

Private School Financial Aid: Your Questions Answered

By Russ Gagarin, Landon School Director of Financial Aid



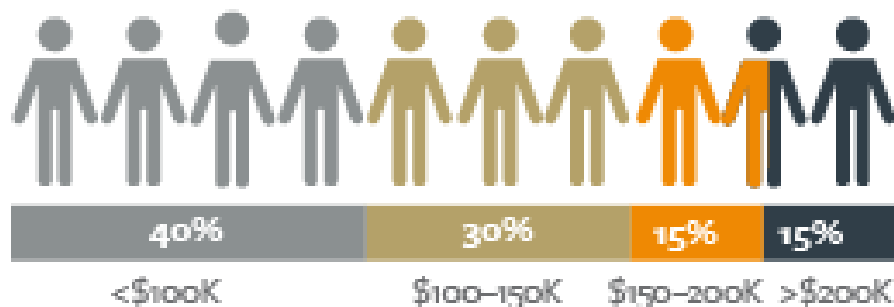
For many families, financial aid can make or break their hopes of a private school education. If you are reading this, you are at least entertaining the idea of sending your child or children to private school and you would like to know how financial aid could help that happen.

More than 150,000 students in independent schools across the country receive in excess of \$2 billion in financial aid each year, according to the National Association of Independent Schools (NAIS). Please see the chart below to understand the trends in financial aid awards.

| School Year | Percent of students at NAIS member institutions receiving financial aid |
|-------------|-------------------------------------------------------------------------|
| 2018-19 | 25.1 |
| 2017-18 | 23.7 |
| 2005-06 | 17.4 |

I have worked in the Financial Aid Office at Landon School in Bethesda, Maryland, for more than 30 years and have sat across the table from countless parents who face this incredibly important decision. And given the cost of tuition, we have seen a trend where more parents across the financial spectrum are considering aid as an option. At Landon, as you see below, that range might surprise you.

Gross household income for families receiving financial aid:



In the pages that follow, I will share with you strategies and tips as well as answer many of the questions you might have about how to navigate the financial aid process. These tips and transparency about the road ahead should help this process feel less overwhelming and empower you to make educated and thoughtful decisions about your family's future.



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What Does ‘Financial Aid’ Really Mean?

It may surprise you to hear this, but often financial aid is not simply a reduction in tuition. At some schools, the term “financial aid” can also include grants, need-based or merit scholarships, or tuition payment plans that allow your family to afford the cost of a private school education. At Landon, financial aid is completely need-based, but we also offer merit-based Maguire Ethics Scholarships to rising 8th graders; these \$10,000 scholarships can be awarded to several students beginning in 9th grade and renewed on an annual basis thereafter.

In addition, while loans are not technically part of financial aid, some schools will factor your perceived borrowing power into your family’s expected tuition contribution. This tactic brings me to my first major bit of advice...

Do Your Homework

Before you apply for financial aid at any private school, you will need to do your homework about its aid program. Some schools will have this information listed on their website; in other instances, you may have to ask a financial aid representative from the institution. Regardless, I always suggest talking to a school’s financial aid representative. He or she is your best resource for information about the intricacies of aid at the institution and will paint a much clearer picture of the process than you will get simply by reading the website.

To the right, take a look at the questions you could ask.

The answers to these queries will vary by school. And, while these questions are extremely important, they take a backseat to one that trumps all others: **What is the true cost of attending the school?**

By “true cost,” I mean: How much more will it cost you above and beyond what is included in tuition to send your child to that school? If it is a boarding school, does tuition include room and board? Are meals and/or books included?

In most instances, tuition is just the jumping-off point, and there will be additional costs for transportation, field trips, athletics teams, books and school supplies that can add up to a substantial amount more than the basic tuition.

