Your Presenter

Fran McKeown
Higher Education Access Partner
PA Higher Education Assistance Agency (PHEAA)

fmckeown@pheaa.org
Today’s Agenda

✓ Applying for Financial Aid
✓ Identify what is needed
✓ What aid sources are available
✓ What happens next
✓ Making smart decisions
What is Financial Aid?

Financial Aid consists of funds provided to students and families to help pay for Postsecondary Educational expenses.
Basic Principles

• Paying is the joint responsibility of the student and parent(s), to the extent possible.
• Need-based financial aid is subject to federal formula to determine financial need.
• Not all families qualify for need-based aid. There is no guarantee that you will get any free money to pay for higher education.
Where Does the Money Come From?

• Federal Government
• State Government
• School/Colleges
• Private Scholarship Sources:
  » HS counselors
  » Clubs and organizations
  » Employers
  » Internet scholarship searches
Types of Financial Aid

• Grants/Scholarships (free money)
• Self-Help (work, savings, etc.)
• Loans
Know What Financial Aid Forms Each School Requires

ALL SCHOOLS REQUIRE:

- **FAFSA** (Free Application for Financial Aid) – every year attending
  - Required by all schools, PHEAA, and some scholarship organizations
- **STATE GRANT Form** (SGF) through PHEAA
  - Required for first year students after FAFSA is completed

SOME SCHOOLS REQUIRE

**CSS Profile** required by some postsecondary schools and scholarship organizations

**Institutional Financial Aid Forms**
- Internal school forms
The primary Form used to determine student eligibility for Federal Financial Aid

It determines:

- Expected Family Contribution, Need and Eligibility for most Aid Programs
- Must file a FAFSA each year a student attends school
- File online – Fast, Secure, SKIP LOGIC and Built-in Edits
CSS PROFILE:

- Used to award institutional funds
- Institutional Methodology (IM) formula
- Subset of schools use this application

FAFSA:

- Required for Title IV federal funds
- Federal Methodology (FM) formula
- Most schools use this application
Institutional Methodology

- Some schools may require CSS PROFILE
  » Primarily private schools
  » Collects supplemental data (i.e.-home equity, financial data of non-custodial parent, value of retirement plans, etc.)
  » Calculates IM EFC (Institutional Family Contribution)
  » Basis for awarding institutional need-based aid only
  » Register to complete form at www.collegeboard.org
Know When to Apply!

- **Federal Deadlines** - Apply anytime after October 1st of the year prior to when you will attend college.

- **School Deadlines** – check out your college(s) websites to see if they list a priority filing deadline.

- **PA State Grant Deadlines for FAFSA**
  - **May 1, 2017** – First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges).
  - **August 1, 2017** – First-time students attending a community college; a business, trade or technical school, a hospital school of nursing; Open Admissions Institutions or a 2-year non-transferrable degree program at a Jr or 4-year college.
Whose Information Goes on the FAFSA?

- Dependent Student and Parent(s)
- Independent student – student information and spouse
- Divorced or Separated Parents -> Custodial Parent: the parent that you lived with most during the last 12 months, if equal: the parent that provided the most financial support
- Parents who live in the same household
- Same Sex Parents
- Stepparents
- Adoptive parents

- Foster parents - No
- Legal guardians - No
- Anyone else the student is living with - No
Dependency Status

Independent students are:

- 24 or older on January 1 of award year
- Veteran (includes active duty personnel)
- Married
- Working on graduate degree
- Emancipated minor or in a legal guardianship
- Orphan, in foster care or ward of the court at any time when student was age 13 or older
- Have legal dependents other than spouse
- Student deemed homeless by proper authority
Documents Needed

Applicants may need the following items to file the FAFSA:

- Social Security Number
- Driver’s license (student only; this information is optional)
- Prior, Prior year’s Federal income tax returns (1040, 1040A or 1040EZ)
- W-2 forms from all employers
- Current bank statements (checking and savings)
- Current business and farm records (if employ over 100 people or don’t live on the farm)
- Records of any stocks, bonds & other investments, including 529 accounts
- Additional untaxed income tax records may be needed such as: Veterans non-education benefits, child support paid/received and workers’ compensation.
- Alien registration or permanent resident card (if not a U.S. citizen)
Must SIGN electronically
Student and One Parent need separate FSA IDs

TIP: Get it early!

