



Financial Aid 101

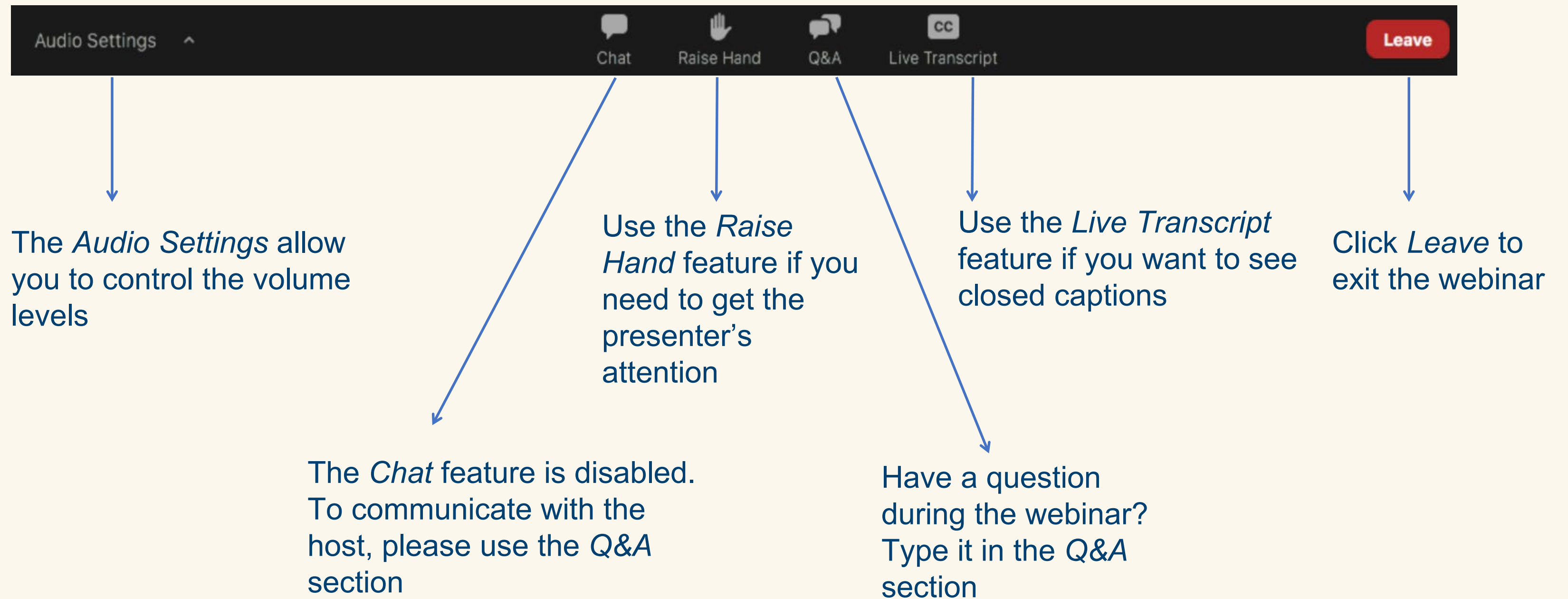
Scan the QR code to sign up for MEFA emails on relevant college planning topics

