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# College Financing

(Seminar slides are available for printing on the sidebar of [mefa.org/events](http://mefa.org/events))

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## About MEFA

Not-for-profit state authority created in 1982 helping families plan, save, and pay for college and reach financial goals

Keeping you on track with FREE college planning:

- Visit [mefa.org](http://mefa.org): Information, tools, & resources
- Call us: (800) 449-MEFA (6332) with any questions
- Email us: [collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)
- Follow us: Facebook, Twitter, & LinkedIn
- Get our emails: Sign up on [mefa.org](http://mefa.org)
- Attend a seminar: Details at [mefa.org/events](http://mefa.org/events)
- Attend a webinar: Register at [mefa.org/events](http://mefa.org/events)




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## Seminar Topics

- Find Out About Types & Sources of Financial Aid
- Review the Application Process
- Understand How Financial Aid Decisions Are Made
- Learn About Paying for College
- Discover Free Resources




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## Types and Sources of Financial Aid

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## What is Financial Aid?

Financial aid is money to help students pay for college



- 3 main types
  - Grants and scholarships (gift aid)
  - Federal work-study
  - Federal student loans

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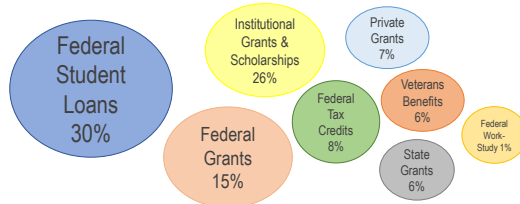
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## Financial Aid Breakdown

- Undergraduate Student Aid 2017-18 (\$184.1 Billion)



Source: The College Board, Trends in Student Aid 2018

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## Sources of Financial Aid

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### Federal

- Grants, work-study, loans, tax incentives
- [StudentAid.gov](http://StudentAid.gov)

### Massachusetts

- Grants, scholarships, tuition waivers, loans
- [mass.edu/osfa](http://mass.edu/osfa)

### College/University (institutional aid)

- Grants, scholarships, loans

### Other Agencies

- Scholarships: Search through [mefapathway.org](http://mefapathway.org), [fastweb.com](http://fastweb.com), and your school counselor

## Federal Direct Student Loans

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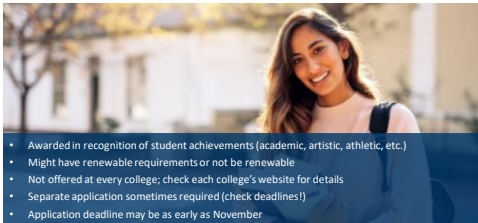
- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- 4.529% fixed interest rate for 2019-20
- Repayment:
  - No payments due while enrolled
  - Multiple options (many tied to income)
  - Approximately \$300/month for 10 years for \$27,000 debt
  - Deferment, forbearance, and forgiveness opportunities

Annual Loan Limits	
Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500



## Merit-Based Aid

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- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Might have renewable requirements or not be renewable
- Not offered at every college; check each college's website for details
- Separate application sometimes required (check deadlines!)
- Application deadline may be as early as November

## Need-Based Aid

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- Based on family's financial eligibility ("need")
- Eligibility determined by a standardized formula
- Includes grants, loans, and work-study
- Most financial aid is need-based
- Must be making satisfactory academic progress

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## The Application Process

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## Financial Aid Timeline

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- Check deadlines and required applications on each college's website now
- Early action/decision deadlines are often in October or November
- Standard deadlines are typically in February or March
- **DON'T SUBMIT APPLICATIONS LATE**
- Use MEFA's College Application Manager to stay organized
  - [mefa.org/college-application-manager](http://mefa.org/college-application-manager)




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## FAFSA®

- Free Application for Federal Student Aid (FAFSA)
- Required by all colleges
- Becomes available October 1st: [fafsa.gov](http://fafsa.gov)
- Easy completion on myStudentAid mobile app
- Log in with an FSA ID: [fsaid.ed.gov](http://fsaid.ed.gov)
  - Both student and parent need one!
- IRS Data Retrieval Tool: Pull in federal tax data
- FAFSA webinar recording on [meffa.org/events](http://meffa.org/events)
- MUST BE COMPLETED EVERY YEAR**



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## What's Reported on the FAFSA?

