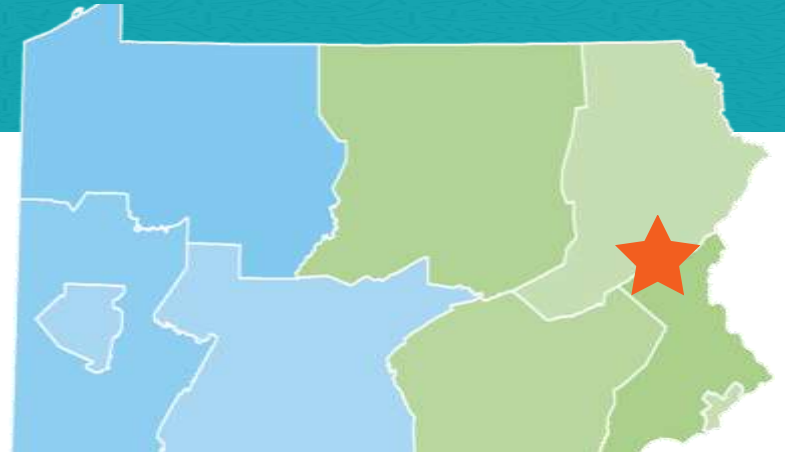


LET'S MAKE
CENTS
OF PAYING FOR COLLEGE



Financial Aid 101

Your Presenter



Michael F. Burke

Higher Education Access Partner

PA Higher Education Assistance Agency (PHEAA)

mburke@pheaa.org

Meet the Team

Eastern Pennsylvania



**William
Lindsey**
Manager



Tiffanie DeVan
tdevan@pheaa.org
Dauphin, Juniata, Mifflin,
Northumberland, Perry,
Schuylkill, Snyder, and
Union Counties



Robin Walker
rwalker@pheaa.org
Bradford, Columbia,
Lackawanna, Luzerne,
Lycoming, Montour, Sullivan,
Susquehanna, Tioga, Wayne,
and Wyoming Counties



Michael Burke
mburke@pheaa.org
Carbon, Lehigh,
Monroe, Montgomery,
Northampton, and Pike
Counties



**Sonya Mann-
McFarlane**
Smannmcf@pheaa.org
Berks, Chester, Lancaster, and
Lebanon Counties



Diona Brown
dbrown1@pheaa.org
Adams, Cumberland, Franklin,
Fulton, and York Counties



Frances McKeown
fmckeown@pheaa.org
Bucks, Delaware and
Montgomery Counties



Ron Felder
rfelder@pheaa.org
Philadelphia County

Topics



- What is Financial Aid
- How do I apply
- Aid sources available
- What happens next
- Funding the gap
- Making smart decisions

What Is Financial Aid?



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

Types of Aid:

- Merit Scholarships (Free Money)
- Grants/Scholarships (Need-Based-Free Money)
- Self-Help (Loans, Work, Savings, etc.)

Basic Principles

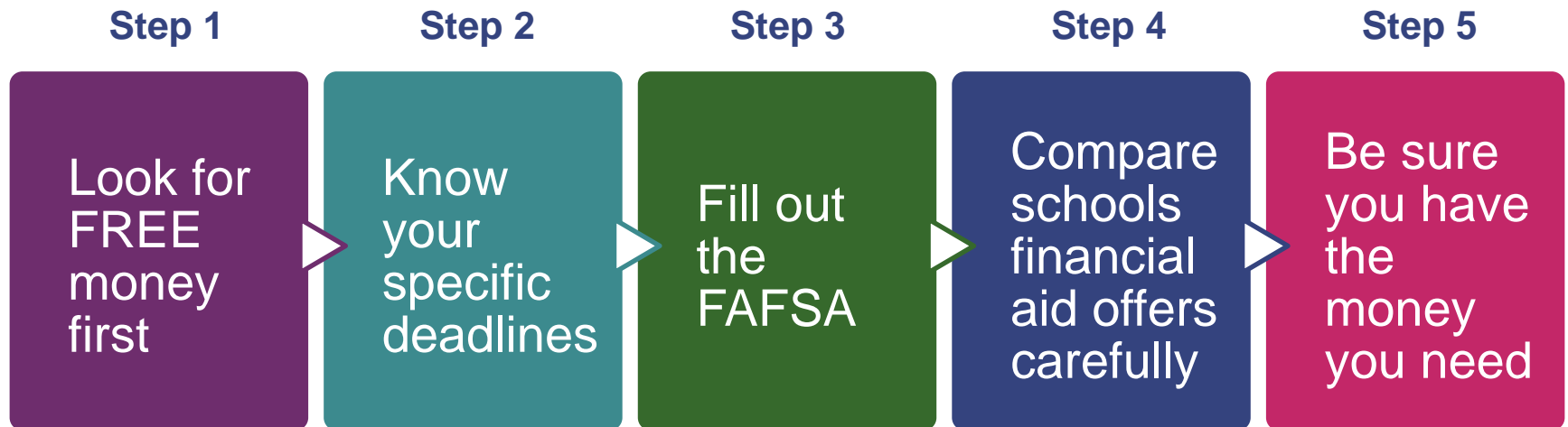
1. Paying is the joint responsibility of the student and parent(s), to the extent possible
2. Need-based financial aid is subject to a federal formula to determine financial aid
3. Not all families qualify for need-based aid.
There is no guarantee that you will get any free money to pay for higher education

Financial Aid 101

APPLYING

Financial Aid Made Simple

5 Steps to Financial Aid



Start with the **FORMS**

FAFSA – Free Application for Federal Student Aid

- Required by **ALL Schools, PHEAA** and some scholarship organizations
- Required every year attending

STATE GRANT FORM through PHEAA

- Required first year for all students

Some schools require additional forms:

CSS Profile – through the College Board; additional fees

Institutional Financial Aid Forms - through a specific school

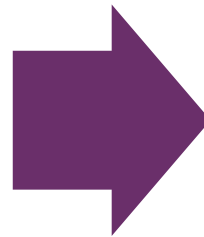
KNOW WHAT FORMS EACH SCHOOL *REQUIRES*

Other Forms You May Need to Complete



✓ **Check with your school**

College
Scholarship
Service
(CSS)
Profile



College
Specific
Form



- College **S**cholarship **S**ervice Profile
- Created/Maintained by the College Board
- Required at **Some** Institutions & Scholarship Organizations – 400 Across the US
- Used in Addition to the FAFSA, not a Replacement
- Used to Award Need Based & Institutional Aid
- Also Complete the FAFSA for Federal Aid options
- CSS Profile Costs \$25.00 + \$16.00 for Additional Schools – A Waiver May be Available for Domestic Students
- www.student.collegeboard.org

CSS Profile – Fee Waivers

Who is eligible for a fee waiver?

