

# Financial Aid for College

Presented By:



# What does Financial Aid do?

- ▶ **Provides Access to Higher Education**
- ▶ **Provides Students a Choice**
- ▶ **Removes Financial Barriers**

# Why do you want to know about Financial Aid?

- ▶ I want to go to a college, university, trade school, etc.
- ▶ I do not have a college savings plan.
- ▶ My family will not be able to help pay for college.
- ▶ I want to help reduce the cost for my family.
- ▶ I hear it is a scary process.
- ▶ I want to be ready when it comes time to apply.
- ▶ It sounds like an exciting topic!

# Sources of Financial Aid

- ▶ Federal Government
  - FAFSA, ROTC or Veterans GI Bill
- ▶ State Government
- ▶ Colleges/Universities
  - Scholarships, Grants, CSS Profile?
- ▶ Private Sector/Donors
  - Where to find them? How to apply?

# Process to Apply for Federal Aid

(senior year of high school)

- ▶ File a Free Application for Federal Student Aid (FAFSA) after October 1 of your senior year in high school: [fafsa.gov](https://fafsa.gov)
- ▶ Uses tax figures from 2 years prior
- ▶ File it EVERY year in college.

# How is my Aid Determined?

## ▶ Definition of Need

### ▶ Cost of Attendance (COA)

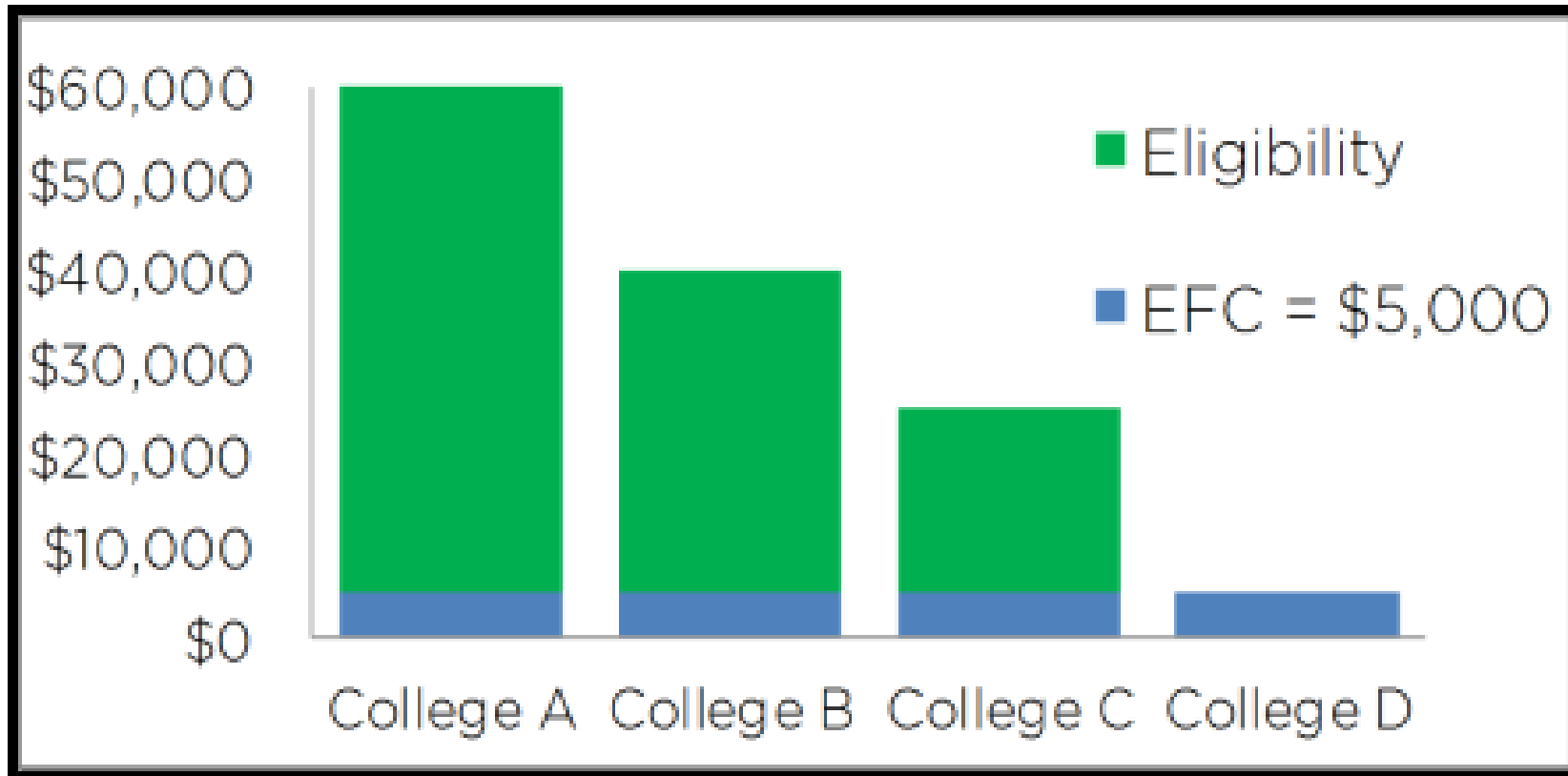
-Your COA is the amount it will cost you to go to school. Your COA is the estimate of tuition and fees; room and board; the cost of books, supplies, personal expenses, and transportation.

