

# **Understanding the Basics: What You Need to Know About Financial Aid**

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# Topics We Will Discuss

- What is financial aid?
- Cost of attendance (COA)
- Expected family contribution (EFC)
- Financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA®)
- Special circumstances
- Financial aid offer

# What Is Financial Aid?

Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses.

Includes grants, scholarships, loans, and student employment



# What Is Financial Need?

**Cost of attendance (COA)**

**– Expected family contribution (EFC)**

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**= Financial need**

# What Is Cost of Attendance (COA)?



Tuition and fees



Room and board



Books and supplies



Transportation



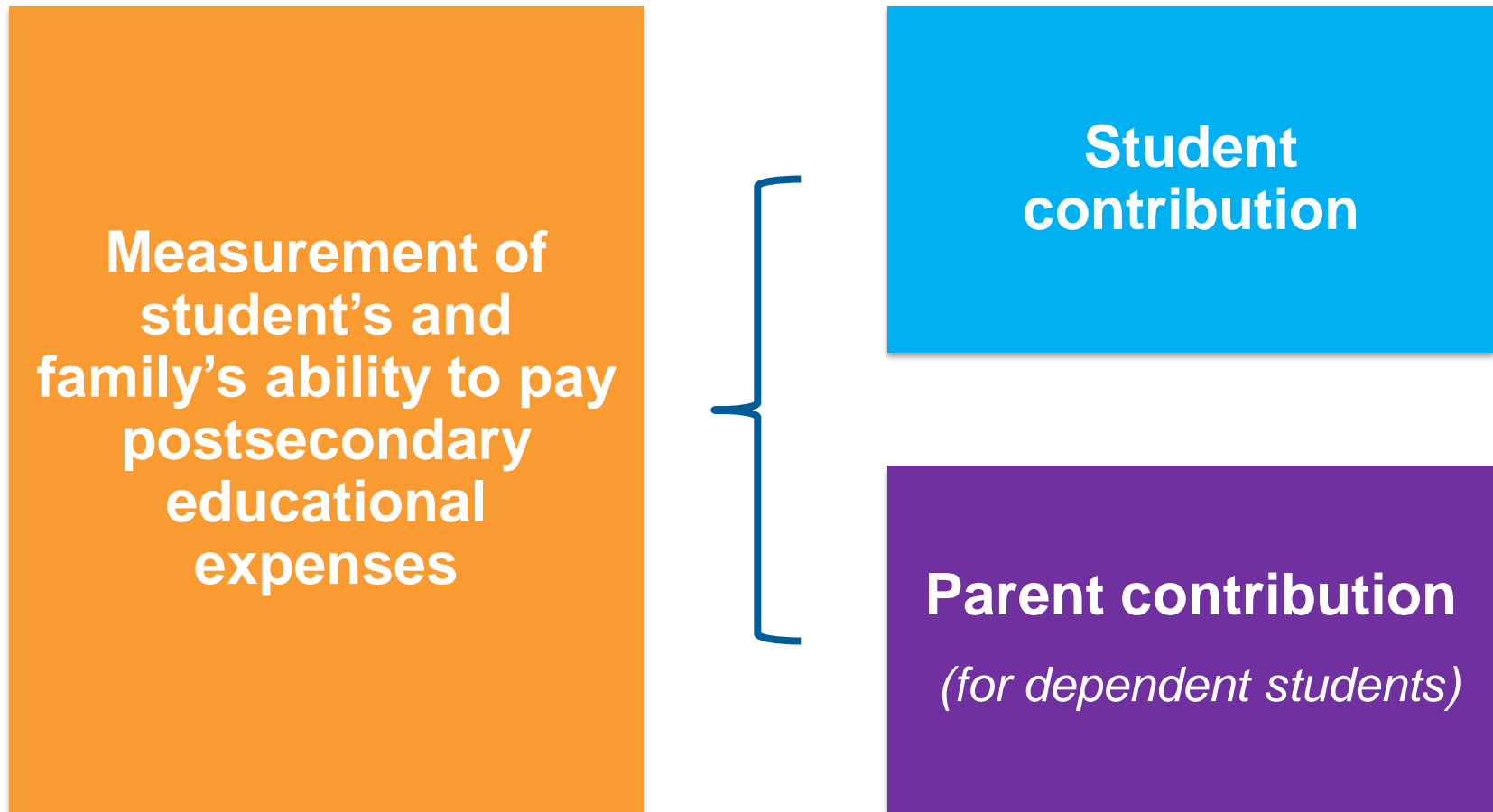
Miscellaneous personal expenses

# Important Note

**Do not rule out an institution based on cost without going through the financial aid process.**

- Many institutions no longer require an application fee
- The FAFSA is free
- Many private institutions are offering generous grants and scholarships