### GENERAL INFORMATION

- Student citizenship status
  - Non-citizen parents:
    - Use zeros for SSN
    - Print signature page to sign (cannot get FSA ID)
- Colleges where student is applying (each one will receive your FAFSA)
- Parents
  - Married, including same-sex parents
  - All parents who live together, married or not
  - Divorced/Separated: custodial parent & current spouse
  - Legal guardians are NOT a parent
- # in household, # of children in college



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## What's Reported on the FAFSA?

### FINANCIAL INFORMATION

- Parent and student income (2018 income for the 2020-21 FAFSA)
  - Both taxed and untaxed
- Parent and student assets
  - Include: savings, checking, investments, other property
  - Include: all 529 accounts as a parent asset
  - Do not include: primary home, value of retirement, life insurance, value of small family business
- Debt is not reported except debt on reported assets



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## Other Financial Aid Applications

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### CSS Profile™

- [cssprofile.org](http://cssprofile.org)
- Required by some colleges and universities
- \$25 for 1st school, \$16 for each additional
- Becomes available October 1st
- Noncustodial parent will need to submit a separate Profile
- Profile webinar recording on [meffa.org/events](http://meffa.org/events)

### College Financial Aid Application

- Required by some colleges and universities




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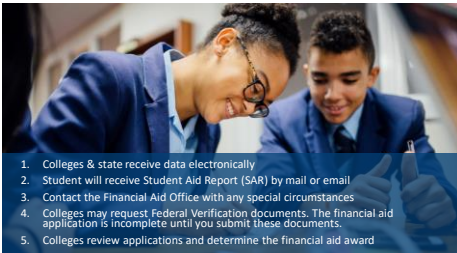
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## After You Apply

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1. Colleges & state receive data electronically
2. Student will receive Student Aid Report (SAR) by mail or email
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Federal Verification documents. The financial aid application is incomplete until you submit these documents.
5. Colleges review applications and determine the financial aid award

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## Verification

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- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- Families must submit additional documentation:
  - Tax Return
  - Verification Worksheet
  - Asset Account Statements
- Review all correspondence from colleges
- Log into college web portal for communications




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## How Financial Aid Decisions Are Made

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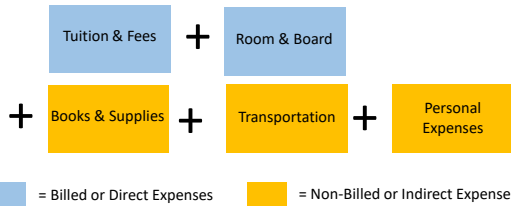
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## Cost of Attendance (COA)

COA = Total Expenses for One Year of College




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## Expected Family Contribution (EFC)

- Amount family has ability to absorb for 1 year of college costs
- Same federal formula used for every family
- Some colleges also use an institutional formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay
- Lowered if family has more than 1 child in college
- EFC Calculator on [mefa.org](http://mefa.org)




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## Net Price Calculators

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- Online tool found on each institution's website
- Asks questions about family finances & student academics
- Provides personal, estimated net college price
- Displays federal & institutional aid
- Merit-based aid may also be included




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## Financial Aid Formula

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$$\frac{\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)}}{= \text{Financial Aid Eligibility}}$$

Colleges fill in Financial Aid Eligibility with financial aid from all sources

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## Asset Impact on EFC

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- An example: 4 in the family, 1 child in college

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$0	\$75,000	\$150,000
EFC	\$7,223	\$10,422	\$14,652
Difference		\$3,199	\$7,429

Based on 2020-21 Federal Methodology

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## Income Impact on EFC

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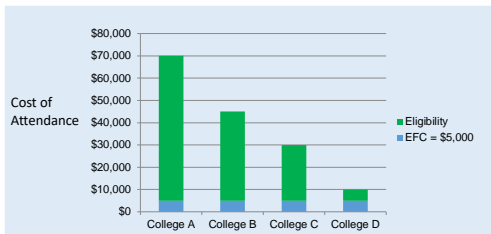
- An example: 4 in the family, 1 child in college

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$100,000	\$150,000
Combined Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$9,025	\$17,531	\$33,053
Difference		\$8,506	\$24,028

Based on 2020-21 Federal Methodology

## How the Formula Works

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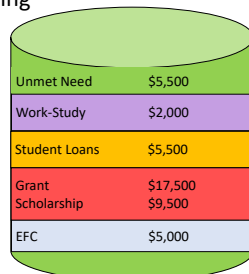


