

**National Association of Student  
Financial Aid Administrators Presents ...**

# **What You Need to Know About Financial Aid**

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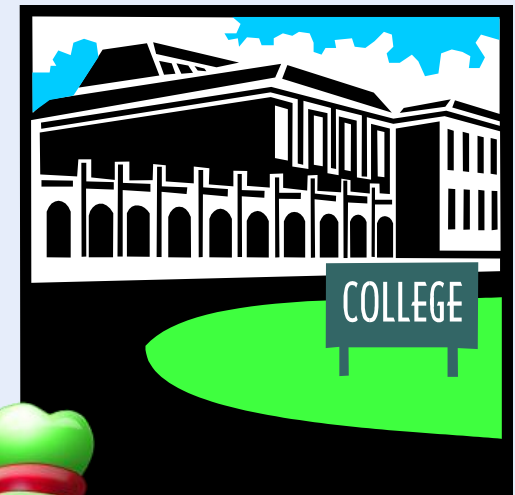
# Topics We Will Discuss Tonight

- What is financial aid?
- Cost of attendance (COA)
- Expected family contribution (EFC)
- Financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances

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# What is Financial Aid?

Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses



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# What is Cost of Attendance (COA)?

- Direct costs
- Indirect costs
- Direct and indirect costs combined into cost of attendance
- Varies widely from college to college

# What is Expected Family Contribution (EFC)?

- Amount family can reasonably be expected to contribute
- Stays the same regardless of college
- Two components
  - Parent contribution
  - Student contribution
- Calculated using data from a federal application form and a federal formula

# What is Financial Need?

Cost of Attendance

– Expected Family Contribution

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= Financial Need

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# Categories of Financial Aid

- Need-based aid
  
- Non-need-based aid

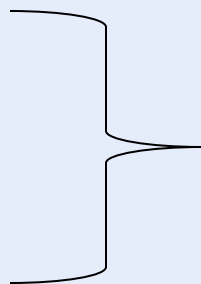
# Types of Financial Aid

- Scholarships

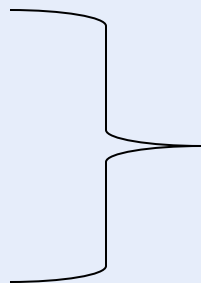
- Grants

- Loans

- Employment



Gift Aid



Self-Help Aid



# Gift Aid: Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic

# Gift Aid: Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need

# 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

# Self-Help Aid: Work-Study Employment

- Allows student to earn money to help pay educational costs
  - A paycheck; or
  - Nonmonetary compensation, such as room and board
- Student may opt to work or number of hours to work

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# Sources of Financial Aid

- Federal government
- States
- Colleges and universities
- Private sources
- Civic organizations and churches
- Employers

# Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of financial need
- Must apply each year using the FAFSA

# Federal Student Aid Programs

- Federal Pell Grant
- Iraq and Afghanistan Service Grant (IASG)
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Perkins Loan
- Federal Work-Study (FWS)
- Subsidized and Unsubsidized Federal Direct Student Loans (Direct Loans)
- PLUS Loans

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# States

- Residency requirements usually apply
- Award aid on the basis of both merit and need
- Use information from the FAFSA and/or state aid applications
- Deadlines vary by state
  - Check paper FAFSA or FAFSA on the Web site



# Colleges and Universities

- Award aid on the basis of both merit and need
- Aid may be gift aid or self-help aid
- Use information from the FAFSA and/or institutional applications
- Deadlines and application requirements vary by institution
  - Check with each college or university

# Private Sources

- Foundations, businesses, charitable organizations
- Deadlines and application procedures vary widely
- Begin researching private aid sources early

# Civic Organizations and Churches

- Research what is available in community
- To what organizations and churches do student and family belong?
- Application process usually occurs during spring of senior year
- Small scholarships add up!