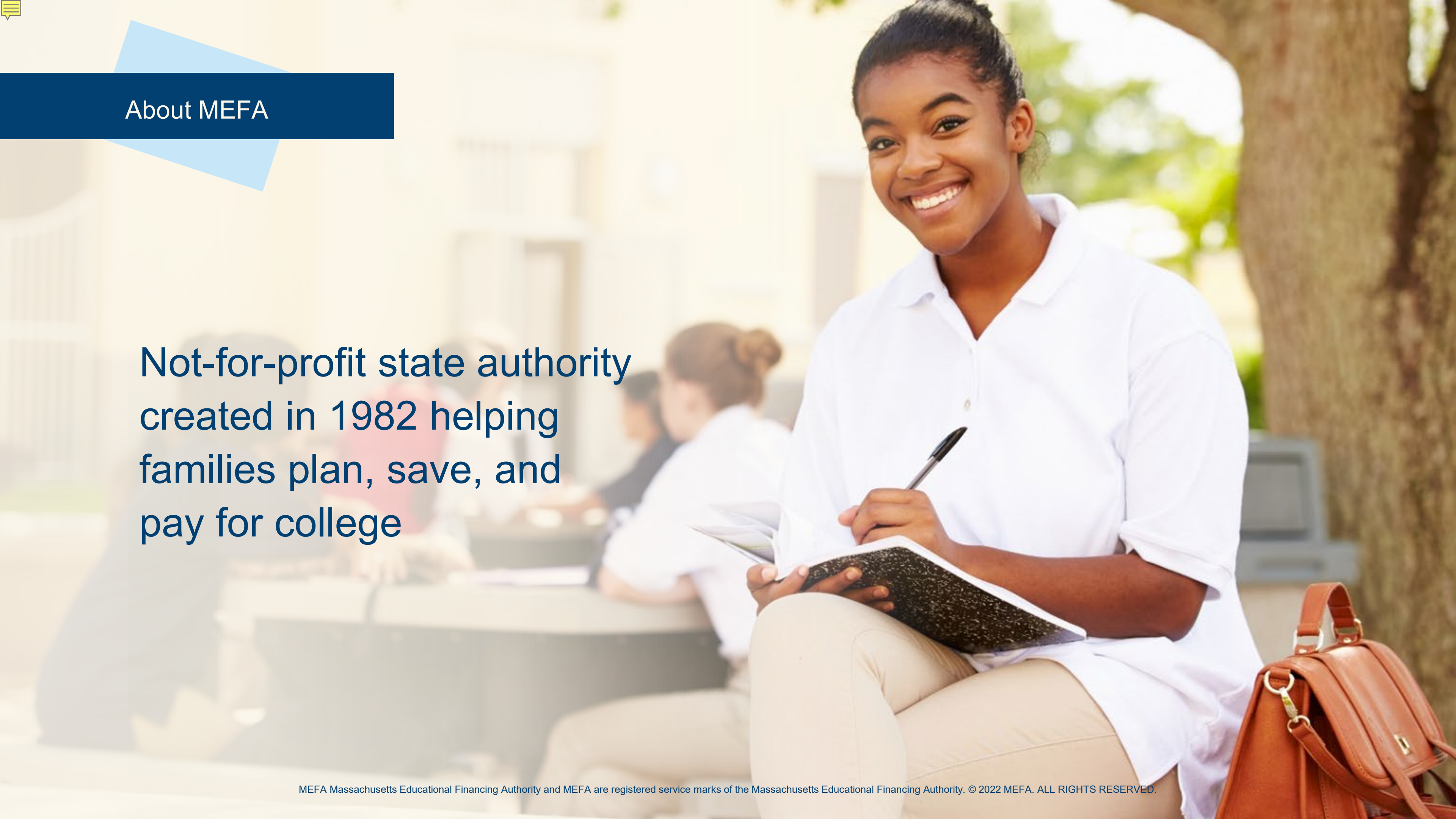


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How to Participate





About MEFA

Not-for-profit state authority
created in 1982 helping
families plan, save, and
pay for college



Webinar Topics

- Types & Sources of Financial Aid
- The Application Process
- How Financial Aid Decisions Are Made
- Paying for College
- Free Resources

College Financing:

TYPES AND SOURCES OF FINANCIAL AID

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What is Financial Aid?

Financial aid is money to help students pay for college

- 3 main types:
 - Grants and scholarships (gift aid)
 - Federal work-study
 - Federal student loans



Sources of Financial Aid

Federal	Massachusetts
• Grants, work-study, loans, tax incentives • StudentAid.gov	• Grants, scholarships, tuition waivers, loans • mass.edu/osfa
College/University (institutional aid)	Other Agencies
• Grants, scholarships, loans	• Scholarships: Search through mefapathway.org, fastweb.com, and your school counselor

\$175.1 billion*: The total amount of aid students received in 2020-21

*Trends in Student Aid 2021, The College Board
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Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- 4.99% fixed interest rate for 2022-23
- Repayment:
 - No payments due while enrolled
 - Multiple options (many tied to income)
 - Total borrowed for 4 years: \$27,000 max
 - Estimated payment: \$300/month for 10 years
 - Estimated total debt: \$32,000-\$34,000
 - Deferment, forbearance, and forgiveness opportunities