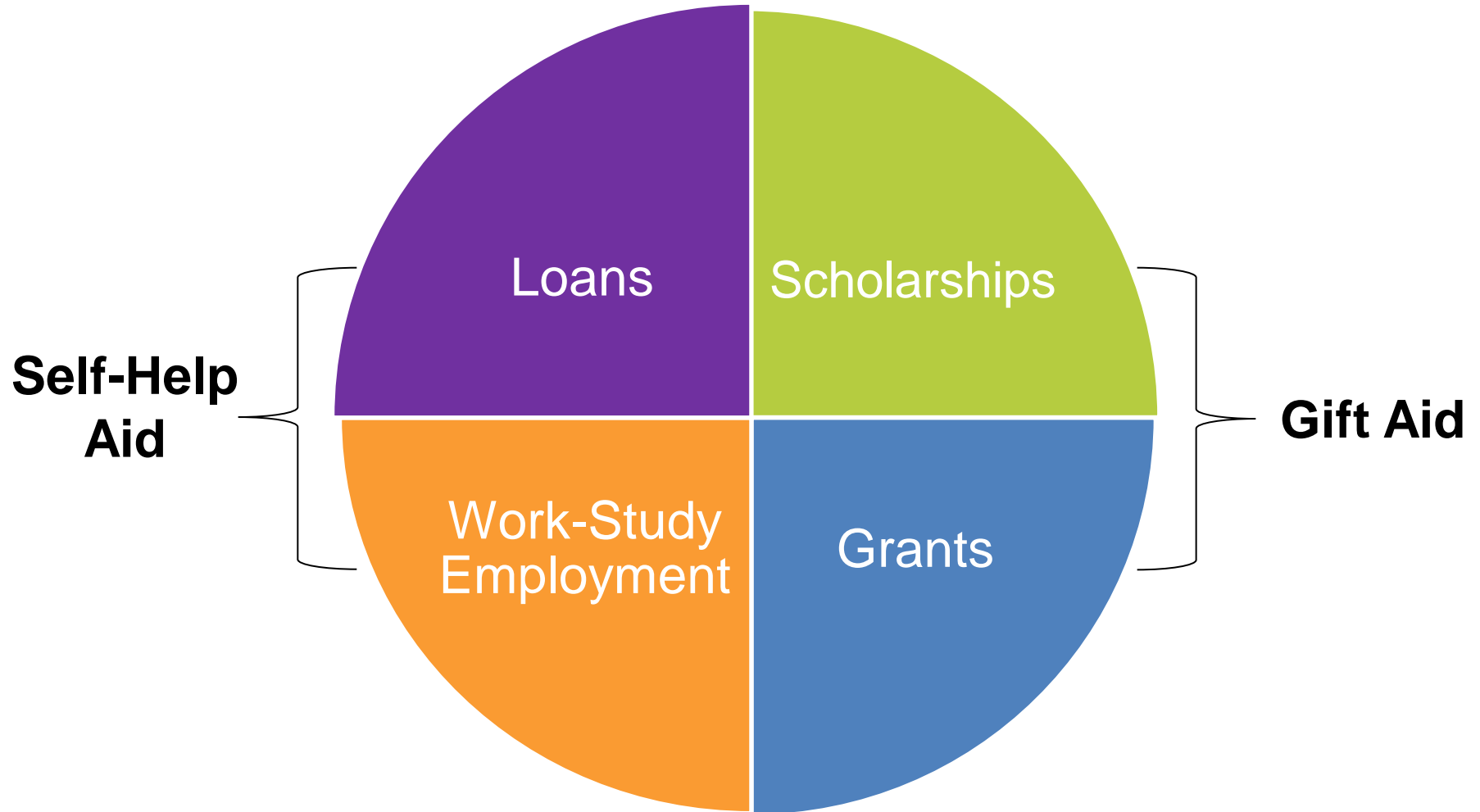
# What Is Expected Family Contribution (EFC)?



