

**College is not
a dream,
it is a plan**



**WORKSHOP 4
FINANCIAL AID**

**WORKBOOK FOR
PARENTS**

Name _____

School _____





University is not a dream, it's a plan

FINANCIAL AID

How much does it cost to attend a university or college?

All community colleges and universities are required to publish a budget called "the cost of study," which consists of the direct and indirect costs to attend a full academic year at that university. They can vary from campus to campus. All these costs are included in calculating the costs of education and the amount of financial aid a student can receive.

- **Direct Costs**
 - **Tuition and Compulsory Expenses:** the amount of money charged by universities or colleges for the instruction and use of some facilities, such as libraries. Tuition and fees vary between universities
- **Indirect Costs**
 - **Accommodation and Food**
 - **Other expenses: books, school supplies, transportation and other living expenses.**

College is expensive, how am I going to pay for it?

You can afford a college education. Attending college is accessible despite family financial circumstances. There is financial aid that students can use to cover college costs: grants, scholarships, loans. In addition, there are early savings programs that will allow them to be better prepared to pay for college. **DON'T FORGET, information and planning are key.**

What is financial aid?

It is money offered to the student by the federal government, state, university, or other source to pay for the costs and expenses to attend a college or university, decreasing what the student and family must pay. Three types of financial aid are offered. Scholarships and grants offer money that the student does not pay, loans offer money that the student or their parents must pay, and work/study offer money in exchange for part-time work.

Financial aid will pay for the direct and indirect costs of education

What is a financial aid package?

It's a combination of different types of financial aid: scholarships and grants, loans, and part-time jobs. It is called a package because students receive financial aid from more than one source.

How do you apply for financial aid?

Federal and state

All students can and should complete the Federal Free Application for Financial Aid (FAFSA) as soon as possible from Oct. 1 through March 2 of their senior year of high school. Filling out this application applies for free funding by most federal and state agencies. Applications are processed and results are sent to colleges and universities that have registered with FAFSA. A notification will be received if the grant was awarded, identifying the type of scholarship and the amount. Other instructions will be included with that letter. If the financial aid office determines that you qualify for loans, you will be contacted to learn about federal loan procedures. 15

Scholarships

For information, talk to your counselor, research the Internet, and other people or organizations that provide this type of help. Apply for scholarships inside and outside the university or college.

Do I have to fill out a financial aid application for each university or college I apply? No. You can put up to six colleges into a single application. Each university will receive your information and calculate your financial need. First on the list is the only one where you will receive information about the Cal Grant. Put your preferred university first. If you want your information to be received at more than six colleges, you will have to wait to receive your financial aid report (**SAR**) and add it there.

What kind of financial aid will I be considered for?

Applicants will be considered for grants, scholarships, student loans, and work-study based on their financial needs.

Do I need to submit my tax return?

The financial aid office will notify you if you need to turn in your and/or your parents' tax return. The federal government selects random requests to verify that the information submitted in the **FAFSA** application is correct. Should your application be selected for this process, you will be asked to submit a copy of both the parent's and student's tax returns, if applicable.

What do I do if my or my parents' pay has dropped since I filed the FAFSA application?

Complete and give the Financial Aid office an **Income Adjustment Appeal** form and a copy of the last pay stub, documentation of unemployment benefits, and an ESTIMATED income for the remainder of the year.

Do I have to apply for financial aid every year?

Yes. In October of each year the student must apply for financial aid for the next school year.

Is it required to enroll in Selective Service to receive financial aid?

Yes. The enrollment requirement applies to male students who were born on or after January 1, 1960, are 18 to 25 years old, and are not on active duty with the U.S. Armed Forces.

Do organizations that give scholarships or financial aid charge for applying? NO. Beware of deceptions and scams! Don't pay to apply for a scholarship!

Be suspicious of any organization that does something like this:

- Ask for money to apply
- Insistence on getting your credit card or bank account number
- Pressure to act quickly
- Require upfront payment for the application
- Guarantee that you will earn a scholarship
- Receive notification that you have been chosen to receive a scholarship you did not apply for

TIPS:

- If letters of recommendation are necessary, contact the person who will refer you at least three to four weeks before the scholarship deadline and have their email.
- If you have been asked to write a personal essay, be sure to proofread your work.
- Don't just apply for one scholarship. Apply for as many and as often as you can.
- Take note of deadlines



