

National Association of Student
Financial Aid Administrators

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

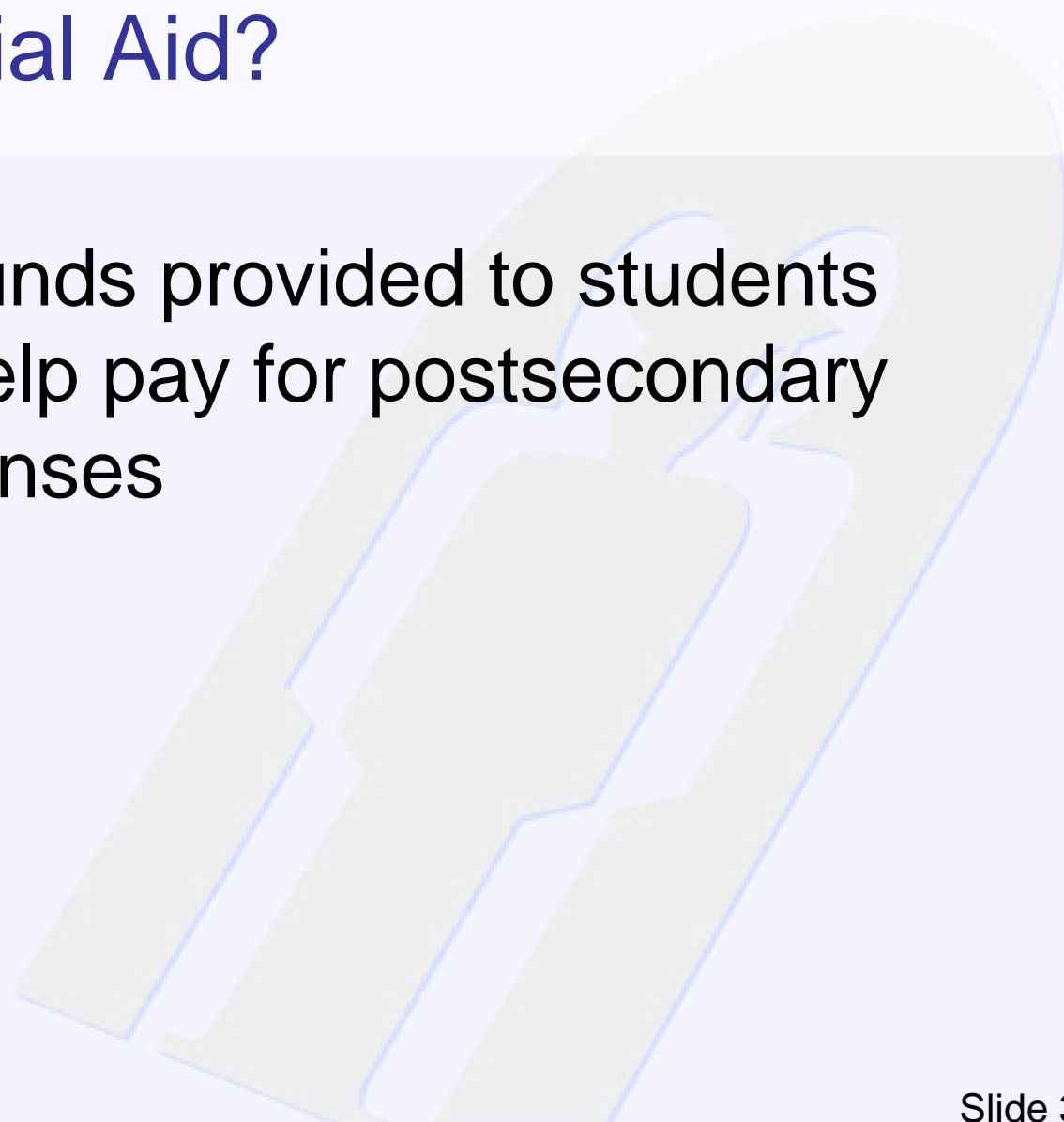
© NASFAA 2010

Topics We Will Discuss Tonight

- What is financial aid
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- What is financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances

What is Financial Aid?

