

Financial Aid 101

McGregor High School
February 3, 2009



Tonight's Topics



1. What is Financial Aid?



2. Types of Financial Aid



3. The Financial Aid Process



What is Financial Aid?



What is Financial Aid?

Financial Aid

- Money to help you pay for college

Who does it come from?

- There are three partners who share responsibility of educational costs: students, parents, and taxpayers (government)
- It is the parents' and student's responsibility to pay for higher education expenses to the extent that they are able
- Aid dollars come from the federal government, state government, colleges, and private organizations



What is Financial Aid?

Who is Eligible?

You must:

- Be a citizen or eligible non-citizen of the U.S.
- Have a high school diploma or GED
- Be seeking a degree/diploma/certificate at the school you are attending
- Register with the Selective Service (men only)
- Maintain satisfactory academic progress as determined by your college (*2.0 cumulative GPA and completion of 67% or more of attempted credits*)



Types of Financial Aid



Types of Financial Aid

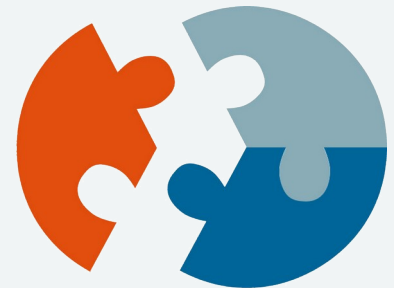
Three Types of Aid



Types of Financial Aid

Gift Money

- **Grants**
 - **Based on financial need**
 - **From government and colleges**
 - Federal Pell Grant
 - Federal SEOG Grant
 - Federal Academic Competitiveness Grant
(Final High School Transcript must be on file with the college.)
 - Federal SMART Grant
 - Minnesota State Grant
 - Tribal Grants
 - Other/Institutional Grant
 - Federal TEACH Grant (non-need based)



Types of Financial Aid

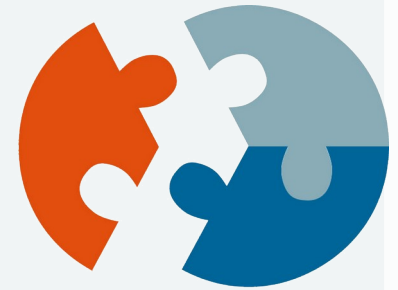
Gift Money

- **Scholarships**

- Based on various criteria
- From colleges and other organizations
 - MN Achieve www.getreadyforcollege.org/achieve
 - MN Indian Scholarship www.getreadyforcollege.org
 - Grand Rapids Community Foundation Scholarship Program www.gracf.org
 - High School Counselor is best resource
- **See handout for more information**



BLANDIN FOUNDATION



Types of Financial Aid

Earned Money

- **Work-Study Programs**
 - Students work part time, usually on campus
 - Earnings are paid as hours are worked
 - Money earned helps pay for college
 - ICC students currently earn \$8 per hour.



Types of Financial Aid

Borrowed Money - Federal Loans

Every family should file a FAFSA. *Regardless of income, every student qualifies for a Federal Stafford loan, if they meet the basic eligibility requirements.*

Benefits of a federal student loan:

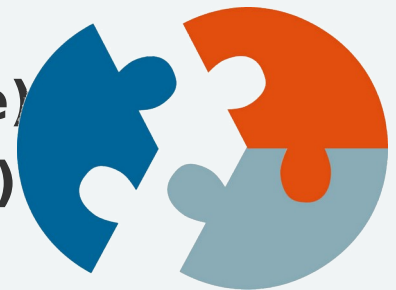
- **You don't have to repay until you leave school**
- **Lower interest rates than private loans or credit cards**
- **Credit record is not needed**
- **Co-signer is not required**



Types of Financial Aid

Borrowed Money (Loans)

- **Must be repaid with interest.**
- **Need-based**
 - **Federal Perkins Loan (5% fixed)**
 - **Federal Subsidized Stafford Loan (5.4% fixed)**
- **Not need-based**
 - **Federal Unsubsidized Stafford Loan (6.8% fixed)**
 - **Federal PLUS Loan (8.5% fixed)**
 - **Minnesota SELF Loan (variable rate)**
 - **Private/Alternative Loans (variable)**