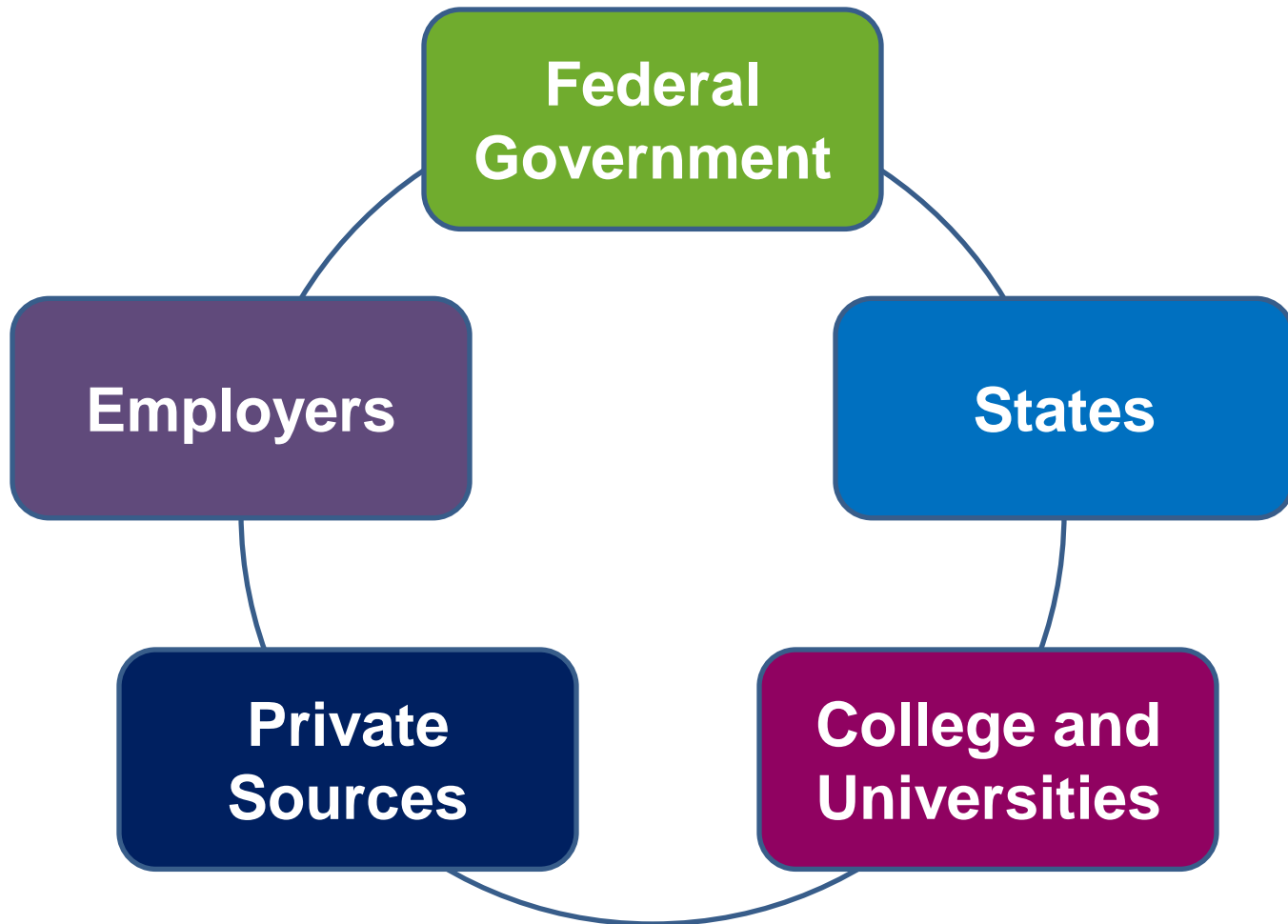
# Categories of Financial Aid



# Types of Financial Aid



# Sources of Financial Aid



# Federal Government

Largest source of financial aid

Aid provided primarily based on financial need

Must apply each year using the FAFSA

Eligibility requirements must be met

# Federal Student Aid Programs

Federal Pell Grant

Iraq Afghanistan  
Service Grant  
(IASG)

Federal  
Supplemental  
Educational  
Opportunity Grant  
(FSEOG)

Teacher Education  
Assistance for  
College and Higher  
Education (TEACH)  
Grant

Federal Work-Study  
(FWS)

Federal Direct  
Student Loans  
(Direct Loans)

Federal PLUS Loans

# Federal Direct Student Loans

## **Subsidized:**

- Based on financial need
- Interest-free while enrolled

## **Unsubsidized:**

- Interest accrues while enrolled

Fixed Interest Rate 22-23  
– 4.99% and 1.057%  
origination fee (up front free)

## **Borrowing Limits**

### Freshmen

\$3,500 sub + \$2,000 unsub

### Sophomore

\$4,500 sub + \$2,000 unsub

### Junior and Senior

\$5,500 sub + \$2,000 unsub

Aggregate max for undergraduate degree is \$31,000 (\$23,000 in sub)