# Employers

- Companies may have scholarships available to the children of employees
- Companies may have educational benefits for their employees

# Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family
- May be filed electronically or using paper form
  - Available in English and Spanish

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# FAFSA

- Information used to calculate the expected family contribution (EFC)
  - Amount of money a student and his or her family may reasonably be expected to contribute towards the cost of the student's education for an academic year
- Colleges use EFC to award financial aid

# FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1<sup>st</sup> prior to the academic year for which the student requests aid
- For the 2014–15 academic year, the FAFSA may be filed beginning January 1, 2014
- Most colleges set FAFSA filing deadlines

# FAFSA on the Web

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

PROUD SPONSOR of  
the AMERICAN MIND™

FAFSA<sup>SM</sup>  
Free Application for Federal Student Aid



Home



About Us



PIN Site



StudentAid.gov



Help

SEARCH

English | Español

- Website: [www.fafsa.gov](http://www.fafsa.gov)
- 2014–15 FAFSA on the Web available on January 1, 2014
- FAFSA on the Web Worksheet:
  - Used as “pre-application” worksheet
  - Questions follow order of FAFSA on the Web

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# FAFSA on the Web

Good reasons to file electronically:

- Built-in edits to prevent costly errors
- Skip-logic allows student and/or parent to skip unnecessary questions
- Option to use Internal Revenue Service (IRS) Data Retrieval Tool to import tax data

# FAFSA on the Web

Good reasons to file electronically:

- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status online
- Simplified application process in the future

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# IRS Data Retrieval Tool

- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer's identity
- If match found, IRS sends real-time results to applicant in new browser window
- Applicant chooses whether or not to transfer data to FOTW

# IRS Data Retrieval Tool

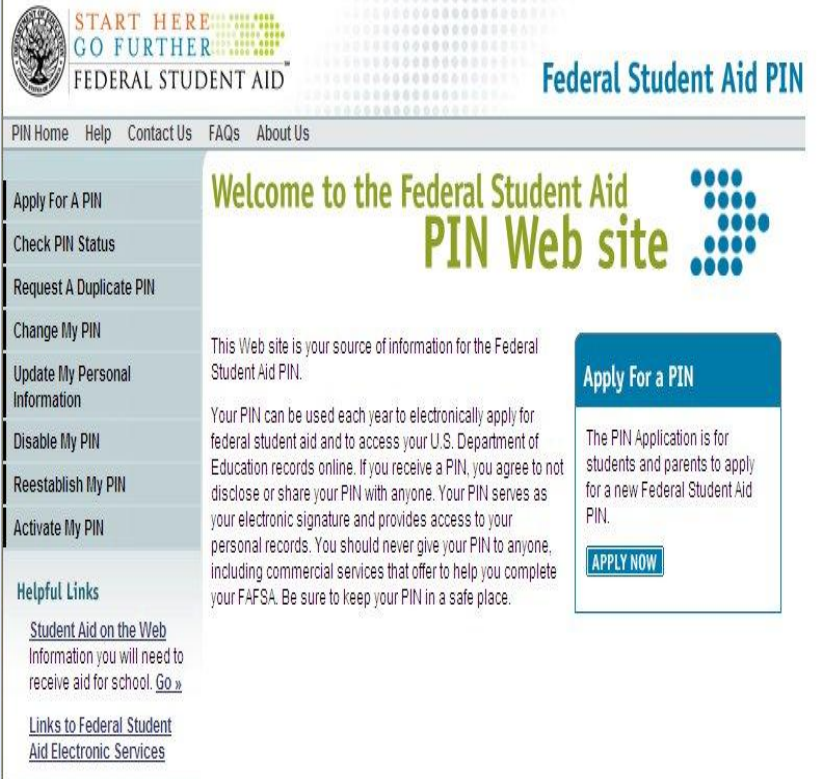
- Available early February 2014 for 2014–15 processing cycle
- Participation is voluntary
- Reduces documents requested by financial aid office

# IRS Data Retrieval Tool

- Some will be unable to use IRS DRT
- Examples include:
  - Filed an amended tax return
  - No SSN was entered
  - Student or parent married but filed separately

