Understanding Financial Aid and the FAFSA

U.S. Department of Education
Office of Federal Student Aid
Presented by

Fred Stennis, Senior Outreach Advisor
Today’s Topics

- Mission and Myths
- Federal Financial Aid Programs
- The FAFSA: When and How to Apply
- What to Expect After Applying
- Federal Updates
- Federal Student Aid (FSA) Resources
- Scenarios
- Questions
Federal Student Aid’s Mission

• To ensure that all eligible individuals benefit from federal financial assistance, grants, work-study, and loans for education beyond high school
Myths About Financial Aid

• “...my parents make too much money, so I won’t qualify for aid.”

• **Reality:** There is no income cutoff to qualify for federal student aid.
Myths About Financial Aid

• “...the form is too hard to fill out.”

• Reality: The FAFSA is easier than ever, especially if you fill it out online at www.fafsa.gov
Financial Aid 101

Federal Financial Aid Programs
Federal Financial Aid Programs

1. Federal Grants
2. Federal Work-Study
3. Federal Student Loans

There is more than $150 billion each year available in Federal aid to help students pay for college
The Federal Pell Grant Program provides need-based grants to low-income undergraduate students.

Grant amounts depend on the student’s:

- Expected Family Contribution (EFC)
- Enrollment status (full or part-time)
- Attendance status (full academic year or less)
- Pell Grant maximum award per academic year:
  $5,550 (2012-2013)
Federal Aid Update

- Pell Grant maintained maximum at $5,550 for 12-13

- EFC to qualify for Pell reduced from 5273 in 2011-2012 to 4995 in 2012-2013;

- Income to qualify for Automatic Zero EFC reduced to from $32,000 to $24,000

- Students can receive Pell for 12 semesters;

- Maximum Pell estimated to go to 5,635 for 13-14 in President’s Budget.
The Federal Supplemental Educational Opportunity Grant (FSEOG) Program provides need-based grants to low-income undergraduate students.

Grant recipients must be:

- Pell Grant-eligible
- Current award amounts are from $100 - $4,000
- Not all colleges participate in the FSEOG program and funds depend on availability at the college
The Teacher Education Assistance for College and Higher Education Grant Program (TEACH) provides assistance to students who intend to teach in a public or private elementary or secondary school that serves students from low-income families.

**Grant recipients must be:**

- Enrolled in an institution that participates in the TEACH Grant Program
- Enrolled in coursework that is necessary to being a career in teaching
- Able to demonstrate certain academic achievements
The Teach Grant:

- Is not based on financial need
- Is available to both undergraduate and graduate students
- Provides the following maximum award
  $4,000 (2012-2013)

TEACH Grant recipients must sign an ‘Agreement to Serve’ which states that the student will:

- Teach at least four years in a public or private elementary or secondary school
- Teach full-time in a high-need field
- Teach in a school that serves students from low-income families
- If the teaching obligation is not completed, the TEACH Grant must be repaid as a Direct Unsubsidized Stafford Loan
Iraq/Afghanistan Service Grant

Students whose parent or guardian died as a result of military service in Iraq or Afghanistan after September 11, 2001, may be eligible for additional Title IV aid.

Additional Student Eligibility Requirements:
- Less than 24 years old
- Enrolled in college at least part-time at the time of the parent’s or guardian’s death
Federal Financial Aid

**Work-Study**

Provides part-time jobs for *undergraduate* and *graduate students* with financial need, allowing them to earn money to help pay education expenses

- Eligible employers (On-campus or off-campus employment)
  - Schools
  - Federal, state or local public agency
  - Private nonprofit organization
  - Community service activities

- Students are paid at least federal minimum wage

- Not all colleges participate in the Federal Work-study program and funding depends on availability at the college
Federal Perkins Loans

Federal Perkins Loan

- Your college is the lender
- Payment is owed to the college that made the loan
- Interest charged on this loan is 5%
- Funds depend on financial need and availability at the college
- Not all colleges participate in the Federal Perkins Loan program
- Undergraduate students – up to $5,500 a year
- Graduate and professional degree students – up to $8,000
Stafford Direct Loans