Repayment begins 6 months after graduation

# PA State Grant - PHEAA

PA Residency requirements apply

Grant provided based on need

Use information from the FAFSA  
and State Grant Form – est. EFC of 12,000 or less

Deadline to file FAFSA is May 1

# Colleges and Universities

Aid provided on the basis of both merit and need

Aid may be gift aid or self-help aid

Use information from the FAFSA  
and/or institutional applications

Deadlines and application requirements  
vary by institution

# Private Sources

Foundations, businesses, churches, civic, and charitable organizations

Deadlines and applications procedures vary

Begin researching private sources early – High School Counseling Office is a great resource

# Employers

May have scholarships available to the children of employees

May have educational benefits for their employees

# Free Application for Federal Student Aid (FAFSA®)

- Collects demographic and financial information
- Information used to calculate the expected family contribution (EFC)
- Colleges use EFC to offer financial aid
- Available in English and Spanish

# Free Application for Federal Student Aid (FAFSA®)

- May be filed at any time during an academic year, but no earlier than October 1<sup>st</sup> prior to the academic year for which the student requests aid
- For the 2023-24 academic year, the FAFSA may be filed beginning October 1, 2022
- Colleges may set FAFSA priority dates

# Free Application for Federal Student Aid (FAFSA®)



FAFSA on the Web (FOTW)



Paper (PDF) FAFSA

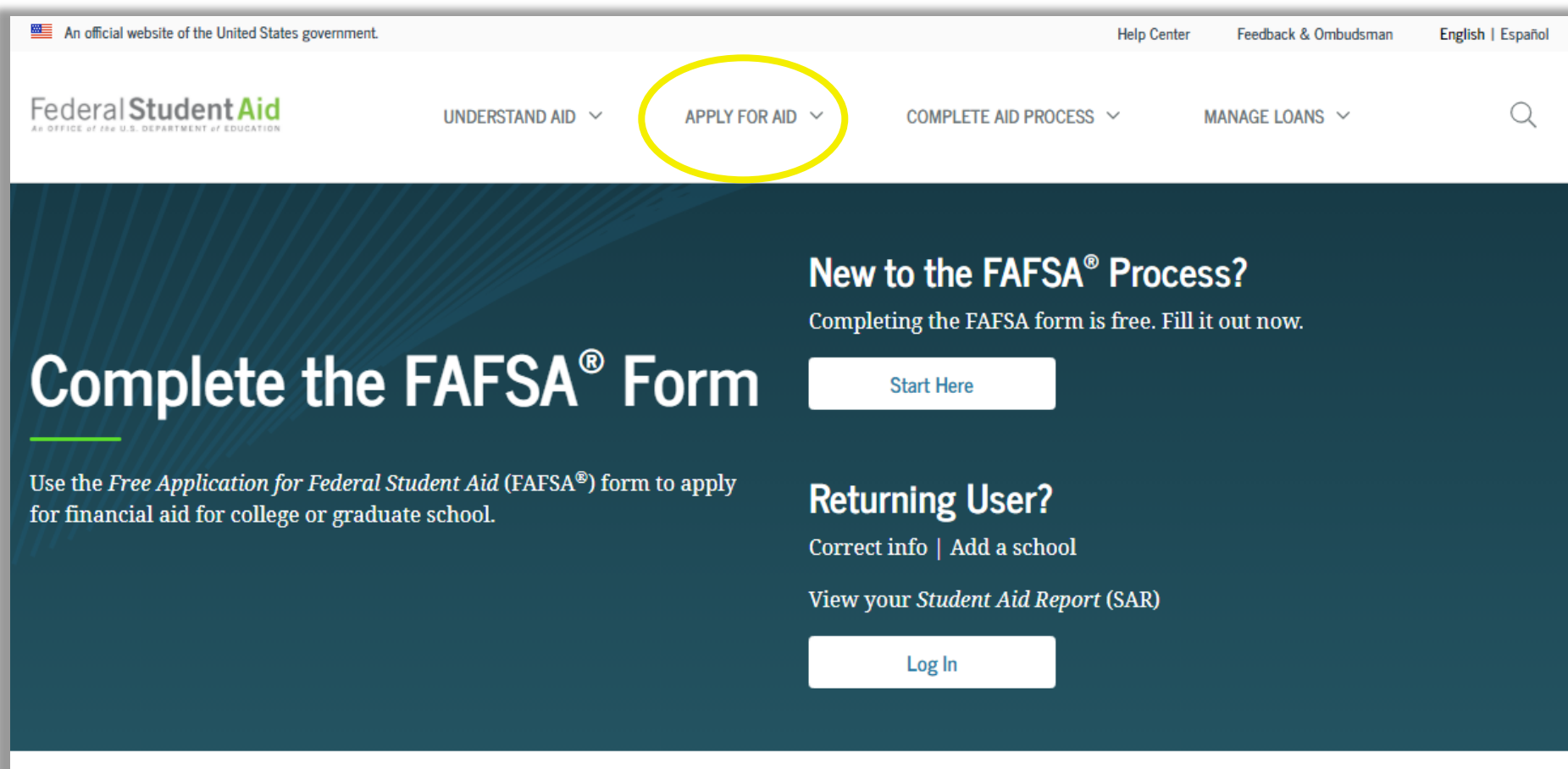
# Benefits of Using FOTW or myStudentAid

