FINANCIAL AID 2022-2023

INTRODUCTION

The Class of 2022 can access financial aid information early by:

1. Submitting a FAFSA earlier. Families can file their 2022-2023 FAFSA as early as October 1, 2021.

2. Using earlier income information. On the 2022-2023 FAFSA, families will report their 2020 income information.

Applying earlier provides you with three distinct benefits. First, allowing families to apply for financial aid in the fall of senior year aligns this process with the same timeline used in the college application process. As students work on their college applications, parents can work on completing the FAFSA and other forms at the same time. Second, using tax information from the prior-prior year [for the Class of 2022, that means using tax information from 2020] ensures that information will be readily available to parents. Third, families should feel less pressure, as they will have more time to get their FAFSA completed long before any college's financial aid deadline. In order to avoid confusion, make sure your child's college application accurately reflects your intention to file for financial aid.

Below is a brief overview of both federal and state financial aid programs, along with a guide to filing the proper forms. You'll also find a glossary of terms, a list of tips for filing the forms, and an explanation of the federal paperwork you'll receive once you've filed your form.

PLEASE NOTE: As you search for websites, please be very careful that you access the proper website! As you google various financial aid websites, you will see a number of for-profit sites before you find the websites referenced in this guide. So, scroll to the correct website before you open up any link.

OVERVIEW OF FINANCIAL AID

A student's financial need is determined by the following equation:

> Cost of Attendance
> - Expected Family Contribution (EFC)
> = Financial Need

The Cost of Attendance is the total amount it will cost a family for a student to go to college for an academic year. It takes into consideration tuition and fees, room and board, books, supplies, transportation, childcare, costs associated with a disability and miscellaneous expenses. The college sets this figure. The Expected Family Contribution is an amount determined by formulas established by Congress, and the individual college, that indicate how much of a family's financial resources should be available to help pay for school.

After all corrections have been made to all financial information each family provides, the financial aid administrator at each college which receives information from you will create a

financial aid package [or award] for each student. Using available resources, the aid administrator gives each student the best possible combination of *gift aid* (scholarship and grant monies which do not have to be repaid) and *self-help* (loans and work study programs) monies to meet the student's aid. These monies may be from federal and state (and, in the case of some public and private schools, campus) sources.

Students are typically given a timeframe in which to respond to any or all of each school's offers. Colleges and universities try to mail their award letters in a timely fashion, so that families can consider actual cost of attendance before students have to choose their college.

The best contact each family has while applying for financial aid is the financial aid officer at each college in which a student is interested.

FEDERAL FINANCIAL AID PROGRAMS

While the list here does not represent an exhaustive list of all federal financial aid programs, we have highlighted those programs most popular with our families. Students and parents demonstrate eligibility for these programs by completing the FAFSA, the Free Application for Federal Student Aid.

FEDERAL PELL GRANT: A federal program, which awards up to $6,495 for the 2021-2022 award year to families with exceptional need.

FEDERAL DIRECT SUBSIDIZED STAFFORD LOAN: A need-based, low-interest loan program. There is a fixed interest rate of 3.73% for loans disbursed between July 1, 2021 and June 30, 2022. Interest rates may change for the 2022-2023 school year.

Maximum annual loan amounts* are:

Freshmen	$3,500
Sophomores	$4,500
Juniors, Seniors (per year)	$5,500
Subsequent Undergrad Years	$5,500

*In addition, students may borrow an additional $2,000 for each grade level as an unsubsidized loan. [See below for information on these loans.] These limits apply to a combination of both subsidized and unsubsidized Stafford loans. Maximum total debt from Stafford loans for an undergraduate degree is $31,000 [but only $23,000 **c**an be in subsidized loans].

With a subsidized loan, the government pays the interest on the student's behalf while the student is in school and during any authorized deferment periods. Students repay the subsidized Federal Stafford Loan back over a period of 10 to 25 years on a monthly basis.

Students demonstrate eligibility for this program by completing the FAFSA.

FEDERAL DIRECT UNSUBSIDIZED STAFFORD LOAN: A non-need-based, low-interest loan program. Only available to students who are not eligible for a full subsidized Federal Stafford Loan.

