

# FINANCIAL AID for Junior Parents: The Basics

April 2, 2019



## What you Need to Know by the End of This Evening!

Financial Aid is not like Urban FA - even though it seems like it.

How do I figure out my EFC?

What is, and where can I find, a Net Price Calculator?

How do I communicate with my student about loans?

## What is Financial Aid?

Cost of Attendance (COA)

- Expected Family Contribution (EFC)

Student's Financial Need (eligibility)

**Financial Aid** -- resources that will cover the student's need.

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## Cost of Attendance

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses

## Expected Family Contribution (EFC)

Calculated from information provided on the Financial Aid Forms.

Families are evaluated using information from the previous year's tax information (2018).

Assumption: **Parents** are primarily responsible for helping to pay for a dependent child's education.

Assumption: **Students** share the responsibility of helping pay for their educational costs.

## What is considered in EFC?

- Income and earnings
- Number in family at home
- Number of dependent students in college
- Age of the older parent
- Assets outside of the family home

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## FAFSA EFC

(federal formula)

- Does not look at home equity
- Considers ONLY custodial parent
- Includes step parent
- Individual Colleges are likely to consider home equity and non custodial parent information and will ask for this information on PROFILE

## EFC CALCULATOR

### do this!

- [www.finaid.org](http://www.finaid.org)  
Calculators> Expected Family Contribution and Financial Aid Calculator
- FAFSA4caster  
<https://studentaid.ed.gov/sa/fafsa/estimate>
- [www.Collegeboard.org](http://www.Collegeboard.org)
  - Under "College Planning" > Pay for College > Tools and Calculators

**Need** depends on cost

## Stanford

COA : 70,000

EFC : 25,000

Need = 45,000

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*Need* depends on cost

Stanford	USF
COA : 70,000	COA : 63,000
EFC : 25,000	EFC : 25,000
Need = 45,000	Need = 38,000

*Need* depends on cost

Stanford	USF	UCSC
COA : 70,000	COA : 63,000	COA : 35,000
EFC : 25,000	EFC : 25,000	EFC : 25,000
Need = 45,000	Need = 38,000	Need = 10,000

*Need* depends on cost

Stanford	USF	UCSC	SFSU
COA : 70,000	COA : 63,000	COA : 35,000	COA : 24,000
EFC : 25,000	EFC : 25,000	EFC : 25,000	EFC : 25,000
Need = 45,000	Need = 38,000	Need = 10,000	Need = 0

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## Calculate Cost of College

### Net Price Calculator

on website of individual college

Start Net Price Calculator



## How is Need Met?

### FINANCIAL AID PACKAGES

#### Gift Aid

- Grants
- Scholarships

#### Self Help

- Loans
- Work Study

## Where does the money come from?

- Federal government
- State government (for CA schools)
- Colleges and universities

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## GRANTS

PELL GRANTS (federal \$) up to @ \$5,000  
*(eligibility: most awarded to incomes under \$50,000)*

CAL GRANT (CA schools) up to @ \$12,000  
Amount varies at UC, CSU, private  
Must have a 3.0 grades 10 and 11

*(eligibility: family of 4 up to @ \$95,000 income)*

INSTITUTIONAL GRANTS AND SCHOLARSHIPS determined  
by school (from \$0.00 to covering full need)

## SCHOLARSHIPS

- Merit Scholarships (not need based)
  - Offered at many colleges...but
  - Not offered at many highly selective schools
  - Automatic consideration or additional application
- Athletic Scholarships – not offered at Division 3 schools
- Outside Scholarships – **Fastweb.com, Naviance**
  - NEVER pay for scholarship search service!!
  - Don't count on them.

## LOANS

- DIRECT/STAFFORD
  - SUBSIDIZED
  - UNSUBSIDIZED
- PLUS (Parents)
- PRIVATE

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## LOANS: DIRECT

- **Subsidized** (Need-based)
  - Government pays interest while in school
  - 2019 – fixed at 5.05%
- **Unsubsidized** (Not need-based)
  - Can defer interest while in school – add to loan amount
  - fixed at 5.05%

Annual and aggregate loan limits (*\$5500 first year; \$31,000 total*)

6-month grace period after graduation, 10 year repayment

## LOANS: PLUS

**Parents** of undergraduates

- Not need based.
- 10 Year Repayment period, begins after loan is disbursed
- Fixed rate of 7.6% (2019)
- Loan Limit
  - ✓ Up to COA less all other aid

(Should not be included as part of FA package!)