- Built-in edits to prevent costly errors
- Skip-logic allows student and/or parent to skip unnecessary questions
- Option to use Internal Revenue Service (IRS) Data Retrieval Tool to import tax data

# Benefits of Using FOTW or myStudentAid

- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status online
- Simplified application process in the future

# FAFSA on the Web (FOTW)






[Website: https://studentaid.gov/h/apply-for-aid/fafsa](https://studentaid.gov/h/apply-for-aid/fafsa)

# FSA Account

- Used for FAFSA completion and allows access to certain U.S. Department of Education websites
- May be used by students and parents throughout financial aid process, including subsequent school years
- Requires two-step verification
- Apply at [studentaid.gov](https://studentaid.gov)

## Create an Account (FSA ID)

 Parents  Students  Borrowers

Whether you're a student, parent, or borrower, you'll need to create your own account to complete federal student aid tasks.

### What You Can Use Your Account For

- Filling out the *Free Application for Federal Student Aid* (FAFSA®) form
- Signing your *Master Promissory Note* (MPN)
- Applying for repayment plans
- Completing loan counseling
- Using the *Public Service Loan Forgiveness Help Tool*

### Items Needed to Create an Account

- Social Security number
- Your own mobile phone number and/or email address

Get Started

or

Log In

# IRS Data Retrieval Tool (DRT)

- Allows for certain tax return information to be transferred from the IRS database
- Participation is voluntary and student chooses whether to transfer data to FOTW
- IRS will authenticate taxpayer's identity
- If tax record is found, IRS transfers information to populate the FAFSA
- Reduces documents requested by financial aid office

# FOTW Worksheet

- Preview of questions that may be asked regarding basic information for the student and parent, if applicable

**SECTION 3 - PARENT INFORMATION**

**Who is considered a parent?**  
 "Parent" refers to a biological or adoptive parent or a person determined by the state to be a parent (for example, if the parent is listed on the birth certificate). Grandparents, foster parents, legal guardians, older siblings, and uncles or aunts are **not** considered parents on this form unless they have legally adopted you. If your legal parents are living and married to each other, answer the questions about both of them. If your legal parents are not married and **live together**, answer the questions about both of them. In case of divorce or separation, give information about the parent you lived with most in the last 12 months. If you did not live with one parent more than the other, give information about the parent who provided you the most financial support during the last 12 months or during the most recent year you received support. If your divorced or widowed parent has remarried, also provide information about your stepparent.

**Providing parent 1 information? You will need:** \_\_\_\_\_ **Providing parent 2 information? You will need:** \_\_\_\_\_

Parent 1 (father/mother) Social Security Number: \_\_\_\_\_  
 Parent 1 (father/mother) Social Security Number: \_\_\_\_\_  
 Parent 1 (father/mother) Social Security Number: \_\_\_\_\_  
☐ Check here if parent is deceased

**Did you know?**  
 If your parents file a federal income tax return, you can use the IRS Data Retrieval Tool to transfer your tax information easily, accurately and securely into the FAFSA form.

**What was your parent's occupation?**  
 Skip this question if you are a U.S. citizen (line 21) or 1040A—line 21; or 1040—line 21.

**SECTION 1 - STUDENT INFORMATION**

After you are online, you can add up to ten colleges on your FAFSA. The colleges will receive the information from your processed FAFSA.

