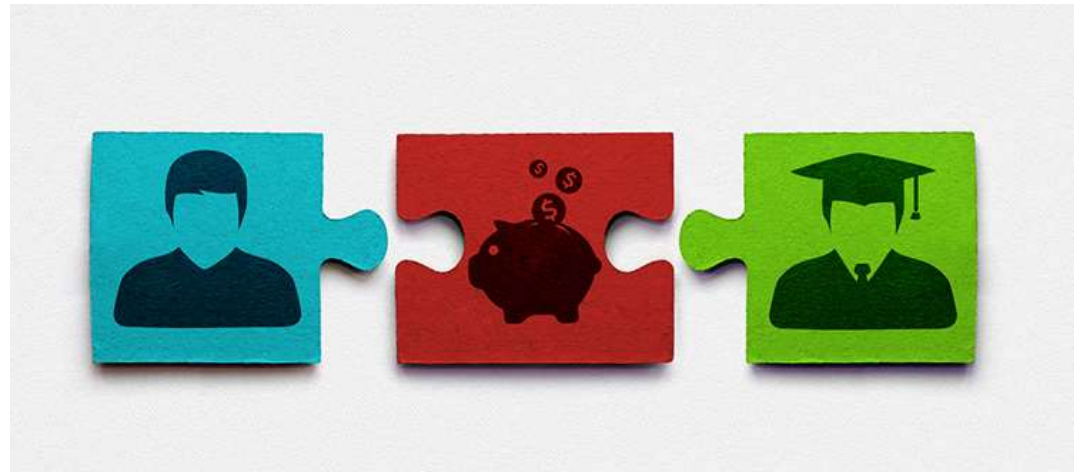


FINANCIAL AID:

Understanding the College Financial Aid Process



Colleen Mulrooney
Director of Student Financial Assistance
Sacred Heart University



Topics We Will Discuss Tonight

- Review the Financial Aid *Lingo*
 - Cost of attendance (COA)
 - Expected family contribution (EFC) - *renamed the Student aid Index (SAI)*
 - Net price
 - Financial “need”?
- Financial aid applications
 - **Free** Application for Federal Student Aid (**FAFSA**)
 - **CSS Profile**, College Board
 - Financing the “gap”

Final notes & questions

WHAT IS FINANCIAL AID?

Consists of funds to help you pay for college:

Need-based & Non-Need-based



- Scholarships
- Grants

Free \$ doesn't need to be paid back!

Gift Aid Merit, Need-based, Athletic

- Loans

Self Help Loans: Money borrowed, must be repaid, student is the borrower
Direct Loans / Parent is borrower = Parent PLUS

- Employment

Federal **Work Study**: Part time employment = paycheck or **non-monetary compensation RA**



What is Cost of Attendance (COA)

- **Direct costs/billable costs:**
Tuition, Fees, Room & Board
- **Indirect costs/non-billable costs:**
Books, Travel expenses, Personal misc.

Direct & Indirect costs combined into
Cost Of Attendance (COA)

Varies widely from college to college



COA examples

School A: (Private)

Direct costs/billable:

- Tuition \$44,520
- Fees \$815
- Room/Board \$13,390
- subtotal \$58,725

Indirect costs/non-billable:

- Estimate for Books \$940
- Fees/Misc. expenses \$1,690

TOTAL COA \$61,355

School B: (in-State)

Direct costs/billable:

- Tuition \$10,368
- Fees \$2,882
- Room/Board \$13,026
- subtotal \$26,276

Indirect costs/non-billable:

- Estimate for Books \$850
- Pers/Misc. expenses \$1700
- Transportation \$1100

TOTAL COA \$29,926

NET PRICE

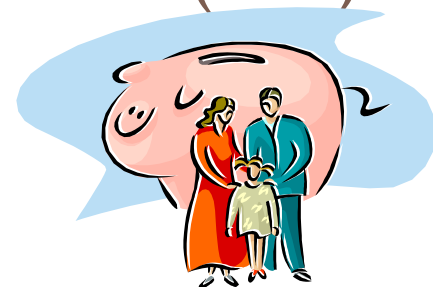
What is the real cost to me?

COA

- Gift Aid (Grants & Scholars)
= Net Price

- **Net price** is what undergraduate students pay after grants and scholarships (financial aid a student does not have to pay back) are subtracted from the institution's cost of attendance (COA).
- Colleges provide **net price calculators** on their **websites**.
- The net price on average is **considerably less than the sticker price** or total cost of attendance.

