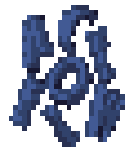


Financing a College Education 2014-2015



TRiO

Educational Talent Search
& Upward Bound



BOISE STATE UNIVERSITY

Overview

- What is Financial Aid?
- Types of financial aid
- Financial aid determination
- Applying for financial aid

What is financial aid?

- Any money from outside of the family that pays for postsecondary education

Types of Financial Aid

(1) Scholarships

(2) Grants

(3) Employment

(4) Loans

SCHOLARSHIPS



Check if the scholarships you receive are renewable and if so, what the criteria is for renewal each year!

SCHOLARSHIPS-From the COLLEGE

- Academic (Merit-based)
- Low income (Need-based)
- Athletic (academics still a primary factor for selection)
- High School/college involvement
- Minority/ethnic based
- Talent (portfolio or audition),
- Competition Day



Always search each college website or contact each college to check for additional scholarships, then complete applications & submit by the deadlines:

- (1) 'Financial Aid' → 'Scholarships' → 'Freshman' →...**
(2) Admissions (WUE) (3) Specific Major Department

SCHOLARSHIPS-Outside*

- ***Check with your counselor/career center about a H.S. list***
- Check with parent/student employer
- Check with parent/student affiliations
- Community service organizations
- Local businesses and civic organizations
- Do internet searches

*** Application deadlines vary throughout the year**

SCHOLARSHIP SCAMS

- Never pay any fees for application or processing
- Never give credit card or bank account information
- Confirm that scholarship has contact information
- Never trust these claims:
 - “Guaranteed scholarship or your money back...”
 - “You can’t get this information anywhere else...”
 - “We’ll do all the work for you...”
 - “Exclusively offered to you...,” “You’re a finalist!” or “You’ve been selected...” — when you’ve never applied
- Info. at Federal Trade Commission: **www.ftc.gov**

GRANTS

All of the following grants are applied for by completing the **FAFSA** (**F**ree **A**pplication for **F**ederal **S**tudent **A**id)



Federal Pell Grant

- Eligible students
 - Undergraduates pursuing their first bachelor's degree or licensing program at a "FAFSA-accredited" college
 - Award amount based on Cost of Attendance (COA), Expected Family Contribution (EFC), and enrollment status (pro-rated part-time to full-time unit status)
 - *Typically, a family with children who qualify for free or reduced lunch would receive a Pell Grant, including certain larger families with incomes up to \$50,000/yr.*
- Max annual award for 2014-2015: **\$5,750/year**
- May receive for **6 Full-time Equivalent Years**,
excluding summers

Info: studentaid.ed.gov/types/grants-scholarships/pell

Federal Supplemental Educational Opportunity Grant (FSEOG)

- Eligible students
 - Awarded first to students with **exceptional financial need** (i.e., students with the lowest EFCs at that school)
 - Priority to Federal Pell Grant recipients
- Annual award amount
 - \$100 minimum to \$4,000 maximum/year
 - Typical award: **\$500-\$2,000/year**

Info: **studentaid.ed.gov/types/grants-scholarships/fseog**

TEACH Grants

Teacher Education Assistance for College and Higher Education

- **Eligible students**

- Undergrad or grad school
- U.S. citizen or eligible non-citizen
- Enrolled in teaching-related courses
- Meet academic req' ts such as: 75%-tile on college admission test & 3.25 college GPA
- Sign a “Teach Grant Agreement to Serve”
- Teach at least 4 years within 8 years of completing college at a designated low-income school listed at: **www.tcli.ed.gov**



TEACH Grant (cont' d)

- **High-Need Fields:**
 - Bilingual Education, English Language Acquisition, Foreign Language, Mathematics, Science, Reading Specialist, Special Education
 - Other teacher shortage areas identified at:
www.ed.gov/about/offices/list/ope/pol/tsa.doc
- **Annual award amount--Up to \$4,000/year**
- **Failure to comply with Teach Grant rules will cause the grant amounts along with accrued interest from the initial grant award date to be permanently converted to a loan with interest.**
- **Info: studentaid.ed.gov/types/grants-scholarships/teach**

EMPLOYMENT



Federal Work-Study

- Undergraduate or graduate students are eligible
- Employment may be on or off campus
- Generally 10-20 hours/week
- Offered to student as part of financial aid package if requested on FAFSA
- **Student receives a paycheck as with any other job, however ...**

Federal Work-Study (cont' d)

...income from work-study is excluded from student's income on following year's FAFSA, so work-study income will not lower the next year's aid as a regular job income will.*

***A student may earn about \$3,000/year of regular job income that will not decrease their aid award.**

Check “yes” on FAFSA for work-study, accept work-study employment if offered, or, if not offered, check with financial aid office to see if you might be eligible as part of aid package !!!