**Subsidized Loans**
- Government **PAYS** the borrowers accrued interest while you are attending college and other eligible periods
- Based on Financial Need
- Fixed Rate
- Undergraduate and graduate students qualify
- Amount: **$3,500-$8,000**

**Unsubsidized Loans**
- The borrowers is responsible for the interest for the life of the loan
- NOT Based on Financial Need
- Fixed Rate
- Undergraduate and graduate students qualify
- Amount: **$5,500-$20,500**
Federal Aid Update

Direct Student Loan Changes

• Subsidized Stafford loans for graduate students eliminated for 2012-2013

• Direct Subsidized Loans are not eligible for an interest subsidy during the six-month grace period on new loans between July 1, 2012 and June 30, 2014

• Interest rate on Subsidized Stafford Loan for undergraduates set to increase from 3.4% to 6.8% on July 1, 2013.
Direct Plus Loans

PLUS loans originate through the William D. Ford Federal Direct Loan Program (Direct Loans).

Loan characteristics:

- For parents of dependent students
- Borrowers may receive loan amounts up to, but not exceeding the college’s ‘Cost of Attendance’
- Borrower is responsible for all the interest
- Borrower must not have a negative credit history
## Federal Loan Programs

<table>
<thead>
<tr>
<th></th>
<th>Interest Rate</th>
<th>Repayment</th>
<th>Additional Info</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Perkins Loan</strong></td>
<td>5% Fixed</td>
<td>9 months after school</td>
<td></td>
</tr>
<tr>
<td><strong>Federal Stafford/Direct Loan</strong></td>
<td>Subsidized 3.4% Fixed</td>
<td>6 months after school</td>
<td>Subsidized: no interest charged while in school Unsubsidized: interest accrues while in school</td>
</tr>
<tr>
<td></td>
<td>Unsubsidized 6.8% Fixed</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Federal Parent PLUS Loan</strong></td>
<td>7.9% Fixed Direct Lending Schools</td>
<td>May be deferred until 6 months student drop ½ time or 60 days after loan is fully disbursed</td>
<td>Interest accrues while student is in school</td>
</tr>
</tbody>
</table>
Financial Aid 101

The FAFSA:
When and How to apply
What You Need to Know

• Free Application for Federal Student Aid (FAFSA)
• Eligibility is determined by info provided
• Must file every year in college
• Can file Jan. 1st of your senior year
• PIN (Parent/Student)
• The earlier the BETTER!!
FAFSA Statistics

FAFSA Processed


Average FAFSA Submission Time

2011-2012: 22 Minutes
2012-2013: 23 Minutes

IRS Data Retrieval Tool

2011-2012: 5,198,417 users
2012-2013: 7,699,421 users

(As of November 25, 2012)
Basic Eligibility Requirements/Documentation

Students must have:

- High school diploma, GED or home schooling credential
- Social Security Number (with limited exceptions)
- U.S. citizenship or be an eligible noncitizen
- Registered with the Selective Service (males)

Students also need to:

- Be enrolled or accepted for enrollment in an eligible program
- Be pursuing a degree, certificate or credential
- Maintain ‘Satisfactory Academic Progress’
IRS Data Retrieval Tool

• IRS Data Retrieval Tool is Available
• Transfer Tax Information directly into FAFSA
• Takes 2-3 weeks for information to become available in Retrieval Tool Database
• Easiest way to provide tax information
• Availability of IRS Retrieval Tool in 2013: February 3, 2013
Enhanced IRS DRT Questions

- The format of the IRS Data Retrieval Tool filtering question will be enhanced
- Question labels will be improved for clarity
New Messaging for Estimators

- Instructional text will display for applicants who indicate they “Will file” their taxes

Student Financial Information

You indicated you "Will file" a 2012 tax return.

If your 2012 income is similar to your 2011 income, use your 2011 tax return to provide estimates for questions about your income. If your income is not similar, click Income Estimator for assistance estimating your adjusted gross income, and answer the remaining questions about your income to the best of your ability.

