

What You Need to Know about Financial Aid

The following presentation guide can be used for a financial aid information night introducing the basic concepts of financial aid to students and parents. It may be used in conjunction with NASFAA's *What You Need to Know about Financial Aid* presentation slide show, available in Microsoft PowerPoint format.

If you already have PowerPoint, you can download the slide show from the NASFAA Web site, www.NASFAA.org, and run it as a PowerPoint presentation. You may also wish to print the slide show and provide it as a handout to your audience members so that they may follow along. Printing in the format that puts three slides per page allows for often-needed note-taking space.

The bulleted presentation guide provides a framework in which to discuss the basic concepts of financial aid. The format assumes that you have an understanding of financial aid concepts, the federal aid programs, and the Free Application for Federal Student Aid (FAFSA) process. Feel free to add additional information based on the needs of your audience. Provide audience members with copies of NASFAA's *Student Aid Program Summary*. The presentation guide contains only basic information about the student aid programs. Give the audience a few minutes to review the chart and ask questions after covering the material in the presentation. NASFAA also recommends that you have copies of the 2009-10 FAFSA on the Web (FOTW) Worksheet to give to your audience so they may follow along with part of the presentation. The PowerPoint slides do not contain screen captures from the FOTW Worksheet. Please note that this presentation was prepared using a draft of the 2009-10 FOTW Worksheet.

Presentation Slide Show Guide

[1] Title slide—What You Need to Know about Financial Aid

[2] Topics We Will Discuss

- What is financial aid
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- What is financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances

[3] What is Financial Aid?

- Financial aid is funds provided to students and families to help pay for postsecondary educational expenses

[4] What is Cost of Attendance (COA)?

- Direct costs
 - Billed by or paid directly to the college, such as tuition and on campus housing
- Indirect costs
 - Necessary expenses, such as transportation and personal care items, that are not paid to the college
- Colleges combine direct and indirect expenses into the cost of attendance, or student budget
- Cost of attendance varies widely among different types of colleges

[5] What is the Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute, but not what the family will pay to the college
- EFC the same regardless of what college the student attends
- Two components:
 - Parent contribution
 - Student contribution
- Calculated using data from a federal application form and a federal formula

[6] What is Financial Need

- The difference between the cost of attendance and the EFC
- Need will vary based on the cost of different colleges
- Your financial need determines how much aid you may receive
 - Colleges may not be able to offer enough aid to meet your financial need

[7] Categories of Financial Aid

- Need-based
 - Awarded on the basis of financial need, as calculated using a form such as the FAFSA
- Non need-based
 - Awarded on the basis of a student's ability or talent, such as academic achievements, athletic ability, musical talent, or ethnic heritage

[8] Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment

[9] Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic

[10] Grants

- Money that does not have to be paid back
- Awarded on the basis of financial need, as calculated using a form such as the FAFSA

[11] Loans

- Money students or parents borrow to pay college costs
- Repayment usually begins after education is finished
- Only borrow what is really needed
- Look at loans as an investment in the future

[12] Employment

- Allows student to earn money to pay educational costs
 - Receive a paycheck or
 - Non-monetary compensation, such as room and board

[13] Sources of Financial Aid

- Federal government
- States
- Private sources
- Civic organizations and churches
- Employers

[14] Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of need
- Must apply each year by submitting the Free Application for Federal Student Aid, or FAFSA

