

FINANCIAL AID 101

FINANCIAL AID BASICS

Financial Aid Terms



- **FAFSA** (Free Application for Federal Student Aid) primary financial aid application
 - Required by all schools and some scholarship organizations
 - Helps school determine your financial aid award
- **Cost of Attendance (COA)**: costs that the student can expect to incur during the school year (direct + indirect costs)
- **Expected Family Contribution (EFC)**: calculated by a federal formula to determine how much the student and family can expect to contribute to the cost of attendance (**remains the same**)
- **Financial Need**:
 - Financial Need = COA - EFC
 - Schools will determine after reviewing your financial aid applications

Types of Financial Aid



- **GIFT AID: Free Money**
 - **Scholarships**: financial aid based on merit, unique characteristics, and/or need, that generally does not have to be repaid
 - **Grants**: financial aid, usually based on need, that generally does not have to be repaid
- **SELF HELP AID: Loans, Work Programs, Savings**
 - **Work Study**: Wages earned by students working in jobs, coordinated through the campus and/or State
 - **Loans**: Borrowed money that must be repaid
 - Federal Government,
 - Banks, Schools/Colleges
- **Need-Based Aid** – based on financial need, which is determined by a federal formula (ex: grants, subsidized loans)
- **Merit-Based Aid** – based on unique characteristics such as scholastic & academic ability, grade point average, etc. (ex: scholarships)

Funding Source



Federal Government (Federal Department of Education)

- ★ Grants (PELL, TEACH, etc.)
- ★ Federal student loans (Direct, PLUS & GRAD PLUS student loans)

State Government (PHEAA)

- ★ Grants (PA state grant)
- ★ Special state-aid programs (PATH, PA-Tip, etc.)

Schools/Colleges

- ★ Institutional grants
- ★ Scholarships
- ★ Work study

Private/Public/ Civic Organizations, etc.

- ★ Scholarships
- ★ Private student loans

Funding Source



- **Pell Grant** (2022-2023 max award \$6,495)*
- **Campus-based aid** – amounts determined by financial aid office.
 - **FSEOG** (Federal Supplemental Educational Opportunity Grant).....up to \$4,000/year
 - **Federal Work-Study**...financial aid office determines.

Students must be enrolled at least half-time and meet satisfactory academic progress to qualify

- Eligibility determined by FAFSA (forms)
- Amounts determined by Need Analysis & Cost of School

*Typically goes to students who need financial aid the most.

Other Federal Grant Programs

Based on specific situations and criteria



- Teach Grant
- Vocational Rehabilitation Program (OVR) - students with disabilities
- Veterans Affairs Dependents Educational Assistance Program (DEA)
- Iraq and Afghanistan Service Grant



And more! Visit studentaid.ed.gov for more information.

Pennsylvania State Grant*



The PA State Grant Program is a financial assistance program that provides funding to eligible Pennsylvanians and helps them afford the costs of higher education at the undergraduate, level.

- For full-time students, the maximum annual award is \$4,574 or \$2,287 a semester
 - » Part-time students can only receive up to half of the full-time award.
- If you plan on attending a school that is located outside of Pennsylvania, the maximum award is subject to adjustment:
 - » **For details, see the PA Student Aid Guide, or visit PHEAA.org.**

Eligibility determined by FAFSA & PA Grant Form

Amounts determined by Need

* Must be at least half-time to be eligible

Know When to Apply!



- **FAFSA** - Apply as early as **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**
 - **May 1** – First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges)
 - **August 1** – First-time students attending community college; a business, trade or technical schools, hospital school of nursing; Open Admissions Institutions or a 2-year non-transferrable degree program at a Jr or 4-year college.

File the FAFSA by the earliest deadline

Federal Aid: FAFSA

- **Who needs to apply?** All students who wish to be considered for financial aid and plan to attend a post-secondary education school.
- **Why is the info needed?** All data is used to calculate the student's EFC, which is the primary resource used to assist schools with awarding financial aid
- **When should the form get completed?** On or after October 1, using the Federal tax returns from the Prior-Prior Year (PPY)

Enrollment Dates (year student will attend college)	When can students submit the FAFSA	Tax Return Information
July 1, 2022-June 30, 2023	October 1, 2021– June 30, 2023	2020
July 1, 2023-June 30, 2024	October 1, 2022 – June 30, 2024	2021

- **Where is the form located:** online at www.fafsa.gov



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FORMS

FAFSA.gov

Click
here for
initial
FAFSA

The screenshot shows the FAFSA.gov homepage. At the top, it says "An official website of the United States government" and "Federal Student Aid". Below that, it says "Complete the FAFSA® Form" and "Use the Free Application for Federal Student Aid (FAFSA®) form to apply for financial aid for college or graduate school." There are two main sections: "New to the FAFSA® Process?" with a "Start Here" button, and "Returning User?" with a "Log In" button. Both buttons are circled in red. A red arrow points from the "Click here for initial FAFSA" box to the "Start Here" button. Another red arrow points from the "Click here for saved application, corrections, or renewal FAFSA" box to the "Log In" button. Below the main sections, there is a "FAFSA® Announcements" section with a link to "What to Do If Your or Your Family's Financial Situation Has Changed".