Allows students and parents to sign the FAFSA electronically.
Both student and parent must have an unique email address.
Keep your ID’s – you’ll use this again and for other Financial Aid processes.
• Don’t mix answers for student and parent information

• Ensure SSN accuracy

• Gender question: answer it. Males must register for selective service
• Click: YES – to work study – even if you are not sure

• Have federal income tax and other related information to use as references

Don’t Miss Deadlines!
School Selection - Look at more than one!

Schools will only be allowed to see your financial information when you list them on the FAFSA.

You can add up to 10 colleges, they cannot see the order listed.

**NOTE:** Once your Final Decision is made, Update your PA Grant Information with the school you WILL attend.
A student/parent will not be eligible to use the IRS DRT if they meet any of the following scenarios:

- The person did not indicate on the FAFSA that the tax return has been completed.
- The marriage date is January 2016 or later.
- The first three digits of the SSN are 666.
- The tax return was amended.
- The person filed a non-U.S. tax return.
- The person is married and filed the tax return either as head of household or married but filing a separate return.
- Neither married parent entered a valid SSN.
- A non-married parent or both married parents entered all zeroes for the SSN.
FAFSA Confirmation Page

- Lists eligibility information and EFC
- Apply for the State Grant from the Completion/Confirmation Page
- TRANSFERS FOTW data to the State Grant Application

Student and Schools listed are sent the results

Review information listed on the Confirmation page
Online State Grant Form (SGF)

• Link off the FAFSA Application Confirmation Page
  Missed the link or it wasn’t available?
  • Link in an email sent to student/parent from PHEAA, OR
  • Go to PHEAA.org;
  State Grant Program;
  and complete the form

• Additional questions needed to determine PA State Grant eligibility:
  Enrollment status (full-time/part-time)
  Value of PA 529 College Savings Program
  Program of study for students in vocational programs
  Employment status

MAIL IN THE SIGNATURE PAGE

Help screens are available for all questions
FORMS ARE FILED... NOW WHAT
The process continues...

Department of Education’s Central Processing System uses the information to calculate and create your Need Analysis

- EFC is Calculated - number used to determine need based aid
- SAR/ISIR - reports your eligibility for Aid to you and your school choices
- Grant eligibility is calculated
- Schools receive your results
- You Apply/Applied to your school choices
- Once Accepted - Schools produce Award Letters (Aid Packages)
- You compare Award Letters
- Determine true costs of school and make choices
Determining Need-Based Eligibility

- Student submits FAFSA
- Family undergoes Need Analysis
- Expected Family Contribution (EFC) is determined based on:
  - Parent income and assets
  - Student income and assets
  - Family size
  - Number of children in college
  - Age of the older parent
- This is NOT necessarily the amount you will pay each year!
Parental Income and Assets

• Allowances are made for federal, state, local and social security taxes; working parent households and a standard living allowance based on family size

• An asset protection allowance, based on the age of the older parent, is applied against the net worth of reported parental assets

• **Not An Asset:** Value of primary residence, qualified retirement accounts and life insurance policies are **NOT** reported

• No provisions for personal debt
Student Income and Assets

- Allowances are made for federal, state, local and social security taxes
- Income protection allowance of $6,420 is applied and the remaining amount is assessed at 50%
- Dependent students must report assets in their name
- Student assets are assessed at 20%
Need Analysis is Calculated by your School

**Two components:**

1. The student’s **Cost Of Attendance** at the chosen institution
   Varies dependent on school cost

2. The student’s **Expected Family Contribution (EFC)**
   Stays the same for all schools

\[ \text{COA (Cost)} - \text{EFC} = \text{NEED} \]
What School Costs are Considered?