The interest rate as of July 1, 2021 is 3.73% for the life of the loan. Interest rates may change for the 2022-2023 school year. Maximum loan amounts are the same as above for dependent students. Interest begins shortly after funds are disbursed but can be added to the principal balance of the loan. Repayment of the balance begins 6 months after the student leaves

school or graduates. Students repay the <u>unsubsidized</u> Federal Stafford Loan back over a period of 10 to 25 years on a monthly basis.

Students apply for this program by completing a FAFSA to demonstrate ineligibility for a full subsidized Federal Stafford Loan.

FEDERAL DIRECT PLUS LOAN for PARENTS: Loan for <u>parents</u> of dependent undergraduate students, not based on financial need. Parents may borrow up to the cost of attendance at the school minus any financial aid. The amount a parent may borrow is subject to a credit check. These are conventional loans, with repayment beginning within 60 days; parents have from 10 to 25 years to repay these loans. Parents may consolidate several PLUS loans. Parents may also defer payment of the principal on a PLUS loan until their student is out of college

The current interest rate is fixed at 6.28% for loans disbursed between July 1, 2020 and June 20, 2021. Interest rates may change for the 2020-2021 school year.

Parents <u>must</u> file a FAFSA to determine if the family is eligible for any other aid.

FEDERAL WORK STUDY: Students work a set number of hours each week on campus (usually 10 to 20 hours/week) and are paid at least minimum wage. The money is either deducted from a student's bill or is paid directly to the student for miscellaneous expenses.

STATE OF ILLINOIS FINANCIAL AID PROGRAMS

The Illinois Student Assistance Commission (ISAC) administers a host of scholarship and funding programs for Illinois families; we highlight only the Monetary Award Program here. Information on other programs sponsored by the State of Illinois can be found at *www.isac.org.*

ILLINOIS MONETARY AWARD PROGRAM (MAP) Grant: A State of Illinois grant program; monies received from MAP do <u>not</u> have to be repaid. Only *tuition* and *mandatory fees* at ISAC-approved Illinois postsecondary institutions are eligible for payment. Maximum award for the current year is $5,496 for full-time students. Awards can vary from each institution and can be used for up to 135 earned college credits.

Students apply for this program by completing a FAFSA. For MAP consideration, it is important that students complete the following questions on the FAFSA:

- Student's state of legal residence
- Student's grade level
- Completion of first bachelor's degree (mark "No")
- Working on master's or doctorate degree (mark "No")
- Parent's state of legal residence
- School name (must be an Illinois school) and Federal School Code

Please note: This program has narrowly survived the past few years due to the state's severe financial crisis and the program has been suspended in years past. In order to avoid the state's ongoing financial concerns, we **strongly** urge you to file your FAFSA as early as possible, **by Thanksgiving if at all possible**, in order to be considered for a MAP grant in Illinois. Many

Illinois colleges have a deadline of early to mid-November for Illinois residents to complete the FAFSA, particularly to ensure full consideration for the IL MAP Grant.

FINANCIAL AID FORMS

All federal and state aid programs utilize the same federal core methodology to determine a family's eligibility for financial aid. Families need to file a **Free Application for Federal Student Aid (FAFSA)** to determine eligibility. Since public universities have only federal dollars to spend, if your child is planning to attend a public university, you need only file the FAFSA.

The federal core methodology does not factor in home equity, medical deductions, or elementary and secondary tuition paid for students other than the aid applicant. Today's financial aid process is really very much income-driven; assets do not matter as much as your family's annual income.

A small number of private schools [approximately 175] still consider the value of the above or additional factors when disbursing campus dollars (any monies directly available from the school itself and not funded from the federal or state governments). Therefore, schools may require families to register with the College Scholarship Service, which is the financial aid division of the College Board in order to complete the **CSS PROFILE** form. Not all schools require this form, so please call or email the school's admission or financial aid office!

New this year, the Profile fee will be waived or families earning less than $100,000. CSS Profile registration forms are available through the College Board web page at *http://www.collegeboard.com*.

Schools may also require families to fill out an **institutional** form (written by the institution) that will provide them with additional information not available on the FAFSA. Please contact the school to secure a form, if necessary.