FINANCIAL AID

Types of Financial Aid

TYPE	DESCRIPTION	DETAILS
<p><u>Student and family savings</u></p>	<p>ScholarShare, 529 Savings Plan, College Savings Plan, bank and/or investment accounts. Plan 529 for private universities, a prepaid tuition plan at current price of universities and private colleges and are operated by them.</p>	<p>Interest-bearing savings accounts are a good way to plan for and cover out-of-pocket expenses you may incur while in college. Keep in mind that parents' investments and savings carry less weight than students' assets when calculating total household contribution.</p>
<p><u>Need-based grants</u> are financial aid that is not returned and is usually awarded based on financial need (the difference between costs and ability to pay) The priority-application period begins on October 1 and ends on March 2. Applicants will use the previous year's taxes, prior to filling out the FAFSA. Ex: students attending college in fall 2020 will use 2018 taxes MUST BE RENEWED (APPLIED) EACH YEAR.</p> <p>A student citizen can apply to the FAFSA regardless of their parents' immigration status.</p>	<p>They can come from the federal government, state government, college, or career school. Requires meeting academic requirements (a GPA of at least 2.0 or 3.0, depending on the type of grant. Generally, the grant or loan covers a full academic year. A college/university will distribute funds to the student once per semester/quarter and if they have work-study, they will be paid at least once a month. The funds will be applied, first to tuition, payments, and room and board (if you live on campus). Any remaining money is reimbursed to the student for other expenses. You can choose to receive it in a direct deposit to the bank of your choice (wire transfer) or a check. Thus avoiding, waiting, loss or theft.</p>	<p>Federal programs: Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (SEOG Grants), Federal Perkins Loans, and Federal Direct Loans.</p> <p>California State Programs: Cal Grant A and Cal Grant B Scholarships, (also available to AB540 students, GPA Verification Form required), SUG Grant and EOP Grant, (students admitted to college through the EOP Program) will be considered for this scholarship)</p> <p>Colleges: Calculated after your available federal and state aid has been determined.</p> <p>The money is free, only if the student is passing their classes at the college and does not drop out early.</p>

<p><u>Work and study</u> Federal <i>Program jobs</i> are a source of financial aid that helps students with financial need earn money to pay for college. Students attend college and work at the same time. Salary, so the money is not returned.</p>	<p>Undergraduate and graduate students with program jobs will work part-time, during the academic year and summer. Both on and off campus while enrolled. The program encourages work by providing community service and tasks related to the study program</p>	<p>The student receives a salary as an employee for the hours worked, up to a predetermined total salary per academic year You must fill out the FAFSA to apply for this assistance.</p>
<p><u>Federal Direct Loans for students</u></p> <p>They are funded by the U.S. Treasury and administered by the U.S. Department of Education It must be repaid with interest, at a fixed rate and can be consolidated (Direct Loan Program) If you apply for financial aid, you may be offered loans as part of <i>the FAFSA or school's financial aid offer.</i> You won't have to start repaying your federal student loans until you graduate, drop out, or change your enrollment status to less than parttime.</p> <p>They can be subsidized and unsubsidized direct federal loans No credit check required.</p>	<p>Loans made by the federal government, called federal student loans, typically offer borrowers lower <i>interest</i> rates and more flexible repayment options than those from banks and other private sources. These loans give the student the option to accept everything, take a part, or reject it altogether. If you have trouble repaying your loan, you may be able to reduce or postpone your payments for a while. There are several payment plans, including an option to contingent your monthly payment on your income. Interest may be tax deductible In 2018, the interest rate for direct loans for students is 4.45% and for parents is 7%,</p>	<p><u>Subsidized Direct Loan:</u> <i>If the student is eligible, the federal government pays interest while attending college,</i> <i>Subsidized loan limits:</i></p> <ul style="list-style-type: none"> • First-year students: \$3,500 • Second-year students: \$4,500 • Third- or fourth-year students: \$5,500 <p>Total maximum debt Subsidized loans: \$23,000</p> <p><u>Unsubsidized Direct Loan based on financial needs</u></p> <ul style="list-style-type: none"> • Students who do not qualify for subsidized loan • The federal government pays interest on the loan while the student attends college at least part-time. • Payments and interest accrual begin six (6) months after the student graduates or at the time they reduce their enrollment to less than part-time. • The amount that can be borrowed depends on the level of classes attended. <p><u>Unsubsidized Direct Loan based on cost of attendance not financial needs</u></p> <ul style="list-style-type: none"> • Students who do not qualify for subsidized loans, or qualify but need additional funds, receive both loans at the same time. • The interest rate and issuance fees are the same as with subsidized loans. • Interest begins to accrue immediately and is added to the principal to calculate loan repayment. • Payments begin six (6) months after you graduate or at the time you reduce your enrollment to less than part-time. <p>Annual Unsubsidized Loan Limit: \$2,000 Total maximum debt for undergraduate-dependent students (subsidized + unsubsidized loans: \$31,000 Limit for independent students under federal law or parents are not eligible \$57,500 • The standard payment repayment term is 10 years.</p>

