

Financing Your College Education

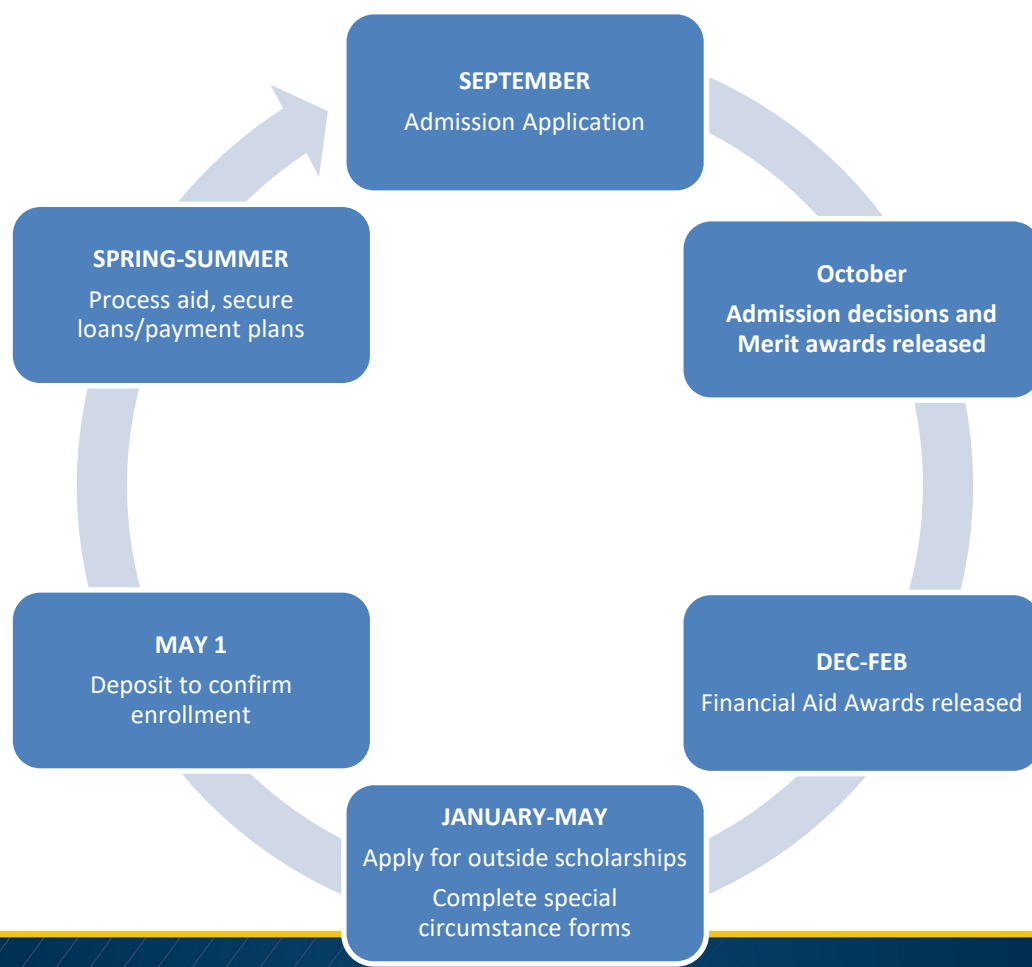
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Agenda

- The Basics of Understanding the process including:
- The application process and timeline
 - Free Application for Federal Student Aid(FAFSA)
- Special circumstances
- Tips for Success



Paying for College

- Parents have the primary responsibility for paying for their student's education
- Students are also expected to assist with the cost

*****Financial Aid*****

- Assistance from the institution, federal and state sources that reduce the cost
- Funding can be non-repayable(Grants/Scholarships) or repayable(Loans)

Eligibility Formula

Cost of Education

- Student Aid Index (SAI)

Need (Eligibility for Aid)

Cost of Attendance

Direct Expenses(billed)

- Tuition
- Mandatory Fees
- Room
- Board

Indirect Expenses (not billed)

- Books and Supplies
- Transportation
- Personal Expenses

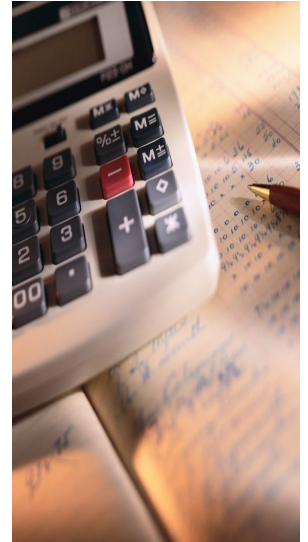


Student Aid Index (SAI)

- Calculated using data from a federal application form (FAFSA) and a federal formula
- Stays the same regardless of college
- Two components
 - Parent contribution
 - Student contribution
- Used at most institutions as indication of federal and state eligibility rather than the amount to be paid by the family