SUBMITTING THE FAFSA

To complete the FAFSA, go to **www.fafsa.gov**. Below are some highlights of this site:

- •   FAFSA completed and submitted online
- •   Federal Student Aid Program downloads received information daily
- •   Plan to sign your FAFSA electronically by using your FSA ID.

There is an excellent website that will provide you all the information you need to complete your FAFSA. Go to

Studentaid.gov/sa/fafsa/filling-out [On Google, you'll see the headline, "Federal Student Aid". Again, be sure to type in this link to avoid the many non-authorized aid websites.]

And you will find all the information you will need to complete your 2022-2023 FAFSA.   Click on the *2022-2023 FAFSA On The Web Worksheet PDF*. Completing this Worksheet and reading

the tips offered on this website should really help you go online and complete the FAFSA much more efficiently.

The FSA ID

The FSA ID is a username and password that you must use to log in to certain Department of Education websites. <u>Both</u> a dependent student <u>and</u> a parent must have a unique, individual FSA ID. To create your FSA ID, log on to <u>www.fafsa.gov</u>, click on FSA ID along the toolbar at the top and follow the prompts. You'll need to provide an email address, a unique username and password, your Social Security number, name, date of birth, mailing address, telephone number and language preference. After you submit this information, you'll be asked to verify your email address. Your FSA ID is a permanent item; you don't need to re-apply for one every year, so keep this information in a safe place.

<u>TIPS ON FILLING OUT THE FAFSA</u>

Instructions for filing the FAFSA are contained in this packet. Documents you will need to complete the form(s) are:

* Student and Parent Social Security Number (can be found on Social Security card)
* Student's driver license
* Student's W-2 Forms and other records of money earned
* 2020 Federal Income Tax Return - for both student and parent(s)
* 2020 untaxed income records - Social Security, Temporary Assistance to Needy Families, welfare, or veterans' benefits records
* 2020 bank statements
* 2020 business and investment mortgage information, business and farm records, stock, bond, and other investment records
* Student's alien registration card (if not a U.S. citizen).

IRS Data Retrieval Tool [IRS DRT]

You have the opportunity to securely transfer the tax information right into your FAFSA online by utilizing the IRS Data Retrieval Tool [IRS DRT] found at the FAFSA website. When using the IRS DRT, the following income items will be transferred from IRS:

- Adjusted gross income
- U.S. income tax paid
- Education credits
- Specific untaxed income items
  - Untaxed IRA distributions
  - Untaxed Pensions
  - IRA deductions

- Tax Exempt Interest

Using the DRT provides a very efficient data exchange and has helped dramatically reduce the number of FAFSAs selected for verification.

Please note: Concerns about the security and privacy of data transferred from the IRS to the FAFSA have resulted in all data being encrypted and hidden from your view on both the DRT and the FAFSA websites. You will be provided a list of all possible fields from your 2020 tax return that can transfer back to the FAFSA. However, you will <u>not</u> be able to view your tax return information on the DRT web page nor on your FAFSA page. Instead, you will see "*Transferred from the IRS*" in all the data fields both on your FAFSA and on the Student Aid Report [SAR] you receive electronically after you submit the FAFSA.

Because you will not be able to see the information transferred from the IRS DRT to the FAFSA, you will not be able to make any corrections to the data that is submitted on the FAFSA. Any college to which you authorized access to the information on your FAFSA will be able to see all the data submitted and make any necessary corrections, if necessary.

This process has been enacted to greatly enhance the privacy and security of all the data you submit to FAFSA using the IRS DRT. As always, if you have any questions, please reach out to the financial aid administrator at the college[s] whom you have authorized to receive your FAFSA information.

For detailed information, go to *Studentaid.gov/irsdrt.*

Special Situations

The FAFSA will ask students if they have ever been in <u>foster care</u>. If a student answers "Yes", they will receive a message about potential resources available.

<u>International and noncitizen</u> students should contact the Financial Aid office of the college or university for specific information regarding financial aid. If you are in the U.S. and have been granted Deferred Action for Childhood Arrivals [DACA] or are here on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa [pertaining to international organizations], you are <u>not</u> an eligible noncitizen. You should select, "No, I am not a citizen or eligible noncitizen." You will not be eligible for federal student aid.