What is Expected Family Contribution (EFC) or Student Aid Index (SAI)

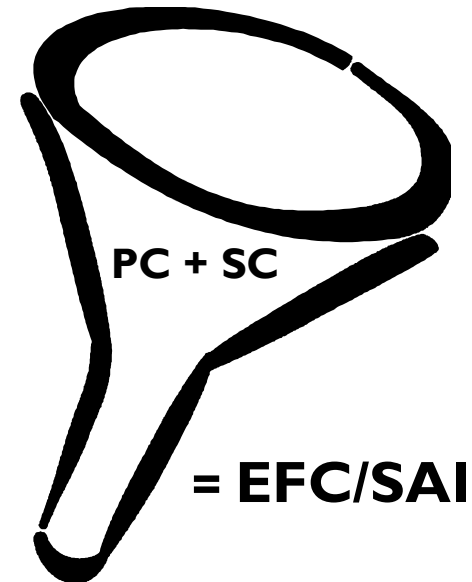


- Calculated using data from a federal application FAFSA using a federal formula. **= FM EFC or FM SAI**
- Amount family can ***reasonably be expected to contribute over time.***
- Stays the same regardless of college.
- Two components - Parent & Student Contribution

EFC — Expected Family Contribution

- **IS** a measure of capacity over time to absorb educational costs
- **IS NOT** a dollar amount expected from current income or assets
- **IS NOT** an estimate of extra cash available.

\$ Income
\$ Assets
in family


$$\text{PC} + \text{SC} = \text{EFC}/\text{SAI}$$

PC = parent contribution

SC = student contribution

Financial Aid Philosophy

- Students and their family(ies) have the primary responsibility to pay for college

- Sacrifice is assumed.

- Financial aid assessment is NOT a cash flow analysis but rather an evaluation of an individual family's economic strength.
- Willingness is not a factor.





Financial Need & Unmet Need

Cost of Attendance (COA)

- Expected Family Contribution (EFC or SAI)
- = Financial Need *(qualify for “need based aid”)*

Financial Need

- Financial Aid Award Offer *(gift aid & self help)*
- = Unmet Need

Most colleges will *NOT* meet 100% of unmet need



“No Need”

- ❖ If the calculated EFC/SAI is equal to or greater than the COA, then the student is determined to have “no need”.
- ❖ The student can borrow under the **unsubsidized federal Direct Student Loan** program.
- ❖ **Parent PLUS** loans are NOT *student aid* and can be used regardless of “financial need”.

“The Gap” - what you have to pay

Sample School A: (Private)

TOTAL COA \$61,355
minus FAFSA **EFC/SAI** -\$25,000
Financial Need = \$36,355

Financial Aid Award Offer

Gift aid

Merit scholarship - \$20,000

Grant from school - \$14,500

Self help

Federal Direct Loans - \$5,500

TOTAL COA \$61,355
minus Gift Aid-\$34,500
Net Price = \$26,855

Self help

Federal Direct Loans - \$5,500

= \$21,355

Sample School B: (in-State)

TOTAL COA \$29,926
minus FAFSA **EFC/SAI** -\$25,000
Financial Need = \$4,926

Financial Aid Award Offer

Gift aid

Merit scholarship - \$5,000

Grant from school - \$0

Self help

Federal Direct Loans - \$5,500

TOTAL COA \$29,926
minus Gift Aid - \$5,000
Net Price = \$24,926

Self help

Federal Direct Loans - \$5,500

= \$19,426

Financial Aid Forms

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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- FAFSA –

FAFSA®
Free Application for Federal Student Aid
fafsa.ed.gov

- CSS Profile – required at many private institutions


- In-depth review of finances
- College Board: www.collegeboard.org
- Cost to register and to list one college is \$25.00, each additional school listed is \$16.00.
- Approximately 400 institutions & scholarship programs use the Profile
- NCP (non-custodial parent profile) requirement

- Institutions may also have their own applications

research the necessary forms and **deadlines** for each school

FAFSA – FREE Application for Federal Student Aid

- Federal programs: Pell Grants, student loans, campus based aid, work study
- State programs: state grants
- School programs: need based grants and scholarships

 An official website of the United States government.

[Help Center](#)

[Feedback & Ombudsman](#)

[English](#) | [Español](#)

FederalStudentAid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

[UNDERSTAND AID](#) ▾

[APPLY FOR AID](#) ▾

[COMPLETE AID PROCESS](#) ▾

[MANAGE LOANS](#) ▾



Complete the FAFSA® Form

Use the *Free Application for Federal Student Aid* (FAFSA®) form to apply for financial aid for college or graduate school.

New to the FAFSA® Process?

Completing the FAFSA form is free. Fill it out now.

[Start Here](#)

Returning User?