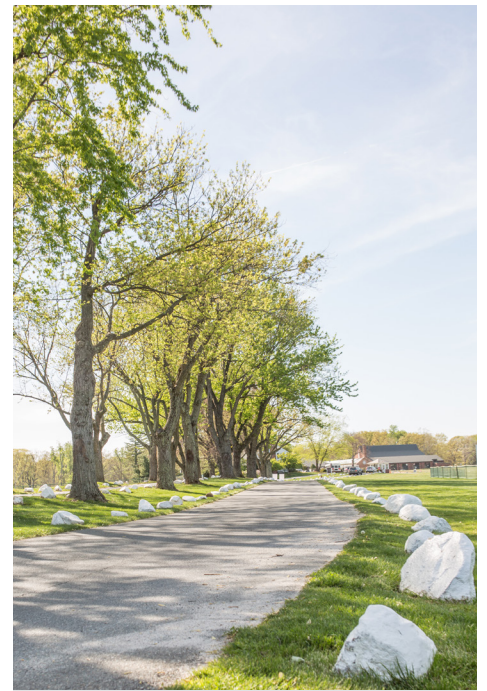
Only once you have determined the true cost to attend the school can you answer the question you have already been asking yourself...

Should I Apply for Financial Aid?

Is my family eligible for financial aid? This is the first thing many people ask when they initially consider applying for assistance. The simple answer is: If you feel that you cannot completely cover the costs of a private school education, financial aid is a route you should most definitely explore.

Many families assume that they will not qualify for aid and thus do not bother applying. It may sound obvious, but not applying for aid is the only way to ensure that you won’t get any.

On the flip side of the coin, I always stress to families that financial aid should be a last resort and not a first resort. I run a financial aid clinic every January, and I start off with the fundamental premise that the family is responsible for paying for education. And that is “family” with a lowercased “f” — meaning that if you have an uncle who hit the lottery, ask him for help before you apply for financial aid. Grandparents are paying a lot of tuition these days. It is a great way for them to get money out of their estates, especially if they write checks directly to the school, so that their money doesn’t incur huge estate taxes down the road.



Questions to ask:

- What percent of students receive financial aid?
- What is the school’s overall financial aid budget?
- What is the average financial aid award?
- Are there sibling or employee discounts (where applicable) that could offset tuition?
- Are there need- and merit-based scholarships that could help defray the cost of tuition?
- Are there tuition payment plans that can help my family better afford the school?
- What is the average gross household income for families receiving financial aid?
- What is the school’s policy for renewing financial aid in subsequent years?
- Are there options or an appeals process if we don’t get the financial aid award we need?

I encourage families to examine their own family resources before they think about aid. The reason is that, like families, schools have a limited amount of resources with which to work — and schools require families to exhaust their resources first.

If you have explored all options at your disposal and feel that you cannot afford the full tuition, applying for financial aid is the right move for you. If you are still unsure about your financial aid prospects, it is always a good idea to talk to the school's financial aid officer. He or she should be able to give you a realistic assessment of whether the financial aid process is right for you. Please consult your financial advisor to clarify and confirm these procedures.

The Meat & Potatoes: The Parent Financial Statement

The first step when you decide to apply for financial aid is to collect all the relevant documents regarding your family's income and assets: W-2s, 1099s, 4506-Ts, and your most recent tax return(s). Landon and many other private schools require parents applying for financial aid to use these documents to fill out a Parent Financial Statement (PFS) that records income, assets, what you pay in taxes, how many children there are in your family, how many of those children go to tuition-charging schools, and so on.

Landon and many other private schools have parents register with School & Student Services (SSS) and fill out the PFS form through SSS. (There are several other organizations that provide a similar service, such as TADS and Private School Aid Service, but I will exclusively reference SSS, which we use at Landon.)

SSS uses a family's financial data and financial statement — including taxable and non-taxable income, assets, liabilities, family size, and the number of children in tuition-charging institutions — to calculate a family's ability to pay for educational expenses for all their children in tuition-charging institutions (the definition of which can vary by school).

After allowances for required and basic necessities, a portion of remaining resources are considered available for education on a sliding scale. The end result is a number called the estimated family contribution (EFC), which represents how much a family can reasonably pay toward tuition. If you are applying for financial aid at multiple schools that use the same financial processor (whether it is SSS, TADS, etc.), all of those schools will receive the same report.