Also…

Because you will be using tax information from 2020, there may be some discrepancies between the information on your tax form and what you supply on your FAFSA. For example, there may be a change in parents' marital status or in employment of a parent between 2020 and today. The COVID crisis has deeply affected many families' financial footing. If your family has experienced a significant change in status, please reach out to the financial aid office at the college and explain the situation. Financial aid officers can exercise professional judgment to deal with such issues.

Phone Numbers You May Need:

    *   Federal Student Aid Information Center - 1-800-4-FED-AID
    *   ISAC (Illinois Student Assistance Commission) - 1-800-899-ISAC

TIPS ON COMPLETING THE FAFSA ON THE WEB

Below are explanations of factors that may be used in computing your total family contribution. **In the FAFSA directions, the word "you" refers to the student; the word "school" refers to any school <u>beyond</u> high school.** Again, we encourage you to complete the FAFSA On The Web [FOTW] Worksheet before you begin to file your FAFSA. When you complete your FAFSA, do not leave any items blank, unless the directions permit you to do so.

Name – Please be sure to print your name exactly as it appears on your Social Security card. **This is very important.**

Social Security Number - A student <u>must</u> have an SSN in order to receive aid. The name you list on the FAFSA must be the same name as on your SSN card.

Citizenship: Be sure to complete this item, as it determines your eligibility for federal aid.

State of Residence - Listing Illinois is vital for you to be eligible for Illinois Student Assistance Commission (ISAC) MAP dollars.

Drug Offense Conviction – This item must be completed; <u>do not leave this item blank</u>, as colleges need an answer from every student applying for aid. However, your response will <u>not</u> affect the amount of aid you might receive.

Grade Level – Nearly all high school students would check the first box, "Never attended college and 1st year undergraduate."

Degree - This item is informational only, not rigid or immovable. If you are planning to attend college for four years, you are planning to earn a 1st Bachelor's degree. If you are planning to attend a community college for 2 years and graduate, you would be earning an Associate Degree. If you are planning to attend a certificate program for 1-2 years, then you would enter one of the "Certificate" responses.

Types of Financial Aid – You will be asked what kind of financial aid you would accept – grants, loans and/or work study. These are simply preferential questions and are not binding. To see how much maximum aid you might receive, check the appropriate boxes. We encourage you to answer "yes" to all items.

Legal Definition of Dependent/Independent Student – A student can only be classified <u>independent</u> if s/he meets at least <u>one</u> of the following requirements:
    --born before January 1, 1999, **or**
    --a master's/doctoral student, **or**
    --married **or**

--has legal dependents other than a spouse **or**
--orphan (both parents deceased), foster child, a ward of the court, an emancipated minor, in a legal guardianship, homeless or
--on active duty or a veteran of the U.S. Armed Forces.

Answering "no" to every one of these questions [and most high school students will answer "no"] means that you are <u>dependent</u> and you [or your parents] fill out the <u>shaded</u> areas of the worksheet for information about your parents.

Parent Information

Definition of Parent – Here are some guidelines to help you report parent information:

If your legal parents are married to each other, answer the questions about both of them, regardless of whether your parents are of the same or opposite sex.

If your legal parents are not married to each other and live together, answer the questions about both of them, regardless of whether your parents are of the same or opposite sex.

If your legal parent is widowed or was never married, answer the questions about that parent.

If your parents are divorced or separated and don't live together, answer the questions about the parent with whom you lived more during the past 12 months. If you lived the same amount of time with each divorced or separated parents, give answers about the parent who provided more financial support during the past 12 months. [If your <u>divorced</u> parents live together, you'll indicate their marital status as "Unmarried and both parents living together," and you will answer questions about both of them on the FAFSA. If your <u>separated</u> parents live together, you'll indicate their marital status as "Married or remarried" [NOT "Divorced or separated"] and you will answer questions about both of them.