[Correct info](#) | [Add a school](#)

[View your Student Aid Report \(SAR\)](#)

[Log In](#)

FAFSA® Announcements



You will be redirected back to your FAFSA® form after you have completed this process.

Create an Account (FSA ID)



Parents



Students



Borrowers

Whether you're a student, parent, or borrower, you'll need to create your own account to complete federal student aid tasks.

What You Can Use Your Account For

- Filling out the *Free Application for Federal Student Aid* (FAFSA®) form
- Signing your *Master Promissory Note* (MPN)
- Applying for repayment plans
- Completing loan counseling
- Using the *Public Service Loan Forgiveness Help Tool*

Items Needed to Create an Account

- Social Security number
- Your own mobile phone number and/or email address

[Get Started](#)



Changes to 2022-23 FASFA

mostly unchanged

No longer a “qualifier”

- **Drug convictions**
- **Selective Service System (military draft)**

HOWEVER – the questions remain on the form!

Answer honestly. It will not impact your financial aid.

2. Expected Family Contribution = Student Aid Index

3. Updated federal formula:

- ✓ Broadens access to federal need-based Pell grants
- ✓ Shields more of a family's income from financial aid calculations
- ✓ Eliminates the break for families with multiple students in college at the same time.



When to Apply

- ☐ Apply early **October 1st** of your senior year and submit every year.
- ☐ Documents needed: SSN, tax returns, W-2 forms from all employers, bank statements (checking/savings), investments, 529 accounts –
- ☐ **Don't wait to be accepted before completing financial aid applications!**
- ☐ Students can list 10 schools on the initial FAFSA and add or delete schools later. Postsecondary schools will not see other schools listed, just their own.
- ☐ **2020** tax data used for the **2022-2023 FAFSA** (Prior-Prior year).
- ☐ Use the Data Retrieval Tool (**DRT**) – access IRS tax return information needed and transfer data directly into your FAFSA.

IRS DATA RETRIEVAL TOOL - DRT

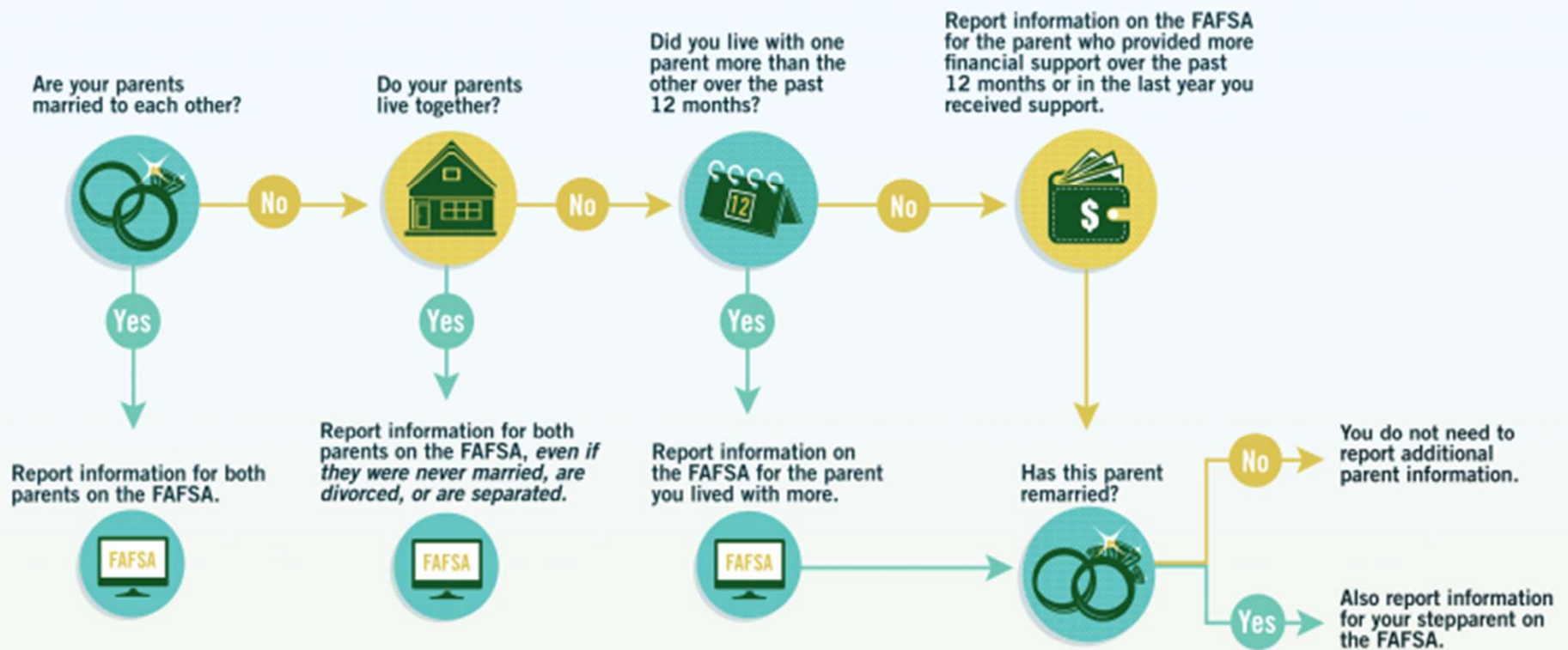
- Allows students and parents to auto-fill real-time IRS for tax data into FAFSA resulting in **fewer errors** and **faster processing**.
- IRS will authenticate taxpayer's identity.
- If match is found, IRS sends real-time results to applicant in new browser window.
- ***Information will be masked for privacy/security***, but available for schools.
- Applicant chooses whether or not to transfer data to FAFSA, participation is voluntary.