# Federal Student Aid Personal Identification Number (FSA PIN)

- Website: [www.pin.ed.gov](http://www.pin.ed.gov)
- Sign FAFSA electronically
- Not required, but speeds processing
- May be used by students and parents throughout aid process, including subsequent school years



The screenshot shows the homepage of the Federal Student Aid PIN website. At the top left is the logo for the U.S. Department of Education with the text "START HERE GO FURTHER FEDERAL STUDENT AID". To the right is the text "Federal Student Aid PIN". Below the logo is a navigation bar with links for "PIN Home", "Help", "Contact Us", "FAQs", and "About Us". A vertical menu on the left contains links for "Apply For A PIN", "Check PIN Status", "Request A Duplicate PIN", "Change My PIN", "Update My Personal Information", "Disable My PIN", "Reestablish My PIN", and "Activate My PIN". Below this menu is a "Helpful Links" section with two links: "Student Aid on the Web Information you will need to receive aid for school. Go »" and "Links to Federal Student Aid Electronic Services". The main content area features a large heading "Welcome to the Federal Student Aid PIN Web site" with a decorative graphic of blue dots. Below this is a paragraph of introductory text: "This Web site is your source of information for the Federal Student Aid PIN. Your PIN can be used each year to electronically apply for federal student aid and to access your U.S. Department of Education records online. If you receive a PIN, you agree to not disclose or share your PIN with anyone. Your PIN serves as your electronic signature and provides access to your personal records. You should never give your PIN to anyone, including commercial services that offer to help you complete your FAFSA. Be sure to keep your PIN in a safe place." To the right of this text is a blue box titled "Apply For a PIN" containing the text "The PIN Application is for students and parents to apply for a new Federal Student Aid PIN." and a blue button labeled "APPLY NOW".

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# FAFSA on the Web Worksheet

2014–15 FAFSA on the Web Worksheet contains:

- Instructions
- Questions that gather basic information on student and parent, if applicable

# General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug convictions
- Selective Service registration
- Level of parents' school completion



# Student Dependency Status

FAFSA asks questions to determine dependency status for federal student aid (not IRS) purposes:

- If all “No” responses, student is dependent
- If “Yes” to any question, student is independent

# Information About Parents of Dependent Students

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of federal means-tested benefits
- Assets
- Untaxed income

# Information About Student (and Spouse)

- Tax, income, and other financial information
- Dislocated worker status
- Receipt of federal means-tested benefits
- Assets
- Untaxed income

# Additional Information

- College and housing information
- FAFSA preparer information
- Certification of Statement of Educational Purpose

# Signatures

- Required
  - Student
  - One parent (dependent students)
- Format for submitting signatures
  - Electronic using PIN
  - Signature page
  - Paper FAFSA

# Frequent FAFSA Errors

- Social Security Numbers
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth

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# FAFSA Processing Results

Central Processing System (CPS) notifies student of FAFSA processing results by:

- Paper Student Aid Report (SAR) if paper FAFSA was filed and student's e-mail address was not provided
- SAR Acknowledgement if filed FAFSA on the Web and student's e-mail address was not provided

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# FAFSA Processing Results

- CPS notifies student of FAFSA processing results by:
  - Email notification containing a direct link to student's online SAR if student's email was provided on paper or electronic FAFSA
- Student with PIN may view SAR online at [www.fafsa.gov](http://www.fafsa.gov)



# FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA is submitted
- College reviews ISIR
  - May request additional documentation

# Student Aid Report

- Review data for accuracy and correct any errors
- Update estimated tax information when actual figures become available

# Making Corrections

If necessary, corrections to FAFSA data may be made by:

- Using FAFSA on the Web ([www.fafsa.gov](http://www.fafsa.gov)) if student has a PIN;
- Updating paper SAR (SAR Information Acknowledgement cannot be used to make corrections);  
or
- Submitting documentation to college's financial aid office

# Special Circumstances

- Cannot be documented using FAFSA
- Send written explanation and documentation to financial aid office at each college
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education

# Special Circumstances

- Change in employment status
- Unusual medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parental information



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**NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS**