

Applying for Financial Aid 2023-2024 Academic Year



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Topics we will discuss

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
- Financial Need
- Categories, types and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Institutional Aid
- PACT
- Anticipated Changes to Federal Aid

Cost of Attendance

- Direct Costs
 - ✓ Tuition and Fees
 - ✓ Room and Board
- Indirect Costs
 - ✓ Books and Supplies
 - ✓ Transportation
 - ✓ Miscellaneous and Personal Expenses

*Varies Widely from college to college

What goes into paying for education?

- Family's ability to pay
- Federal and state aid
- The college's financial aid & merit awards
- Outside scholarships from community organizations

What is Expected Family Contribution (EFC)?

- Amount a family can reasonably be expected to contribute
- Two components
 1. Parent Contribution
 2. Student Contribution
- Federal EFC calculated using data from FAFSA and a federal formula
- Institutional EFC calculated using data from the college's required documentation using a formula specific to the college

Definition of Financial Need

Cost of Attendance

LESS

Expected family contribution (EFC)

LESS

Other financial assistance

EQUALS

Financial need

Comparison of Need by Cost

	4 Year Private	4 Year Public	2 Year Public
Cost of Attendance	\$60,000	\$25,000	\$ 7,000
Expected Family Contribution (EFC)	\$10,000	\$10,000	\$10,000
Need	\$50,000	\$15,000	0

Categories of Financial Aid

- Need Based Federal Aid
 - ✓ Grants
 - ✓ Subsidized Loans
 - ✓ Work Study
- Need Based Institutional Aid
- Non Need Based Federal Aid
 - ✓ Unsubsidized Loans
 - ✓ Certain Grants
- Non Need Based Institutional Aid
 - ✓ Merit or Athletic Scholarships

Types of Financial Aid

➤ Grants & Scholarships

- ✓ Money that does not have to be paid back

➤ Loans

- ✓ Do need to be paid back
- ✓ Only borrow what is really needed
- ✓ Federal Direct Undergraduate Student Loans
 - Subsidized: need-based, interest does not accrue while the student is enrolled
 - Unsubsidized: interest does accrue
 - Loan limits based on year in college, level of need, & dependency status
 - Interest & origination fee determined annually by Congress
 - 2022-2023 interest for both: 4.99%, fee: 1.057%

➤ Work Study

- ✓ Allows student to earn money to help pay educational costs

Studentaid.gov



You Are America's Smartest Investment

The U.S. Department of Education's office of Federal Student Aid provides more than \$120 billion in financial aid to help pay for college or career school each year.

Log In

Create Account

Considering School

I'm thinking about going to college or a career school.

In School

I'm in the process of earning a degree or certificate.

Parent

I want to help my child pay for college.

In Repayment

I have loans I need to repay.

FAFSA

Free Application for Federal Student Aid

- A standard form that collects demographic and financial information about the student and family
- Used to determine eligibility for federal/state need based aid
- Formula is determined by Congress
- Required by all schools
- Must be completed annually

FAFSA 2023-2024

- Uses **2021** tax return & income data
- **Available beginning October 1, 2022**

FAFSA on the Web Homepage

www.fafsa.gov (<https://studentaid.gov/h/apply-for-aid/fafsa>)

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

UNDERSTAND AID ▾

APPLY FOR AID ▾

COMPLETE AID PROCESS ▾

MANAGE LOANS ▾



Complete the FAFSA® Form

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

Federal Student Eligibility Requirements

- U.S. Citizen or eligible non-citizen
- Have a valid social security number
- Must be enrolled as a regular student in an eligible degree or certificate program
- Must have a high school diploma or an equivalent
- While enrolled in college, must make satisfactory academic progress

Family Contribution Components

- Parent(s)' income – taxed and untaxed
- Student's income – taxed and untaxed
- Value of parent assets (at the time of FAFSA completion)
 - ✓ Does include trusts, investment properties, % of primary residence that is rented out, & balance of 529 plans set up by the parent on FAFSA
 - ✓ Doesn't include value of retirement accounts or primary residence home equity on FAFSA
- Value of student's assets (at the time of FAFSA completion)
 - ✓ Does include trusts if the student is a beneficiary and UGMA/UTMA accounts
 - ✓ Doesn't include 529 plans
- Number of household members
- Number of dependents attending college at least half-time

Federal Definition of a Parent

- Only custodial parent information is required on FAFSA
 - ✓ No information required from the non-custodial parent
 - ✓ Custodial parent and stepparent financial information is included
- If student's parents live together, regardless of marital status or gender, financial information from both parents must be reported.
- The following people are not the student's parents unless they have legally adopted the student: grandparents, foster parents, legal guardians, older siblings, uncles & aunts

IRS Data Retrieval Tool (DRT)

- While completing FAFSA on the web, the applicant may submit a real-time request to the IRS to pre-populate tax data
- Participation is voluntary but highly recommended
 - ✓ Completion of income data is quicker and easier
 - ✓ Reduces documents required by the financial aid office if the FAFSA is selected for a process called “verification”
- System is extremely picky! Data must be entered exactly as it appears on your tax return
- Some will be unable to use the DRT (option will not appear)
 - ✓ Filed a foreign tax return
 - ✓ Married but filing separately
 - ✓ Filed an amended tax return

FAFSA Processing Results

- FAFSA notifies student of processing results by email notification containing a direct link to student's online Student Aid Report (SAR)
- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 3 business days after FAFSA is submitted

Correcting the FAFSA

- Corrections can be made after the FAFSA has been submitted and processed
- Can add or remove a college
- Do not make too many corrections
 - ✓ Assets should be corrected only if an error was made; they should not be updated as accounts fluctuate.