The Financial Aid Process



The Financial Aid Process

Applying for Financial Aid

- To get aid, you have to apply
 - The ***FREE*** Application for Federal Student Aid (FAFSA)
 - Additional application or verification forms
 - Scholarships

- Apply regardless of family income
 - You and your family don't make too much or too little to apply



The Financial Aid Process

The FAFSA *The tool used to measure a family's ability to pay*

- It's FREE!
- Complete as soon as possible after January 1st, but usually once your taxes are completed. Complete your taxes early!
- Online (www.fafsa.ed.gov) FAFSA submission began January 1, 2009
- Final 09-10 FAFSA deadline is June 30, 2010
- FAFSA must be received within 30 days of term start date to receive MN State Grant for a term
- College financial aid deadlines are usually earlier than FAFSA and State Grant deadlines, so check with the college(s) of your choice.



The Financial Aid Process

www.fafsa.ed.gov



FAFSA Home Student Aid on the Web Application Deadlines PIN Site Help Contact Us FAQs Site Map About Us

- 1 Before Beginning a FAFSA
- 2 Filling Out a FAFSA
- 3 FAFSA Follow-Up

Special Announcements

Alert! Important information about two new grant programs.

Juniors. Looking for an early start on the FAFSA?



High school juniors can take advantage of our FAFSA4caster Web site and learn about the financial aid process, gain early awareness of aid eligibility, and much more.

[Link to FAFSA4caster](#)

Federal Student Aid FAFSA



We have simplified the process of filling out the FAFSA. You can follow each section all of the way through for a comprehensive set of instructions.

Before Beginning a FAFSA 1

Get organized! To simplify the application process, gather required documents and other information ahead of time.

- [Determine Your Dependency Status](#)
- [FAFSA on the Web Worksheet](#)
- [Search for School Codes](#)
- [Students & Parents Apply for a PIN](#)
- [Check Application Deadline Dates](#)

Filling Out a FAFSA 2

Fill out the FAFSA! The FAFSA has seven steps that ask about you, your financial information, your school plans, and more.

- [Fill Out Your FAFSA](#)
- [Open Your Saved FAFSA or Correction Application](#)
- [Sign Electronically With Your PIN](#)

FAFSA Follow-Up 3

View your results online! You can check the status of your application, make corrections to a processed FAFSA, and get other information.

- [Check Status of a Submitted FAFSA or Print Signature Page](#)
- [Make Corrections to a Processed FAFSA](#)
- [Add or Delete a School Code](#)
- [View and Print Your Student Aid Report](#)

FAFSA ALERTS:

FAFSA Deadlines:

Submit 2007-2008 FAFSA on the Web Applications by **midnight Central Daylight time**, June 30, 2008.

Submit 2008-2009 FAFSA on the Web Applications by **midnight Central Daylight time**, June 30, 2009. [More>](#)

Scheduled Maintenance:

FAFSA on the Web will be unavailable every Sunday from 5 a.m. to 9 a.m. (Eastern Time). We apologize for any inconvenience this may cause. [More>](#)

- Apply
- Reapply
- Apply for PIN
- Find college codes
- Check status of FAFSA
- Make corrections
- Add additional colleges
- Print SARs



The Financial Aid Process

Preparing for the FAFSA

- **Apply for a Department of Education PIN (www.pin.ed.gov)**
 - Can be used each year applying for aid
 - You and your parents need separate PIN's
 - **Make sure name/DOB matches name/DOB used on Social Security card**
 - Many PINs reject because mother's maiden name is still on Social Security card
 - **Applicants will be required to select and answer challenge question to initialize/activate PIN**