[15] Common Federal Aid Programs

- Federal Pell Grant
 - Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC
- Academic Competitiveness Grant (ACG)
 - First and second year degree seeking students
 - Students in certificate programs one or two years in length
 - Eligible for a Federal Pell Grant
 - Enrolled at least half time
 - Successfully completed a rigorous secondary school program of study after January 1, 2005
 - Must have a 3.0 grade point average or GPA after first year
- National Science and Mathematics to Retain Talent (SMART) Grant
 - Third and fourth year students
 - Eligible for a Federal Pell Grant
 - Enrolled at least half time
 - Major in an eligible field
 - 3.0 GPA each term
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
 - 3.25 GPA each term or qualifying score on admissions test for incoming students
 - Agree to teach full time for at least four years within eight years of graduation at a school serving a high percentage of low income students (Title I schools)
 - Must teach a specific subject
 - Grant funds become a Direct Unsubsidized Stafford Loan if student does not fulfill teaching requirement
- Federal Educational Opportunity Grant (FSEOG)
 - Usually eligible for a Federal Pell Grant
 - Targeted to neediest students

- Federal Perkins Loan
 - Low interest, subsidized loan
 - Awarded first to highest need students
 - Repayment usually begins after students graduate
- Federal Work-Study
 - Allows students to work on or off campus
 - Earnings do not count against future Title IV eligibility
- Stafford Loans
 - Loans for students
 - Cosigner and good credit not required
 - Amount varies by academic standing
 - Both need and non-need based
 - Repayment usually begins after students graduate
- PLUS Loans
 - Loans for graduate or professional students and the parents of dependent undergraduate students
 - Non-need based
 - Amount based on cost of attendance and other aid
 - Borrower must have good credit or creditworthy endorser
 - If the parents of a dependent student are unable to borrow a PLUS due to poor credit, student may be eligible to borrow more Stafford funds

Note: *If you have not already done so, give the audience copies of the Summary of Student Aid Programs **handout**. Give them a few minutes to review the chart and then answer any questions about the Title IV programs.*

[16] States

- Residency requirements
- Award aid on the basis of both merit and need
- Use information from the FAFSA
- Deadlines vary by state; check paper FAFSA or FAFSA on the Web site

[17] Private Sources

- Foundations, businesses, and charitable organizations
- Deadlines and application procedures vary widely
- Begin researching private sources early

[18] Civic Organizations and Churches

- Research what is available in the community
- To what organizations does the student and family belong?
- Application process usually spring of senior year
- Small scholarships add up!

[19] Employers

- Employers may have scholarship available for the children of employees
- Employers may have education benefits for their employees

[20] Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family
- May be filed electronically or using paper
 - Available in English and Spanish

Note: You may wish to let the audience know that depending on the college, students may also need to submit forms in addition to the FAFSA, such as the CSS Profile or an institutional form.

[21] FAFSA

- Information used to calculate the Expected Family Contribution, or EFC
 - The amount of money a student and his or her family may reasonably be expected to contribute towards the cost of the student's education for an academic year
- Colleges use EFC to award financial aid

[22] FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1st prior to the academic year for which the student requests aid
- For 2009-10 academic year, the FAFSA may be filed beginning January 1, 2009
- Colleges may set FAFSA filing deadlines
 - Meeting or not meeting a college's priority deadline may impact the amount of financial aid a student receives

[23] FAFSA on the Web

- www.fafsa.ed.gov
- 2009-10 FAFSA available January 1, 2009
- FAFSA on the Web (FOTW) Worksheet
 - "Pre-application" worksheet
 - Questions follow order of FAFSA on the Web

[24] FAFSA on the Web

- Reasons to file FAFSA 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
 - ◆ Option to "pre-fill" certain information on FAFSA when completing application for second, third, and fourth years of study

[25] Student Financial Aid Personal Identification Number (SFA PIN)

- www.pin.ed.gov
- Sign FAFSA electronically
- Can request PIN before January 1, 2009
- Speeds up processing
- May be used by students and parents throughout the process, including subsequent school years

Note: *If you have not already done so, provide members of the audience with copies of the FOTW Worksheet so they may refer to it during the following discussion.*

[26] FAFSA on the Web Worksheet

- 2009-10 FOTW Worksheet—8 page booklet containing
 - Instructions
 - 93 questions in 5 sections

[27] FOTW Worksheet: Section 1

- General student information
 - Name
 - Social Security Number
 - Driver's license number, if applicable