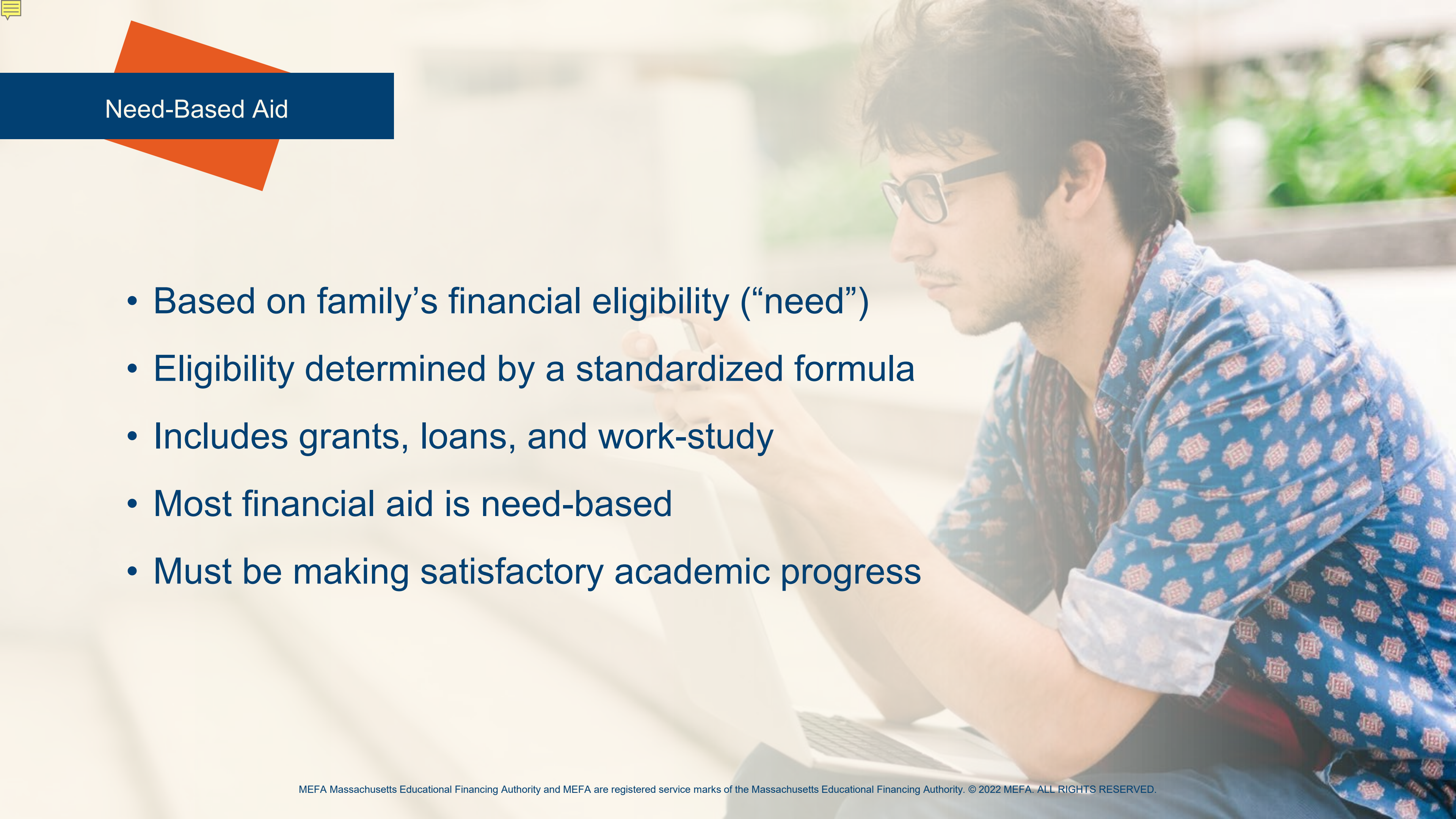
Annual Loan Limits

Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500



Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Might have renewable requirements or not be renewable
- Not offered at every college; check each college's website for details
- Separate application sometimes required (check deadlines!)
- Application deadline may be as early as November



Need-Based Aid

- Based on family's financial eligibility ("need")
- Eligibility determined by a standardized formula
- Includes grants, loans, and work-study
- Most financial aid is need-based
- Must be making satisfactory academic progress



College Financing:

THE APPLICATION PROCESS

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Financial Aid Timeline

- Check deadlines and required applications on each college's website now
 - Financial aid deadlines are usually close to or in line with admissions deadlines
- Early action/decision deadlines are often in October or November
- Standard deadlines are typically in February or March
- MEET APPLICATION DEADLINES!!
- Use MEFA's College Application Manager to stay organized
 - mefa.org/college-application-manager

- Free Application for Federal Student Aid (FAFSA)
- Required by all colleges
- Becomes available October 1st: fafsa.gov
- Log in with an FSA ID: fsaid.ed.gov
 - Both student and parent need one!
 - Keep both student and parent FSA Id's in a safe place that is easy to access when you need it.
- IRS Data Retrieval Tool: Pull in federal tax data
- *Understanding the FAFSA* webinar
- MUST BE COMPLETED EVERY YEAR



A young woman with dark hair tied back is sitting at a wooden desk in a library, looking at a laptop. Behind her are tall wooden bookshelves filled with books. The scene is brightly lit, suggesting a sunny day. A green geometric shape is partially visible in the top left corner.

