

The Wonderful World of Financial Aid



Elizabethtown College
Financial Aid Office

Presentation Objectives



- Introduce Terminology
- Outline Application Process
- Describe Aid Applications
- List Resources Available
- Reduce Your Anxiety

Remember: This Valuable Piece Of Advice!

In the beginning of your student's college search, DO NOT rule out any school based solely on the cost. The elimination of a college occurs at the end of the process once eligibility of financial aid is known and affordability is determined!

First Steps



- Campus Visits
- Personal Interviews with Admissions and Financial Aid
- Organize College Spreadsheet
- Complete Admissions Application by December of Senior Year
- Note Financial Aid Deadlines
- Complete Federal Taxes Early

The Financial Aid Office

- Resource For Family
- Responsible To Federal Government
- Administer State Funding
- Steward of College Funds
- Student Advocate



Basic Premise

Students and parents are the primary source of funds for postsecondary education and are expected to contribute to the extent they are able.

Financial Aid

- If you want to be considered for financial aid you must APPLY FOR IT – on time!



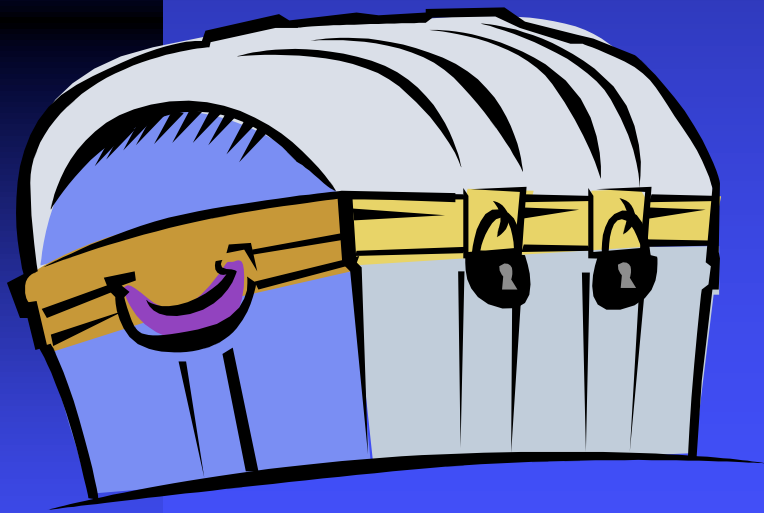
Primary Sources



- Federal Government
- State Government
- Postsecondary Institutions
- Private Agencies

Who Can We Talk With?

- ALL information submitted on these financial aid forms is protected under the Family Educational Rights and Privacy Act (FERPA). The data is treated as strictly confidential, maintained in a safe secure area, and only released to a third party upon obtaining student's signature.



Application Possibilities

- Free Application for Federal Student Aid (FAFSA)
- Institutional Application
- CSS PROFILE Form
- Civic, Religious, Service Scholarship Applications



When Do You Apply For Financial Aid?

- The earliest that you may submit the FAFSA is January 1st of the senior year.
- May 1st is the deadline to apply for a PHEAA State Grant.
- Check with each institution to determine their own financial aid deadline.
- Review private sources for their deadlines.

FAFSA – Web or Paper?