Institutional Financial Aid

- Need or non-need based financial aid from the college's own funds awarded based on the institution's formula and policies
- Based on information provided on the CSS Profile or a custom institutional application as well as supporting documentation required by the college
- Information from the non-custodial parent is generally required
- Tax losses may be added back
- Depreciation associated with a business or investment property may be added back
- There may be a minimum student contribution
- Allowances for number of dependents enrolled in college may be different

Meeting the Full Need and Gapping

College	A	B
Cost of Attendance	\$60,000	\$60,000
Expected Family Contribution (EFC)	\$ 10,000	\$ 10,000
Need	\$50,000	\$50,000
Aid Awarded	\$50,000	\$35,000
Unmet Need	0	\$15,000

Institutional Financial Aid: Where do I start?

- Learn the college's financial aid application requirements and deadline date(s).
- Use the Net Price Calculator available on each college's web site.

Net Price Calculator

- Will help you estimate how much financial aid may be offered from each school.
- Carefully read all instructions and pop ups.
- All calculators are not alike.
 - ✓ Each college builds theirs based on their policies.
- Don't forget untaxed income
 - ✓ ie. Payments to tax deferred pension plans (W2, Box 12 codes D, E, F, G, H & S – NOT DD)

CSS/Financial Aid Profile

- Offered by CollegeBoard
- Not required by all schools
- Used to determine eligibility for need-based institutional grants
- There is a cost
- If applicable, the non-custodial parent will complete a separate Profile after the custodial Profile has been submitted

Institutional Documentation Service (IDOC)

- Offered by CollegeBoard
- Many schools that participate in the CSS Profile also participate in IDOC
- A family will upload or send their required application documentation (ie tax returns & W2s) to IDOC. IDOC will then make the documentation available to all schools the student has indicated they are applying to who participate in the service

Institutional Financial Aid

- Questions to ask the financial aid office:
 - ✓ Do they award merit and/or athletic scholarships or do they award only need based aid?
 - ✓ Do they meet full need?
 - ✓ Is the merit award a component of the need based award, or in addition to need based aid?
 - ✓ Is aid package guaranteed all four years or will your award change each year?
 - ✓ What happens if another dependent enrolls in or leaves a undergraduate program? *How are they handling this with Federal Student Aid changes coming in '24-'25?
 - ✓ Do they look at primary home equity or retirement accounts?
 - ✓ Do they have a minimum student contribution?
 - ✓ Do they add back tax losses and/or business deductions such as depreciation?
 - ✓ If non custodial information is required but a noncustodial parent cannot be located, how do I waive requests for their information?

Pledge to Advance Connecticut (PACT)

Connecticut's Free Community College Program

- Fills in the gap between the CT Community College's Cost of Attendance and federal & state grants
- Eligibility Requirements
 - ✓ CT High School graduate
 - ✓ First time college student
 - ✓ Must complete FAFSA & accept all awards
 - ✓ Attend community college full or part-time
 - ✓ Participate in degree or certificate program
 - ✓ Remain in good academic standing once enrolled
- <https://www.ct.edu/PACT>

Additional Resources

- Outside scholarships from community organizations
 - ✓ High school guidance office
 - ✓ www.finaid.org
 - ✓ www.fastweb.com
 - ✓ BEWARE! If a scholarship application requires a fee – it is probably a scam.

- Loan Programs in addition to Federal Direct Student Loans – Do some research to determine what is the best option for you!
 - ✓ PLUS (Parent Loan for Undergraduate Students)
 - Federal loans for parents
 - Interest & origination fee determined annually by Congress
 - 2022-2023 interest: 7.54%, fee: 4.228%
 - ✓ Alternative Loans from banks, credit unions, state agencies, lending agencies etc.
 - Interest and/or possible origination fees vary by lender & borrower's credit
 - Can be in the student's or a parent's name

FAFSA Simplification Act

➤ Many anticipated changes for AY 2024-2025

For example:

- ✓ Federal EFC will be called SAI (Student Aid Index)
- ✓ Net value of small businesses/farms will have to be reported
- ✓ Payments to tax-deferred pensions no longer reported
- ✓ FAFSA will no longer give allowances for siblings enrolled in college at the same time
- ✓ Definition of custodial parent changes to the parent who provided the greater portion of the student's financial support during the previous 12 months

Thank you for your attention. What questions can I answer for you?