LOANS



Working long hours during school decreases the student's study time & perhaps their GPA, increases the number of years it takes to complete a degree (at a typical cost of at least \$15,000/yr), and work income may directly decrease your financial aid award the following year (if Pell Grant eligible).

Obtaining a reasonable amount of student loan debt, and thereby working less hours, can benefit the student in many ways (as listed above) and is a good investment for the future.

Federal Perkins Loan

- Eligible students
 - Undergraduate or graduate students
 - Priority to students who show ***exceptional need*** as determined by FAFSA and school
- Maximum annual loan amount
 - Up to \$5,500/yr for undergraduate students
 - Up to \$8,000/yr for graduate and professional degree students

Info: **studentaid.ed.gov/types/loans/perkins**

Federal Direct Loans

- School determines loan eligibility and delivers loan proceeds to the student.
- **Subsidized**
 - Government makes interest payments while student in college
 - **Must demonstrate “need” from FAFSA/EFC**
- **Unsubsidized**
 - Student interest accrues & is capitalized while student in college (interest payments may be made by student while in school)
 - Financial need is not a consideration

Costs of Borrowing Direct Loans

- Fixed interest rate while in school, grace, deferment and repayment periods:
- 2013-2014 Interest Rates:
 - fixed 4.66% for subsidized
 - fixed 4.66% for unsubsidized
- 1% loan origination fee



Info: studentaid.ed.gov/types/loans/subsidized-unsubsidized

Repayment of Direct Loans

- Six-month grace period
- Minimum payment : 10% of income
- Maximum repayment period: 10 up to 30 years
- Cancellation provisions available, including loan forgiveness after 10 years of on-time payments
- Deferment provisions available:
 - Unemployment; Partial Disability
 - Other documented hardship
 - Peace Corp, Military or other public service

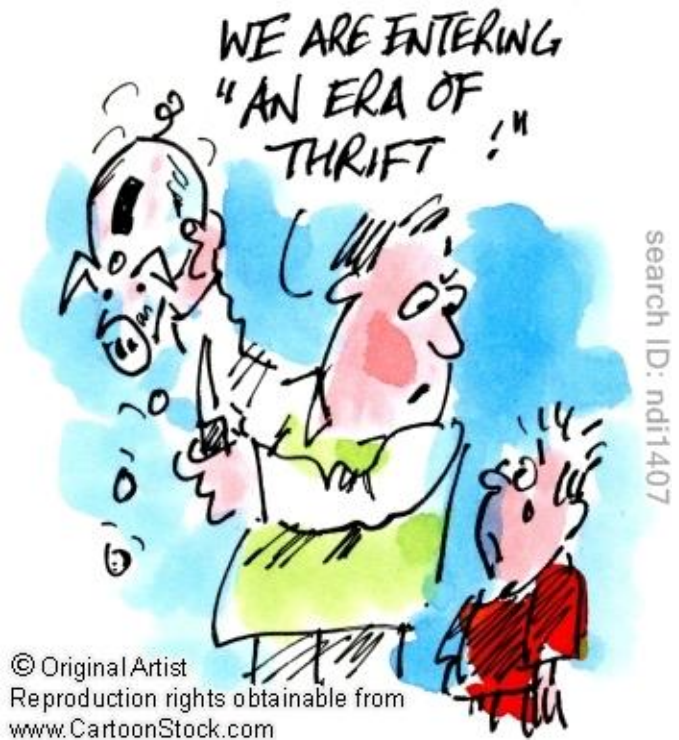


PLUS (Parent) Loans

- For the previous Perkins & Direct loans, programs the borrower was solely the student.
- In following “PLUS” loan program, **the borrower is the parent** of a dependent undergrad. student.
- Annual loan limit = Cost of Attendance (COA)
-minus student’s other aid
- Repayment period: Up to 10 years
- **Repayment begins 60 days after loan is fully disbursed each term**

PLUS (Parent) Loans

- Fixed interest rate of 7.21% (2013-2014)
- 4% Loan Origination Fee
- Direct Loan Program
- Deferment provisions