It is important to note that while SSS and other financial aid processors provide the school with the EFC, the processors do not make a recommendation to the school about your financial aid package. Each school uses the EFC to make its own independent decision about financial aid for each family.

A detailed guide to filling out the PFS is included later on in the “Frequently Asked Questions” section of this book. Before you dive in to filling out the PFS, take a few minutes to read the below tips. Some of the suggestions may seem obvious, but they just might save you time, stress... and money.

Honesty Pays Off

Throughout the financial aid process, I am as honest and transparent as possible with parents, and I encourage them to be honest as well. Accurately reporting family financial information, such as income and assets, on the PFS will go a long way to making the process smooth and worry-free.

The first thing that I make sure all parents realize when they apply for financial aid at a private school is that they are going to pay something, and schools are going to ask them



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to stretch. It may be a little uncomfortable at first to pay what you are being asked to pay. That's the hard part. The PFS form even asks outright how much you think you can pay and requires you to enter a dollar amount.

It is interesting to see the families that probably need the most aid often put down that they can pay more than those who probably need less aid. Why? Because they want to be at the school. So I tell families to be honest about what they think they can pay and to avoid lowballing the amount. Putting in a realistic number can expedite the process and ensure that your aid request is given the recognition it deserves.

Don't Fear the Goose Egg

Don't be afraid to put "o" on your PFS if an item doesn't apply to you. For instance, there is a question that asks: "How many boats do you own?" That is my favorite question on the whole form. I had one family who put down that they owned a 10-foot Sears rowboat. I told them that they didn't need to do that... but I also figured that the rest of their form was pretty truthful. The point is: The PFS asks a lot of questions, and some things may not apply to your family. Some parents are often afraid that if they put "o" on the form, they are not going to get any aid, but that could not be farther from the truth. When in doubt, opt for honesty.

Less Isn't Always More

Briefly explaining items on your PFS that need explanation will go a long way toward facilitating the financial aid process. Another thing that will go a long way toward facilitating the financial aid process. On the form itself, there is a line item called "Unusual Expenses" that a family may incur in a particular year. Some examples include lawyer fees, settlement fees if you refinanced your mortgage, funeral expenses, among others. It is important to briefly explain those expenses because when things go unexplained on the PFS they are less likely to be taken into account when calculating the amount a family can pay toward tuition.

Timing Is Everything

My final tip on submission of the financial aid PFS and application is this: Don't wait until you have been accepted to a particular school to apply for aid. Begin the financial aid process at the same time you begin the application process. If you wait until you are accepted, by that point most aid has been granted, and you might be out of luck.

One concern I hear from families is that they are afraid admissions committees will be biased against families asking for aid. In fact, admissions applications and financial aid applications are totally separate entities. School admissions committees have no idea who is applying for aid and do not have access to a family's financial information, so that does not factor into their decision-making process at all.

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What Happens After I Apply for Aid?

If your student is accepted to the school, the financial aid office will get you specifics of any aid for which you have qualified as soon as possible so that you can make an informed decision about signing an enrollment contract.

It is also important to note that just because your child qualifies for aid does not mean that schools will meet your full need. Schools have limited resources, and so tough decisions have to be made about how to allocate those resources.

The toughest questions I have to answer as director of financial aid are: “Why didn’t my son get funded?” or “Why am I on the financial aid waiting list while another family got funding?” The first part of that is that you’re not supposed to know who got funding — the process is confidential — and the second part is simply that the school ran out of financial aid money.

Just as parents may have scarce resources to send their child or children to private school, the school also has scarce resources that it needs to use in the most strategic way possible. Schools usually consider financial aid for returning students first, followed by financial aid for new students.

In addition, schools are more likely to award financial aid to students entering certain grades. This is what we call strategic enrollment management, as schools often have certain grades that they need to fill before others. The example I often give to families is that we are going to fund more third graders than we are fourth graders because the third grade is the entry point into Landon. For the same reason, we are likely to give more aid to new students entering ninth grade, the first year of our Upper School, than to those coming in 10th grade.

