Package

After reviewing their packages, students should be sure they know and understand the following:

- How much of the financial aid is **free money**?
- Which awards are based on need, and which are based on merit?
- Are there any conditions on the **free money**; in particular, is there a GPA requirement?
- Will awards change from year to year?
- Will institutional awards increase as tuition increases?
- Will loans be needed? If so, how much?

Comparing Packages

<u>Cost</u>	\$15,000	\$25,000	\$45,000
EFC	\$ 3,000	\$ 3,000	\$ 3,000
Need	\$12,000	\$22,000	\$42,000

Free Money	\$ 6,000	\$ 8,000	\$18,000
Loans	\$ 5,500	\$ 7,000	\$ 8,000
Work	\$ 0	\$ 2,000	\$ 3,000
<u>Total Aid</u>	\$11,500	\$17,000	\$29,000

Gap (Cost – Aid)	\$ 3,500	\$ 8,000	\$16,000
-------------------------	-----------------	-----------------	-----------------

Actual Cont.			
(Cost – Free Money)	\$ 9,000	\$ 17,000	\$27,000

How To Cover Unmet Financial Need

- **Savings – Family**
- **529 Plans – Family**
- **Scholarships – Various Sources**
- **Grants – Federal and State**
- **Tuition Payment Plans – School**
- **Federal Student Loans – Department of Education**
- **Institutional Loans – School**
- **Private Education Loans – Bank**
- **Home Equity Loans – Bank**



How Much Should I Borrow?

- 1. Estimate your full cost of school**
- 2. Borrow only what you need**
- 3. Research your earning potential**
- 4. Don't borrow more to get your education than you believe you can earn your first year in the workforce**
- 5. Think long term**
- 6. Keep a healthy mindset about debt**

Financial Aid 101

Final Thoughts/Wrap-Up



The Plan

- **Narrow down career choices**
- **Research and apply to several schools**
- **Work hard on scholarship search**
- **Don't fear the FAFSA (do the State Grant app, too)**
- **Release your info to several schools**
- **Compare estimated financial aid award letters**
- **Make the tough choices**
- **Think of the future**
- **Finish on time**



Beware of the 5-Year Plan

Things like double majors, study abroad, internships, and athletics can enhance the educational experience and improve marketability. But it comes at a price:

- **Total cost just increased by 25%.**
- **The fifth year likely costs 20% more than the 1st year did.**
- **Loss of institutional funds if they only allow for four years.**
- **Loss of PA State Grant if all four years have been received.**
- **Reduction in student borrowing capacity if maximum loans received in the first four years (only \$4,000 left).**
- **Talk it over and plan ahead!**

Keep Your In-School Costs Low

- **“If you want to live like a doctor while you’re a student, you will probably have to live like a student when you are a doctor.”**

Be a Smart Consumer

Do your Research...

- **What is the Net Price that you will pay? Use the Net Price Calculator at schools student is interested in attending to get an estimate of your “net price” to attend. Net Price calculator available on each school’s website.**
- **What is the graduation rate?**
- **What is the average debt of graduates?**
- **What is the repayment rate and default rate of the school’s borrowers?**
- **What is the employment outcome for recent graduates?**

Ways to Reduce the Need for Financial Aid

- **Graduate on Time**
 - 4 year for Bachelors Degree / 2 year Associates Degree
- **Research and find the right school and major**
 - Minimize transfer and change of major
- **Earn college credits while in high school through AP courses, Vo-Tech, and dual enrollment**
- **Consider options for cutting costs (commute, take summer classes, buy used books, make smart meal plan choices)**
- **2 + 2 Strategy (2 years at a Community College then transfer credits to a 4 year school)**
- **3 + 2 (Master's Degree)**

What You Can Be Doing Now

- **Student and parent apply for an FSA ID at:
www.studentaid.ed.gov/fsaid**
- **Visit websites with free information about college, financial aid and careers**
- **Explore scholarship opportunities – locally, regionally and nationally**
- **Use Net Price Calculator at schools interested in attending to get an estimate of your “net price” to attend. Net Price calculator available on each school’s website.**
- **Use the FAFSA4caster – to estimate EFC and eligibility for federal financial aid**
 - **Free online tool, available at www.fafsa4caster.ed.gov**

Financial Aid 101

Resources



Resources

- pheaa.org
- EducationPlanner.org & MySmartBorrowing.org
- Youcandealwithit.com
- Myfedloan.org
- PHEAA toll free: 1-800-692-7392
- Federal Student Aid Info Center – 1-800-433-3243
- www.fafsa.gov
- www.studentaid.gov – general financial aid info
- www.studentloans.gov – information on federal loans

Contact Information

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QUESTIONS?