The Financial Aid Process



The screenshot shows the homepage of the Federal Student Aid PIN website. At the top left is the logo with the text "START HERE GO FURTHER FEDERAL STUDENT AID". To the right of the logo is the title "Federal Student Aid PIN". Below the title is a navigation menu with links: "PIN Home", "Help", "Contact Us", "FAQs", and "About Us". On the left side, there is a vertical menu with options: "Apply For A PIN", "Check PIN Status", "Request A Duplicate PIN", "Change My PIN", "Update My Personal Information", "Disable My PIN", "Reestablish My PIN", and "Activate My PIN". Below this menu is a "Helpful Links" section with two links: "Student Aid on the Web" and "Links to Federal Student Aid Electronic Services". The main content area features a large heading "Welcome to the Federal Student Aid PIN Web site" with a blue dot graphic. Below this heading is a paragraph of text explaining the purpose of the website. To the right of the main text is a blue box titled "Apply For a PIN" with a sub-heading "The PIN Application is for students and parents to apply for a new Federal Student Aid PIN." and a button labeled "APPLY NOW". At the bottom of the page, there is a footer with "Site Last Updated: Sunday, December 31, 2006" and a row of links: "FOIA | Privacy | Security | Notices" and "WhiteHouse.gov | FirstGov.gov | ED.gov".

To Register:
www.pin.ed.gov

PIN can be used:

- As electronic signature on FAFSA on Web
- Check application status
- Make corrections
- Sign master promissory note for federal loans
- Look up student's student loan and grant history



The Financial Aid Process

Information for the FAFSA


- Have financial information and records available for both you and your parents
 - Bank statements
 - Income amounts (W-2 forms and tax returns)
 - Investment records
 - Other



The Financial Aid Process


Preparing for the FAFSA

- Complete the FAFSA on the Web Pre-Application Worksheet
 - Now available!
 - Organized like the FAFSA on the Web
 - Collect information and prepare answers



FAFSA
U.S. DEPARTMENT OF EDUCATION
FEDERAL STUDENT AID

FAFSA ON THE WEB WORKSHEET
www.fafsa.ed.gov



START HERE
FEDERAL STUDENT AID

DO NOT MAIL THIS WORKSHEET.

You must complete and submit a *Free Application for Federal Student Aid (FAFSA)* to apply for federal student aid and to apply for most state and college aid. Applying online with *FAFSA on the Web* at www.fafsa.ed.gov is faster and easier than using a paper FAFSA.

For state or college aid, the deadline may be as early as January 2008. See the table to the right for state deadlines. Check with your high school counselor or your college's financial aid administrator about other deadlines.

- Complete this Worksheet only if you plan to use *FAFSA on the Web* to apply for federal student aid.
- Sections in purple are for parent information.
- In parentheses after each question is the number that is used on *FAFSA on the Web* and the paper FAFSA.
- Submit your FAFSA early, but not before January 1, 2008.

Apply Faster—Sign your FAFSA with a Federal Student Aid PIN. If you do not have a PIN, you can apply for one at www.pin.ed.gov. You will receive your PIN and then you can electronically sign when you submit your FAFSA. If you are providing parent information, one parent must also sign your FAFSA. To sign electronically, your parent should also apply for a PIN.

You will need the following information to complete this Worksheet:

- Your Social Security Number and your parents' Social Security Numbers if you are providing parent information;
- Your driver's license number if you have one;
- Your Alien Registration Number if you are not a U.S. citizen;
- 2007 federal tax information or tax returns (including IRS W-2 information) for yourself (and spouse if you are married) and for your parents if you are providing parent information. If you have not yet filed a 2007 income tax return, you can still submit your FAFSA but you must provide income and tax information.
- Records of untaxed income, such as Social Security benefits, welfare benefits (e.g., TANF), and veterans benefits, for yourself, and your parents if you are providing parent information; and
- Information on savings, investments, and business and farm assets for yourself, and your parents if you are providing parent information.

WARNING!
Be wary of organizations that charge a fee to submit your application or to find you money for college. In general, the help you pay for can be obtained for free from your college or from Federal Student Aid.

NOTE:
If you or your family have unusual circumstances (such as loss of employment), complete *FAFSA on the Web* to the extent you can, then submit the application and consult the financial aid office at the college you plan to attend.

