

# Investing in a College Education

Basics of Financial Aid and the FAFSA Process

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# We will answer:

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- What is financial aid?
- How do I apply?
- What happens next?

# What is financial aid?

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Money to pay for college

- Scholarships
  - Academic, Talent, Athletic
- Grants
- Loans
- Work Study

# Sources of Financial Aid

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## Federal

- Grants
- Loans
- Work Study

## State

- Grants

## Institutional

- Grants and Scholarships

## Private

- Scholarships and Loans

# How do I apply?

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## Application for Admission

- May double as a scholarship application at the institution
- Apply early for best opportunity

## Free Application for Federal Student Aid (FAFSA®)

- Federal financial aid application, but used for federal, state and institutional need-based aid
- Apply online at [fafsa.gov](https://fafsa.gov) between October 1 and April 15 prior to the start of the academic year (10/1/2019 – 4/15/2020 for 2020-21)
- Note: Some schools may have earlier FAFSA deadlines
- Application must be completed every year

## Institutional Aid Application or the CSS PROFILE

- Check with each school for required applications

# How much financial aid can I get?

In general, depends on your financial need

- Financial need determined by Expected Family Contribution (EFC) and cost of attendance (COA)
- EFC comes from what you report on FAFSA form
- COA includes tuition, fees, room and board, transportation, etc.

$$\text{COA} - \text{EFC} = \text{Financial Need}$$

# What is the EFC exactly?

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- Calculated by the FAFSA
- Score of family's financial strength
- Used to determine federal, state, and institutional aid
- Ranges from 0 to 999,999

# Comparison of Need

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	High Cost School	Low Cost School
Cost	\$60,000	\$25,000
<u>(-) EFC</u>	<u>\$25,000</u>	<u>\$25,000</u>
(=) Need	\$35,000	\$0



# Net Price Calculator – NPC

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- This is a tool that all colleges and universities are required to provide to prospective families
- It is intended to help families understand the out-of-pocket cost to attend
- Net Price = cost of education – gift assistance
- The NPC can also include other self help forms of financial aid such as loans

# YOUR 2019-2020 FINANCIAL AID NOTIFICATION

## Your Direct Costs

Tuition	\$41,370
Fees	\$990
Estimated Housing and Meals	\$14,300
<b>Butler University Direct Cost</b>	<b>\$56,660</b>

## Butler University Grants and Scholarships

Butler Grant	\$1,200
Academic Scholarship	\$18,000
<b>Total Grants and Scholarships</b>	<b>\$19,200</b>

## Student Loans

Federal Direct Subsidized Loan	\$3,500
Federal Direct Unsub Loan	\$2,000
<b>Total Student Loans</b>	<b>\$5,500</b>

## Your Out-of-Pocket Costs

<b>After Grants and Scholarships (no loans)</b>	<b>\$37,460</b>
<b>After Grants, Scholarships, and Student Loans</b>	<b>\$31,960</b>

## Your Indirect Costs

You will also have Indirect Costs that are not billed directly by Butler University. These can include books and supplies, transportation and personal expenses. Although everyone's costs are different, we estimate approximately \$4,050 in additional cost.

Your Out-of-Pocket Cost After Financial Aid is calculated based on the information you provided. These estimates do not represent a final determination, actual award of financial assistance, or the final net price. Any estimates calculated will not be guaranteed by the Secretary of Education, the State, or Butler University. Butler University has the final authority on determining the financial aid award. While all care has been taken to produce estimates that are accurate based on the information provided to us by the student or user, cost of attendance and financial aid availability are subject to change without notice. Any future changes made by the federal government, state agencies, or the institution could result in a different award. Also, any outside/private scholarship must be incorporated into financial aid eligibility. Funds received as financial assistance for a student are electronically credited to the student's account and will be disbursed after the fifth day of classes if all requirements have been met.

# Completing the FAFSA

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Create a username and password called the FSA ID

- Learn about the FSA ID and find the link to create one at [StudentAid.gov/fsaid](https://StudentAid.gov/fsaid)
- You and your parent must each create your own FSA ID; you can't share one
- If you provide an email address when creating your FSA ID, it must be a unique email address (can't provide same email address for more than one person's FSA ID)
- Don't tell anyone your FSA ID!