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



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

What is the 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

What is Financial Need

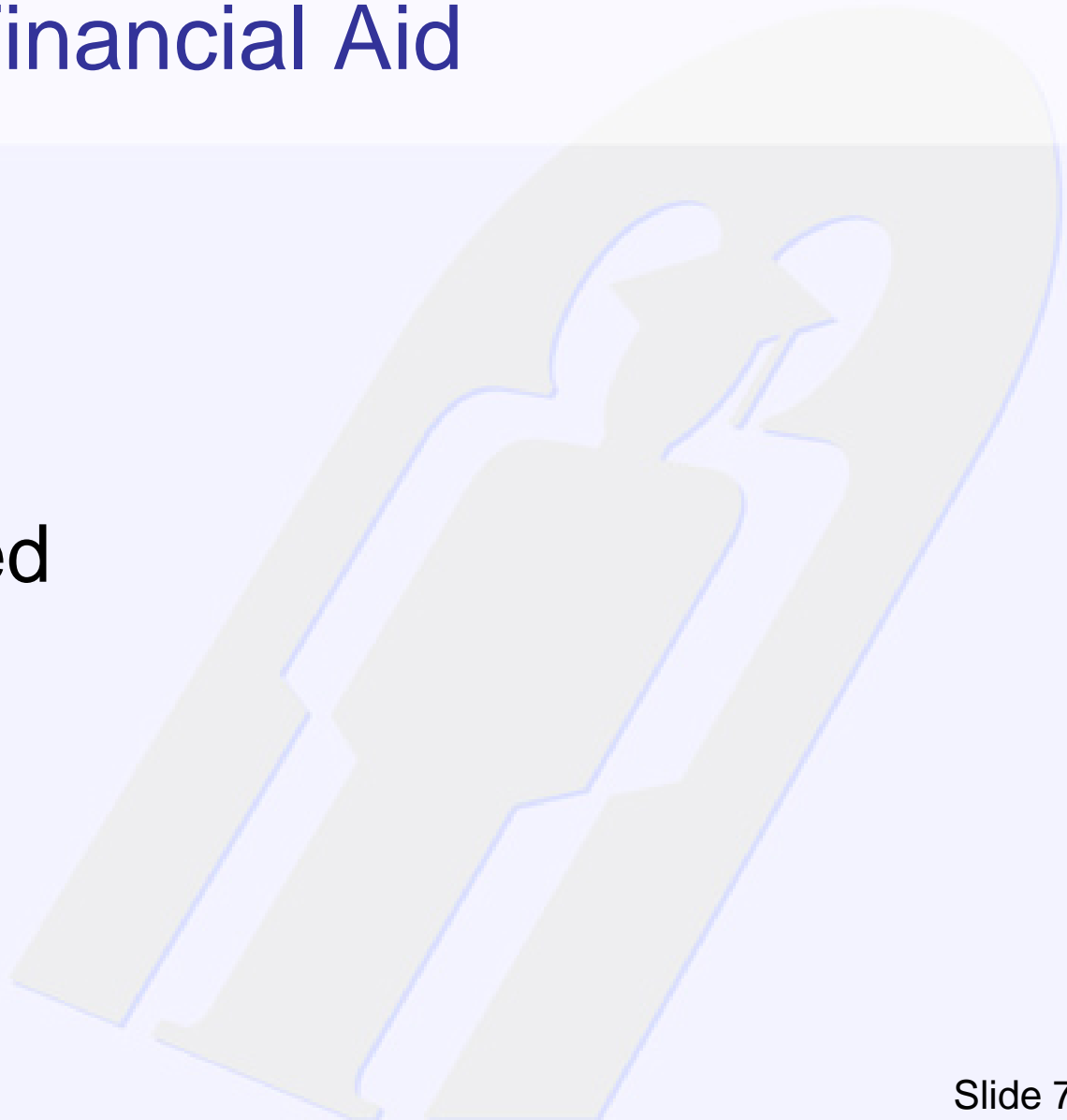
Cost of Attendance

– Expected Family Contribution

= Financial Need

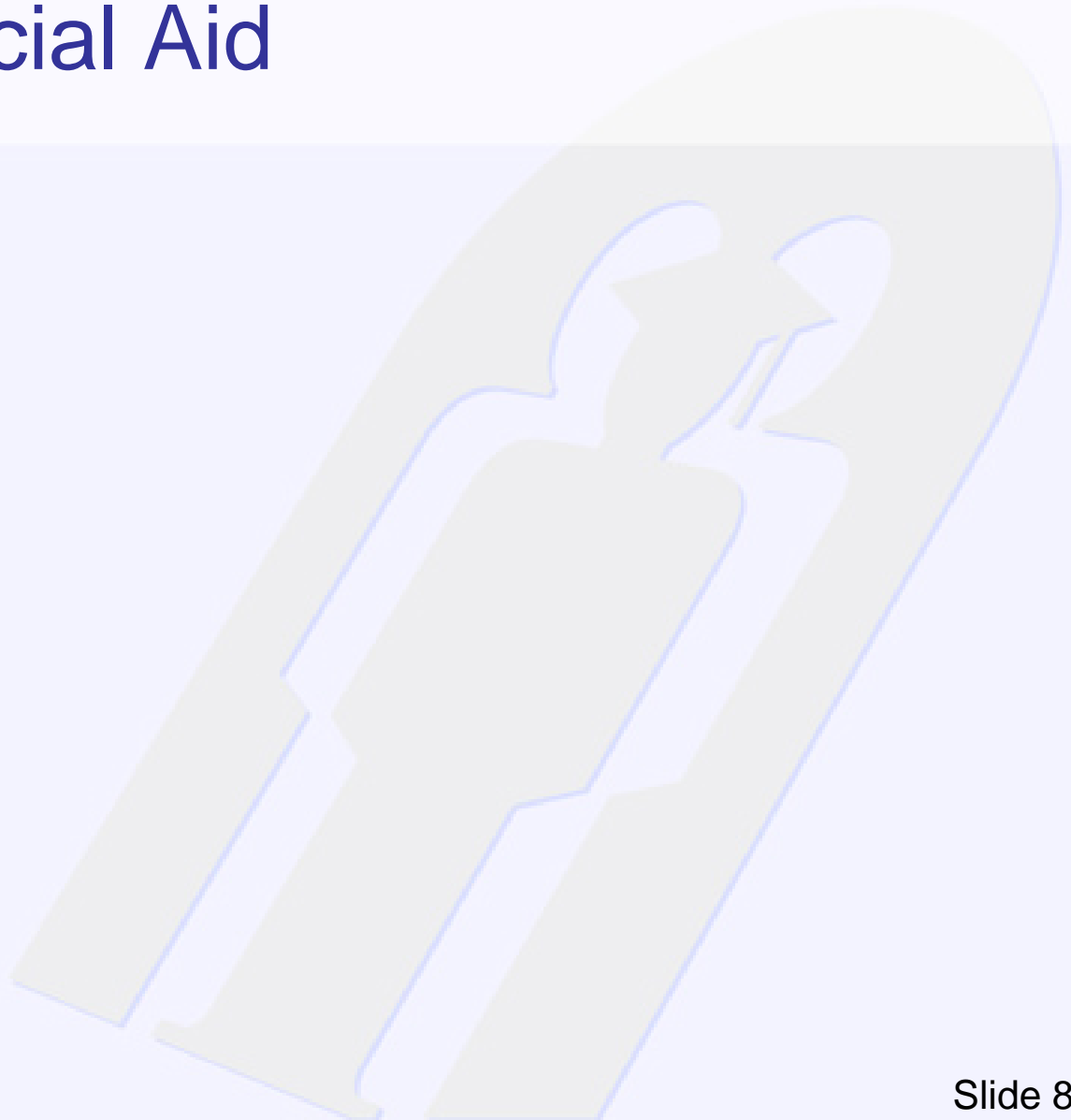
Categories of Financial Aid

- Need-based