Student's Last Name	First Name	Social Security Number
<b>Student Citizenship Status</b> (check one of the following) <input type="checkbox"/> U.S. citizen (U.S. national) <input type="checkbox"/> Neither citizen nor eligible noncitizen <input type="checkbox"/> Eligible noncitizen (Enter your Alien Registration Number in the box to the right.)		
<b>Generally, you are an eligible noncitizen if you are:</b> <ul style="list-style-type: none"> <li>A permanent U.S. resident with a Permanent Resident Card (I-551);</li> <li>A conditional permanent resident with a Conditional Green Card (I-551C);</li> <li>The holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any of the following designations: "Refugee," "Asylum Granted," "Parolee" (I-94 confirms paroled for a minimum of one year and status has not expired), "T Visa holder (T-1, T-2, T-3, etc.)" or "Cuban Haitian Entrant;" or</li> <li>The holder of a valid certification or eligibility letter from the Department of Health and Human Services showing a designation of "Victim of human trafficking."</li> </ul>		<b>Your Alien Registration Number</b> A <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<b>Student Marital Status</b> (check one of the following) <input type="checkbox"/> Single <input type="checkbox"/> Married or remarried <input type="checkbox"/> Separated <input type="checkbox"/> Divorced or widowed You will be asked to provide information about your spouse if you are married or remarried.		
<b>Selective Service Registration</b> If you are male and 25 or younger, you can use the FAFSA to register with the Selective Service System.		
<b>What is the highest school parent 1 completed?</b> <input type="checkbox"/> Middle school/Jr. high <input type="checkbox"/> College or beyond <input type="checkbox"/> High school <input type="checkbox"/> Other/unknown		
<b>What is the highest school parent 2 completed?</b> <input type="checkbox"/> Middle school/Jr. high <input type="checkbox"/> College or beyond <input type="checkbox"/> High school <input type="checkbox"/> Other/unknown		

**SECTION 2 - STUDENT DEPENDENCY STATUS**

*Note: Selective Service Registration is not longer a requirement for Title IV aid.*

# Information About Parents of Dependent Students and the Student

- Tax, income, and other financial information –  
For 2023-24, use 2021 figures
- Household size/number in college
- Assets
- Untaxed income

# Parent Income/Assets

- Parent Income
  - Income Protection Allowance – based on household size and number in college
- Parent Assets (report as of the day you file the FAFSA and do not update)
  - 12% included

# Assets - Parents

- Report as of the day you file the FAFSA and do not update
  - Exclude primary residence, qualified retirement plans, value of insurance policies
  - Include value of college savings plans/529 or pre-paid tuition plan for all children

# Student Income/Assets

- Student Income – Income Protection Allowance = \$7,600
  - If earnings are greater, 50% included in student contribution
- Student Assets (report as of the day you file the FAFSA and do not update) – 20% included

# Signatures

- Required
  - Student
  - One parent (dependent students)
- Format for submitting signatures
  - Electronic using FSA account
  - Signature page
  - Paper FAFSA

# Frequent FAFSA Errors

- Social Security Numbers
- Divorced/widowed/remarried parental information
- Income earned by parent/stepparent
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Reporting a business net worth when the business is 50% family-owned and has less than 100 full-time employees

