

What You Need to Know About Financial Aid

What is Financial Aid?

Funds provided to students and families to help pay for educational expenses
(This includes student loans)

Types of Financial Aid

GIFT AID

- **Federal Pell Grant**
- **Federal Supplemental Educational Opportunity Grant (FSEOG)**
- Scholarships

SELF-HELP

- **Federal Work-Study (FWS)**
- **Federal Direct Subsidized and Federal Direct Unsubsidized Student Loans**
- **Federal Direct PLUS (Parent) Loans**
- **Private (Not Federal) Loans**

Gift Aid: Grants

- Typically, money that does not have to be paid back
- Based on financial need
- Examples: Pell, FSEOG (Federal Supplemental Educational Opportunity Grant)

Gift Aid: Scholarships

- Do not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic
- Examples: Elks, Athletic, Music

Federal Direct Subsidized/Unsubsidized *Student* Loans – BIG Differences

- Federal Direct **Subsidized**
 - Must show financial need
 - Interest is waived while student is enrolled ½ time
- Federal Direct **Unsubsidized** Student Loans
 - No financial need
 - Interest is NOT waived during periods of enrollment
 - Interest can & should be paid while enrolled

Self-Help Aid: Loans

- Money borrowed to help pay college expenses
- Examples: **Federal** Direct Subsidized & Unsubsidized Student Loans (3.76%)
- Federal Direct Parent PLUS Loans (6.31%)
- **PRIVATE** Education loans

Only borrow what is really needed

Federal Direct Parent PLUS Loan

- PARENT is borrower – not the student
- Credit check performed; parent can be denied*
- Interest accrues immediately, parent responsible
- Payments start right away, but can be delayed
- Can borrow up to COA less other aid received

*If PLUS loan is denied, student can borrow additional Federal Direct Student Loan funds

Direct Loan Annual Limits - Students

Dependent Undergraduate Students

Grade Level	Subsidized may not exceed	Unsubsidized	Annual Limit
1 st year	\$3,500	\$2,000	\$5,500
2 nd year	\$4,500	\$2,000	\$6,500
3 rd year and beyond	\$5,500	\$2,000	\$7,500
AGGREGATE LIMIT	\$23,000		\$31,000

NOTES: You do not have to accept the full amount offered

If Parent is denied a PLUS Loan, student can borrow additional \$4,000 Unsub per year

Private Education Loans

- Credit check performed; can be denied
- Usually requires a co-signer
- Payments begin immediately
- Interest and terms vary
- Use a last resort – exhaust federal eligibility first

Self-Help Aid: Work-Study Employment

- Opportunity to earn money to help pay educational costs
- May reduce need to borrow
- Student earns a paycheck based on hours, wages
- Amount awarded will not appear as a credit on student's account – why?
- Does not count against you as income on FAFSA
- Answer “YES” on FAFSA to work-study question

What is Cost of Attendance (COA)?

A budget for college which includes:

- Tuition & Fees
- Room & Board
- Books & Supplies
- Miscellaneous
- Transportation

COA will vary widely from college to college

Cost of Attendance

- Direct vs. Indirect

- Direct costs - paid to school
 - Tuition, fees
- Indirect costs - not paid to school
 - Travel, rent, utilities, insurance, personal/misc.
- Either - room & board, books, supplies

Sample Cost of Attendance

Institution Type	School A Four-year Private*	School B Four-year Public	School C 2-Year CC/Tech
Cost (COA)	\$ 47,000.00	\$ 20,000.00	\$ 14,970.00
EFC*	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Need	\$ 47,000.00	\$ 20,000.00	\$ 14,970.00
Pell*	\$ 5,815.00	\$ 5,815.00	\$ 5,815.00
Scholarships	\$ 11,000.00	\$ 2,000.00	\$ 2,000.00
Work Study	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
Subsidized Loan	<u>\$3,500.00</u>	<u>\$3,500.00</u>	<u>\$3,500.00</u>
Unmet Need	\$ 24,185.00	\$ 6,185.00	\$ 1,155.00
Unsubsidized Loan	\$ 2,000.00	\$ 2,000.00	\$ 1,155.00
PLUS Parent Loan	\$ 22,185.00	\$ 4,185.00	\$0.00

What is Expected Family Contribution (EFC)?

- Stays the same regardless of college
- Calculated using info from Free Application for Federal Student Aid (“FAFSA”)

Parent contribution (from reported income & assets)

+ **Student Contribution** (from reported income & assets)

= **Expected Family Contribution** (Amount family can reasonably be expected to contribute)

What is Financial Need?