<p><u>Federal Direct PLUS Loan for Parents with Financial Need</u> Must be repaid with interest, at a fixed rate and can be consolidated (Direct Loan Program)</p>		<p><u>Direct Parent PLUS Loan</u> For undergraduate students</p> <ul style="list-style-type: none"> • Must be requested by parents (whether biological or adoptive) or legal guardian • Requires confirmation of credit record and need for a cosigner • They can borrow any amount, until the cost of assistance is completed minus other financial aid and/or scholarships received. • You have a credit opening fee. Ex. 4.264% (loans between 10-1-18 and 9-30-18) • Interest accrues from the day the loan is disbursed. • Payments begin 60 days after full disbursement and may be deferred while the student is enrolled part-time or longer.
<p><u>Private loans</u> must be repaid with interest, at variable rates, sometimes with more than 18%. Variable interest rates greatly increase the total amount you must pay back.</p>	<p>They are granted according to the credit record of the debtor/co-signer</p>	<p>Various banks and lending institutions</p> <p>TIP: Parents shouldn't be the debtors of private organizations, because they wouldn't take advantage of the flexibility and low student interest rates of federal loans.</p>
<p><u>Merit Scholarships</u> Money is not returned</p>	<p>Money awarded based on talent or academic performance, regardless of needs, awarded by the university or other sources.</p>	<p>Scholarships are monetary gifts</p>
<p><u>Scholarships</u> They are generally awarded according to criteria determined by the grantor: outstanding academic performance, special talents, immigration status, certain personal characteristics or origin, etc., without taking into account financial need. Money is not returned</p>	<p>Who offers scholarships: universities, community organizations, private institutions. employers, individuals, private companies, non-profit organizations, communities, religious groups, professional and social organizations, and more.</p> <p>Often, the sponsor may require to maintain the scholarship:</p> <ul style="list-style-type: none"> • get good grades and Send annual reports • participate in community service or Other activities 	<p>Scholarships are monetary gifts. Some funds are based on unusual criteria</p> <ul style="list-style-type: none"> • The creation of a prom dress with ribbon duct • A scholarship for left-handed students • A scholarship for AB540 students • A scholarship for a specific nationality of the student <p>Apply to as many private scholarships as you find, start soon!</p> <ul style="list-style-type: none"> • LUCILLE ROYBAL-ALLARD

BENEFITS OF A STUDENT LOAN

Low Interest Rate: Interest rates on student loans are regulated by the federal government and cannot exceed a certain amount. In general, they are well below the average interest rates of other types of loans.

Extension: Allows you to temporarily stop payments or reduce monthly payments on your federal student loans.

Repayment Plan: A plan established and agreed between the borrower and the lender, determines the amount to be paid each month and the number of payments to be made. Some plans may be income-based.

Loan Forgiveness: The removal of a borrower's obligation to repay an outstanding loan. Loan forgiveness is granted on federal student loans only in limited circumstances.

Deferment: Allows you to temporarily stop payments.

Grace period: A period that usually begins the day after the borrower: graduates, drops out of college, studies less than part-time, and usually ends six to nine months later. A borrower is not required to make payments during the grace period

CALCULATION OF FINANCIAL AID

Calculation of economic needs:

- The Cost Of Attendance (COA) is defined at that educational institution.
- The Expected Family Contribution (EFC) is considered.

Cost of Attendance (COA)

- Expected Family Contribution (EFC)

= Economic need

- The amount of *financial need is determined and, therefore, how much need-based financial aid* can be obtained.
- To determine how much financial aid other than necessity can be obtained, the school takes the COA and subtracts any financial aid awarded.

What does the Cost of Attendance (COA) mean?

COA is the amount it will cost to attend an educational institution during an *academic year* (for example, fall semester plus spring semester). Unless the program of attendance covers a period other than one year. (e.g., an 18-month certification program.)

When attending part-time or more, the COA is the approximate calculation of:

- tuition and fees;
- the cost of room and board (or living expenses in the case of students who do not contract housing from the educational institution);
- the cost of books, school supplies, transportation, interest on loans, and miscellaneous expenses (including a reasonable amount for the documented cost of a personal computer);
- an allowance for the care of minors or other dependants;
- disability-related expenses; and
- reasonable costs for authorized study abroad programs.

What is the Expected Family Contribution (EFC)?

EFC is not the amount of money the family will have to pay for college, nor the amount of federal aid that will be received. It is a number that the school uses to calculate how much financial aid you will be entitled to receive. The information that is declared on FAFSA is used to calculate the EFC. It is calculated according to a formula established by law. They are considered in the formula: taxed and untaxed income, assets and benefits (e.g., unemployment or Social Security), family size, and members who will attend college during the year.

COLLEGE ISN'T A DREAM, IT'S A PLAN



SETTING FINANCIAL GOALS S.M.A.R.T.



GOAL	RESOURCES	SUPPORTS