- Must file every year
- File online – Fast, Secure
- Want practice? Visit [FAFSA4CASTER](https://www.fafsa4caster.com)

Click here
for saved
application,
corrections,
or renewal
FAFSA

Sections on the FAFSA

- The FAFSA is broken down into the following sections that will ask for personal demographic and financial information needed to determine the family's EFC:
 - ✓ Student Demographics
 - ✓ School Selection
 - ✓ Dependency Status
 - ✓ Parent Demographics
 - ✓ Financial Information
 - ✓ Sign & Submit (student & and 1 parent must sign)
 - ✓ Confirmation

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

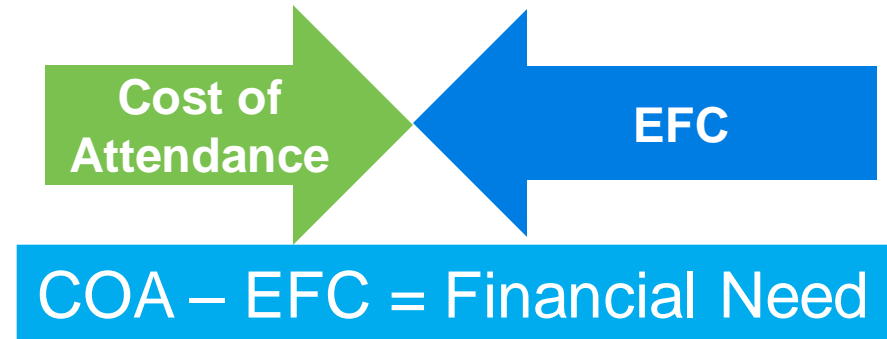
Complete each section that is required

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FORMS ARE FILED – NOW WHAT?

What Happens Next?

- 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!



What School Costs Are Considered?

- School costs include:
 - ✓ Tuition and fees
 - ✓ Room and board
 - ✓ Books and supplies
 - ✓ Transportation
 - ✓ Miscellaneous living expenses
 - ✓ Childcare, if necessary



You can receive financial aid up to the total of the school costs, regardless of your EFC!

Financial Aid Award Letter

You will receive an official notification from the 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
 - Sign and return
 - Complete MPN's (master promissory note) for loans; Entrance Counseling

Verification – IF you are flagged and need official tax transcripts:

- request **online at www.irs.gov or by calling (800) 908-9946.**
 - *Please note that tax transcripts are not the same as copies of tax returns*
- **REVIEW and ASK QUESTIONS**
 - Is there criteria on the Gift Aid - GPA, Participation, Membership, Major?
 - Will funds change if tuition changes; Will Gift Aid continue in subsequent years?
 - How are Outside Scholarships Handled?
 - What is the overall debt?

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STUDENT LOANS

When to Consider Student Loans

After exhausting all other financial aid options

- **If not paid**, student loans can adversely affect the borrower's credit & future purchasing power
- **Only borrow what you need.** After researching your expected salary: Don't borrow more to get your education than you can reasonably expect to make during your very first year in the workforce.
- **Be mindful** of what the monthly installments will be when the loan goes into repayment

Federal Subsidized & Unsubsidized Loans

- **Loan is in the student's name**
- **Payments begin 6 months after leaving school or dropping below full-time status**
- **Deferred payments**
- **Origination fee of 1.069% of the amount requested**
- **Must complete entrance counseling**
- **Complete FAFSA every year**
- **Direct Subsidized Loan:** Government pays the interest while the student is enrolled, during the grace period, and while on deferment (awarded based on financial need)
- **Direct Unsubsidized Loan:** The borrower is responsible for the interest that accrues on the loan at all times

Federal Direct PLUS Loan



- **For parents of dependent undergrad or graduate-level students**
- **Direct Parent PLUS Loan - in parent's name for student costs**
- **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 the student is in school**
 - Interest will continue to accrue
- **IF denied - student is eligible for an additional \$4,000 unsubsidized loan**
- **Must complete a FAFSA to determine any additional aid**

Private Student Loan

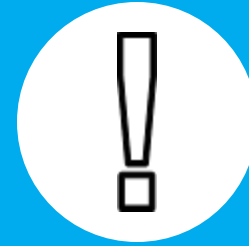


- Apply directly through the lender's website
 - PNC, Members 1st, Discover, etc.
- Loan Underwriting
 - A Cosigner is recommended
 - Credit and Income checks and validations
- Funds disbursed directly to the school on behalf of the student
- Loans can cover a full academic year

Scholarship Search

Don't miss out on FREE money!

- Start early – and KEEP LOOKING
- Criteria varies by school
 - » If you're asked to pay, it's not free money (SCAM)
- Don't disqualify yourself until IT disqualifies YOU
- 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**



- ✓ [FastWeb.com](#)
- ✓ [EducationPlanner.org](#)
- ✓ [Chegg.com](#)
- ✓ [FinAid.org](#)
- ✓ [ScholarshipExperts.com](#)
- ✓ [Scholarships.com](#)
- ✓ [Scholarship-Page.com](#)
- ✓ [DoSomething.org/Scholarships](#)
- ✓ [Colleges.Niche.com](#)
- ✓ [StudentScholarships.org](#)
- ✓ [BigFuture.Collegeboard.org](#)
- ✓ [CollegeAnswer.com](#)
- ✓ [CollegeNet.com](#)
- ✓ [MeritAid.com](#)
- ✓ MORE....

Things to Remember



- Get your FSA IDs PRIOR to completing the FAFSA (**FAFSA.gov** or **FSAID.ed.gov**)
- File your FAFSA at **FAFSA.gov**
 - Use the IRS Data Retrieval Tool
 - If starting classes in summer, check with your school
- Complete your **FAFSA and State Grant Form** at the same time
- Meet your school's priority filing **DEADLINES**
 - If you missed the deadline, file anyway
 - Report special circumstances to the school(s)
- Research costs: **mymartborrowing.org**

ONLINE RESOURCES

- EducationPlanner.org
- MyNextMove.org
- MySmartBorrowing.org
- YouCanDealWithIt.com
- Facebook.com/pheaa.aid
- MyFedLoan.org