The Right Fit

My final bit of advice to those considering a private school education is that you need to find the school that is the right fit for your child, regardless of the financial aid package offered. You may be inclined to send your child to the school that offers the most money or the most attractive package, but I urge you to first pick the school that will provide the right environment to nurture your child intellectually, artistically, athletically, socially and ethically — and explore every possible option to send your child there. It will make all the difference in the world.

Frequently Asked Questions

How do I apply for financial aid at a school that uses SSS?

Go to SSS at <https://sss.secure.force.com/familyportal>.

1. Be sure to submit your Parent Financial Statement (PFS) by the appropriate deadline. By signing the PFS electronically, parents indicate that they have filled out the PFS with the best available knowledge. They agree to inform the school of any changes in their financial situation. Any variance from this may jeopardize a student’s financial aid grant, no matter what stage they are in during the process. The preliminary financial aid grants may be adjusted once the file is complete with the required documentation.
2. By the date specified, upload to the Family Portal W-2s, 1099s, 4506-Ts, and most recent tax return (if applying for financial aid for the first time).
3. By the date specified, upload to the Family Portal the just-completed income tax return for the previous year, including all schedules, and forms. (W-2s and 1099s should have already been sent to SSS.)

Schools will often reserve the right to request additional financial information from financial aid applicants or their parents. You may call 800-344-8328 with any questions about your PFS or about SSS.



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What does SSS do?

SSS uses a methodology to compute a family's ability to pay for educational expenses for all their children in tuition-charging institutions — and the end result is a number that represents how much a family can pay toward tuition. This methodology takes into consideration taxable and non-taxable income, assets, liabilities, family size, and the number of children in tuition-charging institutions. After allowances for required and basic necessities, a portion of remaining resources are considered available for education on a sliding scale. The definition of “tuition-charging institution” can vary by school. At Landon, we define tuition-charging institutions considered in the determination of aid as daycare for preschool-aged children through the first four years of undergraduate-level college.

Will applying for financial aid have an impact on the admissions decision for my child?

At most schools, the Admissions Committee is not aware of who is applying for financial aid, and financial aid decisions are made after a student has been admitted. For this reason, you should apply for financial aid at the same time that you start the application process at a school. SSS will compute the amount your family can pay toward tuition and, once you are accepted, the Financial Aid Committee at the school will take this number into consideration to calculate your financial aid award.

What is the range of aid that is given?

This varies by school, but awards can range from a small percent of tuition to almost full tuition, depending on the proven need of individual students. It is important to note that, with very few exceptions, families will pay some tuition.

What does financial aid cover?

Again, this varies by institution. At Landon, financial aid covers tuition only; there are other subsidized discounts for transportation, music lessons, etc.

Is there a financial aid waiting list?

Most schools have more students who qualify for financial aid than the school is able to fund and therefore do maintain a financial aid waiting list should funds become available.

Do I have to reapply each year for financial aid?

At most schools, including Landon, a student's need is recalculated annually. Therefore, parents are required to submit the PFS along with the other required documentation each year for review by the school's Financial Aid Committee.

If only one parent works outside of the home, will the student be considered for financial aid?

This varies by school. At Landon, we recognize that families have the freedom to make choices regarding their financial status. If only one parent works outside the home, the Financial Aid Committee, according to Landon policy, will add to the income of the family. An exception to this policy might occur if the parent at home is caring for a preschool-aged child, a child with a disability, a seriously ill child, parent or grandparent, or if there are other special circumstances. Parents should present these possible exceptions at the end of the PFS before submitting.



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If I am single, divorced, or no longer living with my son's other parent, what information will the Financial Aid Committee require in order to determine an award?

This policy varies by school. At Landon, we believe that all parents have an obligation to contribute to the expense of educating their children. Assets and incomes of all natural and adoptive parents will be considered in making a financial aid award. All parents/guardians must complete the PFS and submit the required documentation in order for the school to gain a realistic picture of family resources.

Please note: When parents complete separate PFSs, they must spell the student's name correctly. For example, they should not use all capital or all lowercase characters. If the child has a suffix (Jr., III, etc.), both PFSs must indicate the same suffix.

