

**National Association of Student
Financial Aid Administrators Presents ...**

**What You
Need to Know
About Financial Aid**

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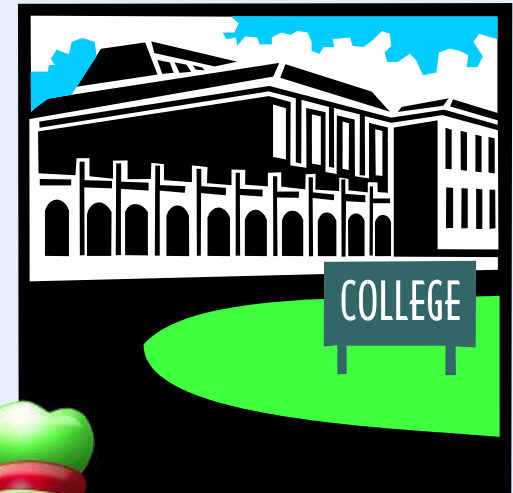
Topics We Will Discuss Tonight

- What is financial aid?
- Cost of attendance (COA)
- Expected family contribution (EFC)
- Financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- 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



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What is Cost of Attendance (COA)?

- Direct costs
- Indirect costs
- Direct and indirect costs combined into cost of attendance
- Varies widely from college to college

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What is Expected Family Contribution (EFC)?

- Amount family can reasonably be expected to contribute
- Stays the same regardless of college
- Two components
 - Parent contribution
 - Student contribution
- Calculated using data from a federal application form and a federal formula

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What is Financial Need?

Cost of Attendance

~~— Expected Family Contribution —~~

= Financial Need

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Categories of Financial Aid

- Need-based aid
- Non-need-based aid

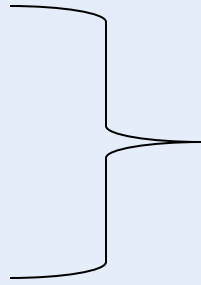
Types of Financial Aid

- Scholarships

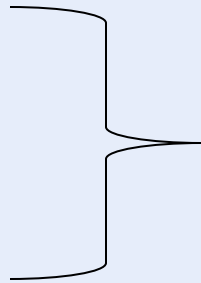
- Grants

- Loans

- Employment



Gift Aid



Self-Help Aid

Gift Aid: Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic

Gift Aid: Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need

Self-Help Aid: Loans

- Money students and parents borrow to help pay college expenses
- Repayment usually begins after education is finished
- Only borrow what is really needed
- Look at loans as an investment in the future

Self-Help Aid: Work-Study Employment

- Allows student to earn money to help pay educational costs
 - A paycheck; or
 - Nonmonetary compensation, such as room and board
- Student may opt whether or not to work or number of hours to work

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Sources of Financial Aid

- Federal government
- States
- Colleges and universities
- Private sources
- Civic organizations and churches
- Employers

Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of financial need
- Must apply each year using the FAFSA

Federal Student Aid Programs

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

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
 - Check paper FAFSA or FAFSA on the Web website

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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
 - Check with each college or university

Private Sources

- Foundations, businesses, charitable organizations
- Deadlines and application procedures vary widely
- Begin researching private aid sources early

Civic Organizations and Churches

- Research what is available in community
- To what organizations and churches do student and family belong?
- Application process usually occurs during spring of senior year
- Small scholarships add up!

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Employers

- Companies may have scholarships available to the children of employees
- Companies may have educational benefits for their employees

Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family
- May be filed electronically or using paper form
 - Available in English and Spanish

FAFSA

- Information used to calculate the expected family contribution (EFC)
 - Amount of money a student and his or her family may reasonably be expected to contribute towards the cost of the student's education for an academic year
- Colleges use EFC to award financial aid

FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1st prior to the academic year for which the student requests aid
- For the 2016–17 academic year, the FAFSA may be filed beginning January 1, 2016
- Most colleges set FAFSA filing deadlines

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FAFSA on the Web (FOTW)



- Website: www.fafsa.gov
- 2016–17 FAFSA on the Web available on January 1, 2016
- FAFSA on the Web Worksheet:
 - Used as “pre-application” worksheet
 - Questions follow order of FAFSA on the Web

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FAFSA on the Web

Good reasons to file electronically:

- Built-in edits to prevent costly errors
- 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

