

# Paying for College

An Overview of Financial Aid  
Options and How to Apply for  
Them

# Financial Aid

Financial Aid = Assistance to students to help them pay for their education, including:

- Grants
- Loans
- Student Employment

# Grants

- Grants from the Federal government
- Grants from the State of Pennsylvania
- Grants from the college itself (not offered by every college)

# Federal Grants

## ➤ Pell Grant

- Maximum award for 2019-20 was \$6,195
- Maximum EFC to be eligible for a Pell Grant was \$5,576
- There is a lifetime limit of 12 semesters for receiving Pell Grants

## ➤ Federal Supplemental Educational Opportunity Grant (FSEOG)

- Not all campuses offer them
- Maximum award is \$4000

# State Grants

- Administered by PHEAA
- Apply online at the same time you complete the FAFSA
- Maximum grant last year was \$4,123
- Must be a U.S. citizen or eligible non-citizen and must have lived in PA for at least 12 months
- May 1 filing deadline for most colleges

# Need-Based Institutional Grants

- Awarded based on information from the FAFSA and, in some cases, the CSS Profile
- Not all campuses offer need-based institutional aid
- Possible that additional documents will be required – check financial aid office websites carefully

# Work Study

- Not all colleges participate
- Participating schools are allotted funds, and they decide how they will be awarded
- Student may receive up to \$4000 per year
- Work study funds are not credited directly to a student's account
- Jobs are not guaranteed

# Loans

- Federal Direct Loan program (student)
  - \$3,500 subsidized
  - \$2,000 unsubsidized
  - 4.53%
- Federal PLUS loans (parent)
  - 7.08%
- Private Loans (student)



# Eligibility for Federal Aid

- U.S. Citizen or U.S. National or U.S. permanent resident
- Selective Service Registration
- HS Diploma or GED
- No Federal education loan defaults
- No convictions for possession or sale of illegal drugs
- Be enrolled as a regular student at a degree or certificate-granting institution
- Satisfactory Academic Progress

You must complete the Free Application for Federal Student Aid (FAFSA) to apply for any type of Federal aid.

# Types of Aid Awarded by Colleges

- Merit-Based Aid
- Need-Based Aid

# Merit-Based Aid (Scholarships)

- Family's financial circumstances don't matter at all
- Awarded based on academic record or special talent
- Generally will be renewed for same amount all 4 years
- May have to maintain a certain GPA to keep the scholarship
- Most don't require a special application, but some do
- Check each college's financial aid office's homepage for available scholarships and their requirements
- May have to apply for admission by an earlier than usual deadline

# Need-Based Aid

- Awarded based on the family's financial situation
- May change each year if the family's situation changes
- Must re-apply every year
- Based on data from the FAFSA, CSS Profile or both
- May have to fill out institution-specific forms at some schools
- Check the financial aid office's website to find out procedures at that college

# Applying for Need-Based Aid

- Complete the Free Application for Student Aid (FAFSA)
- Some colleges also require the CSS Profile
- A few may have their own additional forms to complete
- Always check each college's requirements on its website

# The FAFSA

- A Federal form that collects financial data regarding both the student and parent(s)
- Administered by the U.S. Dept. of Education
- May file beginning on Oct. 1 of senior year
- Colleges' deadlines vary – may be as early as Jan. 1, or earlier for Early Action and Early Decision candidates
- Must apply by the college's deadline, or you risk not receiving institutional aid

# Home – Top Section

## FAFSA®: Apply for Aid

Use the *Free Application for Federal Student Aid (FAFSA®)* form to apply for financial aid for college or grad school.

### NEW TO THE FAFSA® PROCESS?

Completing the FAFSA form is free. Fill it out now.

START HERE >

### RETURNING USER?

Correct info • Add a school  
View your *Student Aid Report (SAR)*

LOG IN >

### FAFSA® Announcements

- Customers who are using an Apple device (mobile and/or desktop) may encounter errors on some FAFSA fields if the "smart punctuation" feature is enabled. This feature changes apostrophes and quotation marks to invalid characters that the FAFSA form cannot recognize. **Learn about solutions for this error.**
- Check out the **myStudentAid app** for iOS and Android.
- To get the best experience, **make sure your browser's pop-up blocker allows pop-ups** from [fafsa.ed.gov](https://fafsa.ed.gov) before logging in to the FAFSA form.

The FAFSA form will be unavailable due to scheduled maintenance every Sunday from 3–11 a.m. Eastern time.