It's the easiest way for students and families to provide their tax data.

It's the best way of ensuring that the FAFSA has accurate tax information.

Be aware, students may still need to provide a copy of the student's and/or parents' **IRS information** to the college.

Who's my parent when I fill out my FAFSA? "Parent" means your legal (biological or adoptive) parent or step parent, or person that the state has determined to be your legal parent. *** Marital status *as of the date filing the FAFSA* ***



*Foster parents, legal guardians, older brothers/sisters, aunts/uncles – **not** your parents unless they have legally adopted you.*

FAFSA Tips

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- USE DRT – Data Retrieval Tool!!!
- Answer all questions, use zeros/estimate, don't leave anything blank.
- Assets are reported as of the date the application is filed.
- 529 Plans are reported as parental assets.
- Year in school refers to year in college = 1st year / freshman
- Must be accurate – both Student and Parent!
 - ✓ Social Security numbers
 - ✓ Date of Birth
 - ✓ Full name as it appears on social security card
- Don't mix up the Student and Parent sections!!



FAFSA Processing and Results

- Applicants will receive a **Student Aid Report (SAR)** after the FAFSA is processed. *if students e-mail was provided on FAFSA, they will receive an email notification.*
- Students (with FSA ID) may view SAR online – review data for accuracy! *Fix any issues asap!*
- You may be asked to submit a copy of your SAR with scholarship applications.
- Institutional Student Information Record (ISIR) is sent to the colleges listed on FAFSA *approximately 10-14 days after FAFSA submitted.*

Examples of Federal Aid

- Pell Grant
- SEOG Supplemental Education Opportunity Grant
- Work Study (on campus part time job)
- Federal Direct Stafford Loan :

no co-cosigner, no credit check, “Student Loan” = loan is in the **STUDENT’S** name

Subsidized – interest doesn’t accrue while in school. Must demonstrate “need”.

Unsubsidized – interest begins to accrue when loan is disbursed, financial “need” is not required.

Currently: 3.73% fixed, 1.057% fee, various repayment options

fixed interest rates for new Direct Loans first disbursed on or after July 1, 2021, and before July 1, 2022

Base annual loan limits (combined Sub & Unsub)

Up to \$5,500 freshman year

Up to \$6,500 sophomore year

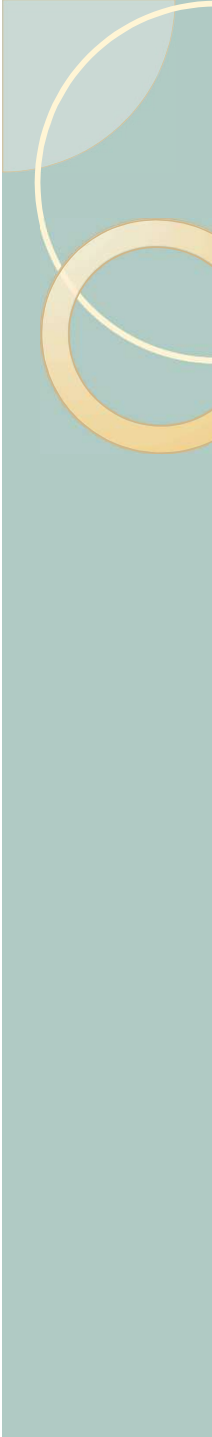
Up to \$7,500 junior and senior year





CSS Financial Aid Profile:

- In depth review of finances – asset & investment info.
- **Fee required** Cost to register and to list one college is \$25.00, each additional school listed is \$16.00.
- Sent electronically to desired colleges
- Customized by school
- Used in determining Institutional Aid eligibility (Institutional \$) Required at many private institutions
- Non-Custodial Parent requirement
- Meet **Deadlines! Available October 1st**
- Also uses 2020 (PPY) tax data for 2022-2023
- Can't log back in to make changes – contact the school



CSS Profile has a “Non custodial Parent” form requirement

- Required (by some colleges) of families who are divorced or separated.
- Non-custodial parent inputs their 2020 income/asset data (if remarried, data from household)
- Some colleges have a NCP waiver process.
- Once submitted, the college will combine the NCP data with custodial parent and student for a total family IM EFC/SAI.



Paying the “gap”

- Family contributions/savings
- Federal Direct Subsidized and Unsubsidized Loan
- **Payment plans** — many colleges offer monthly payment plans through the Bursar’s office. Research & sign up early, some start in June!.
- **Alternative/Private Student Loans:**
Credit worthy co-signer, variable rates, low/no fees, interest accrues, deferred payments, borrow up to COA. Only borrow what is really needed!
- **Loans for Parents:**
 1. Federal Parent PLUS loan
FIXED 6.28% payment can be deferred. 4.228% fee. Interest accrues from date disbursed.
(\$10,000 PLUS loan minus fee will disburse for \$9,576)
 2. Private – search on your own, current bank, AAA, State Dept. of Education, ELM select resources
- **Outside Scholarships –**
www.fastweb.com
www.scholarships.com
www.collegeboard.com
www.scholarshipexperts.com



Options & Planning....

- Options to traditional 4 year plan.
- Understand the costs & award letters when comparing schools. *Merit/athletic etc. awards have conditions.*
- Plan for all 4 years
- Contact the Financial aid office with questions
- Verification process — Tax return transcripts, W2s, and additional documentation may be required before award can be finalized!
- Consider a **good financial fit** in addition to good academic fit.



HELPFUL LINKS

- FAFSA studentaid.gov
- College Board collegeboard.com
- Federal Loans studentloans.gov
- CT State Loans chesla.org
- *Visit the Financial aid/admissions pages on the web sites of colleges you applied to!*
- FinAid.org



Where do I begin?

- **FSA ID** – student and one parent
- FAFSA (2022-2023 FAFSA available Oct 1st)
- Research the necessary forms and deadlines for each college.
- **DO NOT WAIT FOR STUDENT TO BE ACCEPTED!**
- Each and every college has a different deadline ... be organized.



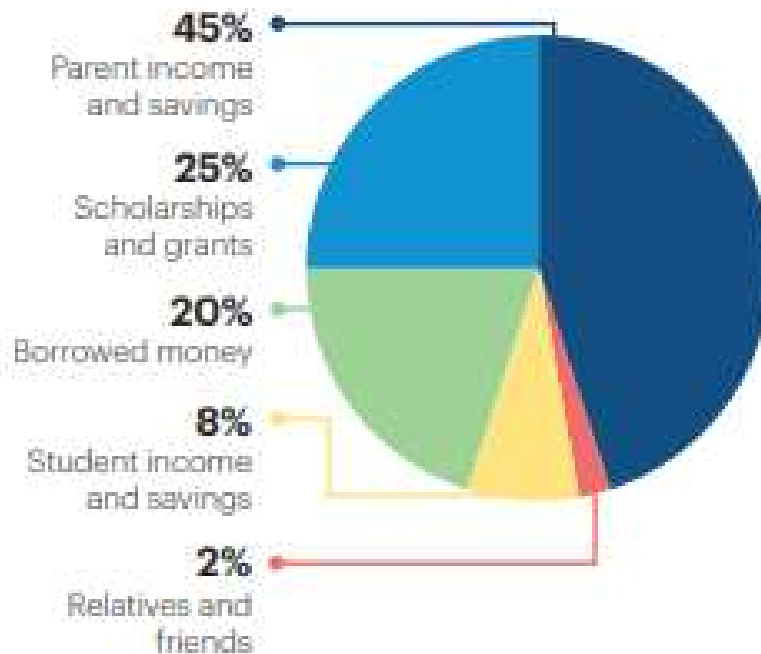
- Discuss what is a good *Financial Fit* for your family.
- Have a plan to pay for college, for all 4 years

How America Pays for College 2021

A snapshot of the national study by Sallie Mae® and Ipsos



Families spent **\$26,373** on college in AY 2020-21, a **12%** decrease from AY 2019-20



“An investment in knowledge pays the best interest”

Benjamin Franklin

Questions?