Cost of Attendance

– Expected Family Contribution

= **Financial Need**

Free Application for Federal Student Aid (FAFSA)

- Standard form that collects demographic and financial information about the student and family
- FAFSA process begins October 1st of senior year
 - Must apply *every* year
- File electronically @ www.fafsa.gov
- Paper FAFSA available but not recommended
- English & Spanish versions

Completing the FAFSA

Use accurate DOB, Social Security Number, legal name from Social Security card

Eligibility:

- Degree seeking
- Citizenship status
- Selective Service registration
- Maintain Satisfactory Academic Progress (SAP)
- Pell Eligibility – 12 semesters max (F/T)

FAFSA

- Most states and colleges set FAFSA priority filing dates – check your school’s date
- Montana’s priority date: December 1st
- UM, Missoula College priority date: Nov 15th
- **File on or soon after October 1st for best possible awards** - especially important for families with high financial need
- Priority awards = FSEOG, Work-study, institutional, some scholarships
- FAFSA is not a scholarship app – apply separately
- ***Bottom line:*** Even if you miss a “priority” date, you must submit your FAFSA to qualify for other aid (Pell, Federal Loans, etc.)

FAFSA on the Web

Good reasons to file electronically:

- Speeds processing & corrections
- Prevents costly errors
- Skips unnecessary questions
- Provides detailed instructions & help
- Can check application status online
- Renewal FAFSA
- Pre-fill another FAFSA for sibling (parental data)

FAFSA – The IRS Data Retrieval Tool

- Option to use Internal Revenue Service (IRS) Data Retrieval Tool
- Transfers Federal tax data from IRS to FAFSA
- FAFSA indicates tax data has been verified by IRS
- Participation voluntary
- Reduces documents requested by financial aid office
- 2017-2018 – Use 2015 Federal tax data

Federal Student Aid ID (FSA ID)

- Website: <https://fsaid.ed.gov>
- Student and one parent must apply for FSA-ID
- Acts as legal electronic signature on FAFSA & student loan MPN
- Links to IRS to transfer Federal tax data into FAFSA
- Provides access to Federal student aid records (nslds.ed.gov)
- Should not be shared with anyone

Student Dependency Status

- **Criteria to be independent** (*parent info not required*):
 - Born in 1993 or before (24 or turning 24 in academic year)
 - Working on a graduate degree (*completed Bachelors Degree*)
 - Married, Veteran, Active Duty, or have dependents that you support more than 50%
 - Since turning age 13, became an orphan, was in foster care, was a dependent of or ward of the court
 - Is currently designated by one of several agents/agencies as homeless or at risk of being homeless
 - Is or was upon reaching the age of majority an emancipated minor
 - Legal Guardianship
 - Documentation usually required
 - Special circumstances can be considered

If Parent Info is required . . . Which Parent(s)?

Divorced/Separated/Remarried Parents:

1. Who did student live with most in last 12 months?
2. If #1 isn't clear, who provided the most financial support in last 12 months?
3. If neither #1 nor #2 is clear, choose the parent who most recently provided support
4. Stepparent's info is always included

Note: Both legal parents' (biological or adopted) incomes are used if living together, regardless of marital status or gender

Completing the FAFSA

Reportable Assets

ASSET = something you own that has value

NET WORTH = value minus debt

Report *net worth only*:

- Stocks, bonds, money markets, rental property, second home, etc.
- Current balances of cash, savings, checking on the day you complete the FAFSA
- May not be asked for this information

Completing the FAFSA Assets You Don't Report

- Personal property/personal debt (cars, credit cards)
- Balance in retirement accounts – IRAs, 401ks, Pensions, etc.
- Life insurance values
- Family home you live in, including a family farm you live on/operate
- Family business - you own 50% & employ less than 100 people

FAFSA Results

Central Processing System (CPS) notifies student of FAFSA results:

- 1 – 3 days if FAFSA submitted electronically
- 8 – 12 weeks if paper FAFSA mailed
- School reviews information; processing times vary
- Respond quickly to requests for additional info

Reach Higher Montana College Goal

HELENA HIGH SCHOOL

- NOVEMBER 2, 2017
- 4:00 PM
- HELENA HIGH SCHOOL LIBRARY COMPUTER LAB
- **Note:** Get your FSA ID first!



Questions?

Thank you for attending!

Marti Johnson

Reach Higher Montana Advisor

mjohnson@reachhighermontana.org

Office: 447-6950 Cell: 459-7094

