This Financial Aid Night is for you to

- Become familiar with the financial aid process
- Make a plan so that your student is ready
- Ask questions

Thank you for attending!
Goals of Financial Aid

- ACCESS to postsecondary education
- CHOICE among post-secondary institutions
Principles of Financial Aid

- Student and parent have primary responsibility for funding post-secondary education to the extent they are able.

- Families will be treated equitably and consistently by the need-analysis formula.
General Eligibility Requirements

- U.S. citizen or eligible non-citizen
- High school diploma, GED, or equivalent
- Enrolled in a degree, certificate, or post-secondary diploma program
- Have valid Social Security number
- Not be in default on a prior student loan or owe back a grant
- Maintain satisfactory academic progress
Sources of Aid

- Federal
- State
- Institutional
- Private
How Aid is Awarded

- Need-based
  - Financial need as determined by FAFSA
- Merit-based
  - Institutional funds
  - Private donors
  - External agencies/organizations
Types of Aid

- Gift Aid
  - Scholarships
  - Grants
- Self-Help
  - Loans
  - Employment
Many private sources of scholarships funds available:
- Service/Fraternal Organizations
- Employers/Businesses
- Churches/Religious Organizations
- Nonprofits
- Products
Scholarship Search Organizations

- Myth: “Millions of dollars go unawarded.”
- Not free if you pay money for “free” money
- Online search competition
- High school guidance office is great place to search for local funding
Cost of Attendance

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Personal expenses
- Federal loan-related fees
What Is “Expected Family Contribution” (EFC)?

Parent Contribution

Student Contribution

- Used to determine need-based aid
- It is **not** the amount of the student’s bill

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EFC
What Determines the Expected Family Contribution

- Parental income
- Parental assets (excluding primary home, retirement plans, life insurance)
- Student income
- Family size
- Number in college
- Age of oldest parent
How Assets are Treated

Parents (Asset protection allowance)
- For typical parent (age 45) of college age child, allowance is approximately $45,000
- Bracketed system – Maximum of 5.64% of assets count

Student (No asset protection allowance)
- Flat 20% of assets count
What is Financial Need?

- **To the Financial Aid Office:**
  - COA – EFC = need
  - Drives eligibility for need-based aid (grants, scholarships, subsidized loans, work/study)

- **To the Family:**
  - COA – all financial aid they accept = need
    (the “gap” of how much you will have to cover out of pocket or with add’l loans)
## How Financial Aid Varies

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<th>School A</th>
<th>School B</th>
<th>School C</th>
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<td>– EFC</td>
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<td><strong>Total Aid</strong></td>
<td>13,000</td>
<td>16,500</td>
<td>25,500</td>
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<td><strong>Gap (COA-Aid)</strong></td>
<td>0</td>
<td>8,500</td>
<td>19,500</td>
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Financial Aid Offer

- Anticipated costs (tuition, fees, room, meals...)
- Lists aid & amount offered to student
- Suggests options to pay balance (payment plans, alternative loans)
- Not the semester bill but prepares you for what to expect
Institutional Aid

- May be grants, scholarships, loans, employment, or discounts
- May require institutional application
- Deadline dates are important
- Each institution varies in resources available, % of need met, and formula used
Factors Which May Influence Institutional Aid

- SATs (optional for many schools due to COVID)
- High school GPA
- Class rank
- Academic track in high school
- AP courses
- Diversity – geographic, ethnic, cultural
- Athletic ability
- Talent – music, art, theater
- Activities – student government, clubs, community service
- Legacies (children, siblings of alumni)
Federal Pell Grant

- Complete the Free Application for Federal Student Aid (FAFSA)
- Need-based, EFC determines eligibility
- Award amount is based upon enrollment and cost of attendance
- Ranges from $672 to $6495 in 2021-22
Teacher Education Assistance for College and Higher Education (TEACH) Grant

- College decides participation
- Up to $4000-year, max of $16,000 for 4-year program
- Education major in high need area (foreign language, math, reading specialist, science, special education, bilingual/English language)
- Must teach 4 years low-income school
- If conditions not met, converts to loan with interest
Pennsylvania State Grant