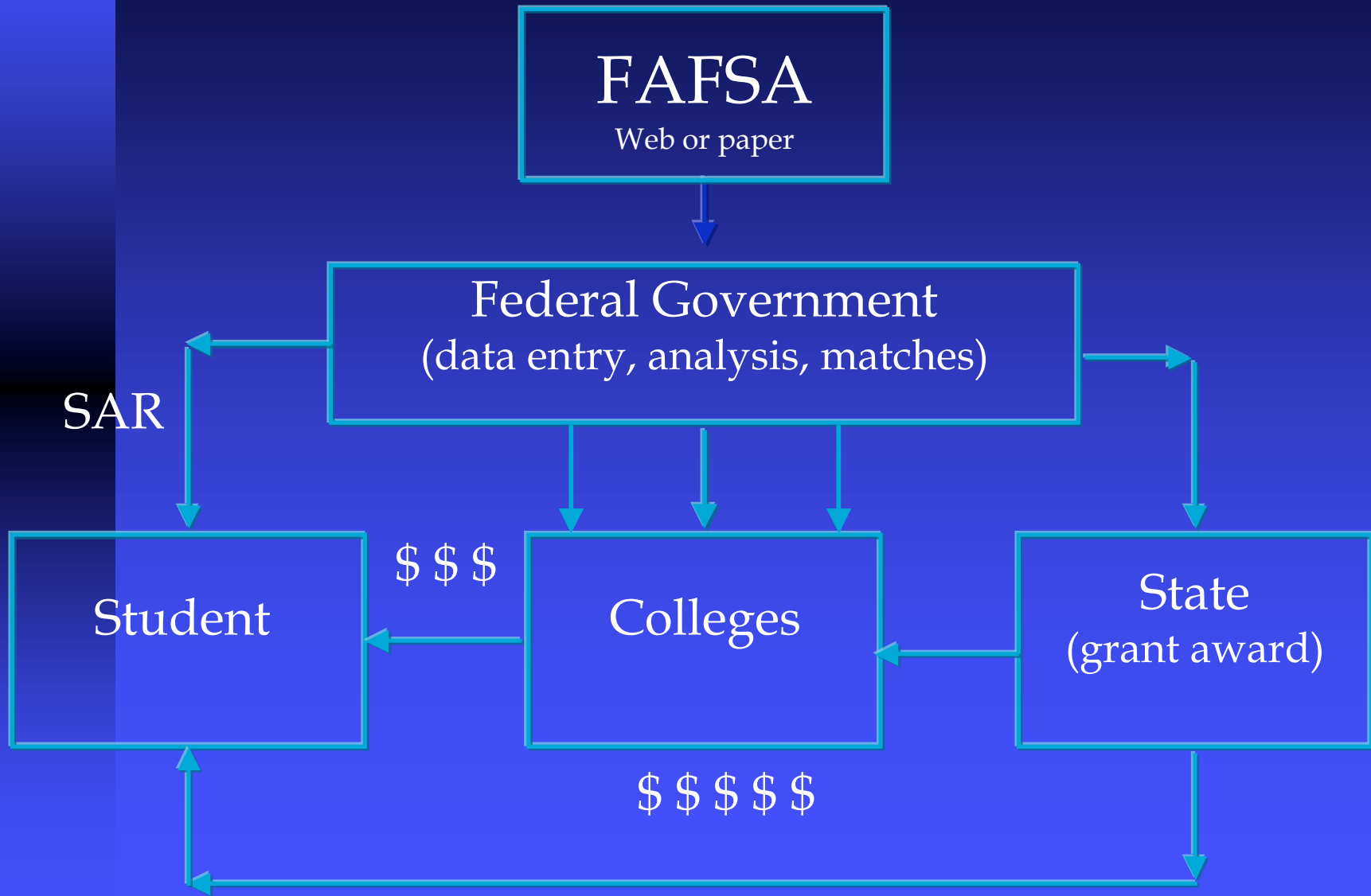
- FAFSA on the Web
 - ◆ www.fafsa.ed.gov
 - ◆ Obtain a PIN
(www.pin.ed.gov)

- Paper Application

Why get a PIN?

- Improves speed of application process
- Used as “signature” on current and future FAFSA and loan applications
- Used to make faster and easier corrections to the FAFSA
- Student/parents should apply for their own PIN
- Families may apply in the student’s senior year
(www.pin.ed.gov)

The Application Process



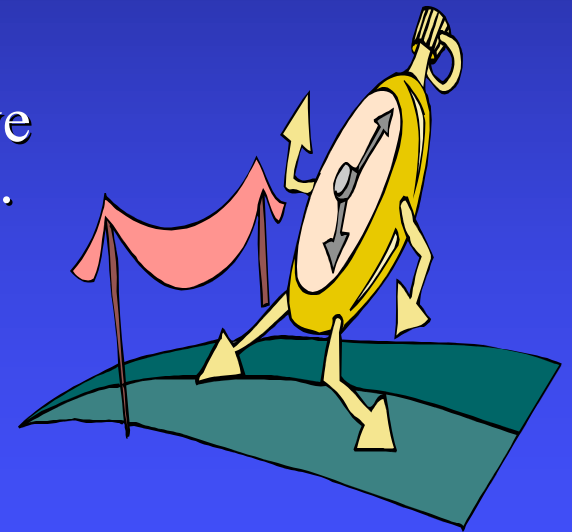
Who Completes the Application?



- Student
- Parents
 - ◆ Natural/adoptive
 - ◆ Single: divorced, separated, widowed
 - ◆ Remarried:
Natural and step
(who you live with)

Application Suggestions

- Schedule time to do it together!
 - ◆ Read materials for deadlines
 - ◆ Complete federal tax return & schedules ASAP!
 - ◆ May also complete “draft” copy. If owe money, don’t send it until tax deadline.
 - ◆ Complete all items-DON’T LEAVE BLANK ITEMS
 - ◆ Submit FAFSA via the web (speed & accuracy)



Expected Family Contribution (EFC)

$$\begin{array}{r} \text{Parent Contribution} \\ + \text{ Student Contribution} \\ \hline \text{Expected Family Contribution} \end{array}$$

EFC Determining Factors

- Parental Income (Taxed and Untaxed)
- Parental Assets (Excluding Primary Home & Tax-Sheltered Retirement Plans)
- Student Income
- Student Assets
- Family Size/Number in College
- Age of the Older Parent

Allowances Included in Formula

- Federal and State Taxes
- Two Employed Parents
- Asset Protection for Retirement
- Standard Guidelines per Family Size

Allowances Not Permitted In Federal Formula

- Consumer Debt
- Prior Educational Debt
- Auto Expenses

Permitted With Professional Judgment

- Parent in College Expenses
- Elementary/Secondary Tuition for Siblings
- Medical & Dental Expenses

Verification



- FAFSA data checked against source documents for accuracy
- Common documents requested include:
 - ◆ 2009 Federal Tax Returns
 - ◆ W-2 Forms
 - ◆ Verification Worksheets
- Review performed by the Financial Aid Officer

Institutional Methodology EFC

- Used by some private colleges
- Additional information used in formula
- Different allowances and calculations
- Additional applications required
- IM EFC used only for institutional funds, not federal funds

Cost of Education

■ Direct Costs

- ◆ Tuition
- ◆ Fees
- ◆ Room
- ◆ Meals

■ Indirect Costs

- ◆ Books & Supplies
- ◆ Transportation
- ◆ Personal Expenses

Financial Aid Eligibility



Cost of Education

- EFC

Student's Financial Need

Types of Financial Aid

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

How Gift Aid is Awarded

- Merit-based aid (Scholarships)
 - ◆ Academic ability
 - ◆ Special talent/achievement
 - ◆ Program of study
- Need-based aid (Grants)
 - ◆ Financial need
 - ◆ Largest source of gift aid funds

Federal Grants

PELL

- “Floor” of Financial Aid Package
- Maximum Award: \$5,350
- EFC determines eligibility (\$4,617 or less)

SEOG

- “Priority to Pell Grant recipients
- Award Range \$100 to \$4000 based on school’s funding
- Determined by Financial Aid Officer

PHEAA State Grant

- Initial Application = FAFSA
- PHEAA Online Application Notice Sent
- Must Be a PA Resident
- Award Value up to \$4,120
 - ◆ Correlates to cost of college
 - ◆ Out of state award significantly less

Employment

Money Earned as Payment for a Part-time Job
(6-10 hours a week)

- Spending money - minimum wage or higher
- Time management
- Better grades
- Support group
- Job references



Types of Employment

- Federal Work Study (FWS)
 - ◆ Part-time employment on or off campus
 - ◆ Partially subsidized by federal government
- Institutional Employment
 - ◆ Part-time employment on campus
 - ◆ Fully subsidized by college

Student Loans

- Borrowed money to be paid back with interest.
- An investment of students in themselves.
- Return of \$1,000,000 over lifetime in earnings compared to high school graduate.



Federal Perkins Loan

- Students with exceptional need
- Loan amount determined by Financial Aid Officer
- Interest rate: 5%
- Loan maximums: \$5,500 per year
- 9-month grace period
- Deferment/cancellation provisions

Federal Student Loan



- For 2010-2011, new loans have a fixed interest rate of 4.5 - 6.8%
- Annual eligibility based on student's grade level

Federal Student Loan

- Up to 1% of amount borrowed can be charged in fees. Check with your individual lender.
- Principal deferred while enrolled at least half-time.
- Six-month grace period followed by 10-year repayment term.

Philosophies of Meeting Need

- Dependent upon:
 - ◆ Funds available to meet applicants' need
 - ◆ Specific goals of enrollment
 - ◆ Amount of federal campus-based funds
 - ◆ Institutional EFC may be used for school funds
 - ◆ Special circumstances

Student's Possible Resources

	Federal	State	Institutional
Grants	<ul style="list-style-type: none">• Pell• SEOG	<ul style="list-style-type: none">• PHEAA• OVR/OVH	<ul style="list-style-type: none">• Merit Scholarship• Need Grants
Work	<ul style="list-style-type: none">• FWS	<ul style="list-style-type: none">• Summer FWS	<ul style="list-style-type: none">• Self-help employment
Loans	<ul style="list-style-type: none">• Perkins• Stafford• Direct		<ul style="list-style-type: none">• Short-term

Factors Which May Influence the Financial Aid Package

- Academics
- SAT's
- Class Rank
- H.S. Attended
- AP Courses
- Predicted G.P.A.
- Academic Track in High School
- Diversity-
Gender/Ethnicity
- Athletic Ability
- Talent- Theater, Art
- Activities- Yearbook,
Government
- Geographic Diversity
- Legacies

Private Scholarship Searches

- You don't have to pay!