What's Reported on the FAFSA?

GENERAL INFORMATION

- Student citizenship status
 - Non-citizen parents:
 - Use zeros for SSN
 - Print signature page to sign (cannot get FSA ID)
- Colleges where student is applying (each one will receive your FAFSA)
- Parents
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
 - Legal guardians are NOT a parent
- # in household, # of children in college



Additional info reported on the
FAFSA

FINANCIAL INFORMATION

- Parent and student income (2021 income for the 2023-24 FAFSA)
 - Both taxed and untaxed
- Parent and student assets
 - Include: savings, checking, investments, other property
 - Include: all 529 accounts as a parent asset
 - Do not include: primary home, value of retirement, life insurance, value of small family business
- Debt is not reported except debt on reported assets



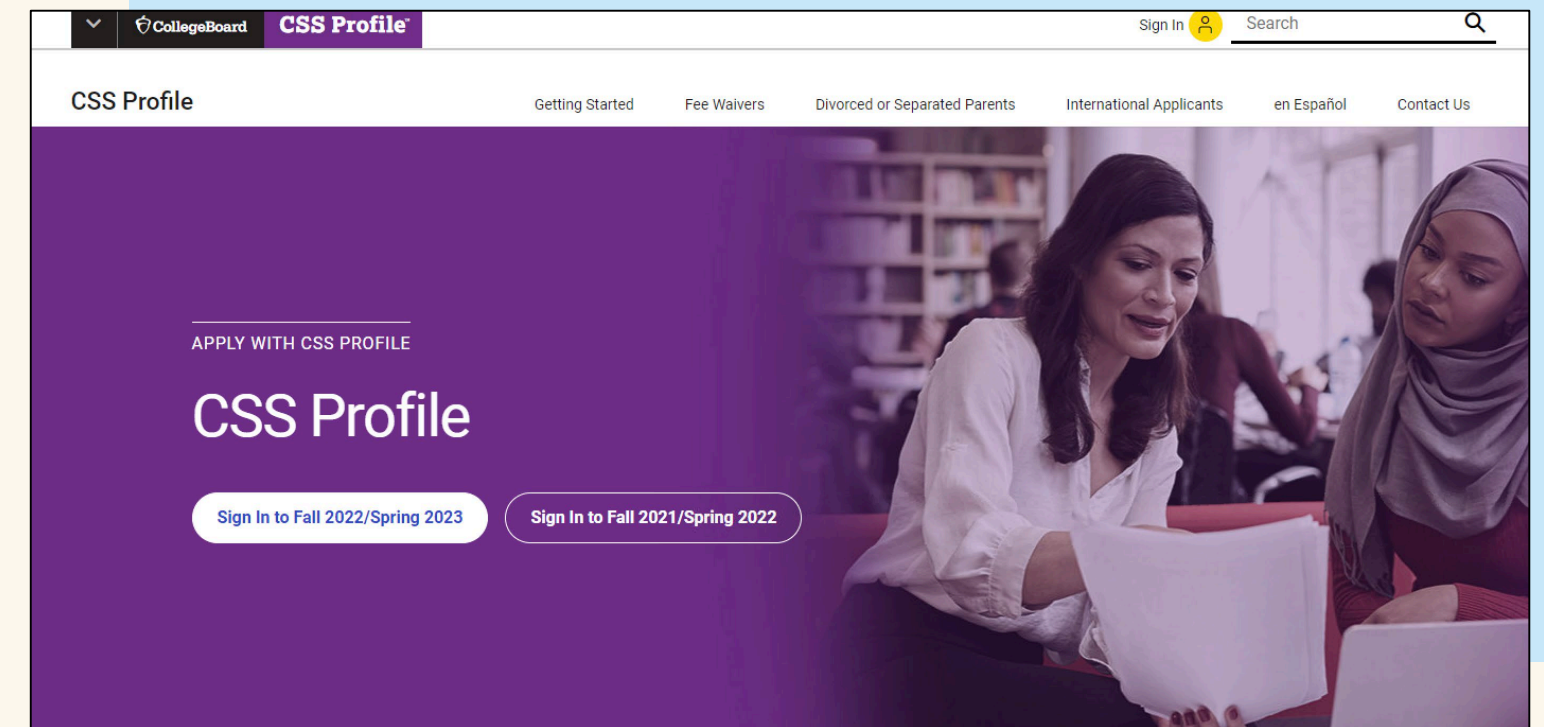
