College Counseling:

UNDERSTANDING FINANCIAL AID



Financial aid is funding provided to students to help pay for college expenses. There is no one-size-fits-all approach to financial aid, and every family's situation is unique. To learn more about the complex world of financial aid, reach out to HM's College Counseling team as early as possible in the process.

KEY TERMS

Cost of Attendance: Using federal and/or institutional methodology, every college and university calculates the Cost of Attendance for full-year, full-time attendance. This is determined by the following factors: tuition, room & board, fees, books, supplies, and travel expenses.

Net Price Calculator: Interactive and confidential online financial aid calculator that estimates your eligibility for financial aid. NPCs are predictive and a great way to understand the nuance of what you might pay at each individual school.

Student Aid Index (SAI): Eligibility index number calculated by the FAFSA, used to determine how much federal, state, and institutional student aid the student receives. Your SAI doesn't represent the amount you'll pay for college; colleges will assume you can contribute at least this amount when determining aid.

TOP TIPS

- Talk with HM's college counselors **early in your journey**—even as early as 9th or 10th grade—to discuss how need-based or merit aid might factor into your college search.
- Make sure your **taxes** are filed **accurately**.
- Complete and compare **multiple net price calculators**. These estimators are available on every college/university website to help you estimate how much you can expect to pay. It is never too early to complete these. The College Counseling Office can help you decode them.
- **Know your deadlines!** You may lose eligibility if you miss a deadline.
- Avoid scholarship search services that charge **fees**.

APPLYING FOR AID: COMMON FORMS TO SUBMIT

The **Free Application for Federal Aid (FAFSA)** is required to apply for need-based financial aid from federal and some state governments at all institutions (available Oct. 1).

- The FAFSA determines eligibility by calculating the Student Aid Index (SAI).
- To start the FAFSA form, both the student and one parent must have an **FSA ID**. Parents will use the same FSA ID from any previous children in college.
- When filling out your FAFSA, use an email address you can access during your entire college career. Do not use your high school email address.

The **CSS Profile** is required at select colleges/universities (available Oct. 1). More extensive than FAFSA, this online application created by College Board is used to determine institutional funding. *(Note: The CSS Profile incurs a fee.)*

- Colleges that require CSS Profile also require FAFSA, so families must complete both.
- The CSS Profile will ask for all parents' financials—the parent(s) with whom a student lives, any noncustodial parents, and any step-parent(s).

TAKE A SNEAK PEEK!

For a glimpse into your federal aid eligibility, use the **Federal Student Aid Estimator** before filling out the FAFSA.

TYPES OF FINANCIAL AID

There are several types of aid. Please note that a FAFSA is required for all federal/state funding, as well as many scholarships.

GRANTS
Grants include federal grants, such as Pell Grants and Federal Supplemental Educational Opportunity Grants (FSEOG), and PA State Grants. Grants do not need to be repaid.

LOANS
If you apply for financial aid, you may be offered loans as part of your school's financial aid package. When you receive a loan, you are borrowing money that you must repay with any accrued interest.

SCHOLARSHIPS
Many colleges, nonprofits, and private organizations offer scholarships to help students with college costs. This money is determined by factors such as academic merit, talent, a particular area of study, or financial need. Scholarships do not need to be repaid.

WORK STUDY
The Federal Work-Study Program allows you to earn money by working part-time. You'll earn at least the federal minimum wage, or more depending on the type of work you do. Work Study is an earning potential and does not pay down your bill.

KEEP IN MIND...

Don't count a school out based solely on the cost. Complete the NPC and speak with your college counselor.

The true cost of college remains unknown until you receive your aid package!

COLLEGE FINANCING OPTIONS

Some HM families are stuck in the middle. They will not qualify for significant need-based aid, but they are not prepared to pay the full cost of attendance either. These families have options available that could help make the payments a little easier.

- **Subsidized Federal Student Loans** are available to undergraduate students whose families can demonstrate financial need. These are the only federal student loans in which interest does not accrue while the student is enrolled in school at least half-time or during the loan grace period following graduation—typically six months.
- **Unsubsidized Federal Student Loans** are not awarded based on financial need and they are available to most undergraduate and graduate students. Interest will begin accruing at the time of your loan disbursement.
- **PLUS Loans** have higher interest rates and higher origination fees than Unsubsidized and Subsidized Loans. Direct PLUS loans are federal loans that parents of dependent undergraduate students can use to help pay for education expenses. PLUS loans have a fixed interest rate and are not subsidized, which means that interest accrues while the student is enrolled in school. To qualify for a Direct PLUS Loan, you must pass a credit check.
- **Private student loans** have different terms depending on the lender. Unlike federal student loans, private student loans typically require applicants to pass a credit review to verify that they will be able to repay the loan. Because most students don't yet have enough credit history or steady income to qualify on their own, private student loans are often cosigned by someone like a parent/guardian who can meet the criteria and take equal responsibility for repayment. The loan will appear on the credit bureau report for both parties—the student and the cosigner.
- **Payment Plans** provide an alternative for families who can afford to pay for a child's college education, but not in one big lump sum at the beginning of a semester. Tuition payment plans split college costs into 10 equal monthly payments. Your bill must be paid in its entirety by the end of that academic period. Most plans do not charge interest if you pay by check or direct deposit.
- **Merit Scholarships** are a form of financial aid that is awarded based on achievement. Merit scholarships can be based on many different types of achievement including, academics, athletics, and service. Some merit scholarships come from outside agencies like churches and community-based organizations. But most merit scholarships come directly from the colleges where you are applying.

READY FOR THE NEXT STEP?

If you have any questions, do not hesitate to reach out for help.

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