## PRIVATE LOANS

- Not Title IV (federal) aid
- Also known as “alternative” loans
- May require a co-signer
- Loan fees and interest rate can be higher than Stafford or PLUS loan
- No help re: repayment plans, loan forgiveness, etc
- **Institutional** Loans

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# Loan Calculators



- Student Loan Calculators
  - <https://bigfuture.collegeboard.org/pay-for-college/loans/student-loan-calculator>
  - <http://www.finaid.org/calculators/loanpayments.phtml>
- Parent Debt Calculator
  - <https://bigfuture.collegeboard.org/pay-for-college/loans/parent-debt-calculator>

## LOAN CALCULATOR

Loan Balance:

Interest Rate:  [choose rate](#)

Loan Fees:

Loan Term (Years):  [choose extended term](#)

Minimum Payment:

Enrollment Status:  ▾

Degree Program:  ▾

Total Years in College:

Print payment schedule?  Yes  No

### Loan Calculator

Loan Balance: \$28,000.00  
 Adjusted Loan Balance: \$28,282.83  
 Loan Interest Rate: 4.45%  
 Loan Fees: 1.00%  
 Loan Term: 10 years  
 Minimum Payment: \$50.00

Monthly Loan Payment: \$292.44  
 Number of Payments: 120

Cumulative Payments: \$35,092.43  
 Total Interest Paid: \$7,092.43

Note: The monthly loan payment was calculated at 119 payments of \$292.44 plus a final payment of \$292.07.

### Payment schedule

Income needed to repay debt without excessive burden

15% of income

Household Size	Minimum AGI (IBR)
1	\$39,640.00
2	\$45,250.00
3	\$50,860.00
4	\$56,470.00
5	\$62,080.00
6	\$67,690.00

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## WORK STUDY

- Government subsidized, guaranteed on campus job for student to earn money toward paying the COA.
- Summer work is also expected as student self help.

## HENRY

COLLEGE	COA	GRANT	STUDENT LOAN	WORK STUDY	EFC	WHAT FAMILY NEEDS TO PAY
A	\$70,500	\$52,500	\$5500	\$2500	\$10,000	\$10,000
B	\$64,700	\$24,000	\$5500	_____	\$10,000	\$25,200
C	\$44,000	\$18,500	\$5500	_____	\$10,000	\$20,000
D	\$66,000	\$45,000	\$5500	\$3000	\$10,000	\$2500

Meets need

GAP

Ment Scholarship

## SAM

COLLEGE	COA	GRANT	STUDENT LOAN	WORK STUDY	EFC	WHAT FAMILY NEEDS TO PAY
<b>\$\$ U</b>	\$75,500	\$65,500	_____	_____	\$10,000	\$10,000
B	\$74,700	\$66,200	\$5500	\$3,000	\$10,000	\$0
C	\$34,000	\$14,500	\$5500	_____	\$10,000	\$14,000
D	\$56,000	\$20,000	\$5500	\$2500	\$10,000	\$28,000

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## HOW TO APPLY?

- **FAFSA** – Free Application for Federal Student Aid
  - [www.fafsa.gov](http://www.fafsa.gov)
- **Cal Grant GPA Verification Form**
  - [www.csac.ca.gov](http://www.csac.ca.gov)
- **CSS Profile**
  - <https://profileonline.collegeboard.com>
- **Individual College Applications**

## FAFSA

- CAN be submitted after October 1
  - Should be submitted close to application deadline.
  - Can draw from IRS Income Tax information
  - For Class of 2020, will use information from **2018** tax year.
  - Reapply every year
- \* Male students – Register with Selective Service

## Cal Grant GPA Verification

- For colleges in California
- Filled out by student and counselor.
- Must be submitted before March 2.

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## CSS Profile

- Available at College Board website
- Due when application is due.
- 2 step process:
  - Registration (\$9.00)
  - Each school's application (\$16.00)
- Very likely to consider **home equity**
- Very likely to **REQUIRE non custodial parent** to fill it out.

## Individual Applications

- Check with each school!

## Special Circumstances

Submit Forms

Contact individual Financial Aid Office(s)

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## What to ask colleges?

- Are you **Need Blind/Need Sensitive** in your admissions process?
- Do you **Meet Need** for students who demonstrate need?
- What **forms** do I need and when are they due?
  
- What do you **consider** when you calculate individual college EFC? (ie. home equity, cost of living, non-custodial parent...)

## To do *now*...!

- Calculate EFC.
- Do Net Price Calculator of colleges of interest.
- Do Loan Calculator with your student.
- File taxes.

## What you Need to Know by the End of This Evening!

- Financial Aid is not like Urban FA - even though it seems like it.
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## Finally...

- Talk to students and set realistic expectations – especially about loans
- Start early
- Do not hesitate to call FA office at college
- Be optimistic, but realistic

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