Other Financial Aid Applications

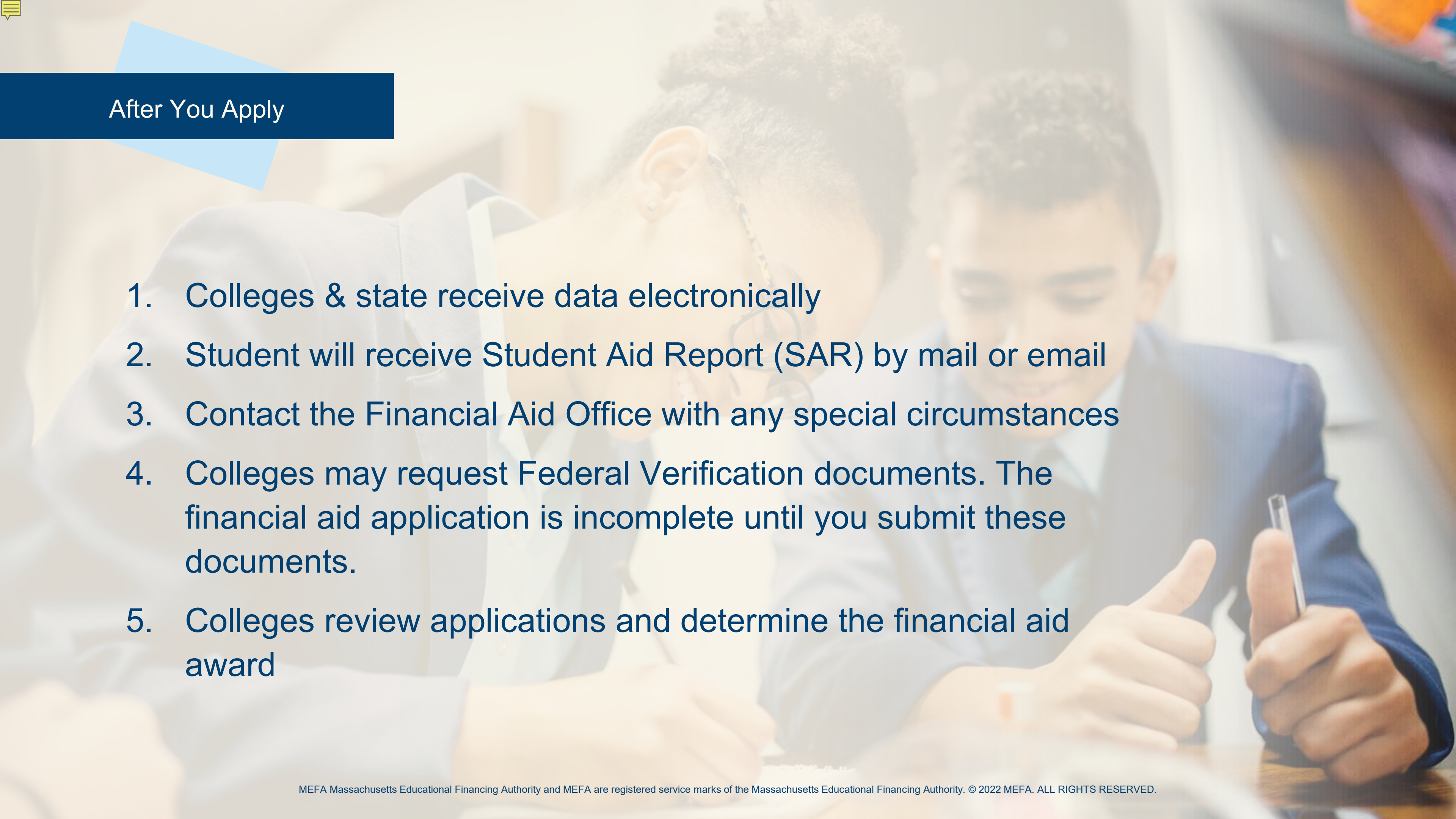
CSS Profile™

- cssprofile.org
- Required by some colleges and universities
- \$25 for 1st school, \$16 for each additional
- Fee waivers if parent income is \$100k or less or family meets certain other criteria
- Becomes available October 1st
- Noncustodial parent submits a separate profile
- *What to Know About the CSS Profile* webinar

College Financial Aid Application

- Required by some colleges and universities





After You Apply

1. Colleges & state receive data electronically
2. Student will receive Student Aid Report (SAR) by mail or email
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Federal Verification documents. The financial aid application is incomplete until you submit these documents.
5. Colleges review applications and determine the financial aid award