First-year undergraduate college applicants whose parents live in the U.S. may receive fee waivers if:



The student is eligible for an SAT **fee waiver**

OR



The parental income reported on their CSS Profile is approximately **\$45,000 or less**

OR

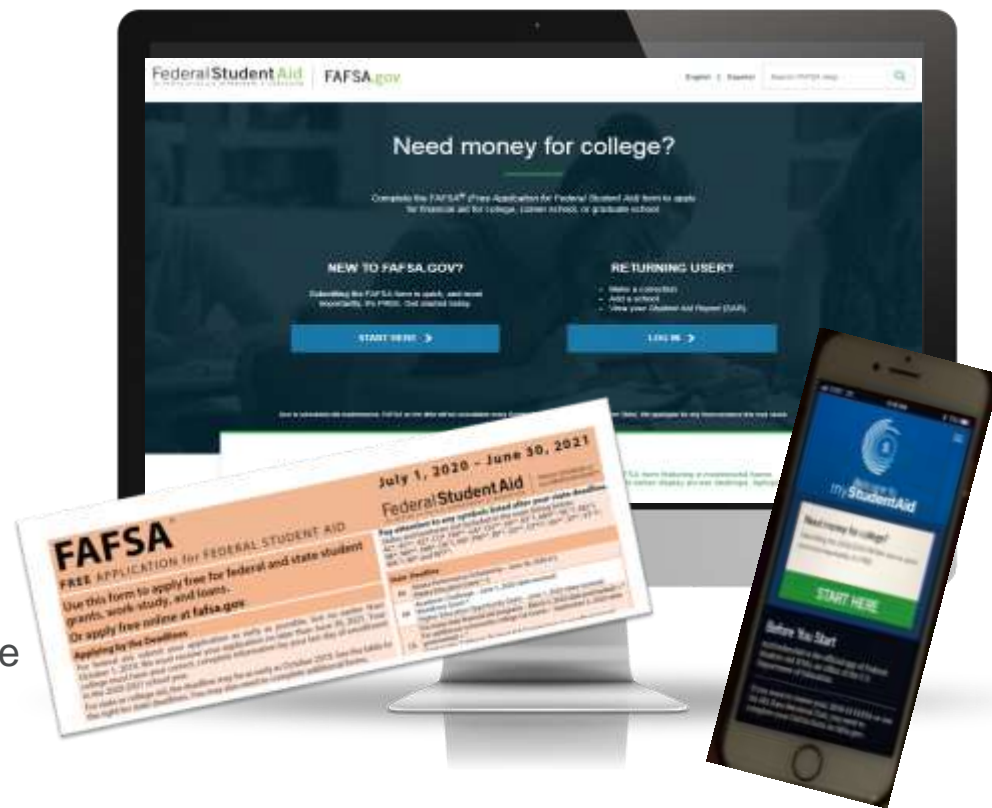


The student is an **orphan** or ward of the court under the age of 24

FAFSA - Free Application for Federal Student Aid – FAFSA.gov

- The FAFSA is the primary federal form for financial assistance to attend postsecondary school
- Must file a FAFSA each year a student attends school to be eligible
- File online – Fast, Secure, SKIP LOGIC and Built-in Edits
- Want practice?

FAFSA4caster gives you a free early estimate of your eligibility for **federal student aid**

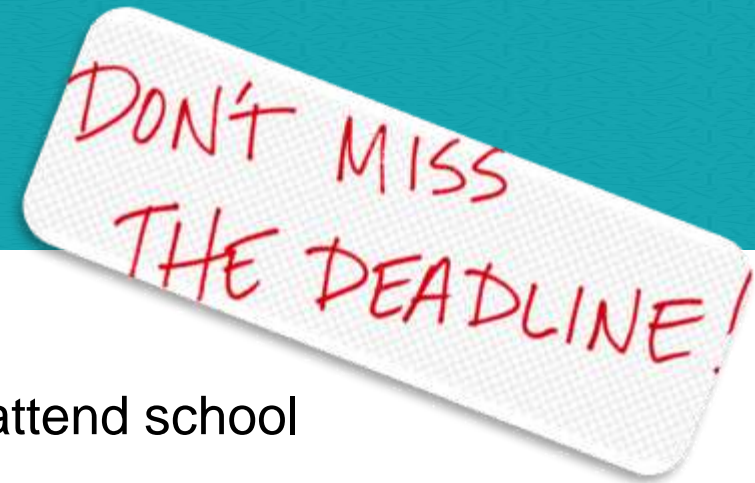


FAFSA.gov

myStudentAid
app

PDF at
studentaid.gov
or 1-800-433-
3243.

Know Your Deadlines



Federal Deadlines - Apply anytime after
October 1 in the year prior to when you will attend school
(AY 2020-21: 10/1/19 to 6/30/21)

School Deadlines - vary, check websites!

PA State Grant Deadlines for FAFSA

May 1, 2020 - First-time and renewal students attending colleges, universities & college transferrable programs (excluding community colleges)

August 1, 2020 – First-time students attending community college; a business, trade or technical schools, hospital school of nursing; Open Admissions Institutions or a 2-year non-transferrable degree program at a Jr or 4-year college

Whose Info Goes on the FAFSA?

YES

- Married parents living together
- Biological parents living together
- Divorced or separated parents
 - The parent the student lived with the most over the past 12 months. If equal, then the parent who provided more than 50% of student's support
- Stepparents – If part of student's household
- Adoptive parents

NO

- Foster Parents
- Legal Guardians
- Anyone else the student lives with

2020-2021 FAFSA Prep

Information Needed for FAFSA



Social Security Numbers



Federal Tax Returns and W-2's (2018)



2018 Untaxed Income



Checking and Savings Account Statement Balances as of FAFSA Filing Date



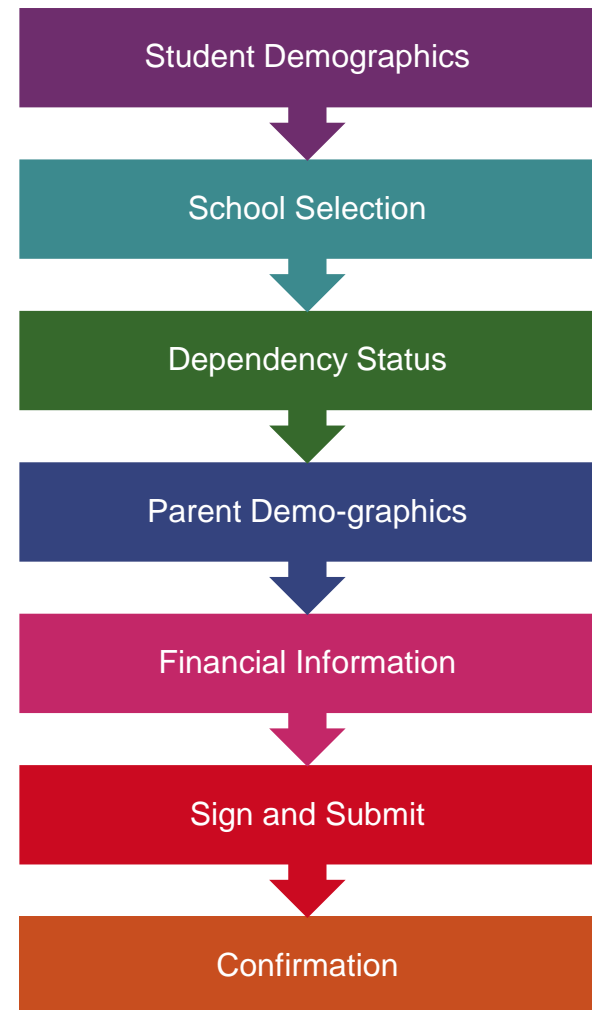
Investment Records



Email Addresses

FAFSA Steps

- ✓ Login – student or parent
- ✓ Disclaimer – select accept
- ✓ Application Year
- ✓ Save Key
- ✓ Introduction



Who Is Independent?