# Completing the FAFSA

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Gather the documents you need to apply

- Social Security Card
- Student & Parent's Earned & Untaxed Income
  - For 2020-21 FAFSA, use 2018 income
  - Federal income tax returns
  - W2 forms
  - Child support paid or received
  - Pre-taxed retirement contributions
- Bank Statements & Investment Records
  - For assets, report current values as of the day you complete the FAFSA

# Who's My Parent(s) for the FAFSA

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- “Parent” means your legal (biological or adoptive) parent or stepparent.
- If your parents are divorced your custodial parent files the FAFSA. If that parent is remarried it includes step-parent information as well.
- The following are not considered “parents” unless they have legally adopted you:
  - Widowed Stepparent
  - Grandparents
  - Foster Parents
  - Legal Guardians
  - Older Brothers or Sisters
  - Aunts or Uncles

[StudentAid.gov/fafsa-parent](https://studentaid.gov/fafsa-parent)

# Completing the FAFSA

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Apply at [fafsa.gov](https://fafsa.gov)

- Use your (student's) FSA ID to start the application; saves time and confusion
- Need help?
  - Use the help functions within the FAFSA form
  - Live chat help
  - Call 1-800-4-FED-AID
  - Call the financial aid office where you are applying

# FAFSA Eligibility

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- U.S. citizen/national or eligible noncitizen
- High school diploma or equivalent
- Eligible degree/certificate program in college/career school
- Student has valid Social Security number
- Males registered for Selective Service
- Satisfactory academic progress in college/career school

Info about eligibility: [StudentAid.gov/eligibility](https://studentaid.gov/eligibility)

# Additional FAFSA Information

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- Name, SSN, and Birthday MUST be correct
- Fill in all blanks
- Can select up to 10 schools to send the FAFSA
- Household Size
  - Include parents, yourself (student), parent's children, others
  - Report number in college – include family members, do not include parents



# FAFSA Financial Information

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- Student and Parents
- Use IRS Data Retrieval Tool (IRS DRT) whenever possible, links directly to the IRS
- If you did not file, still report wages from work (if any)
- Carefully review all untaxed income questions
  - Review W2 box 12 for retirement contributions
- Report parent assets as of the day you complete the FAFSA

# Investments Include

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- Real estate (not the home you live in)
- Rental property
- Trust funds
- UGMA & UTMA accounts (owner)
- Money market funds
- Mutual funds
- Certificates of deposit
- Stocks and stock options
- Bonds
- Other securities, etc.
- Educational savings accounts
  - Always report as a parent asset

*Only report the net value of all investments*

# Investments Do Not Include

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- The home you live in
- Life insurance policies
- Retirement plans
  - 401(k) plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.
- Family farm you live on and operate
- Small business you and your family own and control more than 50 percent with 100 or fewer full-time or full-time equivalent employees

# Submitting the FAFSA

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- Student & Parent both sign using the FSA ID
- Don't forget to click SUBMIT
- A SAVED application will not be processed
- Will receive a confirmation page, print for your records
- The EFC is calculated and printed on the confirmation page
- Watch for response by email, confirming that your FAFSA form was processed

# What happens next?

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- Watch for emails or letters from the schools you are considering
  - Give the schools any additional paperwork they ask for
  - Meet all deadlines or you could miss out on aid!
- Each school will send a financial aid offer

# Financial Aid Offer

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- May be sent via mail, email and/or portal
- Includes all Federal, State, and Institutional Aid
- Financial aid offers are sent as early as November and as late as April
- Every school is different
- You can now calculate your Family Responsibility or Out-of-Pocket Expenses

Direct Costs – Financial Aid Offered  
= Out-of-Pocket Expenses

# Financing Options

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Need help covering the out-of-pocket expenses?

- College Savings Plans
- Payment Plans
- Federal Direct Parent PLUS Loans
- Private Education Loans

# Outside Scholarships

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- Free Online Scholarship Searches
  - [fastweb.com](http://fastweb.com)
  - [finaid.org](http://finaid.org)
  - [collegeboard.org](http://collegeboard.org)
  - [collegeanswer.com](http://collegeanswer.com)
- Scholarship list in Naviance
- Community Foundations
- Employers
- Churches
- Civic Organizations



# Is This College Affordable?

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A candid review of family resources is essential

- **Parents –**
  - Current income
  - Savings or investments
  - Home Equity
  - College Savings Plans
- **Student –**
  - Savings or investments
  - Summer earnings
  - Academic year earnings
- **Other resources**

# Tips & Strategies

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- File the FAFSA
- Be informed
- Set goals/expectations for student
- Meet deadlines! Keep copies!
- Keep a positive attitude
- Consider all aid options
- Ask for help

# Additional Information

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- Special Circumstances
  - If the FAFSA does not reflect your current financial situation, contact the financial aid office at each school.
- Indiana Residents **MUST** file by April 15
  - For consideration of state aid
- FAFSA Help
  - Federal Student Aid provides free help online at [fafsa.gov](https://fafsa.gov) and 1-800-4-FED-AID
  - Contact the financial aid office where you are applying

# Questions?

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