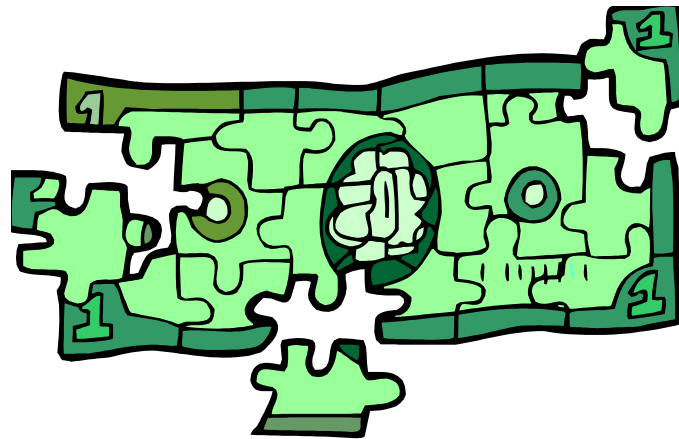
Info: studentaid.ed.gov/types/loans/plus

Other Parent Loans/Resources

- Parents should also research other types of loans from their own banks, credit unions, retirement accounts, investment accounts, rich relatives, or home equity loans to find the best rates and most tax advantageous sources of extra funds.
- Also investigate UGMA, UTMA, Coverdell Educational Savings Accounts (ESA), “529” College Saving Plans and other savings options for tax advantages.

(See IRS pub 970: “Tax Benefits for Education”)

FINANCIAL AID DETERMINATION

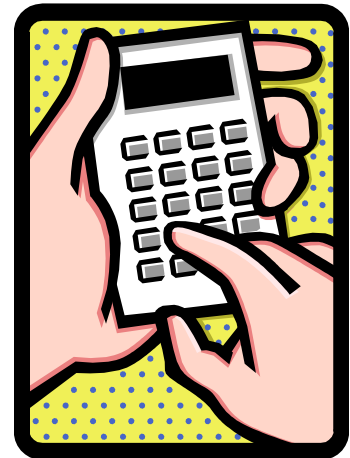


Role of the College Financial Aid Office

- Determines Cost of Attendance at their college
- Determines student eligibility for financial aid
- Provides Aid “Package” to student
- Sends an award notification which includes:
 - Student’ s cost of attendance
 - Student’ s EFC
 - Amount of student’ s financial need
 - Programs and amount of each program for which the student is eligible
 - How and when aid will be disbursed
 - Terms and conditions of student’ s award

Cost of Attendance (COA)

- Tuition and fees (**Tuition is typically the same for a full-time student taking 12 units up to 17 units, so it is a better value to take more units per semester**)
- Room and board
- Books and supplies, equipment, transportation, and miscellaneous personal expenses, including documented costs for a personal computer
- Loan fees
- Study abroad costs
- Dependent care expenses
- Expenses related to a disability
- Travel expenses to & from home



Cost Of Attendance (COA)

Typical In-State:

• Tuition and fees	\$5,500/yr
• Health Insurance*	\$1,400/yr
• Books and Supplies	\$1,200/yr
• Transportation	\$1,500/yr
• Personal Expenses	\$1,400/yr
• Housing/Food**	<u>\$6,000/yr</u>

TOTAL \$17,000/yr

***Health Insurance premium may be waived each term with proof of coverage by student or parent health insurance plan**

**** If student is lives at home--saves about \$5,000+/yr**

Definition of Financial Need

Cost of Attendance (COA)



– **Expected Family Contribution (EFC)**
(Determined from FAFSA)

= **Financial Need** (The extra funds the family needs to pay for college)

Expected Family Contribution (EFC) (Dependent Student)

Parent contribution*

(Roughly 5-8% of income and assets, excluding primary home. Adjusted if more than one household student member in college)