Note: *Emphasize the importance of reporting the student's name and Social Security Number exactly as they appear on the student's Social Security card. Errors will delay processing.*

[28] FOTW Worksheet: Section 1

- General student information
 - Citizenship
 - Marital status
 - State and date of legal residence
 - Selective Service registration status

Note: *When the Central Processing System (CPS) processes the FAFSA, it verifies that the student meets the citizenship/eligible noncitizen criterion, but it does not verify the citizenship status of the parents. Parents do not need to be U.S. citizens or eligible noncitizens for their students to be eligible for federal student aid.*

Categories of eligible noncitizens include:

- *U.S. permanent residents*
- *Citizens of the Freely Associated States: the Federated States of Micronesia and the Republic of the Marshall Islands*
- *Refugees*
- *Victims of human trafficking*
- *Persons paroled into the U.S. for at least one year*
- *Persons granted asylum*
- *Conditional entrants*
- *Cuban-Haitian entrants*

Residents of the Republic of Palau will not be eligible to receive Federal Pell Grant funds after September 30, 2009, unless a new Compact of Association extends their eligibility.

[29] FOTW Worksheet: Section 1

- General student information
 - Drug conviction status
 - Parents' educational backgrounds
 - Plans for the 2009-10 school year
 - Self-help preferences

Note: *For the drug question:*

- *Student who answers "Yes" completes on-line worksheet to determine if answer affects eligibility for aid.*
- *Student who answers "Yes" should submit a FAFSA.*

[30] FOTW Worksheet: Section 2

- Questions to determine student dependency status
 - If all "No" responses, student is dependent and must provide parent information
 - If "Yes" to any question, student is independent

Note: *Remind the audience that grandparents, foster parents, and legal guardians are not considered parents for the purpose of completing the FAFSA unless they have legally adopted the student. Special circumstances will be discussed in more detail at the end of the presentation.*

Recent legislative changes have expanded the definition of an independent student to include emancipated minors, individuals under legal guardianship, and persons who are unaccompanied youth who are homeless or at risk of becoming homeless. The financial aid office may ask applicants who meet one of these criteria to submit documentation verifying their status.

[31] FOTW Worksheet: Section 3

- Data for parents of dependent students
 - Parents' marital status
 - Date of parents' marital status
 - E-mail address (optional)

Note: *Emphasize to the audience that if a student's parents are divorced and the parent completing the FAFSA has remarried, the stepparent's information must be reported on the FAFSA. Stress the importance of providing an active e-mail address which is checked regularly.*

[32] FOTW Worksheet: Section 3

- Data for parents of dependent students
 - Social Security Number
 - Last name
 - Date of birth

Note: *If a parent does not have a Social Security Number, he or she may report all zeros for the question.*

[33] FOTW Worksheet: Section 3

- Data for parents of dependent students
 - State and date of legal residence

[34] FOTW Worksheet: Section 3

- Financial data for parents of dependent students
 - Tax filing status and return type
 - If filed or will file 1040, eligible to file a 1040A and 1040EZ?

[35] FOTW Worksheet: Section 3

- Data for parents of dependent students:
 - Did any member of the parents' household receive benefits from any of the federal programs listed?
- Dislocated worker status

[36] FOTW Worksheet: Section 3

- Financial data for parents of dependent students
 - Adjusted gross income (AGI) for 2008
 - Income earned from work
 - Income tax paid for 2008

[37] FOTW Worksheet: Section 3

- Data for parents of dependent students
 - Exemptions claimed for 2008
 - Household size
 - Number in college

[38] FOTW Worksheet: Section 3

- Financial data for parents of dependent students
 - Additional financial information
 - Untaxed income

Note: Applicants should complete the tables on page eight of the Worksheet to total their annual additional financial information and untaxed income. **Do not report** student aid, earned income credit, child tax credit, welfare payments, untaxed Social Security benefits, Workforce Investment Act educational benefits, combat pay (if your parents are not tax filers), benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.