## FAFSA, cont.

- The student is the one completing the FAFSA; however, the parent should complete it with him.
- Emails from the Federal Student Aid Office regarding the FAFSA will be sent to both the student's and parent's email address after it is completed. The student should not use his BL email address, since it will be deactivated in August.
- Both the student and one parent must sign the FAFSA electronically before it can be processed.
- First step is obtaining an FSAID for both the student and parent.



# FSAID

- Serves as a legal signature for signing the FAFSA
- Also needed to apply for PLUS loans and to sign promissory notes for student loans
- To create an FSAID, go to [fsaid.ed.gov](https://fsaid.ed.gov)
- Student and parent each must have a unique email address and phone number for their FSAID

# FAFSA, cont.

- Apply online at [www.fafsa.gov](http://www.fafsa.gov)
- Be wary of [www.fafsa.com](http://www.fafsa.com)
- Be sure to choose the 2020-2021 form
- Documents you'll need to complete the FAFSA:
  - Social Security numbers
  - 2018 federal income tax return
  - W-2 forms from all employers
  - Current checking and savings statements
  - Current business records, if applicable
  - Records of any stocks, bonds and other investments
  - Records of any additional untaxed income such as child support and worker's comp.

# Whose financial info goes on the FAFSA?

- If a student's birth parents are married, both parents' financial information must be included, whether or not they live together.
- If a student's parents are not married, but live together, both parents' information must be included.
- If a student's birth parents are not married, only the parent with whom the student lives most of the time provides information. If that parent is re-married, the step-parent must also provide info.
- If the student was adopted, the adoptive parent(s) provides info.
- If the student is an orphan or in legal guardianship, he can be classified as independent, and no parent information is required.
- Legal guardianship and custody are not the same thing
- Unless a student can be classified as independent, parent must provide information, or he won't get aid.

# Independent vs. Dependent

- Most students are classified as dependent, which means that parent information must be provided
- The definition of “dependent” in the FAFSA isn’t the same as on your tax return
- Student will be asked a series of questions to determine dependency status – if he answers yes to any, he will be considered independent
- Some factors that make a student independent: having a child that lives with him, being an orphan, having been in foster care after age 13, having a legal guardian other than a parent

# FAFSA, cont.

- The FAFSA asks questions about the parent and student's income and assets.
- If your income is less than about \$50,000, you don't have to provide info about assets. However, if you don't, you're more likely to get selected for verification and a college may ask for the information, anyway.
- Students can earn up to \$6,840 in 2020-21. After that, student income is assessed at 50%. Student assets are assessed at 20%.

# What is verification?

About 10% of FAFSAs are randomly selected for a process called verification. If you are selected for verification, your financial aid award at each college won't be processed until you complete each college's verification procedures, which may vary.

- Always includes sending copies of your tax transcript and W-2s to the college's financial aid office
- Generally includes completing a document called a "verification form" and returning that to the financial aid office.
- If you're selected, you may be notified by mail or email. Act to complete the verification process ASAP so your aid awards are not held up.
- Less likely to be selected if you use the IRS Data Retrieval Tool

# IRS Data Retrieval Tool

- Allows you to access your IRS tax return information and have it transferred directly to the FAFSA
- Helpful to have a copy of your tax return available because data on it and what you enter into the DRT must match exactly
- The following tax filers aren't eligible to use the DRT:
  - Married and filed as Married Filing Separately
  - Married and filed as Head of Household
  - Filed an amended tax return, a Puerto Rican tax return or a foreign tax return

# FAFSA, cont.

- You can list up to 10 colleges on the FAFSA
- You should list the one you're most likely to attend first, if possible, since that college will be the one transferred automatically to your state grant application
- Don't wait to be accepted to a college before filing the FAFSA
- You can delete or add other colleges later by making a correction to the FAFSA



# Common Errors on the FAFSA

- Make sure you use the correct Social Security numbers for student and parent(s).
- Make sure the name on the FAFSA matches the name on the Social Security card
- Make sure to click “Register Me” if you’re not already registered with Selective Service.
- Use the IRS Data Retrieval Tool if possible.
- Very few students can be classified as independent.
- Be sure to sign electronically with an FSAID.