STATE AID DEADLINES

Check with your financial aid administrator for these states and territories: AL, *AS, CO, *EM, GA, *GU, *HI, *MH, *MP, NE, *NM, *NV, OR, PR, *PW, *SD, *TX, UT, *VA, *VI, *VT, WA, WI, and *WY

AK	April 15, 2008 (date received)
AR	Academic Challenge - June 1, 2008 Workforce Grant - Contact your financial aid administrator Higher Education Opportunity Grant - June 1, 2008 (fall term) - November 1, 2008 (spring term) (date received)
AZ	June 30, 2009 (date received)
CA	Initial awards - March 2, 2008 Additional community college awards - September 2, 2008 (date postmarked) February 15, 2008 (date received)
* CT	June 30, 2008 (date received by state)
* DC	June 30, 2008 (date received by state)
DE	April 15, 2008 (date received)
FL	May 15, 2008 (date processed)
IA	July 1, 2008 (date received)
* ID	March 1, 2008 (date received)
* IL	First-time applicants - September 30, 2008 Continuing applicants - August 15, 2008 (date received)
IN	March 10, 2008 (date received)
* KS	April 1, 2008 (date received)
* KY	March 15, 2008 (date received)
LA	July 1, 2008 (date received)
* MA	May 1, 2008 (date received)
MD	March 1, 2008 (date received)
ME	May 1, 2008 (date received)
MH	March 1, 2008 (date received)
MN	30 days after term starts (date received)
MO	April 1, 2008 (date received)
* MS	MTAG and MESA Grants - September 15, 2008 HELP Scholarship - March 31, 2008
* MT	March 1, 2008 (date received)
NC	March 15, 2008 (date received)
ND	March 15, 2008 (date received)
NH	May 1, 2008 (date received)
NJ	June 1, 2008, if you received a Tuition Aid Grant in 2007-2008 All other applicants - October 1, 2008, fall and spring terms - March 1, 2009, spring term only (date received)
* NY	May 1, 2009 (date received)
OH	October 1, 2008 (date received)
* OK	April 15, 2008 (date received) for best consideration
* PA	All 2007-2008 State Grant recipients & all non-2007-2008 State Grant recipients in degree programs - May 1, 2008 All other applicants - August 1, 2008 (date received)
* RI	March 1, 2008 (date received)
SC	Tuition Grants - June 30, 2008 (date received)
* TN	State Grant - March 1, 2008 State Lottery - September 1, 2008 (date received)
* WV	March 1, 2008 (date received)

* For priority consideration, submit application by date specified.
* Additional form may be required.



The Financial Aid Process

Am I Considered Independent?

- At least 24 years old;
- Graduate or professional student;
- Married;
- Has child for whom student provides more than half support;
- Has dependent other than child or spouse who lives with student and for whom student provides more than half support;
- In foster care, an orphan, or a ward of the court, at any time when the individual is 13 years of age or older;
- Is an emancipated minor or is in legal guardianship;
- Has been verified as an unaccompanied youth who is homeless or at risk of homelessness and is self-supporting;
- Veteran of the U.S. Armed Forces or currently serving active duty for other than training purposes in the U.S. Armed forces; or
- Determined to be independent by the financial aid administrator via Dependency Override



(Parents' refusal to provide support or financial data is insufficient to make a student independent regardless of tax filing status)



The Financial Aid Process

Parent Information

If biological/adoptive parents are married, report information for both parents

If biological/adoptive parents are divorced or separated, provide information for parent:

- Student lived with the most in last year
- Or, if lived equal periods with each parent, parent who provided the most financial support in last year or most recent year support provided
 - If that parent remarried, include stepparent's information, even if stepparent did not adopt student

Grandparents, foster parents, other relatives and legal guardians are NOT considered parents on the FAFSA unless they legally adopted student

- If student is orphan or is/was ward of the court, student should apply as independent



The Financial Aid Process

What other information does the FAFSA ask for?

- Parent Income
- Student Income
- Untaxed Income
- Exclusions
- Assets
- Family Size
- Number Attending College
- Dislocated worker, TANF, WIC, Reduced lunch, SSI, Food Stamps
- Interested in student loans?
- Interested in work-study?
- College choices



The Financial Aid Process

Frequent FAFSA Errors

- **Missing Signatures/PIN**
- **Wrong Social Security Number**
- **Using nicknames**
- **Using wrong parent information**
- **Not reporting untaxed income**
- **Incorrect reporting of U.S. income taxes paid**
- **Number in college (do not include PSEO/parent)**
- **Real estate and investment net worth**



The Financial Aid Process

Student Aid Report (SAR)

