



Understanding Financial Aid

Agoura High School
January 12th, 2011



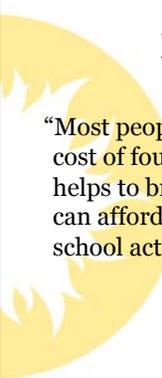


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Did you know...

“Most people cannot afford to pay the full cost of four years of college. Financial aid helps to bridge the gap between what you can afford to pay for school and what the school actually costs.”

--- The Princeton Review



Presentation Topics

- What is Financial Aid?
- How to Apply for Financial Aid
- Understanding College Costs
- Expected Family Contribution (EFC)
- What is Financial Need?
- Sources/Categories/Types of Financial Aid
- Questions



What is Financial Aid?

Financial aid is any money provided to students and families to help pay for postsecondary educational expenses.

Financial aid provides funds to students and families to help pay for college expenses.



How to Apply for Financial Aid

- **Free** Application for Federal Student Aid (FAFSA) → go to www.fafsa.gov to apply on-line
- Available in English and Spanish
- FAFSA collects demographic and financial information about the student and his or her family and calculates an Expected Family Contribution (EFC)



How to Apply for Financial Aid continued...

- Use the FAFSA on the Web (FOTW) Worksheet before you attempt to complete the FAFSA
 - Allows you to gather all your information before filing your FAFSA
 - Questions follow the order of the FAFSA
- Apply for your own Personal Identification Number (PIN) at www.pin.ed.gov to electronically sign the FAFSA



FAFSA on the Web Worksheet

2011–12 FAFSA on the Web Worksheet—
4-page booklet containing:

- Instructions
- 24 questions in 4 sections



FOTW Worksheet: Section 1

General student information:

- Social Security Number
- Citizenship status
- Drug convictions
- Selective Service registration



FOTW Worksheet: Section 2

Student's dependency status:

- If all "No" responses, student is dependent
- If "Yes" to any question, student is independent



FOTW Worksheet: Section 3

Information about the parents of dependent students:

- Tax, income, and other financial information
- Dislocated worker status
- Assets



FOTW Worksheet: Section 4

Information about the student (and spouse):

- Tax, income, and other financial information
- Dislocated worker status
- Assets



Additional Information

- College and housing information



www.fafsa.gov




Reasons to file electronically:

- Built-in edits to prevent costly errors
- Skip logic allows student and/or parent to skip unnecessary questions
- More timely submission of original application and any necessary corrections
- More detailed instructions and “help” for common questions
- Ability to check application status on-line
- Simplified application process in the future



IRS Data Retrieval Tool

- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer's identity
- If match found, IRS sends real-time results to applicant in new window
- Applicant chooses whether or not to transfer data to FOTW



IRS Data Retrieval Tool

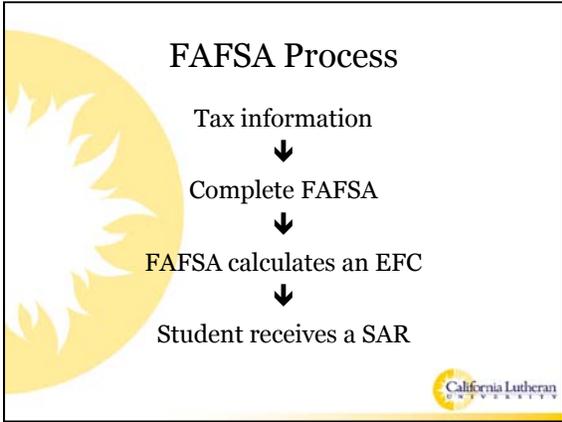
- Available late January 2011 for 2011-12 processing cycle
- Participation is voluntary
- Could reduce number of documents requested by Financial Aid Office
- Accuracy of tax data



How to Apply for Financial Aid continued...

- Students will receive a Student Aid Report (SAR) once the FAFSA is completed
- Data is sent to the California Student Aid Commission (CSAC) and merged with GPA Verification information to determine if student is eligible for a Cal Grant





Making Corrections

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

- Using FAFSA on the Web (www.fafsa.gov) if student has a PIN;
- Updating paper SAR (SAR Information Acknowledgement cannot be used to make corrections); or
- Submitting documentation to the college's Financial Aid Office

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How to Apply for Financial Aid continued...

- For the 2011-12 academic year, the FAFSA may be filed beginning January 1, 2011
- In order to be considered for a Cal Grant, your GPA Verification information and FAFSA deadline is March 2, 2011
- Colleges may set FAFSA filing deadlines
- Ask all colleges you apply to if other forms or applications (i.e., CSS Profile) are required to apply for financial aid

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FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10 to 14 days after FAFSA submitted
- College reviews ISIR
 - May request additional documentation, such as copies of federal tax returns



Frequent FAFSA Errors

- Social Security Numbers
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth



FAFSA Database Matches

- The information you listed on your FAFSA will be verified with various databases, including:
 - Social Security Administration
 - Selective Service System
 - Department of Homeland Security
 - National Student Loan Data System
 - Department of Veterans Affairs
- On occasion, your information will not match with one or more of the databases. If this is the case, you will be notified on your SAR. Be sure to review your SAR comments to learn if any resolution is required.



Understanding College Costs

- College can be expensive, but it's worth it!
- Direct costs: Tuition, fees, etc.
- Indirect costs: Books, transportation, etc.
- Direct costs + Indirect costs = Cost of Attendance (COA)
- COA varies widely from college to college



Expected Family Contribution

- The Expected Family Contribution (EFC) is the amount a family can reasonably be expected to contribute towards the student's college expenses as calculated by the US Department of Education
- Two components: Parent contribution and student contribution



Expected Family Contribution

- Calculated using data from the FAFSA and a federal formula
- "The need analysis formula is not a cash flow analysis, but an attempt to measure the relative financial strength of a family to meet educational expenses over time."
- Stays the same regardless of the college
- Colleges use the EFC to calculate the student's Financial Aid Award



What is Financial Need?