- Non-need-based



Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment

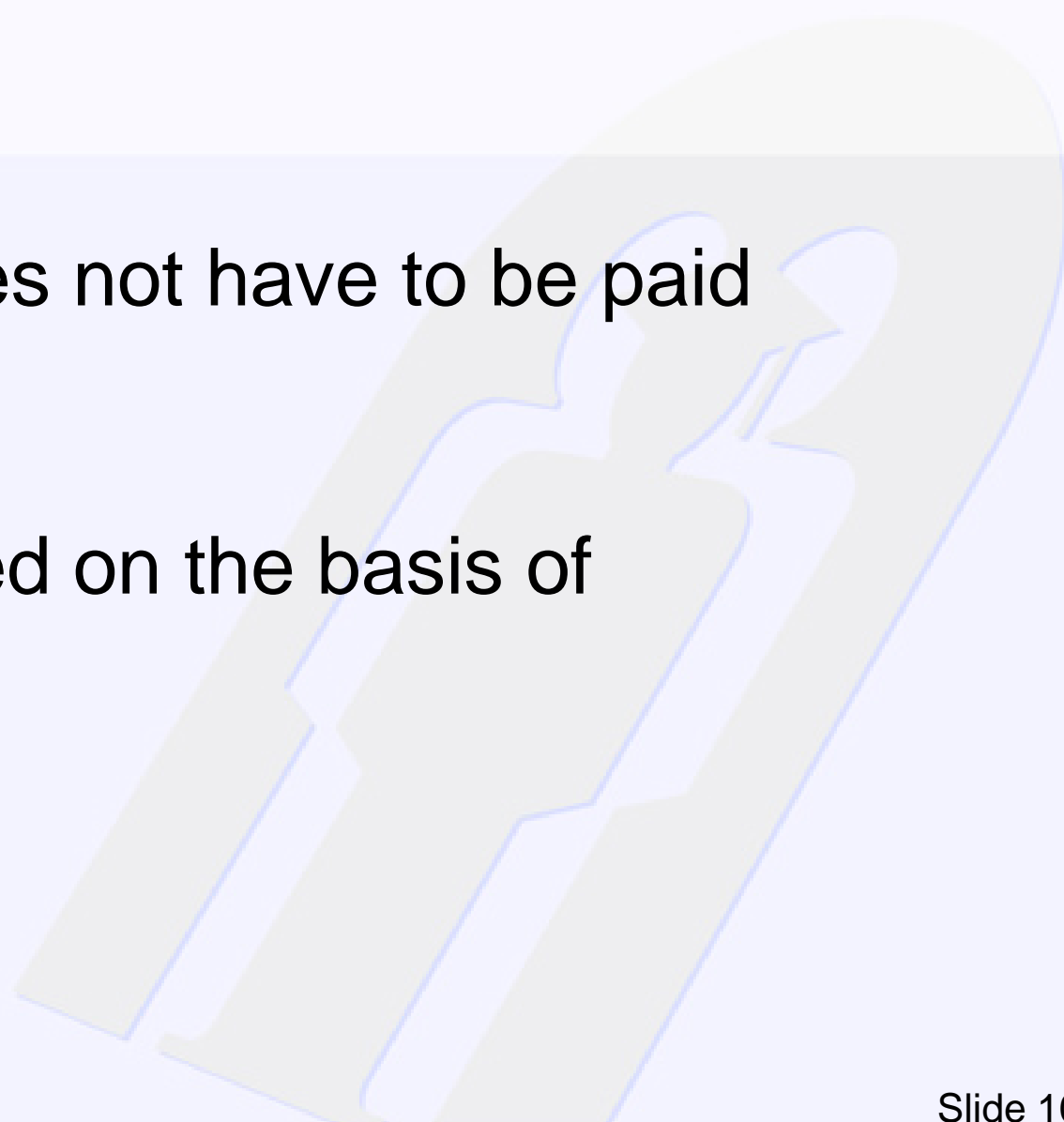


Scholarships

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

Grants

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



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

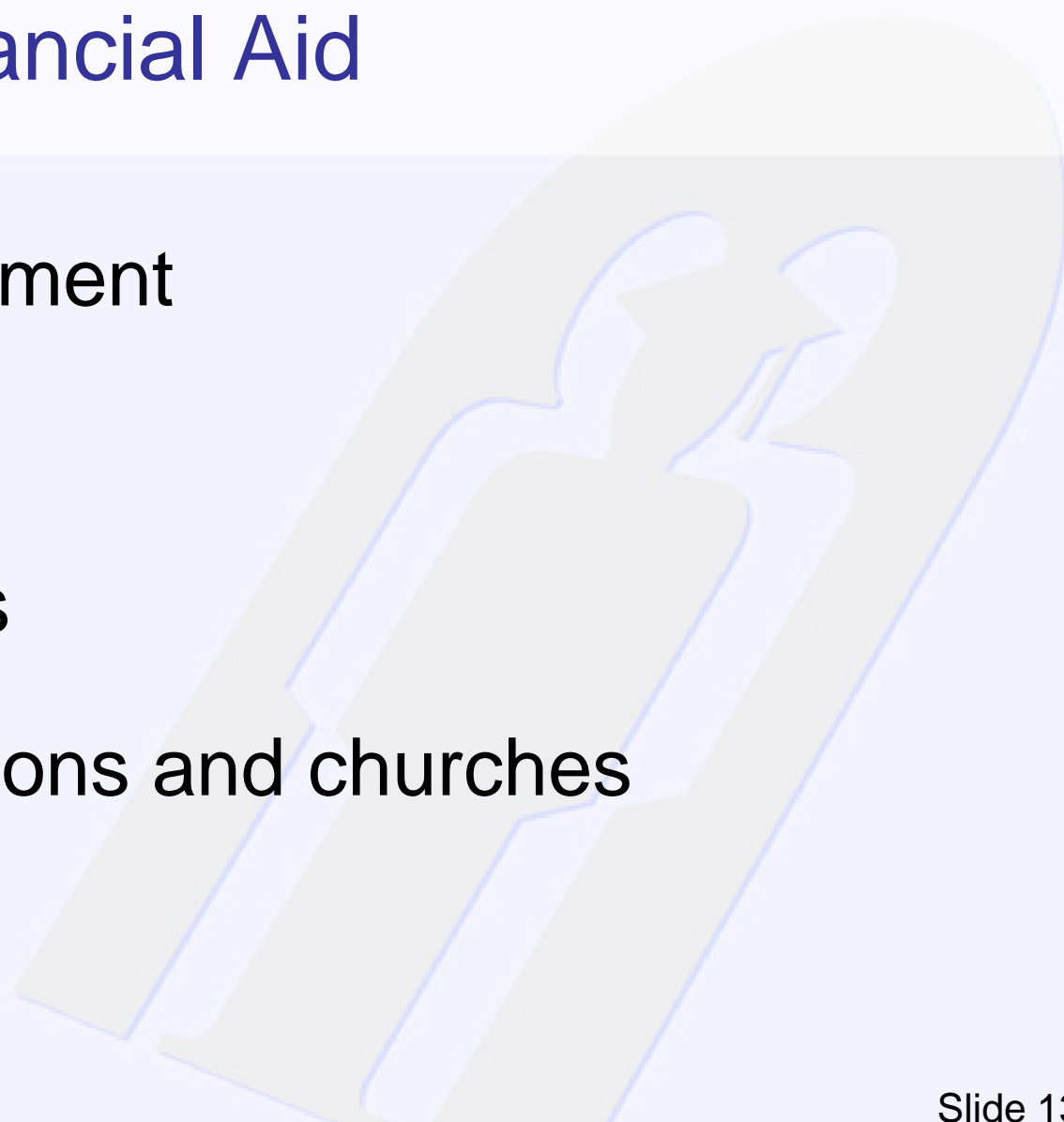
Employment

Allows student to earn money to help pay educational costs

- A paycheck; or
- Non-monetary compensation, such as room and board

Sources of Financial Aid

- Federal government
- States
- 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 every year using the Free Application for Federal Student Aid (FAFSA)

Common Federal Aid Programs

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education Grant
- Federal Supplemental Educational Opportunity Grant
- Federal Perkins Loan
- Federal Work-Study
- Stafford Loans
- PLUS Loans

States

- Residency requirements
- Award aid on the basis of both merit and need
- Use information from the FAFSA
- Deadlines vary by state; check paper FAFSA or FAFSA on the Web site

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 spring of senior year
- Small scholarships add up!

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 or EFC
 - The 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

- For the 2012–13 academic year, the FAFSA may be filed beginning January 1, 2012
- State of Indiana deadline is March 10th
- Can use estimated figures
- Colleges may set FAFSA filing deadlines
- College Goal Sunday February 12th

FAFSA on the Web



- Website: www.fafsa.ed.gov (NOT www.fafsa.com)
- 2012–13 FAFSA on the Web available on January 1, 2012
- FAFSA on the Web Worksheet:
 - Used as “pre-application” worksheet
 - Questions follow order of FAFSA on the Web

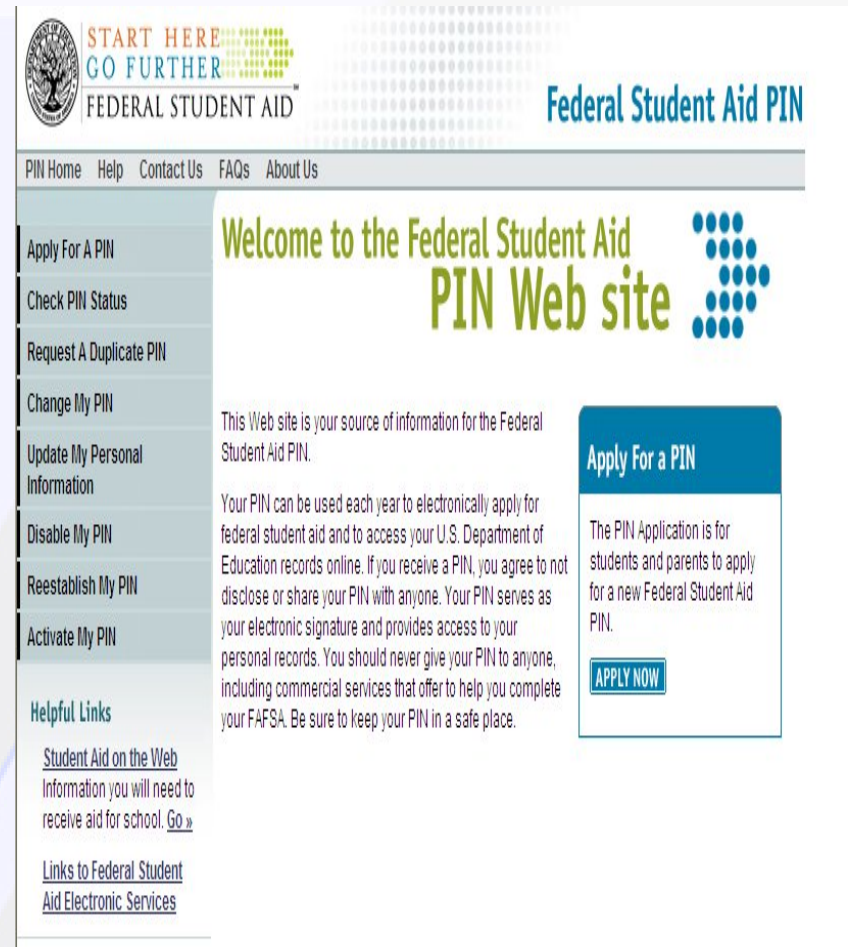
FAFSA on the Web

Good reasons to file electronically:

- Built-in edits to prevent costly errors
- Skip logic allows student and/or parent to skip unnecessary questions
- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status on-line
- Simplified application process in the future

Federal Student Aid Personal Identification Number (FSA PIN)

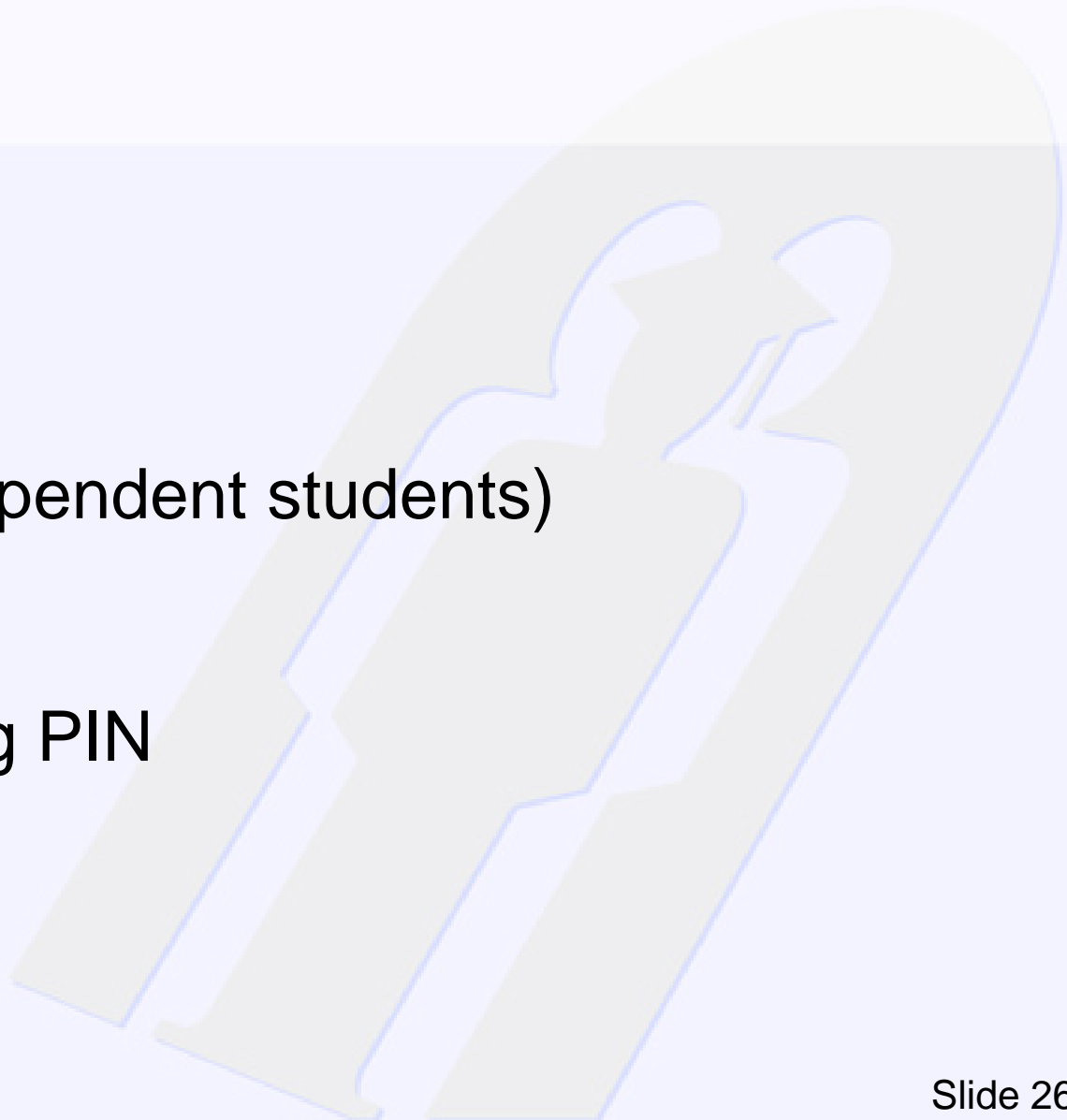
- Website: www.pin.ed.gov
- Sign FAFSA electronically
- Not required, but speeds processing
- May be used by students and parents throughout aid process, including subsequent school years



The screenshot shows the homepage of the Federal Student Aid PIN website. At the top left is the logo for the U.S. Department of Education with the slogan "START HERE GO FURTHER" and "FEDERAL STUDENT AID". To the right is the text "Federal Student Aid PIN". Below the header is a navigation bar with links for "PIN Home", "Help", "Contact Us", "FAQs", and "About Us". The main content area features a large green heading "Welcome to the Federal Student Aid PIN Web site" with a decorative graphic of blue dots. A sidebar on the left contains a list of actions: "Apply For A PIN", "Check PIN Status", "Request A Duplicate PIN", "Change My PIN", "Update My Personal Information", "Disable My PIN", "Reestablish My PIN", and "Activate My PIN". Below this is a "Helpful Links" section with links to "Student Aid on the Web" and "Links to Federal Student Aid Electronic Services". On the right side, there is a blue box titled "Apply for a PIN" with the text "The PIN Application is for students and parents to apply for a new Federal Student Aid PIN." and a prominent "APPLY NOW" button.

Signatures

- Required
 - Student
 - One parent (dependent students)
- Format
 - Electronic using PIN
 - Signature page
 - Paper FAFSA



Student Aid Report

- Review data for accuracy
- Update estimated information when actual figures are available

FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA submitted
- College reviews ISIR
 - May request additional documentation, such as copies of federal tax returns

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

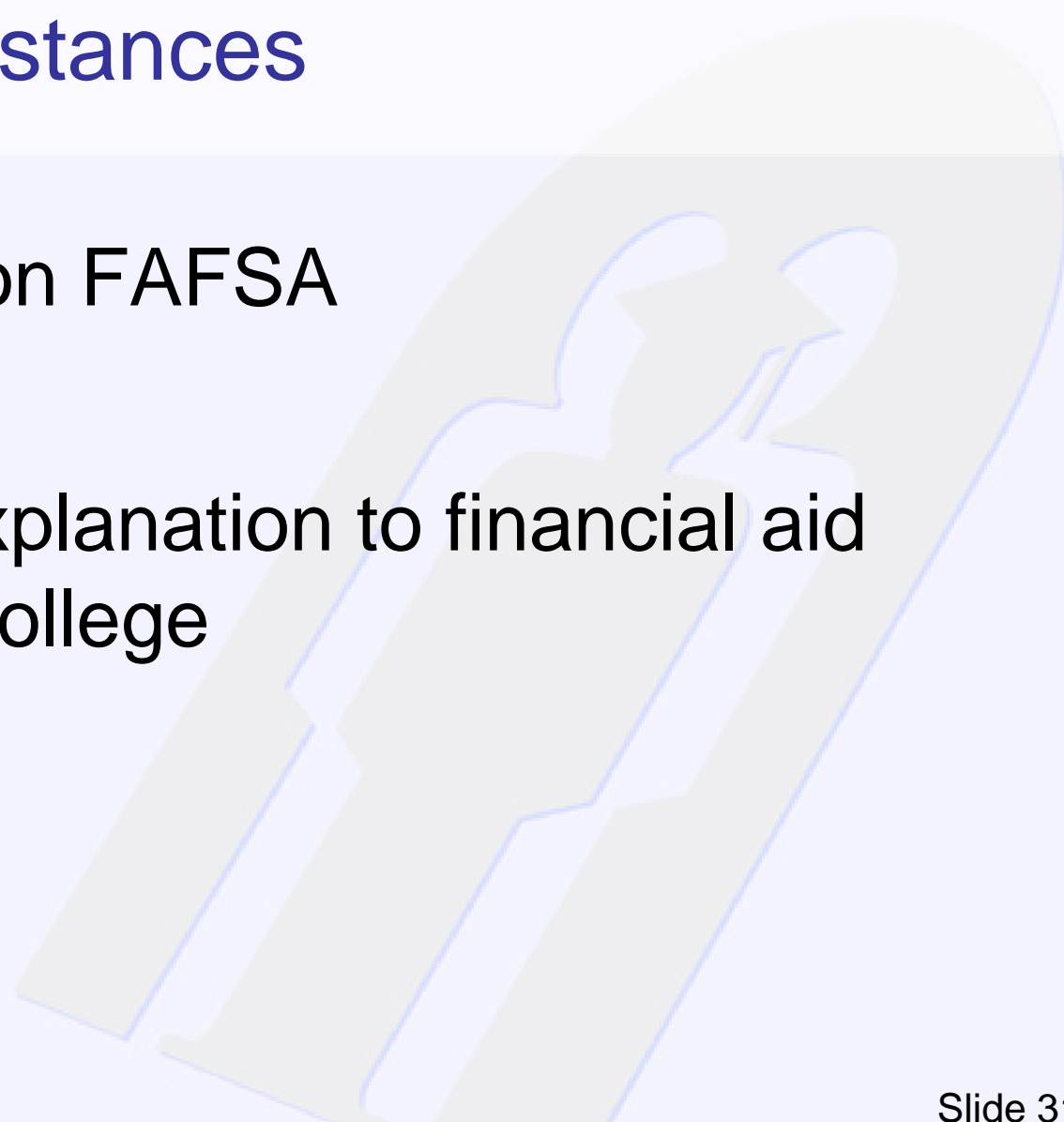
Making Corrections

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

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

Special Circumstances

- Cannot report on FAFSA
- Send written explanation to financial aid office at each college



Special Circumstances

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

Time for Questions