- 24 or older on Jan 1st of 2020
- Married
- Veteran (includes active duty personnel)
- Working on graduate level degree
- Emancipated minor in legal guardianship
- Orphan, in foster care or ward of the court at anytime when student was age 13 or older
- Have legal dependents other than spouse
- Student deemed homeless by proper authority
- (PA State Grant status can be different)

Create Your FSA ID's

- The student applying for aid and one parent providing information on the FAFSA need to create an FSA ID at fsaid.ed.gov
- Create prior to completing the FAFSA
- Provides access to FAFSA and Federal Student Aid online systems
- Legal Signature for student and parent

After verifying, the mobile phone number can be used as the username to login

Username

Password

Email Address

Mobile Phone

Security Questions

Social Security Number

FSA ID (fsaid.ed.gov)

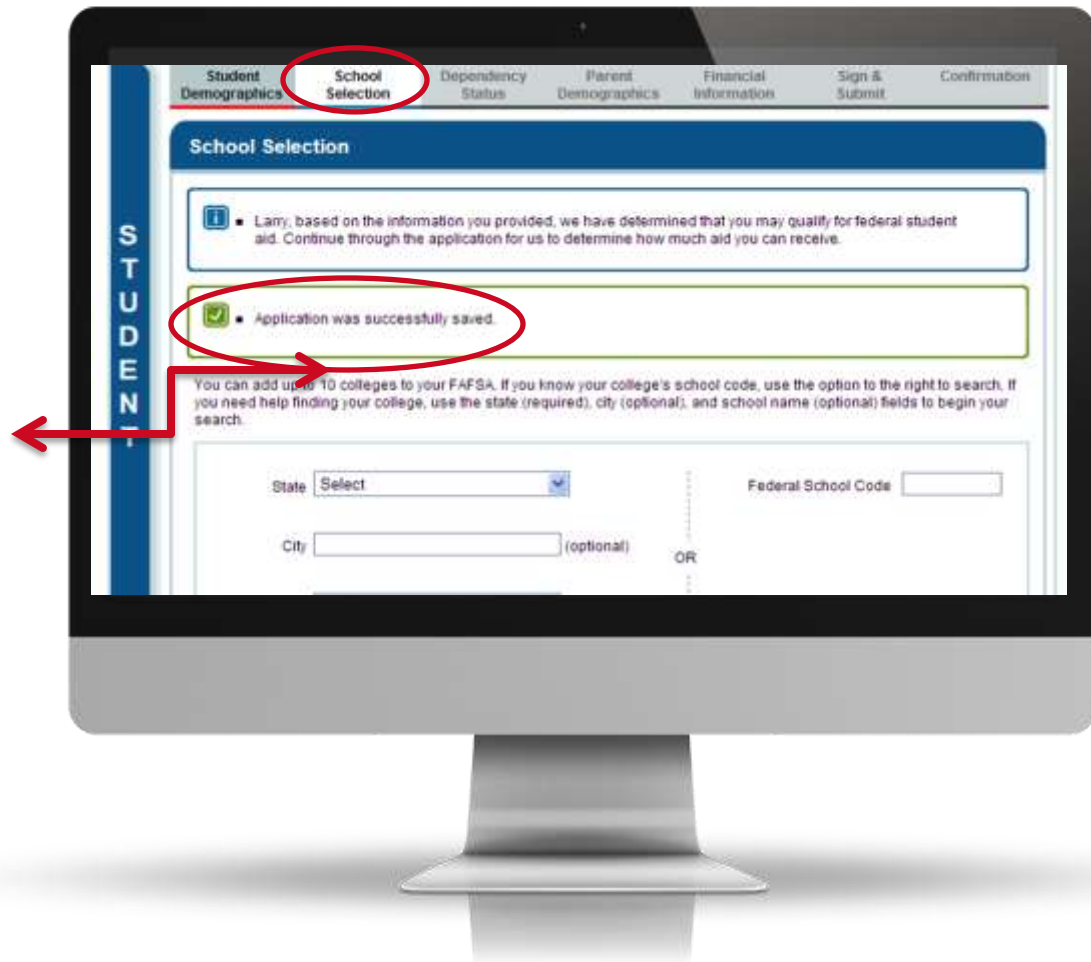
- Sign the FAFSA electronically
- Renewal FAFSA
- FAFSA status and corrections
- Signing a Direct Loan Master Promissory Note (MPN)
- Complete required entrance and exit loan counseling
- Review loan history at NSLDS.ed.gov

fsaid.ed.gov



FAFSA - School Selection

- Look at more than one!
- Schools will only be allowed to see your financial information when you list them on the FAFSA
- **You can add up to 10 colleges at a time**
- **NOTE:** Once your final decision is made, update your PA Grant information with the school you **WILL** attend



IRS Data Retrieval Tool

After taxes are filed:

- Automatically pulls in 2018 IRS Tax info for parents and students and places data into the FAFSA
- ALSO in Student Section, if student is filing taxes
- If estimated income is used to complete the FAFSA, go back later and use IRS Data Retrieval Tool



Student Demographics School Selection Dependency Status Parent Demographics Financial Information **Sign & Submit** Confirmation

i You have chosen to submit your FAFSA without all required signatures. If you continue, your application will not be complete.

Your FAFSA must be signed before your school can determine your eligibility for federal student aid. The fastest way to sign a FAFSA is electronically using an FSA ID. Click [choose another way to sign](#) below to sign with an FSA ID. [Click here for help signing with your FSA ID.](#)

To submit without signature(s), click [Submit My FAFSA Now](#).

Student Selected Signature Option

Social Security Number: XXX-XX-6123
Last Name: **Dependent**
Date of Birth: 02/09/1999

Signature Status: **Submit Without Signatures**

[choose another way to sign](#)

Parent Selected Signature Option

Social Security Number: XXX-XX-4644
Last Name: **Student**
Date of Birth: 12/30/1963

Signature Status: **Submit Without Signatures**

[choose another way to sign](#)

[PREVIOUS](#) [SUBMIT MY FAFSA NOW](#)

Confirmation Page

Confirmation Page



Congratulations, John!

Your FAFSA was successfully submitted to Federal Student Aid.