You should return to update the estimates you provided with your 2012 tax return information once you file. At that time, you may be eligible to use the IRS Data Retrieval Tool to transfer your tax return information into the FAFSA.
Dependency Status

If any of the following criteria applies, the student is considered independent:

- 24 years or older
- Married
- Master’s or Doctorate Program
- Children and you provide $\frac{1}{2}$ support
- In foster care since turning 13
- Emancipated minor
- Currently or was in legal guardianship
- Homeless
- Serving Active Duty in U.S. Armed Force
Special Circumstances

- Parents are Incarcerated
- Left Home due to an Abusive Family Environment
- Unsure of parents whereabouts
- Circumstances Must be Well Documented
- Financial Aid Director Has Final Say…
Financial Aid 101

What to Expect After Applying
What To Expect

High Level Overview

Student completes the FAFSA and signs with FSA PIN

FAFSA is processed by FSA; Student receives a SAR; College receives information if listed on the FAFSA

College reviews info and assembles award package for the student

Student reviews award package; compares to other award letters; student determines which college to attend
College Costs and Financial Need

Cost of Attendance
- Tuition & Fees
- Room & Board
- Books & Supplies
- Equipment & Transportation
- Miscellaneous Personal Expenses
- Child Care

\[
\text{Parent Contribution} + \text{Student Contribution} = \text{Expected Family Contribution (EFC)}
\]

\[
\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)} = \text{Financial Need}
\]
How Much Aid will I Receive?

Financial Need = $13,000

- Scholarships: $2,000
- Institutional Grant: $2,000
- Federal Grants: $5,000
- State Grants: $2,000
- Loans: $2,000 - Unmet need

TOTAL = $13,000

Estimated
FAFSA College Info and Comparison

- College’s website
- School type
- Tuition and fees
- Net price average
- Graduation rates
- Retention rates
- Transfer rates

### Compare School Information

The following information is a subset of data that has been obtained from the College Navigator Web site, developed by the National Center for Education Statistics. Complete information for each college can be accessed by visiting [http://nces.ed.gov/collegenavigator/](http://nces.ed.gov/collegenavigator/).

<table>
<thead>
<tr>
<th>School Name</th>
<th>COLUMBIA COLLEGE</th>
<th>DEPAUL UNIVERSITY</th>
<th>WESTWOOD COLLEGE - O'HARE AIRPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>600 S MICHIGAN AVE</td>
<td>1 EAST JACKSON</td>
<td>8501 WEST HIGGINS ROAD</td>
</tr>
<tr>
<td>City</td>
<td>CHICAGO</td>
<td>CHICAGO</td>
<td>CHICAGO</td>
</tr>
<tr>
<td>Federal School Code</td>
<td>081685</td>
<td>001671</td>
<td>018368</td>
</tr>
<tr>
<td>School Type</td>
<td>Private not-for-profit- 4-year or above</td>
<td>Private not-for-profit- 4-year or above</td>
<td>Private for-profit- 4-year or above</td>
</tr>
<tr>
<td>Tuition and Fees:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State</td>
<td>$29,644</td>
<td>$30,816</td>
<td>$14,923</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>$29,644</td>
<td>$30,816</td>
<td>$14,923</td>
</tr>
<tr>
<td>Net Price Average</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>41%</td>
<td>66%</td>
<td>29%</td>
</tr>
<tr>
<td>Retention Rate</td>
<td>66%</td>
<td>67%</td>
<td>23%</td>
</tr>
<tr>
<td>Transfer Rate</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

- The information provided above is updated quarterly and may not reflect recent changes.
- If you are attending a branch campus, the information provided here may be for the main campus. College Navigator may have more specific information.
- The amounts for tuition and fees apply to full-time, first-time degree/certificate-seeking students.
- Net Price Average is the average yearly price charged to full-time, first-time undergraduate students receiving student aid at an institution of higher education after deducting any grant and scholarship aid received. Average Net Price provides students and families with an idea of how much a first-time, full-time undergraduate student who receives grant/scholarship aid pays to attend a particular institution after subtracting out that grant/scholarship aid.
- Graduation rate is the percentage of a school’s first-time, first-year undergraduate students who complete their program within 150% of the published time for the program.
- Retention rate is the percentage of a school’s first-time, first-year undergraduate students who continue at that school the next year.
- Transfer rate is the percentage of a school’s first-time, first-year undergraduate students who transfer to another college within 150% of the published time for the program.
- NA indicates that information is not available from College Navigator.
Financial Aid 101

FSA Resources
Minds can achieve anything. We make sure they get to college.