- **Sent to you after FAFSA is processed**
 - If you provided an email address, you get a notification containing a link to it online
 - Paper version via mail
- **Contains your Expected Family Contribution (EFC)**
- **Info is sent automatically to colleges you listed**
- **Verify information is correct and make necessary corrections**



The Financial Aid Process

Verification

- **Certain FAFSA applications are selected for Verification (at least 30%)**
- **If selected, family must complete Verification Worksheet sent by Financial Aid Office**
 - Must attach tax returns, including Schedule C, W-2 forms and other supporting documentation
- **After financial aid administrator has made corrections based on Verification, family should not make additional corrections without consulting Financial Aid Administrator**



The Financial Aid Process

The Financial Aid Office

1. **Determines students' eligibility for financial aid based on FAFSA results**
2. **Packages and offers financial aid to students**
 - based on eligibility
 - attempt to meet financial need



NOTE: Students must be admitted to the college before they can receive an award letter.



How Financial Aid is Awarded

Cost of Attendance

- Calculated using county housing/living expense data, mileage surveys, etc.
- Many schools have three categories for those living on-campus, off-campus, or with parents.
 - Tuition
 - Room and board
 - Books
 - Transportation
 - Personal expenses



How Financial Aid is Awarded

Cost of Attendance: Itasca Community College (for student living off-campus)



Tuition & Fees (30 cr.)	\$ 4,653
Room & Board	\$ 6,516
Books & Supplies	\$ 1,000
Personal & Travel	<u>\$ 4,301</u>
TOTAL Estimated Cost	\$16,470*

* Based on 2009-2010 estimated information.



How Financial Aid is Awarded

Expected Family Contribution (EFC)

- Calculated from information you provide on the FAFSA
- The FAFSA formula “funnels” your information to come up with one number in the end; the EFC.
- The EFC is the amount you and your parent(s) may be expected to contribute
- You don't pay it up front
- Used to determine how much aid you're eligible for



How Financial Aid is Awarded

Financial Need is determined based on school costs and the results of your FAFSA

- Many (but not all) types of aid are based on financial need
 - Grants
 - Perkins loans
 - Subsidized Stafford loans
 - Federal Work-Study Program



Here is how it is calculated:

**Cost of Attendance (COA for one year)
- Expected Family Contribution (EFC)**



= Financial Need



How Financial Aid is Awarded

Financial Need Varies by School Cost

	School 1	School 2	School 3
Cost of Attendance	\$ 27,394	\$ 17,425	\$ 12,056
Less EFC	\$ 8,027	\$ 8,027	\$ 8,027
Need	\$ 19,367	\$ 9,398	\$ 4,029



The Financial Aid Process

The Financial Aid Office

- 1. Determines students' eligibility for financial aid based on FAFSA results**
- 2. Packages and offers financial aid to students**
 - based on eligibility
 - attempt to meet financial need
- 3. Sends an award notification which details:**
 - Cost of attendance
 - Types and amount of financial aid
 - Conditions of the award
 - How to apply for loans and work study
 - Disbursement procedure

NOTE: Students must be admitted to the college before they can receive an award letter.



The Financial Aid Process

Professional Judgment

Examples such as:

- Loss of income in 2009 compared to 2008
- Social Security/child support benefits ending
- Extreme medical expenses
- Separation/divorce/death
- Private tuition expenses
- Settlements
- One time income (not typical)
- Non-discretionary circumstances

- Contact the Financial Aid Administrator

**Aid Administrator may be able to make adjustments to certain data items on your FAFSA that MAY increase your eligibility for need-based aid.



The Financial Aid Process

Review of Application Steps

- Obtain PIN for both STUDENT and PARENT
- File federal income tax returns
- Complete FAFSA
- Complete School's Financial Aid Application (if applicable)
- Review Student Aid Report (SAR) and make corrections if needed
- Apply for scholarships
- Complete verification process
- Review your award letter and billing statement to determine if loan funding is needed
- Complete loan applications/apply for work-study positions

Reminders:

- ◆ Apply for financial aid each year
- ◆ Check priority dates and deadlines
- ◆ Do not share your federal PIN



Questions



Gift Card Drawing