• School costs include:
  ✓ Tuition and fees
  ✓ Room and board
  ✓ Books and supplies
  ✓ Transportation
  ✓ Miscellaneous living expenses
  ✓ Child care, if necessary
Determining Need (cost)

1. Financial Need Calculation:

   School cost (varies per school) ...... $30,000
   EFC (stays the same) .................... -$4,000
   Financial Need ............................. $26,000

2. FAO “packages” students based on financial need and available funding (varies from school to school)

3. Financial Award letter is sent to the student

   EFC stays the same, Costs vary
Financial Aid Award Letter

• Official notification from school about financial aid, terms and conditions
• Lists the type and amount of each award to be received
• Describes what must be done to accept or reject any award
• Discloses students rights, responsibilities and academic requirements
Reviewing the Financial Aid Package

After reviewing their packages, students should be sure they know and understand the following:

» How much of the financial aid is free money?
» Which awards are based on need, and which are based on merit?
» Are there any conditions on the free money; in particular, is there a GPA requirement?
» Will awards change from year to year?
» Will institutional awards increase as tuition increases?
» Will loans be needed? If so, how much?
# Packaging Example

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td>$6,600</td>
<td>$15,000</td>
<td>$25,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>EFC (stays the same for all schools)</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>NEED</td>
<td>$3,600</td>
<td>$12,000</td>
<td>$22,000</td>
<td>$42,000</td>
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### FREE MONEY

<table>
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<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>LOANS (Direct Lending)</td>
<td>$4,600</td>
<td>$5,500</td>
<td>$5,500</td>
<td>$5,500</td>
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<tr>
<td>WORK STUDY (after you work a job!)</td>
<td>$0</td>
<td>$0</td>
<td>$2,000</td>
<td>$3,000</td>
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</table>

### TOTAL AID

<table>
<thead>
<tr>
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<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>TOTAL AID</td>
<td>$6,600</td>
<td>$12,500</td>
<td>$17,000</td>
<td>$31,500</td>
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</table>

### GAP (Cost – Aid)

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<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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</thead>
<tbody>
<tr>
<td>GAP (Cost – Aid)</td>
<td>$0</td>
<td>$2,500</td>
<td>$8,000</td>
<td>$13,500</td>
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</table>

### ACTUAL COST (Cost – FREE Money)

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
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<tbody>
<tr>
<td>ACTUAL COST (Cost – FREE Money)</td>
<td>$4,600</td>
<td>$8,000</td>
<td>$15,500</td>
<td>$22,000</td>
</tr>
</tbody>
</table>
Special Circumstances – talk to FAO’s and PHEAA

If things change….

✓ Divorced or separated parents
✓ Unemployment
✓ High medical expenses
✓ Recent death or disability
✓ Reduced income

Only a school can change a FAFSA based on your circumstances
AND contact PHEAA for PA Grant consideration
GRANTS
Federal Grant Programs based on NEED

- **Pell Grant** ............... up to $5,815 (16/17 AY)

Campus-based aid – amounts determined by FAO

- **FSEOG**........................... up to $4000

- **Federal Work Study** ...... FAO determines

Student must be enrolled at least half-time and meet satisfactory academic progress

- Eligibility determined by FAFSA (forms)
- Amounts determined by Need Analysis & Cost of School
PA State Grant Program

Full-time, in PA.........up to $4,378 (16/17 AY)
  • Part time, in PA........ up to half of the full time award
  • **Out of state**..... Up to $559. in DE, MA, OH, VT, WV, and DC
    Veterans: up to $745
  • **All other states**.... = $0

*Must be a resident of PA, attend at least half-time in a minimum 2 year program and meet satisfactory academic progress – see pheaa.org or the PA Student Guide

- Eligibility determined by FAFSA & PA Grant Form
- Amounts determined by Need Analysis & Cost of School
Other State Administered GRANTS

Reference: PHEAA.org

- Pennsylvania Targeted Industry Program (PA-TIP)
  - Less than half time training in Targeted Industries in PA
- Post Secondary Education Gratuity Program (PEGP)
- Pennsylvania National Guard Education Assistance Program (EAP)
- Blind or Deaf Beneficiary Grant Program
- Partnerships for Access to Higher Education Program (PATH)
- Ready To Succeed Scholarship Program (RTSS) – 2nd year + students
- Pennsylvania Chafee Education and Training Grant (Foster students)
- Pennsylvania State Work Study Program (SWSP)
- Aid for Military and National Guard students/families
FEDERAL LOANS
Federal Direct Loan Program