- Limited to PA resident, at least half-time
- Institution is responsible to confirm academic eligibility
- A few states have reciprocal state grant agreements (not NJ, NY, MD)
- Must file FAFSA before May 1
- Apply by continuing to PA State Grant form at end of FAFSA
- Ranges from $500 to $5000 in 2021-22
Other Pennsylvania State Administered Programs

- Educ. Assist. Prog. (EAP) – Nat’l Guard
- Postsecondary Ed. Gratuity Program – children of PA police, fire, ambulance, corrections, Nat’l Guard who died in duty
- Chafee – in or were in foster care
- PATH – “needy” as defined by community organizations who match award
- Details and apps at [www.pheaa.org](http://www.pheaa.org)
Federal SEOG

- Limited to undergraduate students with exceptional need
- Priority given to Pell Grant recipients
- School determines recipients based on filing deadline, exceptional need and federal funds available
- Awards range from $100 to $4000 per year
- File FAFSA by school’s priority deadline
Federal Work Study

- Student earns paycheck by working on or off campus – some schools assign job, at others student finds own job
- Must have financial need determined by FAFSA
- Paid by the hour, at least monthly and at least federal minimum wage
Federal Direct Stafford Loan

- Student is borrower and responsible to repay loan (no credit or income check)
- Subsidized
  - Federal government pays interest during in-school, deferment, and grace periods
- Unsubsidized
  - Interest accrues from time of loan disbursement until loan is paid in full
  - Pay interest quarterly or capitalize
Federal Direct Stafford Loan

- $5500 first year undergrad freshman (max $3500 sub)
  - + add’l $4000 unsub if parent denied PLUS
- $6500 with enough credits to be sophomore (max $4500 sub)
- $7500 with enough credits to be junior (max $5500 sub)
- $7500 with enough credits to be senior (max $5500 sub)
Federal Direct Stafford Loan

- Principal deferred until 6 months after graduation
- 3.73% interest for 2021-22
- At least 2 installments to school via EFT
- 1.057% origination fees for 2021-22
- Complete entrance counseling and electronically sign Master Promissory Note at studentaid.gov
Federal Direct PLUS Loan

- Creditworthy parent borrows for dependent undergraduate student
- Max loan equals total cost of education minus other financial aid
- 6.28% fixed interest rate, 4.228% fees 2021-22
- Payable to school via EFT
- Repayment begins 60 days after full disbursement with deferment option
- File FAFSA, then apply for loan and electronically sign Master Promissory Note at studentaid.gov
Alternative Loan

- Nonfederal, private loan
- Student is usually borrower, required to have creditworthy cosigner
- Interest rates (usually tiered) vary based on creditworthiness
- Deferment of principle and interest
- Interest rates may be better than PLUS
The Application Process

- studentaid.gov or fafsa.gov
FSA-IDs & Data Retrieval Tool

- studentaid.gov or fafsa.gov
- Student and parent both need to apply for FSA-IDs to serve as electronic signatures
- Use IRS Data Retrieval Tool to pull 2020 federal tax info from IRS
- SAR emailed 3-5 days – check for accuracy, make corrections online
FAFSA – When to Apply

- Opens October 1 for upcoming school year
- Most 4-yr schools, FAFSA must be received by May 1 for PA State Grant consideration
- File by earliest institutional filing deadline of all schools being considered
- Don’t wait to be accepted for admission
FAFSA Tips

- Use legal name of student from SS card
- Confirm correct SS# for student, parents
- For sep/div parents, use parent who student lived with most in last 12 months
- Parents must provide >50% support to be in household
- Student with a child is only independent if they provide >50% support on their own
Professional Judgment

- Dependency status
- Cost of education
- Reduction in income
- High unreimbursed medical expenses
- Other unusual circumstances
- Financial Aid Office can advise
Verification

- A review process by Financial Aid Office where accuracy of data reported on the FAFSA is checked against source documents.

- Documents frequently requested:
  - Two-years back federal 1040 tax form
    - 2020 for aid year 2022-23
  - W-2 forms, all schedules
  - Verification worksheets
Family Educational Rights and Privacy Act (FERPA)

- All financial information submitted is protected
- Data is treated as confidential
- Release to a third party only with student’s signed authorization