The Financial Aid Committee will not be bound by the assertion that one parent has disclaimed responsibility for educational expenses. If the custodial parent has not heard from the non-custodial parent for a period of time to be determined by the Financial Aid Committee or the involvement of the non-custodial parent is not in the best interest of the student, the above requirements may be waived. A letter of explanation and verification from a third party such as a minister, attorney or social worker will be required.

If either parent has remarried, the needs analysis considers the assets and earnings potential of the step-parent in conjunction with the natural parent, keeping in mind the step-parent's responsibility to his or her own children.

If my student lives with his guardians, what information will the Financial Aid Committee require?

Children who are living with guardians are usually reviewed on an individual basis. If the parents are still living and are claiming their child on their tax return, the parents and, possibly, the guardians must complete the PFS and submit the required documentation. If other family members have custody, they must also complete the PFS and submit required documentation. The school's Financial Aid Committee may require proof of custody.

If we receive financial aid but cannot pay the "family contribution" noted in the award, is there an appeal process?

This varies by school. At Landon, if a family has new information that was not included in the PFS and might have some bearing on the financial aid award, the parents should include that information in a letter to the Financial Aid Committee via the SSS Portal or by email to the Director of Financial Aid.

How do I fill out the Parent Financial Statement if I do not have my W-2?

If you do not have a W-2 handy, you can figure out your income/wages and salaries for the PFS by using year-to-date information from your most recent paystub. This can be done by following these steps:

1. Find gross regular earnings year-to-date from paycheck stub.
2. Subtract pre-tax contributions, for example: flex plan/125 contributions; 401(k) or 403(b) contributions; other pre-tax income deductions.

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3. That figure should be close to what would appear in Box 1 of the W-2, so please include that on the PFS.

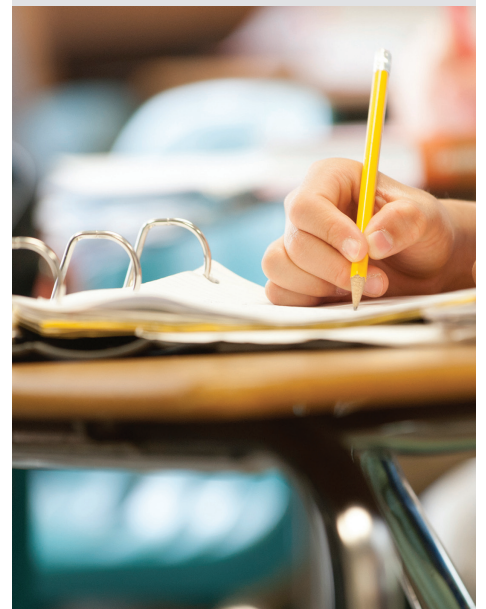
If I am a late applicant, is financial aid still an option?

At the beginning of this book, I promised you honesty, so I won't sugarcoat this for you: In most instances, financial aid is not an option for late applicants. Almost every school taps its financial aid resources in allocating money to those who applied in accordance with the timeline set forth in the school's published financial aid calendar. So, if you are considering filing a late application and believe you will need financial aid, I would advise that you check with the financial aid office at the school before submitting an application.



Cheat Sheet: 9 Helpful Hints When Applying for Financial Aid

1. Note each school's deadlines so that grants are not delayed or forfeited.
2. You only have to complete one Parent Financial Statement (PFS), even if you have several children applying for aid at a school (or schools) that uses School & Student Services (SSS). However, in households where the parents are divorced, each parent must complete a PFS.
3. Fill in whole dollar amounts only.
4. Use good-faith estimates for items where you may not know the exact number.
5. Do not wait to complete your tax return to complete your PFS.
6. Some items require a brief explanation or itemization, so please provide the detail in the spaces provided.
7. Families can track which required documents are due and when through the SSS Family Portal.
8. Keep track of your SSS login and passwords, as you will use this information to see your PFS and in future years.
9. Many families find that referencing last year's form is helpful in filling out this year's form, so be sure to print a copy of your PFS for future reference.



For more information about the financial aid process including the components that might make up a package — need-based financial aid, merit awards, sibling discounts, employee discounts, payment plans and independent loans — please visit www.solutionsbysss.com/parents.