# After You Submit the FAFSA

- You'll get a confirmation page with a Data Release Number (DRN), which you should record
- You'll get a preliminary determination of your EFC and Pell Grant amount (if any)
- You'll be asked if you want to apply for your state grant at that time – yes
- Within about 48 hours, student will receive email with a link to his Student Aid Report (SAR). You should check the SAR immediately to make sure the FAFSA processed successfully and whether you were selected for verification

# State Grant Application

- Amount you qualify for depends on both income and cost of attendance at the college you attend
- If you don't attend college in PA, you'll receive significantly less, or in some cases, nothing (MD, NJ and NY)
- Apply by:
  - 1) the link on your FAFSA confirmation page
  - 2) the link in an email you'll receive from PHEAA after your FAFSA has processed or by going to [www.pheaa.org](http://www.pheaa.org)
- The deadline to apply for the state grant is May 1 or Aug. 1 (community colleges)

# CSS Profile

- Primarily used by private colleges
- Requires more data than the FAFSA – e.g., home equity, non-custodial parent data, expenses such as child care
- Use 2018 data to complete it
- Can be started now – will probably have a much earlier due date than the FAFSA
- To complete the Profile, go to [www.collegeboard.org](http://www.collegeboard.org).
- It costs \$25, plus \$16 per school to submit the Profile. The fee may be waived automatically if your financial situation qualifies you.

# Assistance Completing the Forms

- Please don't pay for anyone to help you complete the FAFSA – free help is available
- We're holding a FAFSA workshop this Saturday from 10:00am to noon
- You can make a one-on-one appointment with either of us
- Local community-based organizations and universities will hold FAFSA completion workshops

# How is Need Determined?

$$\begin{aligned} &\text{Cost of Attendance} - \\ &\quad \text{Expected Family} \\ &\quad \text{Contribution (EFC)} = \\ &\text{Financial Need} \end{aligned}$$

# Cost of Attendance

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

# Expected Family Contribution

- The EFC is a number derived from a Federal formula that considers income, assets and other factors.
- In theory, it is the amount a family can reasonably be expected to pay toward college expenses each year, but it is rarely the amount a college expects the students to pay
- Major factors in determining EFC:
  - Parent income and assets
  - Student income and assets
  - Family size and number of family members in college
  - Age of the older parent



# More on EFC:

- Income has a much bigger impact on EFC than assets.
- If anyone in the household receives means-tested benefits, or the parent(s) filed a 1040A or 1040EZ, or a parent is a dislocated worker, and the parent(s)' income is less than about \$50,000, assets are not counted at all. In these cases, if the income is less than \$25,000, the EFC is automatically zero.
- Any money a student earns at a work study job in college doesn't get counted as income on the FAFSA when he re-applies

# Financial Need

- Only a few colleges meet full demonstrated need
- Most colleges leave a gap: e.g., the COA is \$40,000, the EFC is \$2,000, but the total financial aid package is only \$30,000.
- In that case, the family must come up with the difference in cash or additional loans.

# Things to Consider When Comparing Packages

- The critical number is the Actual Cost. That's how much you're having to come up with in cash and/or loans. This number is more relevant than the cost of attendance.
- The package letters you'll receive won't always be clear. Be sure that you understand the true bottom line for each school. Sometimes colleges mislead you by making it seem like they're giving you a package that covers the entire COA, when, in reality, they're requiring you to take out an enormous PLUS loan.
- We're happy to help if you bring us copies of your letters.

# What If It's Not Enough?

- You can appeal the award. This may or may not result in an adjustment. It's more likely to work if you have an unusual circumstance to report.
- PLUS loans or private loans
- Unfortunately, in some cases, you may have to choose a different college.
- Don't wait until the last minute to figure out the finances.

# Outside Scholarships

Students should start looking for scholarship opportunities early – even before senior year

Where?

- BL's scholarship page (link in Naviance Student)
- Fastweb.com
- Scholly app
- Going Merry
- Suggestions on colleges' financial aid office websites
- Emails from us

Have a scholarship essay ready

# After You've Chosen Your College:

- You'll have to go to [www.studentloans.gov](http://www.studentloans.gov) to complete your entrance counseling and sign your Master Promissory Note if you're taking out loans
- If you need a PLUS loan, you can apply for that at this same website

# Be Wary of the 5-Year Plan

- If you take longer than 4 years to finish college, because you drop or fail classes, change your major, etc., it can have significant financial implications:
  - The total cost of your degree is increased by at least 25%
  - Some institutional aid may be limited to 4 years
  - PA State Grant eligibility is limited to 4 years
  - There are maximum limits for federal borrowing, which may be exhausted
  - The lifetime eligibility for Pell Grants expires after 6 years

# Important Points

- Make sure you know what each college requires and complete all forms
- Be sure to meet all deadlines
- Check your email constantly for notifications from the college financial aid offices and the government agencies. If they request additional information, send it ASAP
- Make sure you understand the bottom line of how much each college will cost
- Be realistic about what you and your family can afford
- Don't pay for help



# Resources

- Information on Federal aid:

[studentaid.ed.gov/sa/resources](https://studentaid.ed.gov/sa/resources)

- PHEAA website:

[www.pheaa.org](http://www.pheaa.org)

Questions?