# Marital Status

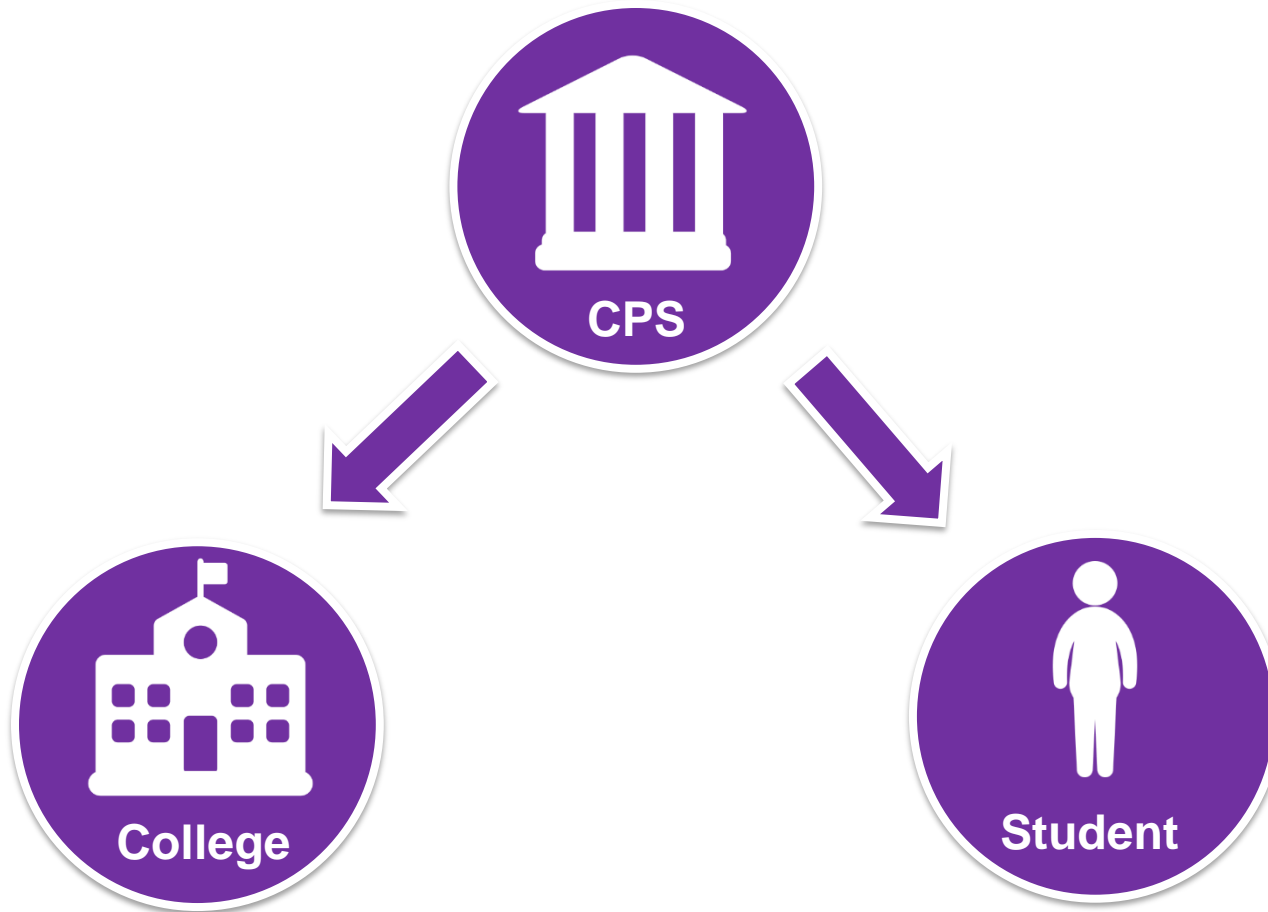
- Report current marital status
- Divorced/Separated – custodial parent files the FAFSA
  - Non-custodial parent's information not included
- If remarried, stepparent's information must be included.

# Applying for Aid

- Everyone should complete the process for the first year
- Get your student involved in the application process

**Remember...this is their education!**

# FAFSA Processing Results



# Email Notification of SAR Processing

The image shows a screenshot of the FAFSA.gov Electronic Student Aid Report (SAR) for the 2021-2022 school year. The header includes the FAFSA.gov logo and the U.S. Department of Education. A box in the top right corner states "Form Approved OMB No. 1845-0001 App. Exp. 12/31/2022". The main title is "Electronic Student Aid Report (SAR)" for the 2021-2022 school year. Below this, it states that the SAR summarizes the information submitted on the 2021-2022 Free Application for Federal Student Aid (FAFSA). A table provides key dates and identifiers: Application Receipt Date (10/01/2020), Processed Date (10/01/2020), XXX-XX-0007 DE 03, EFC: 3157, and DRN: 4424. The document then contains several paragraphs of text, including a section titled "Comments About Your Information" which mentions federal tax benefits for education, including the American Opportunity Tax Credit (AOTC). It also discusses the student's eligibility for a Federal Pell Grant based on their EFC of 3157, and mentions that the student's FAFSA has been selected for a review process called verification. The document concludes with a section titled "WHAT YOU MUST DO NOW" which instructs the student to make corrections to their information if needed, and provides information about the student's eligibility for a Federal Pell Grant of up to \$3,195 for the 2021-2022 school year.

- If valid email address is provided on FAFSA
- Provides access to electronic SAR

# Institutional Student Information Record (ISIR)

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- CPS sends results to colleges listed on the FAFSA
- College reviews ISIR and may request additional documentation

