

Financial Aid

WHAT FAMILIES & STUDENTS NEED TO KNOW ABOUT PAYING FOR COLLEGE

Having a discussion about how to pay for college can be a sensitive subject for many families and students. However, it's important for families to consider their "ability to pay" in the college selection process. As you'll see in this section, there's an "affordable" college option for all students.

What is higher education?

Higher education includes two- and four-year public colleges/universities, private college/universities, vocational/technical schools and proprietary (for-profit) education.

What is financial aid?

Financial aid is money that is given, borrowed or earned for educational purposes. Sources of financial aid include federal and state governments as well as the school/college/university the student attends and private businesses (common scholarship providers).

Sometimes businesses offer tuition remission or payment programs for their employees as well.

Tip: When selecting a school, be sure that school is eligible for Title IV financial aid. Some schools are not eligible by the federal government to offer aid.

If a school does not offer financial aid, it's up to the student and their family to find money to pay for that school.

Who is eligible for financial aid?

All students who are U.S. citizens or eligible non-citizens are eligible for some kind of financial aid. To be eligible for financial aid students must:

- Be a U.S. citizen or eligible non-citizen
- Have a valid Social Security Number (Note: Parents don't need a SSN for their children to apply for aid)

- Comply with Selective Service registration (if male, age 18-25)
- Enroll at least half-time in an eligible program at a college/university/vocational school, etc.
- Have a high school diploma, GED or enroll at a community college and successfully complete six credit hours
- Be enrolled or accepted for enrollment as a regular student working toward a degree or certificate in an eligible program at a school that participates in the federal student aid programs
- Not have a drug conviction for an offense that occurred while you were receiving federal student aid (such as grants, loans, or work-study)
- Not owe a refund on a federal grant or be in default on a federal student loan

Where should families begin?

The Free Application for Federal Student Aid (FAFSA) is the universal application for financial aid for all schools in the United States. The only legitimate place for you to complete a FAFSA is www.fafsa.gov. One parent and the student must also apply for a Personal Identification Number (PIN) to electronically sign the FAFSA form. Visit www.pin.ed.gov.

- Families must complete the FAFSA each year their student attends college in order to receive aid. One FAFSA per student attending college per year.
- The earliest possible date you can complete a FAFSA is January 1 of the year the student plans to attend school. For example, if a student plans to attend school in Fall 2013, the earliest date the family can complete a FAFSA is January 1, 2013.
- To complete the FAFSA families need:
- Social Security Numbers (this is required for students only)
 - W-2 forms and other earning records

- Current bank statements
- Business & farm records
- Investment records

- If families are unable to provide the most current year's tax information, they can estimate using their prior year's taxes. However, they will need to update their tax information on FAFSA when their taxes are complete.
- Once taxes are completed, families and students must return to fafsa.gov and update their FAFSA using the IRS data match tool as correction. If eligible, you must use this tool to have a completed FAFSA or send an IRS tax transcript per the college's request.
- The EFC or Expected Family Contribution is the number that is sent to the family after completing the FAFSA. This is how much the Federal government believes your family can contribute to send your student to school. However, you will not necessarily need to write a check for this amount, but can use some types of financial aid to cover their EFC.
- The Cost of Attendance (COA) or how much it costs to attend a certain school minus the EFC equals the family's financial need. Cost of Attendance varies by college. Consequently, it is possible for families to not have "Need" at some colleges while having "Need" at other colleges. If this number is positive, then the family has "Need" and may qualify for need-based aid.

COA – EFC = Need

Tip: The FAFSA does NOT look at the following assets for the student or family:

- Life insurance plans
- Retirement plans
- Equity from primary residence
- Value of small business (if 100 employees or fewer)
- Farm when it's the primary source of income.
- Unique Family Situations: Students must include at least one parent's information on the

FAFSA unless they are 24 years of age or older, a veteran, ward of the court, married, in graduate school, supporting dependents (and provide more than 50% of support), both parents deceased, foster youth or unaccompanied homeless youth.