## Financial Aid Awarding

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College COA =  
\$45,000

Unmet need and EFC is the  
FAMILY's responsibility



## Award Letters: Totals Can Vary

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COA: \$45,000    EFC: \$5,000    Total Eligibility: \$40,000

	College A	College B	College C
Grants/Scholarships	\$32,500	\$25,500	\$17,500
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$2,000	\$2,000	\$2,000
Total	\$40,000	\$33,000	\$25,000
Unmet Need	\$0	\$7,000	\$15,000

## Award Letters: Types Can Vary

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COA: \$45,000    EFC: \$5,000    Total Eligibility: \$40,000

	College A	College B	College C
Grants/Scholarships	\$27,500	\$17,500	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loans	\$0	\$10,000	\$29,500
Work-Study	\$2,000	\$2,000	\$0
Total	\$35,000	\$35,000	\$35,000
Unmet Need	\$5,000	\$5,000	\$5,000

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## Paying for College

## Filling the EFC and Unmet Need: An Example

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Balance Due		\$20,000
<i>Past Income (Savings)</i>		
	Student Savings	-\$1,000
	Parent Savings	-\$4,000
<i>Present Income (Current Wages)</i>		
	Parent Contribution to Payment Plan	-\$5,000
<i>Future Income (Borrowing College Loans)</i>		
	Education Loan	-\$10,000
		<b>\$0</b>

## Additional Financial Considerations

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- Would starting at community college save significant \$?
- Consider the number of children you will send to college
- Think in terms of total enrollment (4+ years) and total debt
- Calculate the post-graduation monthly loan payment
- Research the potential starting salary for the intended career
- Is the student considering graduate school?
- Know your credit score if you plan to borrow a private loan
- Compare each school's net price after financial aid offers are received



## Paying for College in MA: You Have Options

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**MassTransfer**

- Makes transfer from community college to a 4-year public MA college more affordable
- Benefits include guaranteed credit transfer, tuition credit, & freeze on tuition
- [mass.edu/masstransfer](http://mass.edu/masstransfer)

**Tuition Break**

- Reduction on out-of-state tuition costs at New England schools for certain programs
- [Nebhe.org/programs-overview/rsp-tuitionbreak/overview](http://Nebhe.org/programs-overview/rsp-tuitionbreak/overview)



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## Free Resources

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## Financial Aid Office

Learn about Your Financial Aid	<ul style="list-style-type: none"> <li>Financial aid renewability criteria (financial, academic)</li> <li>Treatment of private scholarships</li> </ul>
Ask About Special Considerations	<ul style="list-style-type: none"> <li>Changes in family circumstances</li> <li>Can I appeal my award? How?</li> </ul>
Find Out Additional Details	<ul style="list-style-type: none"> <li>Open House and Orientation programs</li> <li>Additional financial resources</li> </ul>
How to Contact the Financial Aid Office	<ul style="list-style-type: none"> <li>Financial aid office website</li> <li>In-person meeting</li> <li>Phone call</li> <li>Email</li> </ul>

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## National and Community Resources

- FAFSA Day
  - Free assistance completing the FAFSA
  - October through February
  - [FAFSADay.org](http://FAFSADay.org)



- Educational Opportunity Centers
  - Free financial aid help
  - [MassEdCO.org](http://MassEdCO.org)




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## After the College Acceptance Seminars

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- Provides assistance and clarity on:
  - Financial aid awards
  - The college bill
  - Payment plans
  - College loans
  - What to ask the Financial Aid Office
- Locations across MA in March and April (regional: not offered at every high school)
- Register for MEFA emails to receive locations
- Webinars also offered




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## What You Can Do Now

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- Complete the seminar evaluation
- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Sign up for webinars at [mefa.org/events](https://mefa.org/events)
- Reference MEFA's *College Admissions and Financial Aid Timeline* on [mefa.org](https://mefa.org)




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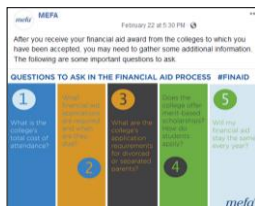
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## Connect with MEFA on Social Media

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- facebook.com/mefaMA
- @MEFAtweets
- linkedin.com/company/mefa
- youtube.com/MEFAcounselor

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Thank You

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Questions?

Presenter: \_\_\_\_\_

(800) 449-MEFA (6332)

[collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)

How was the seminar? We'd love to hear your feedback.

Leave us a Google review at [Google.com](https://www.google.com/reviews/submit?hl=en)

★★★★★

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