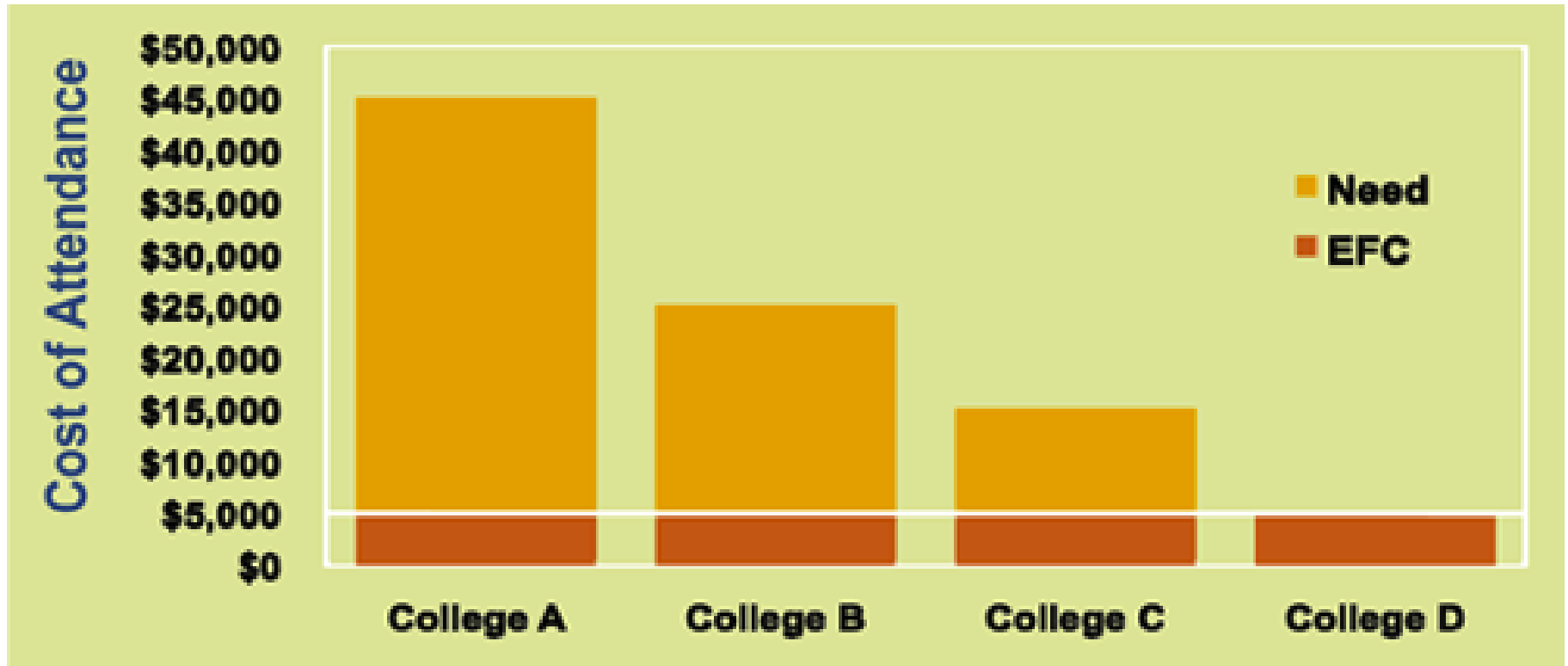
+ Student contribution*

(Roughly 50% of student income above a \$3,000 income allowance, plus 20% of student assets)

= **EFC**

***Keeping college fund assets under a parent or other name & SS#, rather than the student's, may increase the aid award.**

Financial Need



The **EFC** remains constant, however the **NEED** varies with the **Cost Of Attendance**

APPLYING for FINANCIAL AID

- To ensure maximum consideration for federal, state, and college-based aid & scholarships, check with each school's admission and financial aid offices and...
- **Submit all required application materials and all supplemental scholarship apps by the school's Financial Aid/Scholarship priority deadline.**
- **Submit the FAFSA by the earliest priority financial aid deadline of colleges student is considering (Typically some date in February)**

CSS/Financial Aid PROFILE®

- A supplemental financial aid application
- Required by some selective colleges
- Usually submitted earlier than and in addition to the FAFSA
- Application Fee required (on-line waiver automatic if qualified)
- Up to 200 financial questions for custodial **and non-custodial parent** households
- More info and list of colleges using Profile at: **profileonline.collegeboard.com**



FAFSA

Free Application for Federal Student Aid

- Used to apply for federal (Pell) grants, state grants, federal work-study, and student loans.
- **FAFSA submission and SAR may be required for certain scholarship applications.**
- Apply on-line at: **www.fafsa.gov**
- Submit on-line **beginning January 1, 2015**, and **before** priority financial aid deadline.
- ***Do not go to any .com website***
- ***Do not pay for any FAFSA filing services***

Apply on-line for a PIN (Personal Identification Number)

- A security ID number issued by the U.S. Dept. of Education
- Used as the student's and parent's electronic signatures and security access for:
 - Signing the online FAFSA
 - Signing online corrections to the FAFSA
 - Signing online promissory loan notes
 - For access to loan balances and financial aid business during and after college

FAFSA Process

- Complete 2014 Federal Taxes before FAFSA due date **(Does not have to be submitted or paid yet)** OR estimate answers using 2013 taxes & 2014 estimates; then do 2014 taxes ASAP and later make “corrections to processed FAFSA”
- Submit FAFSA on line by earliest priority financial aid or scholarship deadline of the colleges—
(typically by February 15th)