FAFSA on the Web

Good reasons to file electronically:

- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status online
- Simplified application process in the future

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IRS Data Retrieval Tool

- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer's identity
- If match found, IRS sends real-time results to applicant in new browser window
- Applicant chooses whether or not to transfer data to FOTW

IRS Data Retrieval Tool

- Available early February 2016 for 2016–17 processing cycle
- Participation is voluntary
- Reduces documents requested by financial aid office

IRS Data Retrieval Tool

- Some will be unable to use IRS DRT
- Examples include:
 - Filed an amended tax return
 - No Social Security Number (SSN) was entered
 - Student or parent married but filed separately

FSA ID

- <https://fsaid.ed.gov/npas/index.htm>
- Sign FAFSA electronically
- Not required, but speeds processing
- May be used by students and parents throughout aid process, including subsequent school year
- Only the owner should create a FSA ID

The screenshot displays the 'Create a New FSA ID' page on the Federal Student Aid website. At the top, it features the 'Federal Student Aid' logo and the text 'PROUD SPONSOR of the AMERICAN MIND®'. Below the header, the page title is 'Create a New FSA ID'. A sub-header states: 'An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature.' The main text explains that users must create an FSA ID using their own personal information and for their own exclusive use, warning against misrepresentation. It then instructs users to enter answers for questions below and select 'CONTINUE'. An important note follows: 'Important: When you are done click the CANCEL button to clear your data, even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.' The form itself has two tabs: 'Create An FSA ID' (selected) and 'Edit My FSA ID'. The form fields include: 'Email', 'Confirm E-mail', 'Username', 'Password', and 'Confirm Password'. Below the password fields, there are checkboxes for 'Numbers', 'Uppercase Letters', 'Lowercase Letters', 'Special Characters', and '8-30 Characters', along with a 'Show Hint' button. At the bottom of the form, there is a question: 'Are you 13 years of age or older?' with two radio button options: 'I am 13 years of age or older.' and 'I am 12 years of age or younger.' A green 'CONTINUE' button is located at the bottom right of the form. On the right side of the form, there are links for 'Edit My FSA ID' and 'Previously Asked Questions'.

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FAFSA on the Web Worksheet

FAFSA on the Web Worksheet contains:

- Instructions
- Questions that gather basic information on student and parent, if applicable

General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug convictions
- Selective Service registration
- Level of parents' school completion

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Student Dependency Status

FAFSA asks questions to determine dependency status for federal student aid (not IRS) purposes:

- If all “No” responses, student is dependent
- If “Yes” to any question, student is independent

Information About Parents of Dependent Students

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of federal means-tested benefits
- Assets
- Untaxed income

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Information About Student (and Spouse)

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of federal means-tested benefits
- Assets
- Untaxed income

Additional Information

- College and housing information
- FAFSA preparer information
- Certification of Statement of Educational Purpose

Signatures

- Required
 - Student
 - One parent (dependent students)
- Format for submitting signatures
 - Electronic using FSA ID
 - Signature page
 - Paper FAFSA

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Frequent FAFSA Errors

- Social Security Numbers
- Divorced/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

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FAFSA Processing Results

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

- Paper Student Aid Report (SAR) if paper FAFSA was filed and student's email address was not provided
- SAR Acknowledgement if filed FAFSA on the Web and student's email address was not provided

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FAFSA Processing Results

- CPS notifies student of FAFSA processing results by:
 - Email notification containing a direct link to student's online SAR if student's email was provided on paper or electronic FAFSA
- Student with FSA ID may view SAR online at www.fafsa.gov

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FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA is submitted
- College reviews ISIR
 - May request additional documentation

Student Aid Report

- Review data for accuracy and correct any errors
- Update estimated tax information when actual figures become available

Making Corrections

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

- Using FAFSA on the Web (www.fafsa.gov) if student has a FSA ID;
- Updating paper SAR (SAR Information Acknowledgement cannot be used to make corrections);
or
- Submitting documentation to college's financial aid office

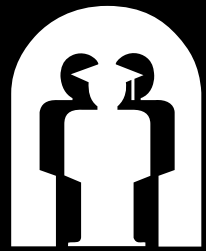
Special Circumstances

- Cannot be documented using FAFSA
- Send written explanation and documentation to financial aid office at each college
- 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

- Change in employment status
- Unusual medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parental information



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