At Federal Student Aid, we make it easier to get money for higher education.

**HOW DO I PREPARE FOR COLLEGE?**
Learn about exploring careers, choosing and applying to schools, and taking required tests. Use checklists to help get ready.

**WHAT TYPES OF AID CAN I GET?**
Read about the types of financial aid available from the government and other sources: grants, scholarships, loans, and work-study.

**DO I QUALIFY FOR AID?**
Most people are eligible for financial aid. Find out who gets aid, how to stay eligible, and how to get eligibility back if you’ve lost it.

**HOW DO I APPLY FOR AID?**
Learn how to submit your Free Application for Federal Student Aid (FAFSA), how aid is calculated, and how you’ll get your aid.

**HOW DO I MANAGE MY LOANS?**
Choose a repayment plan, pay on time, avoid default, and get help with problems.
Connect With Us!

FACEBOOK
Federal Student Aid
www.facebook.com/FederalStudentAid

TWITTER
@FAFSA
www.twitter.com/FAFSA

YOUTUBE
Federal Student Aid
www.youtube.com/FederalStudentAid
Twitter Homepage   @FAFSA

Federal Student Aid
@FAFSA
Official account of Federal Student Aid, an office of the U.S. Dept. of Education. We provide grants, loans & work-study funds for college & career school.
Washington, DC  http://StudentAid.gov

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<thead>
<tr>
<th>Follow Federal Student Aid</th>
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<tbody>
<tr>
<td>Full name</td>
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<tr>
<td>Email</td>
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<tr>
<td>Password</td>
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<td><strong>Sign up</strong></td>
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<tr>
<th>Tweets</th>
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<tbody>
<tr>
<td><strong>Following</strong></td>
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<td><strong>Followers</strong></td>
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<td><strong>Favorites</strong></td>
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<td><strong>Lists</strong></td>
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<td><strong>Recent images</strong></td>
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<tr>
<th>Tweets</th>
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<tbody>
<tr>
<td><strong>All / No replies</strong></td>
</tr>
<tr>
<td>Federal Student Aid @FAFSA</td>
</tr>
<tr>
<td>Federal period: time after you graduate, leave school, or drop below half-time status before you begin repayment on loans  studentaid.ed.gov/repay-loans/un________ Expand</td>
</tr>
<tr>
<td>Federal Student Aid @FAFSA</td>
</tr>
<tr>
<td>Avoid default! Keep track of all of your federal student loans from the U.S. Department of Education here  nsls.ed.gov/nslds_SA/ Expand</td>
</tr>
<tr>
<td>Federal Student Aid @FAFSA</td>
</tr>
<tr>
<td>It's never too early to start the road to college! This checklist has tips for elementary school students &amp; parents:  studentaid.ed.gov/prepare-for-co________ Expand</td>
</tr>
<tr>
<td>Federal Student Aid @FAFSA</td>
</tr>
<tr>
<td>If you or a family member is a member of the armed forces, you may qualify for certain grants &amp; loan repayment options  studentaid.ed.gov/military Expand</td>
</tr>
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Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
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Mobile-Optimized

College can help you turn your passions and interests into a career.

Understanding your career goals and options (and their earning potential) will help you find a college or career school that meets your needs.

Some people simply have “jobs,” while others have “careers.” What's the difference? With a career, the kind of
Infographics/Videos

THE FINANCIAL AID PROCESS
Finding financial aid can be overwhelming when you’re trying to get ready for college or career school. The U.S. Department of Education’s office of Federal Student Aid is here to help you get the money you need to pay for your education.

