

SCHOOL PORTAL

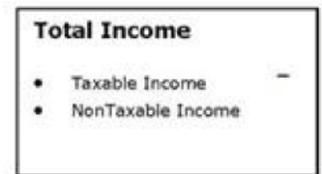
NAIS METHODOLOGY SIMPLIFIED

Understanding the basics of the NAIS methodology and how income, assets, and debts impact the Estimated Family Contribution (EFC) help make your applicant reviews as time-efficient as possible when working in the Family Contribution Worksheet (FCW) and Guided Folder Review (GFR) in a student folder. Use this as a reference for understanding how SSS calculates a family's contribution. The line numbers noted below are found on the FCW and referenced on the GFR.

Breakdown of NAIS Methodology

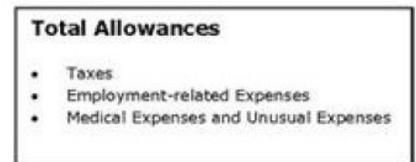
1 Income

NAIS first looks at the family's **income**. The family's sources of *taxable income* (lines 1-8) are added together as well as all types of *non-taxable income* (lines 10-15). Combined, this makes up the family's **Total Income** (line 17).



2 Allowances

NAIS then considers the family's **allowances** - monies that the family has no choice in paying. Allowances include (but are not limited to) Federal, Medicare, and Social Security taxes (lines 18-32). A family's **Total Allowances** is displayed on line 33.



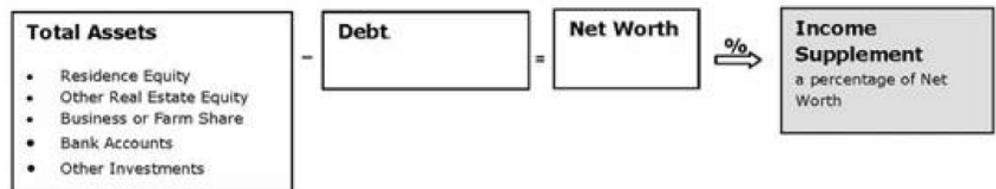
Total Income minus Total Allowances calculates a family's **Effective Income** (line 36).

3 Net Worth

Next, NAIS evaluates a family's **net worth** (assets minus debts). The family's assets, like home equity, bank accounts and other investments (but not including Retirement plan accounts) are added together on line 51. Total Assets minus Total Debts (line 52 - note that debt does not include credit card/consumer debt) calculates the family's **Net Worth** (line 53).

4 Income Supplement

Once Net Worth is determined, NAIS takes a percentage of this amount based on the oldest parent's age. This is called the **Income Supplement** (line 54).



For a breakdown of the Income Supplement formula, refer to the *SSS Computation Manual for Academic Year 2018-19*, p. 16 available in the Content tab.

5 Discretionary Income

After the Income Supplement is calculated, it is added to Effective Income to calculate what NAIS refers to as the family's **Adjusted Effective Income** (line 57).



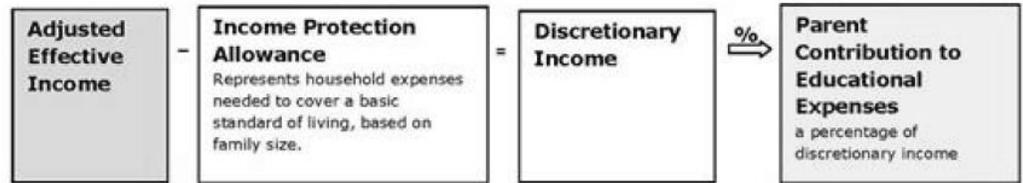
From this point, if your school is using the professional judgement setting for Cost of Living Adjustment (COLA), NAIS will adjust the income and provide the **Revised Adjusted Effective Income** (line 59).

NAIS then looks to determine the family's **Discretionary Income**. NAIS gives every family an **Income Protection Allowance** (IPA). The IPA "protects" the minimum amount of the family's income needed to cover basic living costs (like housing, food, clothing, etc.), which varies by family size. The IPA is subtracted from the Revised Adjusted Effective Income to calculate the family's **Discretionary Income** (line 63).

6 Estimated Family Contribution

Finally, NAIS takes a percentage of the family's Discretionary Income to determine their **Parental Contribution**, the amount NAIS calculates that the parents can pay for tuition. *The SSS Computation Manual for Academic Year 2018-19*, p. 34, provides an in-depth explanation on how this percentage is determined for a family. If there are two or more

applicant children, the EFC is divided equally among them (line 66). If the student has any assets, a portion of the student assets (line 68) is added to the Parental Contribution to determine the **Family Contribution** (line 69).



Need help?

If you are ever in need of a student folder walk through, please reach out to the Client Success Team at (855) 230-7850 or cst@solutionsbysss.com. The Client Success Team is available Monday-Friday from 8am to 8pm ET.