


# What You Need to Know About Financial Aid

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 You Need to Know About Financial Aid

## 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?

$$\begin{array}{rcl} & \text{Cost of Attendance} & \\ - & \text{Expected Family Contribution} & \\ \hline = & \text{Financial Need} & \end{array}$$

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# What You Need to Know About Financial Aid

## Categories of Financial Aid

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

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## Types of Financial Aid

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

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## Gift Aid: Scholarships

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

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# What You Need to Know About Financial Aid

## Gift Aid: Grants

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

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## 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

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## 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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# What You Need to Know About Financial Aid

## Sources of Financial Aid

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

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## Federal Government

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

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## Federal Student Aid Programs

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

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# What You Need to Know About Financial Aid

## 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

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## Private Sources

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

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# What You Need to Know About Financial Aid

## 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

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## 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

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# What You Need to Know About Financial Aid

## 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

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## FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1<sup>st</sup> 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](http://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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# What You Need to Know About Financial Aid

## 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

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## 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

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# What You Need to Know About Financial Aid

## IRS Data Retrieval Tool

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

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## 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

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## 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



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# What You Need to Know About Financial Aid

## FAFSA on the Web Worksheet

FAFSA on the Web Worksheet contains:

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

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## 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

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# What You Need to Know About Financial Aid

## 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

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## Additional Information

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

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# What You Need to Know About Financial Aid

## 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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# What You Need to Know About Financial Aid

## 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 PIN may view SAR online at [www.fafsa.gov](http://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

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## Student Aid Report

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

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# What You Need to Know About Financial Aid

## Making Corrections

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

- Using FAFSA on the Web ([www.fafsa.gov](http://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

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## 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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# What You Need to Know About Financial Aid



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