Verification

- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- Families must submit additional documentation:
 - Tax Return
 - Verification Worksheet
 - Asset Account Statements
- Review all correspondence from colleges
- Log into college web portal for communications
- Create a family email address for the financial aid process so no requests are overlooked





Financial Aid Office

Learn About Your Financial Aid	• Financial aid renewability criteria (financial, academic) • How will a private scholarship affect my financial aid? • How will 2024-25 FAFSA changes affect my financial aid?
Ask About Special Considerations	• Changes in family circumstances • Can I appeal my offer? How?
How to Contact the Financial Aid Office	• Phone call • Email • Chat (if offered)



2024-25 FAFSA Changes

- Shorter form, fewer questions
- Expected Family Contribution (EFC) will become Student Aid Index (SAI)
- Divorced/separated parents: Parent who provides more financial support will be listed on the FAFSA
- Number of students in college will not be considered in SAI calculation
- Some forms of untaxed income will no longer be reported like child support
- Resources like 529s from grandparents and other family members no longer need to be reported
- Look for information from colleges about how changes will affect your future financial aid offers
- Sign up for MEFA emails to stay in the loop

College Financing:

HOW FINANCIAL AID DECISIONS ARE MADE

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Cost of Attendance (COA)

COA = Total Expenses for
One Year of College



= Billed or Direct Expenses



= Non-Billed or Indirect Expenses

Tuition & Fees

+

Room & Board

+

Books & Supplies

+

Transportation

+

Personal Expenses



Expected Family Contribution (EFC)

- Amount family has ability to absorb for 1 year of college costs
- Same federal formula used for every family
- Some colleges also use an institutional EFC formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay
- Lowered if family has more than 1 child in college
- EFC Calculator on mefa.org



Financial Aid Formula

Colleges fill in
Financial Aid
Eligibility with
financial aid from
all sources

Cost of Attendance (COA)

-

Expected Family Contribution (EFC)