Confirmation Number: F 12004251707 07/27/2018 14:49:4

Data Release Number (DRN): 9999

What Happens Next

- You will receive an e-mail version of this page.
- In 3-5 business days, you will receive an e-mail notifying you that your FAFSA was processed.
- Your FAFSA information will be made available to your school(s), and they will use it to determine the aid you may be eligible to receive.
- Your school(s) will contact you if they need more information or when they are ready to discuss your financial aid award.
- If you have questions about your financial aid package, contact your school(s).

An abbreviated version of your confirmation page has been sent to you at the e-mail address:
newuser@fafsademo.com

[PRINT THIS PAGE](#)

[Expand All](#)

> **Estimated Expected Family Contribution (EFC) = 999999**

> **IRS Information**

> **School(s) on your FAFSA:**

EFC: Expected Family Contribution is a measurement of student's and family's ability to pay postsecondary educational expenses

Student contribution plus parent contribution equals EFC

EFC stays the same for ALL schools

Parent contribution divided by number of children in college at the same time

Pennsylvania State Grant Form

Link directly to the State Grant Form from the **FAFSA Confirmation Page** of your FAFSA!



✓ Check Rights and Responsibilities Box to electronically sign SGF

A screenshot of the "Rights and Responsibilities" section of the Pennsylvania State Grant Form. The section title is "Rights and Responsibilities". Below the title, it says "After reviewing your Rights and Responsibilities you must check the box at the bottom to confirm that you have read and agree to the Rights and Responsibilities." There is a button labeled "View Rights and Responsibilities" and a link labeled "Can't open document?". Below this, there is a paragraph of text: "By submitting this electronic Pennsylvania State Grant Form, I/we hereby affirm acceptance of the Statement of Certification and Authorization found in the Applicant's Rights, Responsibilities, Use of Social Security Number, and Certification for the Pennsylvania State Grant Program, which is incorporated herein by reference and which I/we have read, agree to, and certify. I/we further understand that if I/we provide an email address, communications regarding the State Grant Program may be sent to me/us through electronic communications methods. Additional certification and verification may be required following review of this application." At the bottom of this section, there is a checkbox labeled "I have read and agree to the Rights and Responsibilities of this application." which is circled in red. Below the checkbox, there are two buttons: "Exit Application" and "Submit My Info >>".

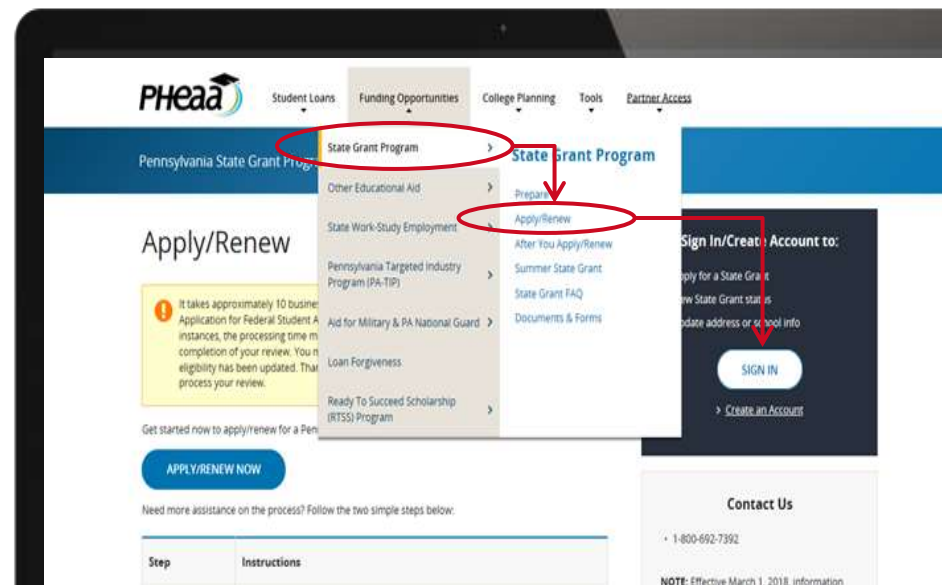
Online State Grant Application

- Link off the FAFSA Application Confirmation Page

- Missed the link or it wasn't available?
 - Link in an email sent to student/parent from PHEAA,

OR

- Go to PHEAA.org; State Grant Program; and complete the form
- Additional questions needed to determine PA State Grant eligibility:
 - » Enrollment status (full-time/part-time)
 - » Value of PA 529 College Savings Program
 - » Program of study for students in vocational programs
 - » Employment status



**Help screens are available
for all questions**

Special Circumstances

If things change....*contact the Financial Aid Office*

- Divorced or separated parents
- Recent death or disability
- Unemployment
- Reduced income



- ✓ Only a school can change a FAFSA related to circumstances
- ✓ Decisions are final and cannot be appealed to U.S. Department of Education
- ✓ Contact PHEAA for PA State Grant re-consideration

Forms Are Filed – Now What?

What's
NEXT?



What Happens Next?

The process.....

Department of Education's Central Processing System uses the FAFSA calculations to create your **NEED ANALYSIS**

EFC is calculated – number used to determine need

SAR/ISIR – reports information to you and your school choices

Schools and State receive your results

Grant eligibility is calculated

You Apply/Applied to your school choices

Once Accepted – schools produce Award Offer
(Aid Notification) based on Need and any Internal Aid
($\text{Cost} - \text{EFC} = \text{Need}$)

You compare Award Offers

Determine true costs of school and make affordable choices



What is Financial Need?

Cost of attendance (COA)

- Estimated family contribution (EFC)

= Financial Need

Need Analysis is Calculated by Your School



Schools use SAR calculations to determine a student's financial need based on--

Two Components:

- The student's Cost Of Attendance at the chosen institution
- The student's Expected Family Contribution (EFC)

What School Costs Are Considered?

School costs include:

- ✓ Tuition and fees
- ✓ Room and board
- ✓ Books and supplies
- ✓ Transportation
- ✓ Miscellaneous living expenses
- ✓ Child care, if necessary



**You can
receive
financial aid up
to the total of
the school
regardless
of your EFC!**

Net Price Calculators



- Enables current and prospective students, families and consumers to determine an estimate of an individual net price at a particular institution.
- **ESTIMATED** data must be provided by each institution:
 - » Total price of attendance
 - » Tuition, Fees, Room and Board
 - » Expenses (i.e., personal, transportation)
 - » Estimated total merit and need-based grant aid
 - » Estimated net price (attendance minus grant aid)
- **May not include scholarships**

How is EFC Calculated?

In theory, the EFC is a number calculated to measure and compare the general financial strength of all families applying for aid - it is **NOT** the amount you are expected to pay. The EFC remains the same no matter which school the student attends.

- **Expected Family Contribution (EFC) is determined based on:**

- ❖ Parent income and assets
- ❖ Student income and assets
- ❖ Family size
- ❖ Number in college
- ❖ Age of the older parent



This is NOT necessarily the amount you will pay each year!

Parent Income & Assets

- Allowances are made for federal, state, local and social security taxes; working parent households and a standard living allowance based on family size
- An **ASSET PROTECTION ALLOWANCE** is applied against a Parent's assets, based on the information provided on the FAFSA application

Student Demographics School Selection Dependency Status Parent Demographics Financial Information Sign & Submit Confirmation

PARENT INFORMATION

As of today, does the total amount of your parents' current **assets** exceed \$33,600.00?

☐ Yes ☒ No

Each family's number is unique to them

NOT AN ASSET: Home, Personal Property, Qualified Retirement Funds; Value of Life Insurance

Report **NET ASSETS** (Current Value – Current Debt = Net Asset)

529 college savings accounts are reported as Parent Investments.

Student Income & Assets



- Income protection allowance of \$6,840 is applied and the remaining amount is assessed at 50%
- Dependent students must report assets in their name
- Student assets are assessed at 20%

Calculating Financial **NEED**



1. Using FAFSA calculations:

School Cost	\$29,000
-EFC	<u>-\$ 4,000</u>
FINANCIAL NEED	\$25,000

2. FAO “**Packages**” students based on Financial Need and available funding (varies by school)

3. Financial **Award Offer** is sent to the Student

NOTE: EFC Stays the same, Costs Vary

Financial Aid Award Notification

- Official notification from school about financial aid, terms and conditions
- Lists the type and amount of each award to be received
- Describes what must be done to accept or reject any award
- Discloses students rights, responsibilities and academic requirements
- There is no required standard format for Award Notices

Reviewing the Financial Aid Notification

After reviewing their notifications, students should be sure they know and understand the following:

How much of the financial aid is free money?

Which awards are based on need, and which are based on merit?

Are there any conditions on the free money? GPA requirement?

Will awards increase as tuition increases?

Will awards change from year to year?

Will loans be needed?

Be Sure You Have The Money You Need

- Have you made an affordable choice of school?
 - » Do you understand actual costs to you?
- Have you considered annual out of pocket costs beyond the first year?
- Do you have a strategy for handling out of pocket costs?
- Do you understand loan options and their limitations?

Comparing Packages

Cost	\$20,000	\$30,000	\$50,000
EFC	\$ 3,000	\$ 3,000	\$ 3,000
Need	\$17,000	\$27,000	\$47,000
Free Money	\$ 6,000	\$ 8,000	\$18,000
Loans	\$ 5,500	\$ 7,000	\$ 8,000
Work-Study	\$ 0	\$ 2,000	\$ 3,000
TOTAL AID	\$11,500	\$17,000	\$29,000
Gap = (Cost – Aid)	\$ 8,500	\$13,000	\$21,000
Actual Cont. = (Cost – Free \$)	\$14,000	\$22,000	\$32,000

Financial Aid 101

Federal & State Aid

Federal Programs

- Pell Grant - max award \$6,195*
- Max EFC is 5576
- Campus-based aid (amounts determined by Financial Aid Office at each potential school)
 - » FSEOG.....up to \$4,000
 - » Federal Work-Study...FAO determines

For most programs, student must be enrolled at least half-time.

*** Goes to most financially needy students**

Other Federal Programs

(Based on specific situations & criteria)

- Teach Grant
- Iraq & Afghanistan Service Grant
- Dependents Education Assistance (DEA) Grant -
Veteran Affairs
- Vocational Rehabilitation Program (students with
disabilities)
- Americorps - www.americorps.gov

StudentAid.gov

Pennsylvania State Grant*



- In-state (PA) - Full-time: up to \$4,123
- In-state (PA) – Full-time Distance Education: up to \$3,092
- In-state (PA) – Part-time: 1/2 of the FT award
- Out-of-state - Up to \$526 in DC, DE, MA, OH, VT, WV. \$702 for veterans.
- Amount determined in part by the cost of the school.

*** Must be at least half-time to be eligible**

2019-20 Maximum Awards



The maximum award for student attending an approved school in a reciprocal state is \$526, and \$702

*** Must be at least half-time to be eligible**

Cost Tier	Final Maximum Award	Final DE Award
\$0 - \$12,000	\$2,193	\$1,645
\$12,001 - \$19,000	\$3,509	\$2,631
\$19,001 - \$29,000	\$3,772	\$2,829
\$29,001 - \$32,000	\$4,123	\$3,092

Other State Programs



- State Work-Study - job related to major
- Blind or Deaf Beneficiary Grant
- Educational Assistance Grant (EAP) – National Guard
- PA Military Family Education Program (MFEP)
- Chafee Education and Training Grant – co-administered with the PA Department of Human Services
- Fostering Independence Through Education Waiver
- Postsecondary Educational Gratuities Program (PEGP)
- Partnerships for Access to Higher Education (PATH)
- Pennsylvania Targeted Industry Program (PA –TIP)
- Ready to Succeed Scholarship (RTSS)
- For details, see the PA Student Aid Guide, or visit ***PHEAA.org***

Financial Aid 101

Federal Loans

Types of Federal Student Loans

- Undergraduate Students
 - Subsidized (4.53% interest and 1.059% fee)
 - Unsubsidized (4.53% interest and 1.059% fee)
- Graduate Students
 - Unsubsidized (6.08% interest and 1.059% fee)
 - GradPLUS Loan (7.08% interest and 4.236% fee)
- Parents
 - PLUS Loan (7.08% and 4.236% fee)

Federal Direct Student Loan Program

- Available to ALL students REGARDLESS of need
- Additional unsubsidized funds available for Independent & Parent PLUS denials
 - 4.53% interest rate (AY 19-20), 1.059% fee
 - Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement
- In student's name, no collateral or credit check, must sign MPN
- Available loan amounts increase in subsequent years
- No payments required while attending school & six-month grace period
- Flexible Repayment options
- **Based on FAFSA, students have a combination of:**
 - **Subsidized:**
 - government pays interest in school and grace status
 - **Unsubsidized:**
 - interest accrues in school and grace

**StudentLoans.gov
& school's website!**

Federal Direct Stafford Loan Borrowing Limits

Undergraduate Students			Graduate Students
Annual Limits	Dependent Students	Independent or dependent students whose parents are unable to borrow a PLUS Loan	Graduate or Professional Studies
1st Year	\$5,500 Total No more than \$3,500 may be subsidized	\$9,500 Total No more than \$3,500 may be subsidized	\$20,500 each academic year Graduate / Professional students are no longer eligible for subsidized loans
2nd Year	\$6,500 Total No more than \$4,500 may be subsidized	\$10,500 Total No more than \$4,500 may be subsidized	
3rd Year and beyond	\$7,500 Total No more than \$5,500 may be subsidized	\$12,500 Total No more than \$5,500 may be subsidized	
Aggregate Limits	\$31,000 Total No more than \$23,000 may be subsidized	\$57,500 Total No more than \$23,000 may be subsidized	\$138,500 Total No more than \$65,000 may be subsidized

Federal Direct Loan: Aggregate Limits

**Undergraduate Education
(Dependent Student)**

\$31,000

(\$23,000 maximum Subsidized Loan)

Undergraduate Education
(Dependent Student OR Dependent Students
whose Parents were denied PLUS Loan)

\$57,500

(\$23,000 maximum Subsidized Loan)

Graduate / Professional Education

\$138,500

Federal Direct PLUS Loan

(parents & graduate students)

- For parents of dependent undergraduate or graduate level students
- In parent's name for student costs
- Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement
 - » 7.08 % variable/fixed interest rate; 4.236% fees (AY 19/20)
- Can borrow up to the Cost of Attendance
- MUST apply each year
- No Debt-to-Income test, only lenient credit check
- Can have an endorser (co-signer)
- Principal can be deferred while student is in school; Interest will continue to accrue
- IF denied – dependent student is eligible for an additional \$4,000 unsubsidized loan
- Must file a FAFSA

Benefits of Paying Interest

- Paying now will reduce what is capitalized!
- Interest accrues on your unsubsidized student loan and Federal PLUS Loan:
 - » Every day, from the day the loan is disbursed until you make the last payment
 - » Even if your loan is not in repayment
- Interest accrues on your subsidized student loan:
 - » Every day, from the day the repayment period starts until you make the last payment

Calculating Accrued Interest

- To calculate your daily interest accrual, use the following formula:
- Interest rate x current principal balance ÷ number of days in the year = daily interest

Example - Sara Student has a \$10,000.00 current principal balance and 5.05% interest rate this year. Using the formula:



$$\begin{array}{ccccccc} \$10,000 & & .0453 & & 365 & & \$1.24109 \\ \text{current principal} & \times & \text{interest} & \div & \text{days in} & = & \text{round} \\ \text{balance} & & \text{rate} & & \text{a year} & & \text{to } \$1.24 \end{array}$$

Private/Alternative Loans



**ONLY consider private or
alternative loans after looking into
all other sources of financial aid.**

Private/Alternative Loans

- From private lenders or financial institutions
 - In student's name/co-signers usually required
 - Can borrow up to the Cost of Attendance
 - Based on credit scores and debt-to-income
 - Fees, interest rates, loan amounts, and repayment provisions vary by lender
 - Repayment may be deferred until education completed
 - Students must sign a "Self Certification Form"

READ THE FINE PRINT

A sample of a Private Education Loan Applicant Self-Certification form. The form is titled "Private Education Loan Applicant Self-Certification" and includes sections for "Borrower Information", "Lender Information", "Loan Information", and "Certification". It contains various fields for personal and financial data, as well as checkboxes for certification statements. The form is presented at an angle, showing its physical layout.

PHEAA.org/PAForward

PHEAA's new PA Forward Student Loan Program is designed specifically for PA students and families.



PA Forward Loan – Undergraduate

These loans are designed specifically for students enrolled or who plan to be enrolled at least half time in a Title IV approved degree, certificate, or diploma granting program.

Loan Benefits

- Low-cost, fixed interest rates (5.01-7.43% APR)¹
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)³
- Low minimum loan amount: \$1,500
- 0.50% interest rate reduction for graduating
- 0.25% interest rate reduction for enrolling in *Direct Debit*⁴
- No pre-payment penalty
- Multiple repayment plans
- Co-signer release option

PA Forward Loan - Parent

These loans are designed specifically for parents or guardians of dependent undergraduate students enrolled at least half-time in a Title IV approved degree, certificate, or diploma granting program.

Loan Benefits

- Low-cost, fixed interest rates (5.19-7.38% APR)²
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)³
- Low minimum loan amount: \$1,500
- 0.25% interest rate reduction for enrolling in *Direct Debit*⁴
- No pre-payment penalty
- Multiple repayment plans

(Includes in-school interest only option)

PA Forward Disclaimer

1. Annual Percentage Rate (APR) Calculations - The lowest APR is based on the following assumptions: a loan of \$10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan, monthly payments of \$107.05 for a period of 120 months, a fixed periodic interest rate of 5.45% and a total amount financed of \$12,845.50. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period.

The highest APR is based on the following assumptions: a loan of \$10,000 made in a single disbursement, a borrower who selected an Interest Only Repayment Plan and a repayment term of 180 months, monthly payments of \$61.67 for 46 months and monthly payments of \$92.13 for the remainder of the repayment term, a fixed periodic interest rate of 7.40% and a total amount financed of \$19,420.77. The borrower in this sample did not qualify for any interest rate discounts.

Please note these APRs are estimates and may differ from the actual rates received.

2. Annual Percentage Rate (APR) Calculations - The lowest APR is based on the following assumptions: a loan of \$10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan, monthly payments of \$107.05 for a period of 120 months, a fixed periodic interest rate of 5.45% and a total amount financed of \$12,845.50. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period.

The highest APR is based on the following assumptions: a loan of \$10,000 made in a single disbursement, a borrower who selected an Interest Only Repayment Plan and a repayment term of 180 months, monthly payments of \$61.67 for 46 months and monthly payments of \$92.13 for the remainder of the repayment term, a fixed periodic interest rate of 7.40% and a total amount financed of \$19,420.77. The borrower in this sample did not qualify for any interest rate discounts.

Please note these APRs are estimates and may differ from the actual rates received.

3. Subject to aggregate loan limits.
4. If you choose the Interest Only or Partial Interest Repayment Plans, you will not be initially eligible for Direct Debit or the 0.25% rate reduction until your loan enters repayment and you start paying toward both principal and interest.

Applicants, including co-signers, are subject to credit qualifications, completion of an application and credit agreement, and verification of application information.

PHEAA reserves the right to discontinue all programs or benefits without prior notice.

Scholarships

Your Scholarship Resume

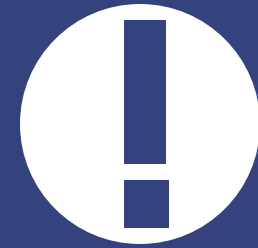


- Activities and Hobbies
 - Write down the dates you participated in various activities.
- Clubs
- Sports
- Community Service
 - Keep track of the hours spent in community service, working and doing special projects.
- Religious Affiliation
- Academic Interests & Achievement

Scholarship Search

Don't miss out on FREE money!

- Start early – and KEEP LOOKING
- Don't forget to continue studies!
- GOOGLE your interests
- Don't PAY for information
- Criteria varies by school
 - If you're asked to pay, it's not free money (SCAM)
- Don't disqualify yourself until IT disqualifies YOU
- Don't fear ESSAYS
- Provide what is asked
- Small scholarships ADD UP
- Activities, Athletics, Family, Hobbies, Participation, Attributes – DO YOUR RESEARCH
- **Don't miss DEADLINES**
- Write it down!



- ✓ [FastWeb.com](#)
- ✓ [EducationPlanner.org](#)
- ✓ [Chegg.com](#)
- ✓ [FinAid.org](#)
- ✓ [Peerlift.org](#)
- ✓ [ScholarshipExperts.com](#)
- ✓ [Scholarships.com](#)
- ✓ [Scholarship-Page.com](#)
- ✓ [DoSomething.org/Scholarships](#)
- ✓ [Colleges.Niche.com](#)
- ✓ [StudentScholarships.org](#)
- ✓ [BigFuture.Collegeboard.org](#)
- ✓ [CollegeAnswer.com](#)
- ✓ [CollegeNet.com](#)
- ✓ [MeritAid.com](#)
- ✓ **MORE....**

Recognize Scholarship Scams

- Application Fees
 - Even if the fee is minimal or “only to encourage serious students to apply”
- “Guaranteed” Scholarships
 - No individual can honestly “guarantee” you’ll win free money
- Solicitations
 - “You’ve been selected...”
 - “You are a finalist...”
 - Bona fide companies won’t ask for a check or credit card payment upfront
- Official-looking Companies
 - The logo may look like the U.S. Dept. of Education’s logo
 - The company may talk about “federal” or “national” awards
- Seminars
 - Don’t get pressured into paying for services on the spot



Displacement vs. Stacking



Ask your college representatives:

- “If I receive an outside scholarship, will you reduce the scholarship money you gave me by that amount or will you stack my new scholarship on top of what you gave me?”
- “How will an outside scholarship affect my financial aid award offer?”

Options for Funding the GAP

Compare Offers & Funding the Gap

(covering unmet costs)

TIPS

After completing the FAFSA and being accepted, you will receive an AWARD LETTER that outlines how much the school will cost and what kind of financial aid package you will receive.

Schools format award letters differently, but they contain the same overall information:

- **Cost of Attendance**, which includes tuition and fees, room and board, books and supplies, travel and personal expenses. If some of these are not listed on your award letter, check the school's website or contact the Financial Aid Office.
- **Gift Aid**, which includes all of the FREE sources of financial aid that the school is offering you and that you're receiving from federal, state and other sources. Be sure to include any private scholarships not listed on the award letter.
- **Self-Help Aid**, which includes loans and work-study. Self-Help Aid is different from Gift Aid in that you must repay the funds and/or work to earn the funds.

Then do the math. "WHAT YOU STILL NEED" is the amount of money you are still responsible for after all aid has been applied. This is typically covered by family assistance, savings, private loans, or considering a less expensive school.



* Federal Work-Study funds are paid directly to the student. They should not be expected prior to semester start, as funds are earned according to hours worked, and are not guaranteed.

SAMPLE
Sample School

COST OF ATTENDANCE

Tuition & Fees	26,410
Room & Board	10,440
Books & Supplies	1,200
Travel & Personal Expenses	2,200
TOTAL	\$40,250

GIFT AID (FREE MONEY)

State Grant	4,000
PELL Grant	5,425
FSEOG Grant	1,500
Other Grants & Scholarships	10,700
TOTAL	\$21,625

This is what you can consider the actual cost for one year of college.

WHAT YOU WILL BE PAYING

\$18,625

Award Not Guaranteed

SELF-HELP

Direct Loans	5,500
Other Loans	0
Federal Work-Study*	3,000
TOTAL	\$8,500

This is the amount you are still responsible for after all your listed financial aid has been considered.

WHAT YOU STILL NEED

\$7,125

(if probably) each year!

COLLEGE A

COST OF ATTENDANCE

Tuition & Fees	
Room & Board	
Books & Supplies	
Travel & Personal Expenses	
TOTAL	

GIFT AID (FREE MONEY)

State Grant	
PELL Grant	
FSEOG Grant	
Other Grants & Scholarships	
TOTAL	

WHAT YOU WILL BE PAYING

SELF-HELP

Direct Loans	
Other Loans	
Federal Work-Study*	
TOTAL	

WHAT YOU STILL NEED

COLLEGE B

COST OF ATTENDANCE

Tuition & Fees	
Room & Board	
Books & Supplies	
Travel & Personal Expenses	
TOTAL	

GIFT AID (FREE MONEY)

State Grant	
PELL Grant	
FSEOG Grant	
Other Grants & Scholarships	
TOTAL	

WHAT YOU WILL BE PAYING

SELF-HELP

Direct Loans	
Other Loans	
Federal Work-Study*	
TOTAL	

WHAT YOU STILL NEED

Meeting the Gap

- Research School Options
 - Additional institutional money
 - Tuition payment plan
 - Institutional Loan
- Consider options for cutting costs
 - Commute or alternative housing options
 - Resident assistant (RA) option
 - Alternative meal plan options
 - Take summer classes
 - Buy used books, rent, research online for cheaper costs, check with the library
- Research private outside scholarships
- Employer reimbursement programs
- Alternative schools (affordable school, community college, 2 + 2 strategy (2 years at a community college then transfer credits to a 4 year school) Check out **Patrac.org**
- Federal parent PLUS loan
- Home equity loan/Line of credit
- Private/Alternative loans
- 529 college saving plan
- AmeriCorps/Peace Corps
- Military (JROTC, ROTC, National Guard)
- Current Wages



Financial Aid 101

Be a Smart Consumer

MySmartBorrowing.org

- An interactive, online tool created by PHEAA that helps students and families:
 - » Estimate career salaries & college tuition
 - » View the impact of savings on overall cost
 - » Calculate loan repayment
 - » Avoid overborrowing

MySmartBorrowing.org



How it Works

MySmartBorrowing guides students and families through four easy sections:

1 Select a
Career

3 Factor in
Savings

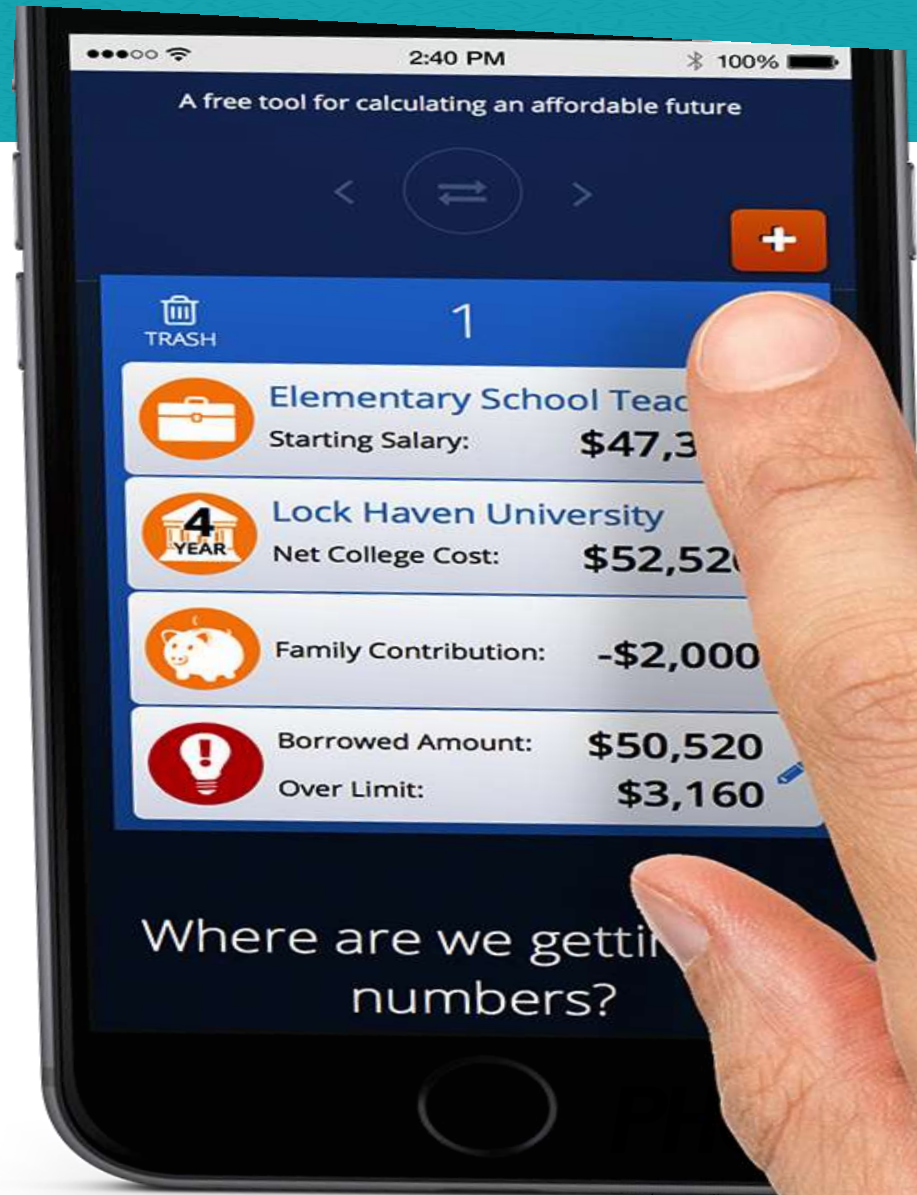
2 Select a
School

4 Get Results

View the Results

Once you input your selections, you can:

- View your potential salary in your new career
- Add & compare up to four colleges
- See if you're borrowing too much



Smart Borrowing Tips



- Begin with the end in mind
- Research the expected salary in your future career, find an affordable school, and borrow realistically
- There are many paths to the same degree
- Research every option, including community colleges and commuting
- Only attend a school you can reasonably afford
- Only borrow what you absolutely need to attend
- Approach education from a consumer standpoint
- Is there a Career Services Department?
- Much depends on you and your choices

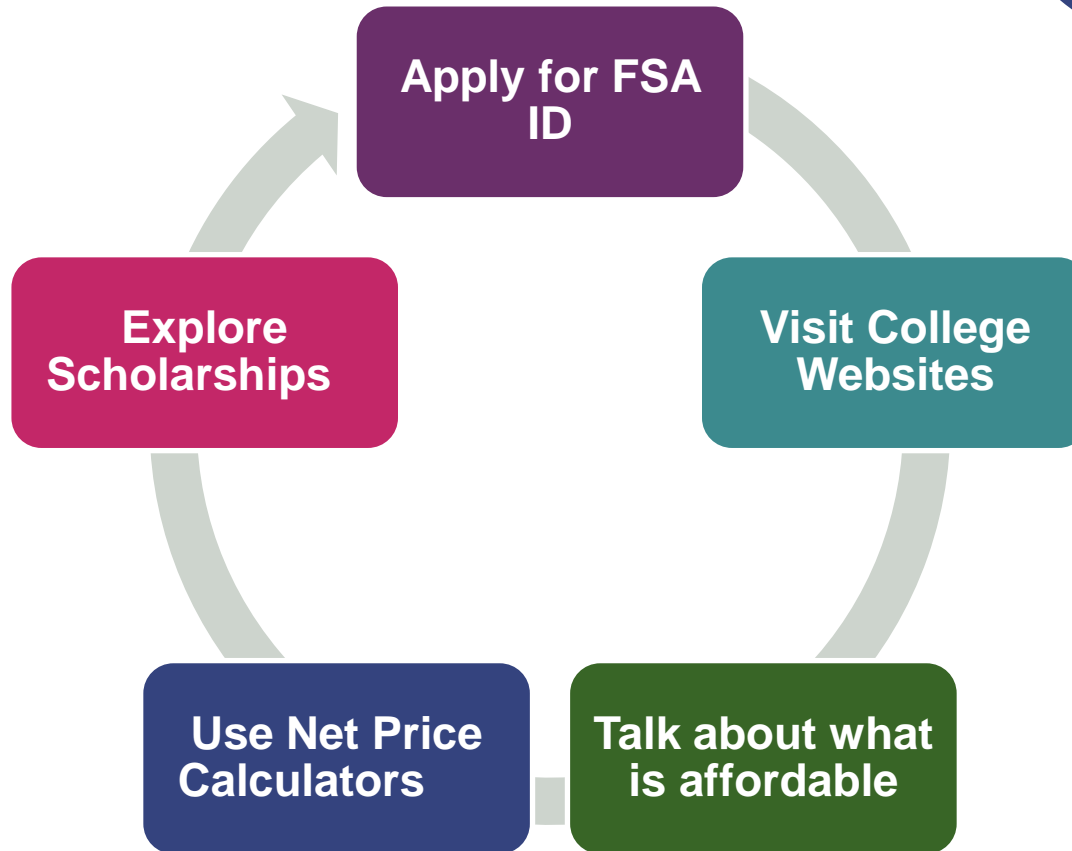
Be a Smart Borrower

- Student debt is an increasing concern as more students graduate with staggering loan amounts.
- Think about how you'll repay your debt before you borrow.
- Consider every potential free financial aid option before borrowing.
- The federal government has made it very easy to borrow – this is good for access, but students need to be aware of the pitfalls of borrowing too much.
- If you must borrow, only borrow what you need.



Final Thoughts

What Can You Do Now?



The Plan

- ✓ Narrow down career choices
- ✓ Research and apply to several schools
- ✓ Work hard on scholarship search
- ✓ Don't fear the FAFSA (do the State Grant app, too)
- ✓ Release your info to several schools
- ✓ Compare estimated financial aid award offers
- ✓ Make the tough choices
- ✓ Think of the future
- ✓ Finish on time

Beware of the 5-year Plan

Things like double majors, study abroad, internships, and athletics can enhance the educational experience and improve marketability. But it comes at a price:

- Total cost just increased by 25%
- The 5th year likely costs 20% more than the 1st year did
- Loss of institutional funds if they only allow for 4 years
- Loss of PA State Grant if all 4 years have been received
- Reduction in student borrowing capacity if maximum loans received in the first 4 years (only \$4,000 left)
- Talk it over and plan ahead!

Resources

Use Your Resources



- **PHEAA.org**
- **EducationPlanner.org & MySmartBorrowing.org**
- **YouCanDealWithIt.com**
- **MyFedLoan.org**
- **PHEAA toll free: 800.692.7392**
- **Federal Student Aid Info Center: 800.433.3243**
- **FASFA.gov**
- **StudentAid.gov** – general financial aid info
- **StudentLoans.gov** – information on federal loans

QUESTIONS?