If you have a stepparent who is married to the legal parent whose information you're reporting, you must provide information about that stepparent as well. [For a detailed discussion on this topic, go to *StudentAid.gov/fafsa-parent.*]

Parents' State of Residence – The state of residence of a dependent student is the state of residence of the parent(s). Listing Illinois is vital if you want to be eligible for any state-based aid programs

Email address –We encourage both you and your parents to list your email address where asked so that all FAFSA-related communication will go directly to you and your parent. Since this is the <u>only</u> way parents will receive electronic information about all financial aid matters, you might want to set up an email account at hotmail, gmail or yahoo just for all your financial aid information.

Income Tax Paid – This item asks for taxes actually paid, <u>not withheld.</u> Using the IRS DRT will automatically fill this number in for you.

Parents' Household – Includes student, parents, other children who live with parents and other people who live with parents in the household.

Parents' Number in College – Only you and other siblings going at least part time (usually 6 hours) to college and enrolled in a program leading to a degree or certificate count here. Family contribution is divided by the number of college students in the family. Parents enrolled in college are not included in this number.

Cash, Savings, and Checking Accounts – Technically, this should be the amount in each of these accounts on the date you sign this form, so pay all your bills before completing the FAFSA! Seriously, list your average monthly balance under this item.

Parent Asset Information – There is a clear definition of what "net worth" means to the FAFSA processors. In general, assets included are: savings, stocks, other real estate, 529 Plans. Assets *not included* are: home equity, retirement accounts, insurance policies/annuities. The "skip-logic" employed by the online FAFSA will prompt you as to whether you even need to answer the asset questions.

Student Information

Income Tax Paid – Again, this item asks for tax paid, <u>not withheld.</u>

Release of Information to Colleges – Be sure to list an Illinois school for ISAC state aid consideration; also, be sure to enter the proper code from the Federal School code list. These codes appear in a pull-down menu on the FAFSA site. You may list up to 10 colleges.

<u>E-SAR</u>

After filing your FAFSA on the web, an electronic (Student Aid Report) SAR will be sent to the email address listed on the FAFSA you file online. Because of the encryption of the information provided from the IRS DRT, actual dollar amounts will <u>not</u> appear on the SAR.

<u>FINANCIAL AID RESOURCES ON THE WEB</u>

The Internet can be a valuable resource for financial aid information. Listed below are several Internet sites that provide the following information:
        -- types of aid available
        -- expected family contribution estimators
        -- loan repayment calculators

-- scholarship searches
-- and more!

Places To Start: [Again, please scroll through the websites that appear in your search to find the ones listed below.]

*http://studentaid.ed.gov
      This website is devoted to the entire college search and selection process. In addition to providing excellent information about the financial aid process, this site also includes information on how to select a college and even a savings chart to help families of younger children determine future costs of college attendance. Bookmark this site.
*   **http://www.fafsa.gov** FAFSA on the Web
      Interactive applications that students and parents can use to apply for federal student aid over the Internet. You can also access fafsa4caster for helpful precollege financial planning information.
      http://www.isac.org
      ISAC (Illinois Student Assistance Commission) offers a wide variety of resources regarding financial aid. The site provides information ranging from general financial aid information, how to apply for aid, state and federal aid estimators, loan repayment calculators, financial aid sources, and so much more!
*   **http://www.finaid.org** The Financial Aid Information Page
      Sponsored by the National Association of Student Financial Aid Administrators. This page provides links to many services of information about student financial aid. Also included is a "Scholarship Scam Alert", which is information about scholarship scams and how to avoid them.
*   **http://www.collegeboard.org** The College Board
      This site also offers a convenient financial aid estimator form
*   **http://www.fafsa4caster.ed.gov** - A free online tool to provide families with early estimates of their eligibility for financial aid. An EFC [Estimated Family Contribution] will be calculated and sample award packages will be sent to families.

FINANCIAL AID TERMS TO KNOW

PROFESSIONAL JUDGMENT
      Whenever special circumstances severely impact the determination of financial aid eligibility, financial aid directors may exercise professional judgment to assist families. The COVID pandemic has certainly caused some families to experience unexpected hardships over the past few years. If your income has been severely compromised, please reach out to the financial aid director as your college to see if they can offer assistance.

VERIFICATION
      --The process of matching information on financial aid form with other documentation to determine accuracy of information supplied on financial aid form.