=

Financial Aid Eligibility

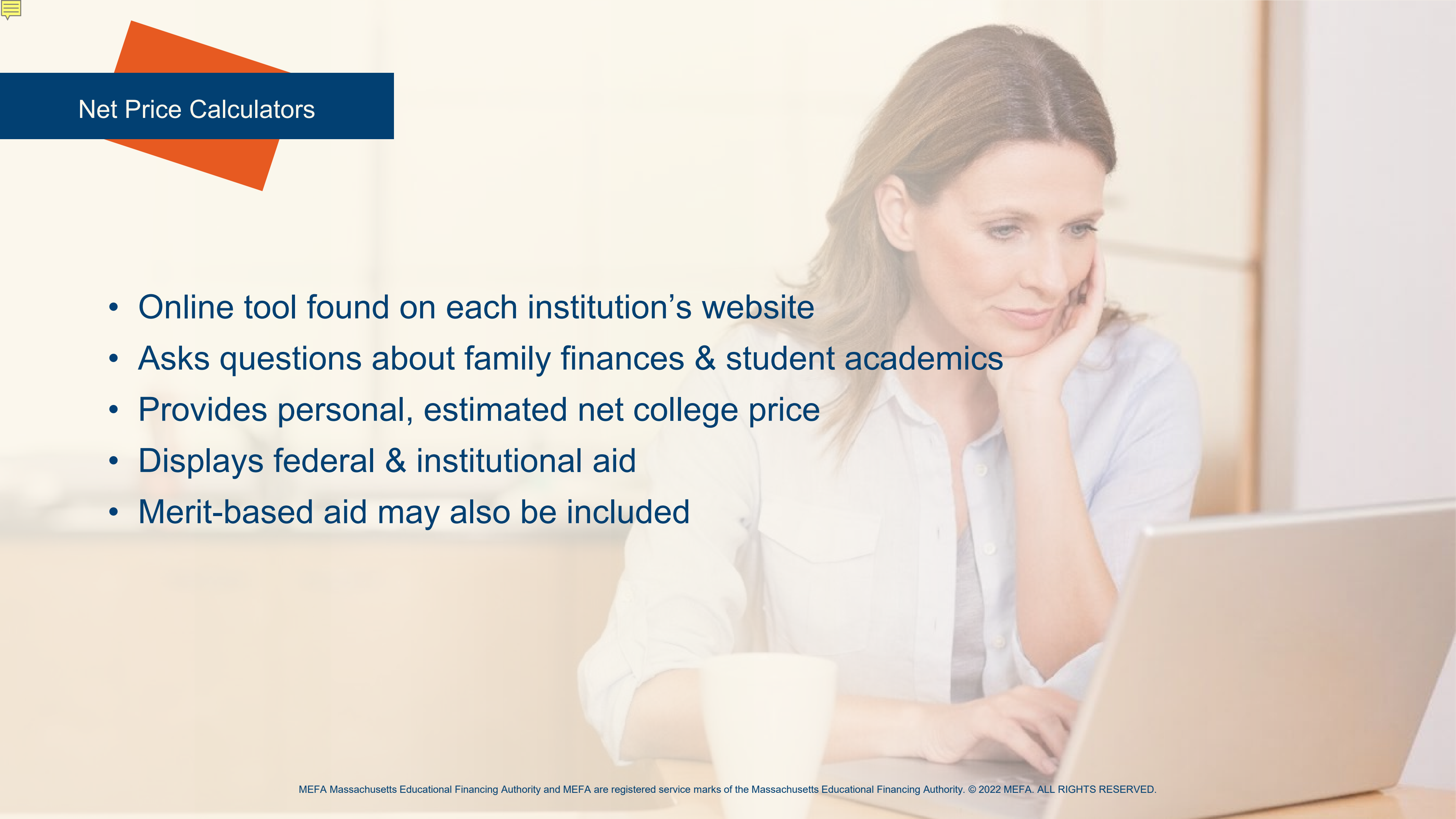


Financial Aid Awarding

College
Cost of Attendance
\$45,000

Unmet need and EFC
are the FAMILY's
responsibility

Unmet Need	\$5,000
Work-Study	\$2,000
Student Loans	\$5,500
Grant Scholarship	\$17,500 \$10,000
EFC	\$5,000



Net Price Calculators

- Online tool found on each institution's website
- Asks questions about family finances & student academics
- Provides personal, estimated net college price
- Displays federal & institutional aid
- Merit-based aid may also be included



Offer Letters: Totals Can Vary

College
Cost of Attendance

\$45,000

Expected Family
Contribution

\$5,000

Total Eligibility

\$40,000

	College A	College B	College C
Grants/Scholarships	\$32,500	\$25,500	\$17,500
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$2,000	\$2,000	\$2,000
Total	\$40,000	\$33,000	\$25,000
Unmet Needs	\$0	\$7,000	\$15,000



Offer Letters: Types Can Vary

College
Cost of Attendance

\$45,000

Expected Family
Contribution

\$5,000

Total Eligibility

\$40,000

	College A	College B	College C
Grants/Scholarships	\$27,500	\$17,500	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loans	\$0	\$10,000	\$29,500
Work-Study	\$2,000	\$2,000	\$0
Total	\$35,000	\$35,000	\$35,000
Unmet Needs	\$5,000	\$5,000	\$5,000

College Financing:

PAYING FOR COLLEGE

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Filling EFC and Unmet Need

EFC = Expected Family Contribution

\$600 Affordable Monthly Payment Example

Balance Due:		\$20,000
Past Income (Savings)		
Student Savings		-\$1,000
Parent Savings		-\$4,000
Present Income (Current Wages)		
Parent Contribution to Payment Plan		-\$5,000
Future Income (Borrowing College Loans)		
Education Loan		-\$10,000
		\$0



Important Kitchen Table Conversations

- Would starting at community college save significant \$?
- Consider the number of children you will send to college
- Think in terms of total enrollment (4+ years) and total debt
- Calculate the post-graduation monthly loan payment
- Research the potential starting salary for the intended career
- Is the student considering graduate school?
- Know your credit score if you plan to borrow a private loan
- Compare each school's net price after financial aid offers are received



Paying for College in MA: You Have Options

MassTransfer

- Makes transfer from community college to a 4-year public MA college more affordable
- Benefits include guaranteed credit transfer, tuition credit, & freeze on tuition
- mass.edu/masstransfer

Tuition Break

- Reduction on out-of-state tuition costs at New England schools for certain programs
- nebhe.org/tuitionbreak

College Financing:

FREE RESOURCES

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National and Community Resources

FAFSA Day

- Free assistance completing the FAFSA
- Events held Oct-Feb
- Offered in both English and Spanish
- Register at [FAFSADay.org](https://fafsaday.org)

Educational Opportunity Centers

- Free financial aid help
- massedco.org/locations





Staying on Track Through Senior Year

Spring/Summer Junior Year

- Research Colleges
- Visit campuses and college fairs
- Ask teachers for letters of recommendation
- Take the SAT/ACT
- Start writing the college essay

Fall Senior Year

- Retake the SAT/ACT
- Secure letters of recommendation
- Finalize the college essay(s)
- Attend MEFA's *Financial Aid 101* webinar
- Complete all admissions applications
- Submit financial aid applications