[39] FOTW Worksheet: Section 3

- Asset data for parents of dependent students
 - Cash, savings, and checking
 - Net worth of investments
 - Net worth of business and investment farms

Note: Point out to the audience that a family owned and controlled small business with 100 or fewer full time or full time equivalent employees is not reported on the FAFSA.

[40] FOTW Worksheet: Section 4

- Financial data for student (and spouse)
 - Tax filing status and return type
 - If filed or will file a 1040, eligible to file a 1040A or 1040EZ?

Note: Remind the audience that if the student is married, his or her spouse's information must be reported on the FAFSA.

[41] FOTW Worksheet: Section 4

- Financial data for student (and spouse)
 - Adjusted gross income (AGI) for 2008
 - Income earned from work

[42] FOTW Worksheet: Section 4

- Receipt of veterans educational benefits
 - Type of benefits that will be received

[43] FOTW Worksheet: Section 4

- Data about the independent student (and spouse)
 - Household size
 - Number in college
 - Receipt of benefits from one of the federal programs listed by member of student's household
 - Dislocated worker status

Note: Dependent students should skip to page seven of the Worksheet.

[44] FOTW Worksheet: Section 4

- Data about the student (and spouse)
 - Income tax paid for 2008
 - Exemptions for 2008

[45] FOTW Worksheet: Section 4

- Financial data for student (and spouse)
 - Additional financial information
 - Untaxed income

Note: Applicants should complete the tables on page eight of the Worksheet to total their annual additional financial information and untaxed income. **Do not report** student aid, earned income credit, child tax credit, welfare payments, untaxed Social Security benefits, Workforce Investment Act educational benefits, combat pay (if your parents are not tax filers), benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.

[46] FOTW Worksheet: Section 4

- Asset information for student (and spouse)
 - Cash, savings, and checking
 - Net worth of investments
 - Net worth of business and investment farms

[47] FOTW Worksheet: Section 5

- List up to 10 colleges to receive FAFSA data
 - Federal School Code for each college
 - Housing plans for each college

[48] Signatures

- Required
 - Student
 - One parent (dependent students)
- Format
 - Electronic, using PIN
 - Signature page
 - Paper FAFSA

[49] Frequent FAFSA Errors

- Incorrect 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

[50] FAFSA Processing Results

- Central Processing System (CPS) notifies student of FAFSA processing results
 - Paper Student Aid Report (SAR) if student filed a paper FAFSA and did not provide an e-mail address
 - SAR Acknowledgement if student filed FAFSA on the Web and did not provide an e-mail address

[51] FAFSA Processing Results

- CPS notifies student of FAFSA processing results
 - E-mail notification containing direct link to student's on line SAR if student provided email address on paper or electronic FAFSA
- Students with PIN may view SAR on line at www.fafsa.ed.gov

[52] FAFSA Processing Results

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

[53] Student Aid Report

- When students receive their SAR
 - Review data for accuracy
 - Update estimated information when actual figures are available

[54] Making Corrections

- If necessary, make corrections
 - Using FAFSA on the Web if student has PIN
 - Updating and mailing a paper SAR (SAR Acknowledgment cannot be used to submit corrections)
 - Submitting documentation to college's financial aid office

[55] Special Circumstances

- Cannot report on FAFSA
- Send explanation to financial aid office at each college
- College will review special circumstances
 - Request additional documentation
 - Decisions are final and cannot be appealed to U.S. Department of Education

[56] Special Circumstances

- Examples of special circumstances
 - Change in employment status
 - Medical bills not covered by insurance
 - Change in parent marital status
 - Unusual dependent care expenses
 - Student is unable to obtain parental information due to incarceration, abusive situation, or no relationship with parents

[57] End Slide—NASFAA Logo