Submitting the FAFSA on-line

- Submit on-line at: www.fafsa.gov
 - You may “save” your FAFSA info and log in repeatedly until it is completed and ready to submit.
 - Make sure to sign with BOTH PINs OR print signature page, sign, and mail in immediately
 - Expected Family Contribution (EFC) is estimated immediately upon submission
 - On-line FAFSA is usually processed in a few days
 - Student Aid Report (SAR) is available on-line for review, printing, and for on-line corrections
 - The FAFSA website has been updated & simplified

INFO NEEDED TO FILL OUT FAFSA

Student and Parent(s):

- (1) Birthdates & Social Security #'s
- (2) Latest Marriage/Divorce/Separation date
- (3) 2014 W-2's & Completed Federal Tax Forms **and** other 2014 untaxed income & 2014 retirement contributions **or** 2013 Tax Forms & 2014 income estimates
- (4) Current balances of all checking & savings accounts.
(Use balances after monthly expenses are paid; use precise values such as \$1257 not \$1000.)
- (5) Current value of all investments & liquid assets. (Do NOT need value of retirement funds or primary home.)

Student only:

- (6) Driver's License Number (if you have one)
- (7) Alien Registration Number (if eligible noncitizen)

Internal Revenue Service (IRS) Data Retrieval Tool (DRT)

- Will import your 2014 federal tax information directly to the FAFSA
- Usually available beginning in February
- 2014 taxes must already be processed by IRS
- Must have valid Social Security Number
- Must have unchanged marital status since December 31, 2014
- Spanish language versions of FAFSA and IRS site will be available and linked

2014-2015 FAFSA on the Web

STUDENT INFORMATION

- Select **Full-time Student** (typically 4 classes per term) to be awarded full aid. It will be adjusted by the college if you go less than full-time.
- Select **“Yes”** for **both work-study and student loans**, so that you know what you are eligible for. You may choose to deny them later.



FAFSA: Who is the parent?

- Grandparents, foster parents, legal guardians, older siblings, uncles or aunts are NOT parents, unless legally adopted.
- If parents are married and living together, both parents provide info.
- If parent is single, that parent provides info.
- If single parent has remarried, both parent and step-parent provide info., regardless of any prenuptial agreement.

FAFSA: Who is the parent? (cont' d)

- If parents are divorced or legally separated, the parent household for FAFSA is identified in the following order:
 - Parent the student has lived with more days over the past 12 months
 - Parent who provided more financial support over the past 12 months
 - Parent who provided more financial support during the year you lasted received any financial support from a parent

Excellent Financial Aid Websites

- www.studentaid.ed.gov
- www.nasfaa.org (Students & Parents section)
- www.finaid.org

Financial Aid Estimators

**Will calculate your approximate EFC
(Expected Family Contribution)**

- fafsa4caster.ed.gov
(FAFSA4caster : *an early estimate of your federal financial aid*)
- www.act.org/fanel/ (*financial aid need estimator*)
- <https://bigfuture.collegeboard.org/pay-for-college>
(*various EFC, cost and loan calculators*)
- www.finaid.org/calculators/
(*various EFC, cost and loan calculators*)

Financial Aid Websites (cont' d)

- www.finaid.org/parents/
 - “Financial Aid Estimation Calculator”
 - “Maximize Your Financial Aid” *
 - Lists financial strategies that will have the greatest impact on obtaining need-based financial aid.*
 - “Parents Loans”
 - “Private Loans”
- * **Also consult with a certified financial planner or/and accountant about tax and financial aid implications of investment re-allocation.**

When do I pay for all this?

- Admission Tests and Application Fees due at submission (fee waivers available-see counselor)
- The **FAFSA**, and **scholarship app's** are **FREE** (Beware of scholarship scams!)
- **Student Housing Deposit (\$100-\$300) is submitted ASAP with reservation in January-April.**
- Tuition and Fees for each term are typically due the first week of each term.
 - Extended Payment Plans available
 - Apply to waive health insurance fee if student is on parent's or their own plan
- **Do not pay for any college-related services that you can obtain for FREE from your career counselor or others!**

What should I be doing now?

- Begin researching financial aid options
- Start or continue saving
- Encourage your child to take AP/concurrent credit classes
- Encourage your child to participate in extracurricular activities and community service
- Help your child develop strong study skills

Good Luck!