### ▶ - Expected Family Contribution (EFC)

### ▶ = Financial Need \*

\* Amount of need met varies at each college and university.

# How is my Aid Determined?



# Types of Financial Aid





# Types of Financial Aid

- ▶ **Gift Aid - Scholarships and Grants (FREE)**
  - Merit, talent, need based or private Scholarships
  - Federal Pell, FSEOG Grants or college based grants
- ▶ **Loans - Student/Parent repay loans after graduation**
  - Subsidized and Unsubsidized Federal Stafford Loans
  - Parent Plus Loans
- ▶ **Work - Paid monthly for hours worked in a job**
  - Federal Work Study Programs

# Scholarship Types

- ▶ Merit (GPA and/or Test Scores)
- ▶ Academic Major
- ▶ Athletic
- ▶ Activity
- ▶ Residence/Community Advisors
- ▶ Need-Based

# Scholarship Tips

- ▶ What matters...
  - ▶ Grades
  - ▶ Leadership
  - ▶ Community Service
  - ▶ Writing ability
  - ▶ Story Telling
  - ▶ Deadlines

# Federal Grants

## ▶ Pell Grants

- Maximum Amount \$6,195 in 2019-2020

## ▶ FSEOG Grants

- Awarded between \$100-\$4000 in 2019-2020

## ▶ TEACH Grants

- Maximum awarded was \$3,752 in 2019-2020
- Upon graduation the student must agree to work in a high need education field in a low income area and complete four academic years over an eight year period.

# Federal Subsidized and Unsubsidized Loans

Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)*	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)*
First-Year Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.*	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.*
Second-Year Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.*	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.*
Third-Year and Beyond Undergraduate Annual Loan Limit	\$7,500—No more than \$5,500 of this amount may be in subsidized loans.*	\$12,500—No more than \$5,500 of this amount may be in subsidized loans.*

► \*Difference is made up with Unsubsidized Loans.

# Federal Subsidized and Unsubsidized Loans

- ▶ Current Interest Rates for Federal Subsidized and Unsubsidized loans are 4.53% until July 1, 2020.
- ▶ Subsidized loans don't require repayment until six months after the student graduates, leaves school, or drops below half-time enrollment.
- ▶ Unsubsidized loans require repayments after the loan is fully disbursed. Deferment is an option up until six months after the student graduates, leaves school, or drops below half-time enrollment. Interest payments may be made while the loan is in deferment.
- ▶ Repayment options include 3 different plans; Standard and Graduated (both up to 10 years), or an Extended plan (up to 25 yrs.).
- ▶ Consolidated loans can be repaid over a 30 year term.

# Parent Plus Federal Loans

- ▶ Currently the interest rate is 7.08% until July 1, 2020.
- ▶ The maximum PLUS loan amount you can borrow is the cost of attendance at the school your child will attend minus any other financial assistance your child receives. The cost of attendance is determined by the school.
- ▶ You will be expected to begin making payments after the loan is fully disbursed.
- ▶ You may defer payments while your child is enrolled at least half-time and for an additional six months after your child graduates, leaves school, or drops below half-time enrollment. During any period when you're not required to make payments, interest will accrue on your loan. You may choose to pay the accrued interest or allow the interest to be capitalized.
- ▶ Typical loan repayment term is 10 years but can be extended to 25 years.

# Role of a Financial Aid Office

- ▶ Determine final eligibility for need-based aid
- ▶ Determine Special Circumstances
  - examples include;
    - Private school tuition for siblings (more typical at Private Colleges)
    - Unexpected medical bills
    - Loss of job
    - Financial situation changed from two years ago (FAFSA)
- ▶ Package aid
- ▶ Send an award notification
- ▶ Provide Information and Answer Questions



# Planning Tips

- ▶ Begin sound money management
  - ▶ Set your goals
  - ▶ Start a savings plan (example: 529 College Savings Plan)
  - ▶ Get a job and work summers
- ▶ Research careers
  - ▶ Shadow careers you are interested in pursuing- ask questions

# Interesting Facts

- ▶ On average 67% of students receive financial aid in the form of scholarships and grants
- ▶ Average tuition discount (scholarships and grants) given by colleges is 44%-50%
- ▶ About 66%-70% of college graduates have student loan debt
- ▶ Average student loan debt in U.S. is just over \$30,000
- ▶ Average monthly payment is estimated at \$320 for 10 years

# Financial Aid Timeline

- ▶ Senior Year of High School
  - ▶ Apply & be accepted for admission at school of choice
  - ▶ File FAFSA after October 1
  - ▶ Apply for scholarships by deadlines
  - ▶ Compare award letter offers at each school
  - ▶ Decide where you will attend by priority date of *May 1*
  - ▶ Complete remaining financial aid documents required
  - ▶ Pay bill by deadline
  - ▶ Attend classes

# Questions?

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