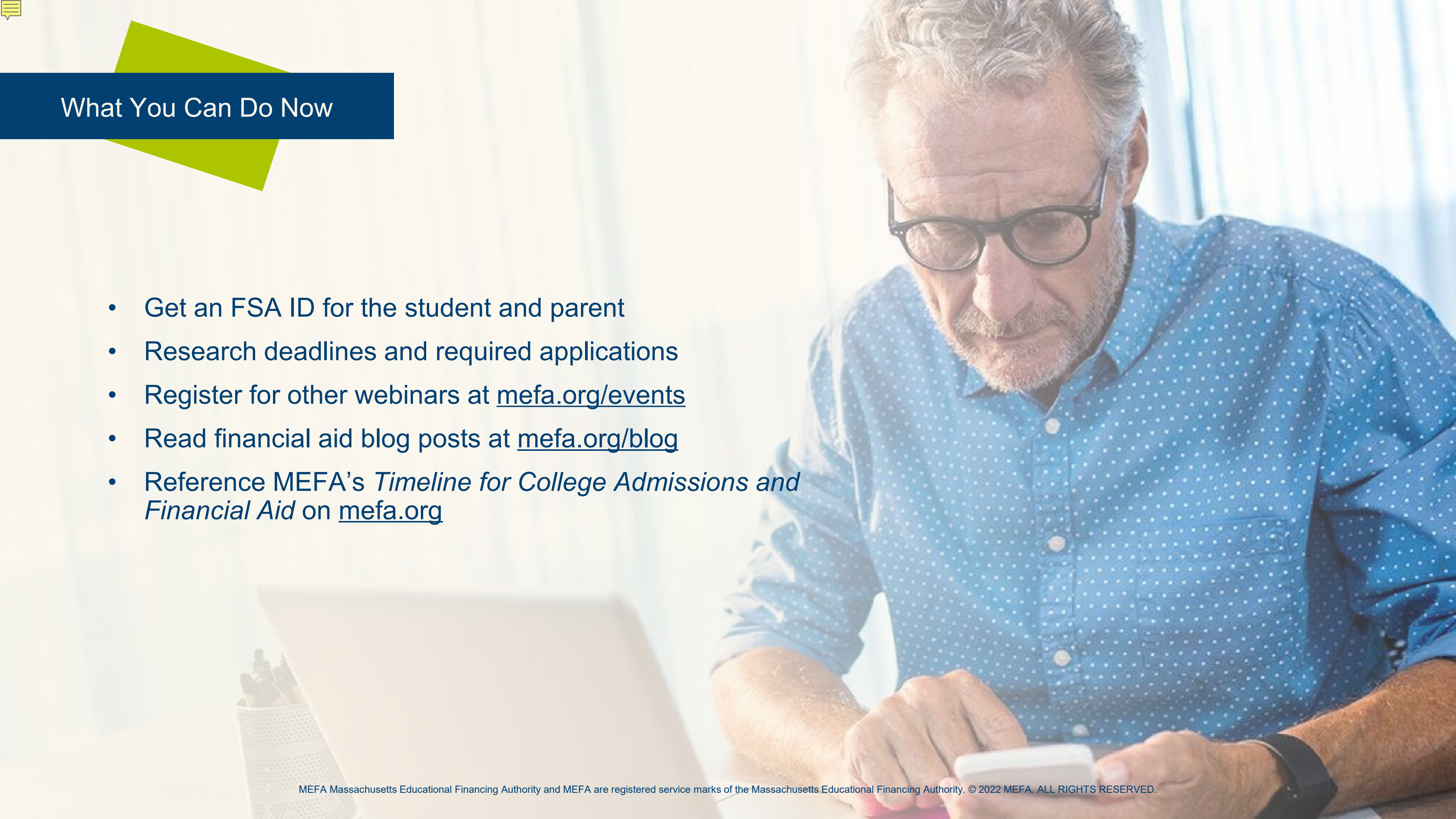
Winter Senior Year

- Submit admissions applications
- Submit financial aid applications
- Apply for private scholarships
- Send in mid-year grade reports

Spring Senior Year

- Receive admissions and financial aid offers
- Attend MEFA's *How to Pay for College: A Guide for High School Seniors & Families* webinar
- Attend college open house programs
- Choose your college by May 1st

View an extended timeline at: mefa.org/college-admissions-and-financial-aid-timeline



What You Can Do Now

- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Register for other webinars at mefa.org/events
- Read financial aid blog posts at mefa.org/blog
- Reference MEFA's *Timeline for College Admissions and Financial Aid* on mefa.org



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Thank You

QUESTIONS?

Call (800)-449-MEFA (6332)
or email collegeplanning@mefa.org

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