Calculating the SAI for a Dependent Student

- Student & Parent Income from “prior-prior year” (2022)
- Taxes Paid
- Family Size
- Asset Equity (excludes home and qualified retirement accounts) for parent and student
- Business/Farm Value
- Child Support received for all children in the household
- Value of 529 plan for applicant only





Non-repayable Funding

Types

- Scholarships
- Grants
 - Merit
 - Academic
 - Skill/talent

Sources

- School
- Federal
 - <https://studentaid.gov/>
- State
 - <https://www.ohiohighered.org/students>
- Outside Sources

Repayable

Types

- Loans
 - Student Loans
 - Parent Loans

Sources

- Federal
- Private Lenders
 - Banks
 - Credit Unions
- School

Federal Student Loans

Direct **Subsidized** and **Unsubsidized** Loans are two separate, unique types of loans that are awarded separately. Interest rates are calculated annually and are effective July 1st of each year based on the 10 year treasury note index plus 2.05%, capped at 8.25%

Subsidized	Unsubsidized
Need Based	Not Based on Financial Need
<ul style="list-style-type: none">• In the student's name, no credit check or co-signer required• 10 year repayment term with a 6 month grace period after last term of enrollment• 5.50% interest rate for 203-2024• <i>Interest is subsidized while the student is in school and during deferment</i>	<ul style="list-style-type: none">• In the student's name, no credit check or co-signer required• 10 year repayment term with a 6 month grace period after last term of enrollment• 5.50% interest rate for 2023-24• <i>Interest begins accruing from disbursement can be paid quarterly or capitalized</i>

Class Year	Base Amount	Additional Unsubsidized Amount	Total Available to Borrow
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior	\$5,500	\$2,000	\$7,500
Senior	\$5,500	\$2,000	\$7,500

Parent(PLUS)/Private Loans

- PLUS
 - Federal Loan borrowed in Parent's name
 - 8.05% Interest Rate-can be deferred while student is in school
 - Credit check required
 - Denial allows for additional unsubsidized loan in student's name
- Private Loans
 - Require credit check as well as debt to income calculation
 - Student borrower will require a cosigner

Student Employment

- Allows student to earn money to help pay educational costs
 - A paycheck; or
 - Nonmonetary compensation, such as room and board
- Student may opt whether or not to work or number of hours to work
- Great opportunity for engagement, time management and career building skills

Application Process

- **Institutional Applications**
 - Admission application/scholarship applications
- **Free Application for Federal Student Aid (FAFSA)**
 - Used by ALL schools to determine federal/state and in most cases institutional aid

Available December 2023

- **PROFILE---College Scholarship Service (CSS)**

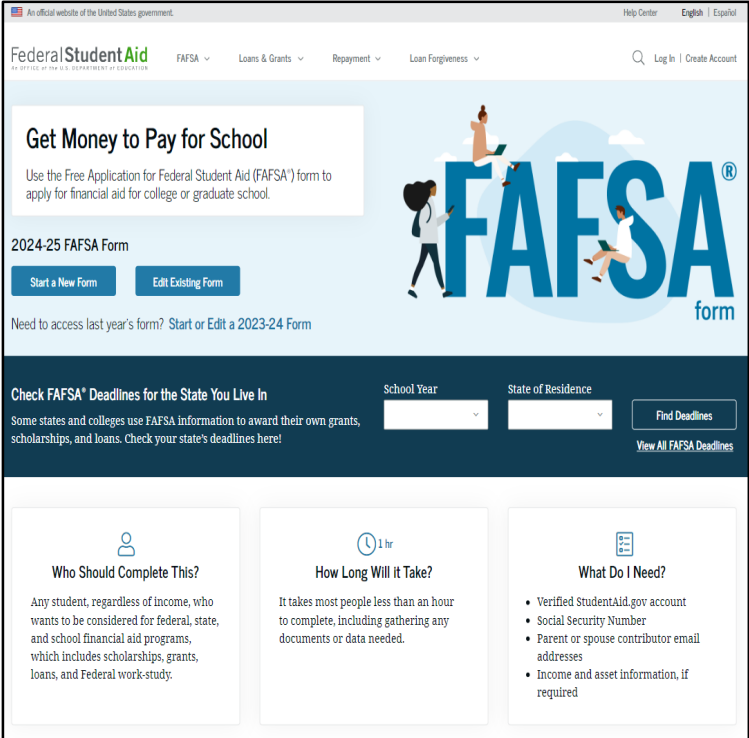
<https://student.collegeboard.org/css-financial-aid-profile>

- Used by selective schools to collect greater detailed information to inform awarding of institutional aid

Free Application for Federal Student Aid (FAFSA)

WWW.FAFSA.GOV

- 2024-24 FAFSA on the Web available on **December 2023**
- Confirm with individual colleges for preferred deadline
- A standard form that collects demographic and financial information about the student and family
- Information used to calculate the Student Aid Index (SAI)