- ◆ Guidance Office

- ◆ Financial Aid Office

- ◆ World Wide Web Sites

- <http://www.finaid.com>

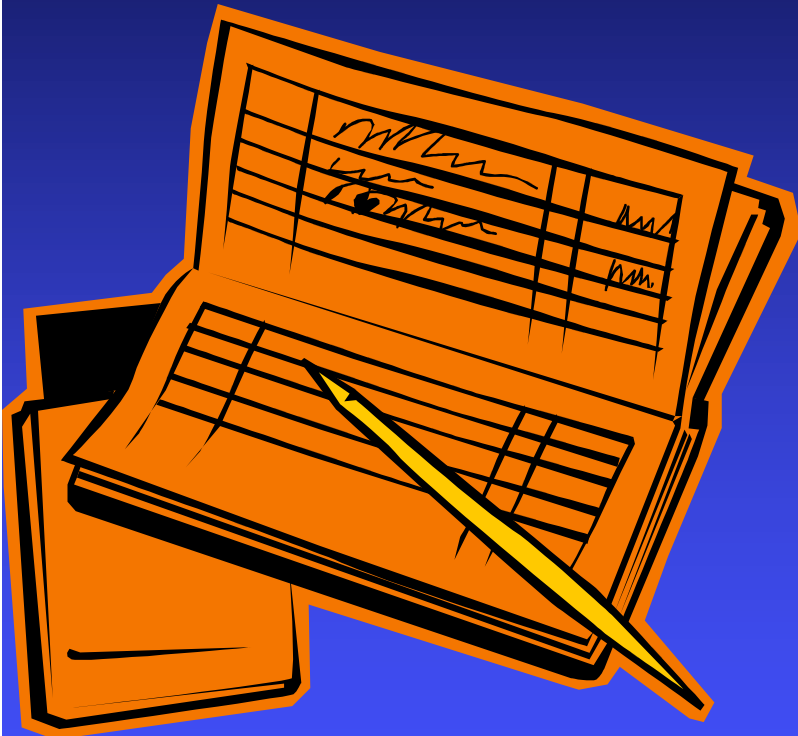
- <http://www.fastweb.com>

- <http://www.collegeboard.org>

Treatment of Outside Scholarships

- Must be reported
- Individual institutions treat differently
 - ◆ 100% reduction of work/loans
 - ◆ 50% reduction of grants and 50% reduction of work/loans
 - ◆ 100% reduction of grants
 - ◆ **Check policy of each institution**

Other Options to Families with Financial Aid Package



- 10-month interest-free payment plans
- Assortment of bank plans
- Institutional plans
- Federal PLUS loans (7.9 – 8.5%)
- Home equity loans

(Pursue these options after college choice is made.)

Professional Judgment



- The law provides the Financial Aid Officer the flexibility to deal with special circumstances and conditions which are applied on a case-by-case basis after the original application has been filed.

Types of Professional Judgment

- Separation or divorce
- Death of one parent
- Loss of employment income
- Loss of non-taxable income
- Unusual medical expenses
- Other unusual circumstances

Must I Reapply?

- Yes! Annually
 - ◆ Every year a new financial “snapshot”
 - ◆ Family circumstances may change
 - Income
 - Assets
 - Number in college
 - Number in household
 - Special circumstances

Foundation: Base-Year Income

- 2009 Federal Tax Return → 2010-2011 Academic Year
- 2010 Federal Tax Return → 2011-2012 Academic Year
- 2011 Federal Tax Return → 2012-2013 Academic Year
- 2012 Federal Tax Return → 2013-2014 Academic Year

Best Sources of Help

- College Financial Aid Officers
- PHEAA Regional Office
- Local Lenders
- Local Civic, Religious, Service Organizations
- High School Guidance Counselor



Presentation Review



- Terminology
- Application Process
- Aid Applications
- Resources Available
- Anxiety Reduced

Good Luck and Best Wishes!



Elizabethtown College
Financial Aid Office
717-361-1404