

Parents' Guide to Financial Aid

Joanna Cellary, MBA

Centenary College

10/10/13

What is Financial Aid?

- Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses
- Financial aid includes:
 - 1. Gift aid- scholarships, grants
 - 2. Self help aid- work-study, loans
- Need-based versus non-need based aid

What is Financial Aid?

- **Gift Aid**

- **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
 - Federal, state, or institutional

Types of Federal Grants

- **Pell Grant-**
 - Portable and Entitlement.
 - Maximum is \$5,645 for 2013-2014
- **Supplemental Educational Opportunity Grant (SEOG)**
 - Typically must be Pell eligible or extremely needy
 - Award amounts range from \$100-\$4,000

State Grant

- **NJ Tuition Aid Grant (TAG)**
- Very needy students
- Must attend NJ school
- Be a resident of NJ
- Put a NJ school in one of your top three (3) choices on the FAFSA
- www.hesaa.org

What is Financial Aid?

- **Self Help Aid**

- **Work Study**

- Allows student to earn money to help pay educational costs
 - A paycheck; or
 - Non-monetary compensation, such as room and board
 - Employment is on or off campus

What is Financial Aid?

- **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

Federal Direct Loan

- **Subsidized:** Must demonstrate “need”
 - interest not accruing during school
- **Unsubsidized:** Need is not considered
- *Base annual loan limits (combined subsidized & unsubsidized):*
 - \$3,500 for 1st year undergraduates
 - \$4,500 for 2nd year undergraduates
 - \$5,500 for each remaining undergraduate year
- Also an additional \$2,000 in unsubsidized loan on top of amounts listed above

Interest Rates for Direct Loans

- For 2013-2014 academic year
- Subsidized- 3.86% fixed
- Unsubsidized 3.86% fixed
- 1% loan origination fee

Other Loans

- **Perkins Loan**
 - Exceptionally needy
 - Fixed interest rate- 5%
- **Parent PLUS Loan**
- Parent loan program for parents
- Annual loan limit: COA minus other aid
- Fixed interest rate- 6.41%
 - 4% origination fees

Application Process

- Submit FAFSA prior to school's deadline
- Most aid is awarded on "first come, first-served" basis
- Check with each school to determine:
 - Required application materials/forms
 - Application deadlines
- Don't wait to file your Federal Income taxes.
- Estimate. It's OK!

How to Apply for Financial Aid

–FAFSA

- Free Application for Federal Student Aid
- www.fafsa.ed.gov
- Collects family's personal and financial information used to calculate student's EFC
- You can complete the FAFSA as of January 1, 2014 for the 2014-2015 academic year.
- Every school requires it for Federal and State aid programs.
- Once completed you will receive a Student Aid Report (SAR)

IRS Data Retrieval Tool



START HERE
GO FURTHER
FEDERAL STUDENT AID

FAFSA
Free Application for Federal Student Aid

Help Contact Us FAQs Live Help

- 1 Info About You (the Student)
- 2 Your Dependency Status
- 3 Your Parents' Information
- 4 Your Finances
- 5 Schools to Receive Your Results
- 6 Preparer's Information
- 7 Review FAFSA and Apply Signatures
- 8 Submit Your FAFSA

Your Parents' Information

View Your IRS Information

You, the parent, may link to the IRS and view your 2008 tax information. You will also have the option to securely transfer your IRS information into this FAFSA.

View IRS Information [How it works](#)

Enter your PIN and click **Link To IRS**.

Which parent are you?

What is your PIN?

[Apply For A PIN](#)
[I Forgot/Don't Know My PIN](#)

Skip This Option

Click **Skip This Option** if you do not want to use this tool.

If your 2008 IRS tax filing status is [married filing separately](#), you filed an [amended tax return](#), or you filed a [foreign tax return](#), we recommend that you **Skip This Option**.

Definition of Need

Cost of attendance (COA)

- Expected family contribution (EFC)

= Need

Cost of Attendance (COA)

- All costs associated with attending college, both directly and indirectly
- COA includes but is not limited to:
 - Tuition and fees
 - Room and Board
 - Books and Supplies
 - Traveling Expenses
 - Disability-related expenses
 - Computer expenses
 - Loan fees
 - Health Insurance
 - Study abroad costs
 - Miscellaneous

Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute
- Stays the same regardless of college
- Two components
 - Parent contribution- income and assets
 - Student contribution- income and assets

Need Varies Based on Cost

	College A	College B	College C
COA	\$45,000	\$30,000	\$15,000
EFC (constant)	\$15,000	\$15,000	\$15,000
Need	\$30,000	\$15,000	\$0

Common FAFSA Errors

- Parent & student Social Security Numbers
- Parent vs. student information
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Household size
- Number of household members in college
- Real estate & investment net worth

Assets

- The value of your investments are reported as of the day which you file the FAFSA.
- What is NOT considered an asset:
 - Residential Family Home is **NOT** considered an asset on the FAFSA
 - Retirement Plans- 401k, 403b, pensions, IRAs, Roths, etc.

What IS Considered an Asset

- Other Real Estate or Property (not the home you live in)
- Any rented portion of the Residential Family Home
- Investments
- Savings Accounts
- Trust Funds (even if monies are not available at the present time.)
- 529 Educational Plans (This is reported as a parent asset)

What if Family Circumstance Have Changed?

- Speak with a Representative in Financial Aid at your Chosen School.
- Professional Judgment (PJ)
 - Unemployment
 - Retirement
 - Death in the Family
 - Natural Disaster
 - Divorce

Corrections

- If necessary, corrections to FAFSA data may be made:
 - Using Corrections on the Web www.fafsa.ed.gov
 - By school's financial aid office
 - IRS data retrieval tool
- Verification
 - IRS data retrieval tool
 - Submit tax transcripts

CAUTION!!!

- Avoid being charged a fee to file the Free Application for Federal Student Aid
 - Processes of completing & processing FAFSA are **FREE**
 - If filing via FAFSA on the Web, be sure to go directly to **www.fafsa.ed.gov**
 - Contact financial aid office for help completing FAFSA
 - Avoid people who guarantee you aid if you use their service

Other Sources of Funding

- School need-based & non-need-based programs
 - Academic, athletic, & other talent-based scholarships & grants
- Private and/or local business scholarships (e.g. Wal-Mart, Gates Foundation)
- Civic organization scholarships (e.g. PTA, Elks Club)
- Religious organizations
- Parents' employers

Where Do I Go From Here?

- Obtain & review admissions & financial aid materials from each school to which you are applying
- Meet all application deadlines
- Complete FAFSA & any other application materials
- Investigate other sources of aid
- Check out each college's Cost Calculator

Tips for Parents

- Read everything- including e-mail & websites
- It's your responsibility
- FERPA
- Yes, you have to pay your bill
- Apply early and respond quickly to avoid start of semester craziness
- Self-service is really awesome
- Apply every year

Some Important Websites

- www.fafsa.ed.gov
- www.hesaa.org
- www.collegeboard.com
- www.finaid.org
- www.fastweb.com
- www.scholarships.com