--IRS is the source document for verification (as it is the source document when you file the form). A college will inform you of the documentation you will need to provide.

--Because of the changes in financial aid that require you to use prior-prior year tax data, the number of families selected for verification should be greatly reduced. If you use the IRS DRT, it is unlikely that you will be selected for verification.

--Verification is not an IRS tax audit! Breathe…

SAR – STUDENT AID REPORT

--The "Student Aid Report" you receive from the federal government, informing you of your eligibility for a Pell Grant; your EFC is also listed. On the front page, upper right corner is some very important information, right under the date the SAR has been produced.

The EFC line refers to the Expected Family Contribution, which is a measure of a family's financial strength. The EFC is an index number that colleges use to help determine your financial need and not the actual dollar amount you will be expected to pay for college.

If there is an "*" , a "C", or an "E" after the number in the EFC line, you have been selected for verification. If you are selected for verification, the college that the student attends in the fall will be responsible for verification procedures and will contact you.

What Happens Next?

Colleges will respond to your offer by sending you a financial aid award letter sometime in the winter or spring. This letter will detail each type of financial aid you have been awarded – grant, loan and/or work study – and you will have the ability to accept or decline each type of aid awarded. You need to sign and return that form in a timely fashion; failure to do so may cost you some financial aid dollars!

If, after you have received your award letter from a college, you wish to appeal the award, the student needs to initiate the appeal process with the financial aid office at that college. You will be required to submit information about any drastic changes in family income, large unanticipated healthcare costs, or other family factors that affect your ability to pay.

EFC – EXPECTED FAMILY CONTRIBUTION

--The Expected Family Contribution is an index number that reflects a family's ability to pay based on a "snapshot" of a family's financial circumstances looking at income/assets of the student and parents. The FAFSA provides the "snapshot". The EFC is not the dollar amount your family will be expected to pay for college.

NET PRICE CALCULATOR:

Federal law now requires every college to provide an online "Net Price Calculator" [NPC] to help families of prospective first-time students estimate their individual net cost of attending a particular college. You can find these NPCs either on a college's admission or financial aid webpage. The NPC takes into consideration both need and merit aid, so families will be asked to complete a brief questionnaire about their academic and financial histories in order to give a more focused, individualized estimate of total cost.

The purpose of the Net Price Calculator is to provide an online, College-specific estimator, calculating approximately the average grant/scholarship available to a family like yours. Average student loan and work-study eligibility are also provided. Please note that this estimated award is not a promise, a guarantee, or an actual aid offer.

COMPARING FINANCIAL AID AWARDS

After college and universities receive the SAR, a financial aid award will be mailed to the family. Comparing the awards is very important to determine what the "bottom line" will be at each institution. Follow these general tips to compare your award letters:

• Look for the "bottom line" - your "net cost" to attend each institution. Don't be dazzled by the amount of money a particular college offers - focus on how the awards affect the costs you have to pay. A $5,000 award may cover your need completely at one school, while a $10,000 award at another could leave you short.

• Look at the combination of awards in each financial aid package. Your aid offer will probably include a mix of several types and sources of aid - "gift aid" (grants and scholarships that do not have to be repaid) and "self-help" (jobs a school offers you so you can earn part of your award and/or loans that must be repaid).

• Finally, look for special conditions or requirements stated in the financial aid package. For example, many institutions require scholarship recipients to maintain a certain grade-point average before their award is renewed. Other institutions may require continued enrollment in an academic program.

• Once you choose a school and have been awarded financial aid, follow the instructions in your award letter. You may be asked to provide more information or select a lender for a student or parent loan. Complete any forms that come with the award letter, sign the letter, and return it by the due date. Be sure to notify other schools that accepted you that you will not attend, so any funds you may have been awarded can be given to students who will attend.

• Don't forget that, in the end, the best college for your student is the one that <u>fits</u> the best. We caution you <u>not</u> to make cost the <u>only</u> factor that drives your child's college decision. Just because a particular college will cost you the <u>least</u> doesn't necessarily mean that it is the <u>best</u> school for your child.

Author:
Sue Biemeret, Executive Director
The Academy for College Admission Counseling
www.counseloracademy.org
counseloracademy1@gmail.com