# Making Corrections

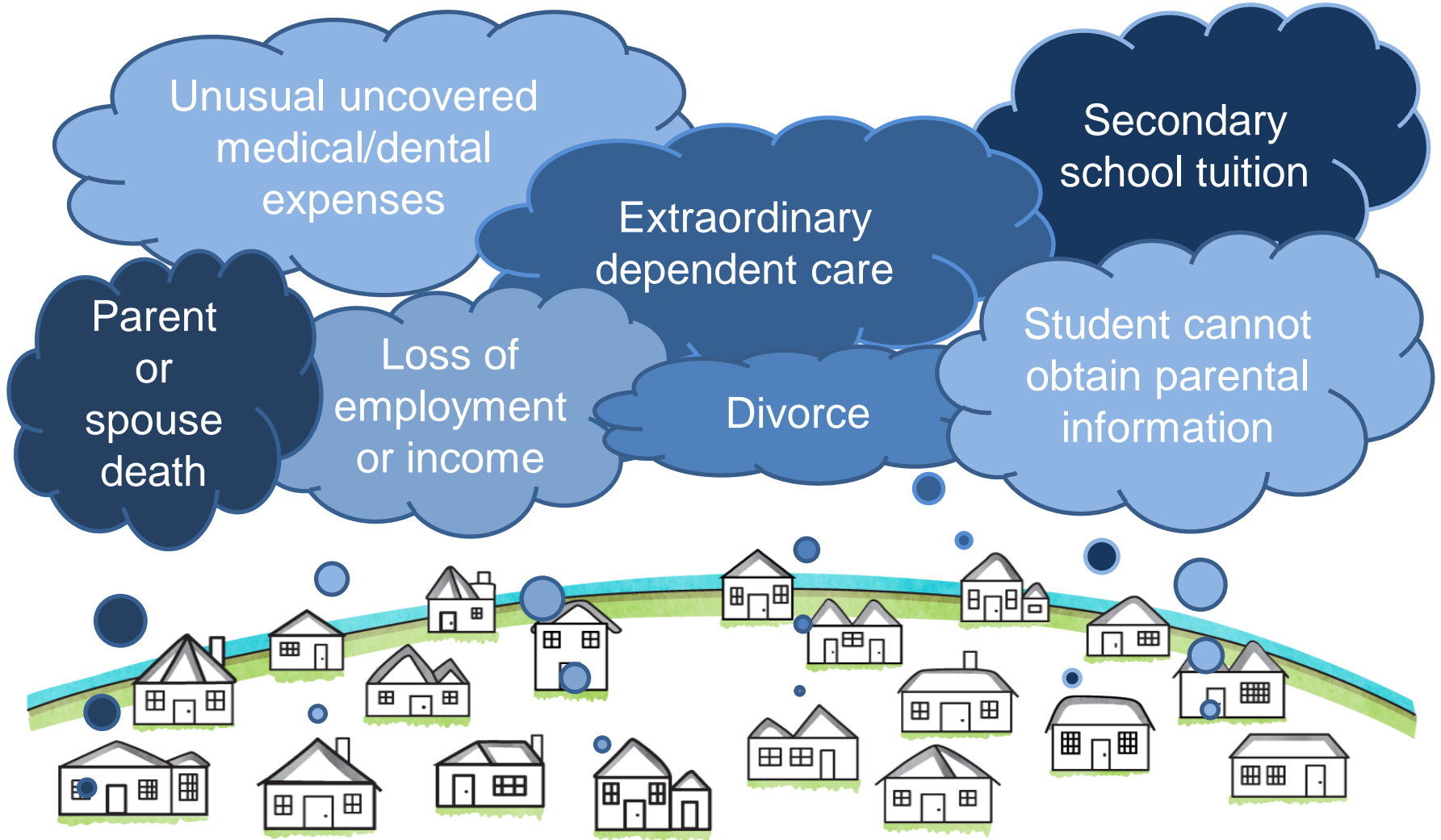
If necessary, corrections to FAFSA data may be made by:

- Using FAFSA on the Web, if student has an FSA account
- Updating paper SAR; or
- Submitting documentation to college's financial aid office.

# Special Circumstances

- Conditions exist that cannot be documented with the FAFSA
- Send written explanation and documentation to your college's financial aid office
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education

# Special Circumstances



# Financial Aid Offer

- Beginning in fall/winter of senior year, institutions will begin sending/releasing financial aid offers to students who are
  - Admitted **AND** Completed all aid applications
- The aid offer will detail the types and amounts of aid for which the student is eligible to receive
- Be sure to compare both out-of-pocket expenses and types of aid

# Financing Options

- Payment Plan
- Federal Parent PLUS Loan
  - 7.54% fixed interest rate (22-23) resets July 1
  - 4.2% origination (up front) fee
- Private Student Loan
  - Student is the borrower, credit-worthy cosigner required
  - Fixed and variable rates available from banks/credit unions
  - Institution may provide a list of recommended lenders

# Maintaining Financial Aid Eligibility

- Make Satisfactory Academic Progress (SAP)
- Meet scholarship GPA requirements
- File the FAFSA/institutional applications each year by the deadlines

**The Financial Aid Office is your best resource**

**WE ARE HERE TO HELP YOU!**

# Thank you for attending!

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