PREPARATION
Scholarships and state aid can help cover the cost of college or career school, but you may find yourself in need of federal assistance.

Many states have college funding programs. Ask a guidance counselor or your college financial aid office for more information.

FAFSA
The FAFSA is the Free Application for Federal Student Aid and is the only way to apply for federal student aid. The questions you list on your application will use FAFSA information to evaluate your financial need and determine how much federal aid you are eligible to receive. Many states and colleges also use information from your FAFSA to provide their own financial aid.

Each January, the FAFSA is available for the upcoming school year. It is best to fill it out as early as you can because some aid is first come, first served.

When you complete the FAFSA, you’ll need to provide personal and tax information. If you file your taxes, you may be able to automatically retrieve the information from the IRS. If you haven’t, just enter your tax information and update it later.

Complete the FAFSA online at www.fafsa.gov. Make sure to fill it out and submit the FAFSA each year you are in college.

After you submit your FAFSA, you’ll receive your Student Aid Report (SAR). Your SAR summarizes the information in your FAFSA. Review it and make corrections if needed.

Your FAFSA helps your school determine the types of federal student aid you are eligible to receive.

TYPES OF FEDERAL STUDENT AID
As the largest provider of financial aid, the U.S. Department of Education’s office of Federal Student Aid provides grants, loans, and work-study funds:

- Grants are free money that does not have to be repaid.
- Loans are real loans, like a car or home loan that need to be repaid with interest.
- Work-study gives you the opportunity to earn money to help pay your educational expenses.

Federal Student Aid
An Office of the U.S. Department of Education

PROUD SPONSOR of the American Mind™
Federal Student Aid Information for Counselors

Welcome to your online source of federal student aid information to help students and parents plan and prepare for college, career and trade school.

- **Answering Students' Questions**
  - Eligibility
  - Calculators and Tools
  - Application
  - Updates

- **FAFSA Information**

- **Getting the Word Out**
  - Planning a Financial Aid Night
  - Promotional Materials

- **Counselor Resources**
  - Counselors and Mentors Handbook
  - Free Publications and Mailing List
  - Staying Connected

- **What's New**
  - Launch of StudentAid.gov and Social Media Tools
  - New Loan Debt Management Tool
  - FAFSA Completion Data Tool
  - Changes to Aid Programs
  - @FAFSA on Twitter

- **In Other News...**

- **Calendar of Events**
  - Federal Student Aid staff participate in conferences, college fairs, and other events that may interest you, your students, and their parents. Click below for information.
  - Student/Parent Events
  - Counselor/Mentor Events

Counselor Resources: www.fsa4counselors.ed.gov
Welcome

At the office of Federal Student Aid we ensure that all eligible individuals can benefit from federally funded financial assistance for education or training beyond high school.

This order site gives you access to a wide range of publications and resources for you or the students you serve.

Take a look at our NEWEST materials:

- Do You Need Money for College? - Federal Student Aid at a Glance 2012-13
- Federal Student Aid for Adult Students

Latest News

Errata and Updates to Funding Your Education: The Guide to Federal Student Aid

November 2011 Letter to Financial Aid Administrators

September 2011 Letter to Financial Aid Administrators

Update on Master Promissory Notes

Order Now!

2012-13 Publications Available for Ordering/Preorder including:
The Federal Student Aid Information Center (FSAIC) operates a toll-free hotline to provide:

- Information about federal student aid programs;
- Help completing the FAFSA
- Information about the process of determining financial need and awarding aid
- For those not eligible, State and/or Institutional Aid may be available

- **1-800-4-FED-AID** (1-800-433-3243)
- [www.StudentAid.gov](http://www.StudentAid.gov) (new website)
- [www.fafsa.ed.gov](http://www.fafsa.ed.gov)
- [www.fsa4counselors.ed.gov](http://www.fsa4counselors.ed.gov)

Hours:
- Monday – Friday: 8:00am – Midnight ET
- Saturday: 9:00am – 6:00pm ET
- Sunday: Closed
Financial Aid 101

Questions??