AWARDED to ALL eligible undergraduate students REGARDLESS of Need

- 3.76% variable/fixed interest rate (AY 16/17), 1.069% fee
- Rates set every July 1st for the life of that year’s loan; fees are deducted from disbursement
- Additional unsubsidized funds available for Independent & Parent PLUS denials
- In student’s name, no collateral or credit check, must sign MPN
- Available loan amounts increase in subsequent years
- No payments required while attending school & during a 6-month grace period
- Must complete forms (FAFSA)
- 150% RULE applies – New borrowers as of 7/1/13

Based on FAFSA, student loans have a combination of:

- **Subsidized** = Govt pays interest in school and grace status
- **Unsubsidized** = student is responsible for interest, accrues in school and grace

StudentLoans.gov & school’s website!
# Federal Direct Stafford Loan Program

## Borrowing Limits

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate Students</th>
<th>Graduate Students</th>
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</thead>
<tbody>
<tr>
<td><strong>Annual Limits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1st Year</strong></td>
<td>$5,500 Total</td>
<td>$9,500 Total</td>
</tr>
<tr>
<td></td>
<td>No more than $3,500 may be subsidized</td>
<td>No more than $3,500 may be subsidized</td>
</tr>
<tr>
<td><strong>2nd Year</strong></td>
<td>$6,500 Total</td>
<td>$10,500 Total</td>
</tr>
<tr>
<td></td>
<td>No more than $4,500 may be subsidized</td>
<td>No more than $4,500 may be subsidized</td>
</tr>
<tr>
<td><strong>3rd Year and beyond</strong></td>
<td>$7,500 Total</td>
<td>$12,500 Total</td>
</tr>
<tr>
<td></td>
<td>No more than $5,500 may be subsidized</td>
<td>No more than $5,500 may be subsidized</td>
</tr>
<tr>
<td><strong>Aggregate Limits</strong></td>
<td>$31,000 Total</td>
<td>$57,500 Total</td>
</tr>
<tr>
<td></td>
<td>No more than $23,000 may be subsidized</td>
<td>No more than $23,000 may be subsidized</td>
</tr>
</tbody>
</table>

**Graduate or Professional Studies**

- $20,500 each academic year
- Graduate / Professional students are no longer eligible for subsidized loans
- $138,500 Total
- No more than $65,000 may be subsidized
Federal Direct Parent PLUS Loan

For Parents of Dependent Undergraduate Students

Direct Parent PLUS loan - in Parent’s name for student costs

6.31% Variable/Fixed Interest Rate; 4.276% fees (AY 16/17)
Rates set every July 1st for the life of that year’s loan; Fees are deducted from disbursement

- Can borrow up to the Cost of Attendance
- MUST apply each year loan is taken
- No Debt-to-Income test, Only lenient Credit Check
  » Can have an endorser (co-signer)
- Principal payment can be deferred while student is in school
  » Interest will continue to accrue
- IF Denied - student is eligible for an additional $4,000 unsubsidized loan
- Must complete a student FAFSA to determine any additional aid
PRIVATE STUDENT LOANS
Private/Alternative Education Loans

Consider these ONLY after looking into all other sources of financial aid.
Private/Alternative Education Loans

• From private lenders or financial institutions
  » In student’s name/co-signers usually required

• Some loan products have a co-signer release

• Can borrow up to the Cost of Attendance

• Based on credit scores and debt-to-income

• Repayment might be deferred until education completed or repay while attending....

• Terms vary by lender – compare before making choices

• Students must sign a “Self Certification Form” per DOE

• READ THE FINE PRINT
SCHOLARSHIPS
Types of Scholarships

• Postsecondary (in-house) scholarships
• Local and regional scholarships
• National scholarships
Scholarship Search:

• Start early – and KEEP LOOKING
• GOOGLE your interests
• Don’t PAY for information
• Criteria varies by school and organization
• If you’re asked to pay, it’s not free money - (SCAM)
• Don’t disqualify yourself
• Don’t fear ESSAYS
• Provide what is asked
• Small scholarships ADD UP
• Activities, Athletics, Family, Hobbies, Participation, Attributes – DO YOUR RESEARCH
• Don’t miss DEADLINES
• Write it down!