If the student's parents have divorced or separated, they should answer only the questions about the parent that they lived with most during the last 12 months. If the student did not live with one parent more than the other, answer only the questions about the parent who provided most of their financial support during the last 12 months. If this parent is remarried, the step-parent's financial information must be included on the FAFSA.

Beware: Scam web sites charge you to submit your FAFSA information. Be sure to apply at www.fafsa.gov.

Four Types of Financial Aid

Grants

Money from the federal or state government, college/university or private companies or organizations. Most grants are need-based and do not need to be repaid.

Scholarships

Money that is won or given for a variety of reasons such as academic, athletic or personal attributes or affiliations. Some scholarships are need-based and some are not. They do not need to be repaid.

Work-Study

Money that is earned from work typically on-campus while in college. Work-study money comes from the federal and state governments or from the colleges and does not need to be repaid. Work-study is awarded to both need and non-need students. The students are paid as they work their hours. This money is often not available upfront to pay the college's bill but can be used for living expenses throughout the term.

Loans

Money that is borrowed from the federal or state government, a lender or other private source. Loans must be repaid upon graduation, when the student leaves school or drops

below half-time. Both parents and students may use loans to pay costs of attendance and the EFC.

College Scholarship Service Profile (CSS Profile)

Some private colleges/universities and a few public universities use the CSS Profile as a tool to give their institutional grant funds to you. The CSS Profile, from The College Board, charges families \$25 to complete a supplemental form (in addition to the FAFSA) that looks at a family's qualitative lifestyle choices. Students are charged an additional \$16 for each college they wish to receive the information.

Families can complete the CSS profile on-line at collegeboard.com. The CSS Profile is only used to determine how much institutional grant funds for which the student/family is eligible and does not affect federal or state financial aid amounts. If you apply to a school that requires you to complete the CSS Profile, you must also complete a FAFSA.

Undergraduate Federal and State Financial

To complete the CSS Profile you will need the same information as for the FAFSA. Additionally you will need:

- Life insurance plans
- Retirement plans
- Equity from primary residence
- Investment value of business or farm

Note: Some colleges that require the CSS Profile may ask for the non-custodial parent's information as well as custodial parent.

Timeline for Students Sophomore/Junior Year

- Apply for the College Opportunity Fund <https://cof.college-assist.org>
- Attend a financial aid workshop
- Complete the FAFSA4Caster to understand the process at www.fafsa4caster.ed.gov
- Begin your scholarship search—NEVER pay for a scholarship search!
- Find scholarships that fit you and

file them away

- Write essays
- Collect reference letters
- Create a resume
- Check financial aid deadlines for the schools you plan to apply for admissions—each school has their own priority deadline.

Tip: Meet priority deadlines for financial aid – you could lose grant money for each day you are late!

Senior Year

- Apply for scholarships
- Double-check college admissions and financial aid priority deadlines because colleges will not determine financial aid until you've been admitted
- Complete the FAFSA as close to January 1st as possible
- Complete the CSS Profile if required by your college/university
- Compare award letters from colleges—you'll hear back from schools between March and July
- Sign and return your award letter/financial aid package by the deadline

Tip: Financial aid offices may ask families for additional information to verify the data they provided on the FAFSA. Immediately respond to these requests; otherwise, you may lose out on financial aid dollars.

Financial Hardships

If your family has experienced a hardship, such as a job loss, death in the family, excessive medical expenses or other unique financial situations that are not accurately reflected by the FAFSA, you may write a letter to the college/university outlining the circumstances. Families need to work closely with the financial aid office at each school to which their student applies to be sure they include the necessary documentation to accurately reflect their situation.

For information regarding your Free Application for Federal Student Aid (FAFSA) contact the Federal Student Aid Information Center at 1-800-4-FED-AID

IMPORTANT WEB RESOURCES

How to Apply for a PIN

www.pin.ed.gov
FAFSA on the Web
www.fafsa.gov