- Difference between COA and EFC
 - Cost of Attendance
 - Expected Family Contribution
 - = Financial Need
- Because COA varies widely from college to college, Financial Need will also vary depending on the college



Sources of Financial Aid

- Federal government
 - Largest source of financial aid
 - Must complete the FAFSA every year
- States
 - Usually have residency requirements
- Colleges/Universities
 - Offer both merit and need-based aid
- Private sources
 - Small awards add up!



Categories of Financial Aid

- Need-based
 - Student must demonstrate Financial Need in order to be considered for need-based aid
- Non-need based
 - Students are eligible for non-need based aid, regardless of Financial Need



Types of Financial Aid

- Need-based
 - Grants/Scholarships
 - Federal Work-Study
 - Loans
- Non-need based
 - Scholarships
 - Loans



Common Federal Aid Programs

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education Grant (TEACH)
- Federal Supplemental Educational Opportunity Grant
- Federal Perkins Loan
- Federal Work-Study
- Stafford Loans
- PLUS Loans



Grants

Do NOT have to be paid back!

- Cal Grants (from the state of CA)
 - Residency requirements
 - “A” is typically awarded at Universities
 - “B” is typically awarded at Community Colleges
 - “C” is for vocational programs
 - Need and Merit-based (GPA)
 - Uses FAFSA data - school is first one listed on your FAFSA
 - Cal Grant A Reserve



Grants

- Federal Pell Grant
 - Need based
 - Student must demonstrate high Financial Need in order to be eligible
- Federal Supplemental Educational Opportunity Grant (FSEOG)
 - Need based
 - Each college awards differently



Federal Work-Study

- Federal Work-Study
 - Need-based
 - Gives students the opportunity to apply for part-time employment to help pay for educational costs
 - Each college awards differently based on the school's allocation and internal policies



Loans

ONLY BORROW WHAT YOU REALLY NEED!

- Federal Perkins Loan
 - Need-based
 - Each college awards differently based on the school's funded amount and internal policies
 - Fixed interest rate is 5.0%
 - Interest will not accrue while student is in school
 - Repayment begins after graduation



Loans

- Federal Direct Stafford Loans
 - Subsidized (Need-based)
 - 2011-12 fixed interest rate is 3.4%
 - Government pays interest while student is in school
 - Repayment begins after graduation/less than half-time attendance
 - Unsubsidized (Non-need based)
 - 2011-12 fixed interest rate is 6.8%
 - Interest will accrue while student is in school
 - Repayment begins after graduation/less than half-time attendance



Loans

- Federal Direct Parent PLUS Loan
 - Non-need based, requires credit approval
 - Fixed interest rate is 7.9%
 - Repayment begins 60 days after final disbursement
- Alternative/Private Loan
 - Non-need based, requires credit approval
 - Variable interest rates and fees
 - Repayment varies by lender



Scholarships

Do NOT have to be paid back!

- Institutional Scholarships
 - Merit (GPA and test scores)
 - Skill/Unique characteristic/Major (Fine Arts)
 - Athletic
 - Other
- Outside Scholarships (CLU's information)
 - Civic and Local organizations
 - Churches
 - Employers
 - Private list serves: (i.e., fastweb.com)



Awarding Principles

- To the extent that they are able, parents have the primary responsibility to pay for their dependent child's college education
- Students also have a responsibility to contribute towards their educational expenses
- Remember, your EFC considers two components: the parent contribution and the student contribution



Special Circumstances

- Cannot report on FAFSA
- Call the Financial Aid Office to determine institution's policy on applying for a "Special Circumstance" – many will require a written explanation and additional documentation
- Change in employment status/high medical expenses/death of a parent
- Student cannot obtain parent information



Frequently Asked Questions

- How do I find other forms of aid?
 - In addition to filing the FAFSA, ask the college about institutional scholarships and loan programs; check out private scholarship web searches; or talk to the High School Guidance Counselor



Frequently Asked Questions

- My taxes wont be completed until April. Should I wait to file the FAFSA?
 - **No!** Apply now and use the “Will File” indicator. Refer to last year’s final pay stub, W-2’s, or your own estimates for all the financial questions on the FAFSA. Once you’ve completed your taxes, be sure to update your FAFSA (this may cause changes to your EFC and/or your financial aid award).



Frequently Asked Questions

- My parents are divorced. Whose tax information do I use?
 - For the FAFSA, use your custodial parent-who you live with more than 50% of the time. If he or she has remarried, you must include the stepparent’s information as well. (The CSS Profile will also ask for non-custodial parent information.)



Frequently Asked Questions

- We have accumulated much credit card debt; therefore, we really do not have that much money. Is there any way to show that on the FAFSA?
 - No, the FAFSA does not consider outstanding credit card debt.



Frequently Asked Questions

- Will my Financial Aid Award be the same every year?
 - This depends... because each year you must file the FAFSA based on the prior year's tax information, your award can change. If there is a substantial increase or decrease in the family size, income, etc., then the award may be different because of the new calculations based on the new data submitted.



Financial Aid Websites

- **FAFSA:** www.fafsa.gov
 - FAFSA application, apply for PIN
- **Cal Grant:** www.calgrants.org
 - Monitor your Cal Grant application
- **College Board:** www.collegeboard.org
 - Financial tip sheets, general information
- **Fin Aid:** www.finaid.org
 - Financial aid information
- **Fast Web:** www.fastweb.com
 - One scholarship search engine
- **College/University websites**
 - CLU's website- www.callutheran.edu



Questions from the Audience