Don’t miss out on FREE Money!
Your Scholarship Resume

• Activities and Hobbies
• Clubs
• Sports
• Community Service
• Religious Affiliation
• Academic Interests

• Keep track of the hours spent in community service, working and doing special projects.
• Write down the dates you participated in various activities.
Ask your School’s Financial Aid Office:

“If I receive an outside scholarship, will you reduce the scholarship money you gave me by that amount or will you stack my new scholarship on top of what your gave me?”
BE A SMART CONSUMER
What Can You Do Now?

• Student and parent apply for an FSA ID at:
  » StudentAid.ed.gov/fsaid

• Visit websites with free information about college, financial aid and careers

• Explore scholarship opportunities – locally, regionally and nationally

• Use Net Price Calculator at schools interested in attending to get an estimate of your “net price” to attend
  » Net Price Calculator available on each school’s website

• Use the free online tool, FAFSA4caster, to estimate EFC and eligibility for federal financial aid
  » Available via link on FAFSA.gov
Smart Borrowing Tips

Begin with the End in Mind

- RESEARCH the EXPECTED SALARY in your FUTURE CAREER
- Find an Affordable school
- Borrow realistically
MySmartBorrowing.org

An interactive, online tool created by PHEAA that helps students and families:

• Estimate career salaries & college tuition
• View the impact of savings on overall cost
• Calculate loan repayment
• Avoid overborrowing
How it Works

MySmartBorrowing guides students and families through four easy sections:

1. Select a Career
2. Select a School
3. Factor in Savings
4. Get Results
Once you input your selections, you can:

- View your potential salary in your new career
- Add & compare college costs
- See if you’re borrowing too much
MySmartBorrowing.org

- Mobile friendly!
- Compare up to 4 different schools!
- Update schools
Ways to Reduce the Need for Financial Aid

• Graduate on Time
  » 4 year for bachelor’s degree / 2 year for associate’s degree
• Research and find the right school and major
  » Minimize transfer and change of major
• Earn college credits while in high school through AP courses, vo-tech and dual enrollment
• Consider options for cutting costs (commute, take summer classes, buy used books, make smart meal plan choices)
• 2 + 2 Strategy (2 years at a community college then transfer credits to a 4-year school)
• 3 + 2 (master’s degree)
Beware of the 5-Year Plan

Things like double majors, study abroad, internships, and athletics can enhance the educational experience and improve marketability. But it comes at a price:

- Total cost just increased by 25%
- The 5th year likely costs 20% more than the 1st year did
- Loss of institutional funds if they only allow for 4 years
- Loss of PA State Grant if all 4 years have been received
- Reduction in student borrowing capacity if maximum loans received in the first 4 years (only $4,000 left)
- Talk it over and plan ahead!
PHEAA Online Resources

- PHEAA.org
- EducationPlanner.org
- MyNextMove.org
- MySmartBorrowing.org
- YouCanDealWithIt.com
- Facebook.com/pheaa.aid
- MyFedLoan.org
It Pays to have an education

Earnings and unemployment rates by educational attainment, 2015

<table>
<thead>
<tr>
<th>Education Attainment</th>
<th>Median Usual Weekly Earnings</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctoral degree</td>
<td>$1,623</td>
<td>1.7%</td>
</tr>
<tr>
<td>Professional degree</td>
<td>$1,730</td>
<td>1.5%</td>
</tr>
<tr>
<td>Master's degree</td>
<td>$1,341</td>
<td>2.4%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$1,137</td>
<td>2.8%</td>
</tr>
<tr>
<td>Associate's degree</td>
<td>$798</td>
<td>3.8%</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>$738</td>
<td>5.0%</td>
</tr>
<tr>
<td>High school diploma</td>
<td>$678</td>
<td>5.4%</td>
</tr>
<tr>
<td>Less than a high school diploma</td>
<td>$493</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

All workers: $860

Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Questions?