The screenshot shows the FAFSA website homepage. At the top, it says "An official website of the United States government." and "FederalStudentAid". The main heading is "Get Money to Pay for School" with a subtext: "Use the Free Application for Federal Student Aid (FAFSA®) form to apply for financial aid for college or graduate school." Below this, it says "2024-25 FAFSA Form" and has two buttons: "Start a New Form" and "Edit Existing Form". There is also a link: "Need to access last year's form? Start or Edit a 2023-24 Form". A section titled "Check FAFSA® Deadlines for the State You Live In" has dropdown menus for "School Year" and "State of Residence", a "Find Deadlines" button, and a link "View All FAFSA Deadlines". At the bottom, there are three informational boxes: "Who Should Complete This?" (Any student, regardless of income, who wants to be considered for federal, state, and school financial aid programs, which includes scholarships, grants, loans, and Federal work-study.), "How Long Will it Take?" (It takes most people less than an hour to complete, including gathering any documents or data needed.), and "What Do I Need?" (Verified StudentAid.gov account, Social Security Number, Parent or spouse contributor email addresses, Income and asset information, if required).

What to Expect


- To access the FAFSA form, all students and contributing parents are required to have an FSA ID (account username and password)
- Process is estimated to take an hour to complete
- Tax information
- Documents needed:
 - Social Security Number
 - 2022 completed tax returns
 - Asset and investment information
 - Parent (s) email and date of birth and social security number


FAFSA[®] FORM 2024-25 Student Raya Tran

Understanding the FAFSA[®] Form

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Contributors to the FAFSA[®] Form

 **Parents or Spouses**
Your answers on the FAFSA form will determine if any contributors need to be identified. These contributors will complete their own sections of the form and are asked to provide personal and financial information, but will not become financially responsible for your education.

 **How to Invite**
Contributors will need to log in with their own FSA ID to provide their information. To invite a contributor to your FAFSA form, you'll need to provide their name, date of birth, Social Security number, and email address.

Information or Documents You May Need ^

You might need the following information or documents as you fill out the FAFSA form:

- Tax returns
- Records of child support received
- Current balances of cash, savings, and checking accounts
- Net worth of investments, businesses, and farms

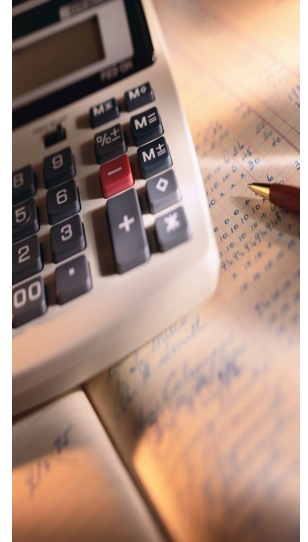
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Frequent FAFSA Errors

- Social Security Numbers
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Household size vs Dependents listed on tax return
- Real estate and investment net worth

Calculating the SAI for a Dependent Student

- Student & Parent Income from “prior-prior year” (2022)
- Taxes Paid
- Family Size
- Asset Equity (excludes home and qualified retirement accounts) for parent and student
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Special Circumstances

- Cannot report on FAFSA
- Send explanation to financial aid office at each college
- School will review special circumstances
 - Request additional documentation
 - Decisions are final and cannot be appealed to U.S. Department of Education
 - Verify that FAFSA is accurate
- Change in employment status
- Medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parent information

Requests for Special Circumstance reviews are sent directly to the school AFTER FAFSA is completed

Federal Student Aid Account

- <https://studentaid.gov/fsa-id/create-account/launch>
- Must be used by students and parents throughout aid process, including subsequent school year
- **Separate FSA ID required for student and at each contributor**
- Do not use High School Email Address
- Keep a reference sheet

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Create a New FSA ID

An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature.

Only create an FSA ID using your own personal information and for your own exclusive use. You are not authorized to create an FSA ID on behalf of someone else, including a family member. Misrepresentation of your identity to the federal government could result in criminal or civil penalties.

To create your own personal FSA ID, enter answers for the questions below and select CONTINUE.

Important: When you are done click the CANCEL button to clear your data, even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.

* Required

Create An FSA ID | Edit My FSA ID

Email

Confirm Email

Username

Password

Confirm Password

Are you 13 years of age or older? I am 13 years of age or older. I am 13 years of age or younger.

[Edit My FSA ID](#)
[Frequently Asked Questions](#)

Numbers | Uppercase Letters | Lowercase Letters | Special Characters | 8-30 Characters | Show Text

Awarding Process

$$\text{Need Calculation} = \text{COA} - \text{SAI} - \text{OFA}$$

- Schools will match your FAFSA to your Admission Application
- Your Financial Need will be calculated to determine your full award
- Your award will include all opportunities for aid and detail the amount, source and type of aid

TIPS FOR SUCCESS

- Start early and ask questions
 - Net Price Calculator (NPC)
- Know the importance of deadlines
- Read everything—Do your research and make connections
- Don't assume you don't qualify
- Compare apples to apples-understand the make-up of an award
- Involve the student

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