

Understanding the Financial Aid Process



College Funding Services

It's the biggest investment of your life,
make sure you have professionals on your team.



How do they determine if I'm eligible?

- $COA - EFC = NEED$
 - COA = Cost of Attendance
 - (Includes tuition, books, room/board, etc.)
 - EFC = Expected Family Contribution
 - (Based on parent and student income, assets, age, number of students in school, etc.)
 - Need = Amount of aid the family is *eligible*

What should we know about our Family Contribution?

- Asset Protection Allowance
- What is considered an asset?
- Parental Assets vs. Student Assets
- Is debt considered?
- How should we value our home?
 - www.finaid.com
 - Calculators
 - Federal Housing Index

What should we know about our Family Contribution?

- Parent Income vs. Student Income
- Student Income allowance = \$6,420
- Self-employed families
 - Do NOT include business assets/worth on FAFSA if you have less than 100 employees
 - Salary to a dependent as tax benefit detrimental for financial aid

How much should students borrow?

- NO MORE than Average Starting Salary by Major:

● Engineering	\$62,891
● Computer Science	\$62,103
● Business	\$57,229
● Communications	\$48,253
● Math/Science	\$44,299
● Education	\$40,267
● Humanities/Social Sciences	\$38,049
● Unknown	\$30,000

Financial Aid

- Myths vs. reality:
 - Income too High
 - Grades too Low
 - Own a home
 - Aid is only for special groups
 - I can always apply next year
 - Private Scholarships

Sources of Financial Aid

- **FEDERAL GOVERNMENT**
 - Pell
 - PLUS
 - FDSL - Federal Direct Student Loan
 - Sub vs. Unsub
- **State Government**
 - Hesa.org
 - NJ TAG
 - NJ CClass Loans – State Borrowing
- **College / Universities**
 - Private universities have endowment funds, outside of federal and state funds.
 - Create competition

What if I do not qualify for Need-Based Aid?

- Merit Aid
 - Top 25% of applicants
 - School by school basis; some more generous than others (some not at all)
- Value Schools
 - Average School cost \$30-\$70K
 - Lower end of range = Value
 - Ex. James Madison
 - COA = ~\$40,000
 - Honors Programs

How do you apply?

- The FAFSA (Free Application for Federal Student Aid)
 - EVERYONE must fill out this form to get aid
 - You cannot apply for Federal Loans if you do not fill one out
 - Not accessible until Oct. 1st, 2018
 - Accessible at [FAFSA.ed.gov](https://fafsa.ed.gov)
 - 2017 is base income year for class of 2019
 - “Prior Prior” is new base income year
 - DEADLINES ARE PARAMOUNT

FAFSA - FSA ID

- New Login/Access Procedure: FSA ID
 - Required by student and one parent
 - Needed to access/submit the FAFSA
 - Username/Password (Replaced PIN number system)
 - Create Prior to preparing FAFSA:
 - [FSAID.ed.gov](https://fsaid.ed.gov)

CSS/PROFILE

- Most private schools require this form
- Much more invasive and complex
- Home equity treated as liquid asset
- Section Q
- www.collegeboard.com
- \$25.00 for 1st school, \$16.00 for each thereafter

How do you apply for aid?

- Institutional Applications



- Some schools require their own additional forms.
 - i.e., UPENN
- They should be consistent with other forms
- Usually asks similar questions to the other two forms

How do you apply for aid?

- FAFSA
- CSS/PROFILE
- College Institutional Forms
- Additional Forms:
 - Business/Farm Supplement
 - Divorced/Separated Situations

Case Study - Need

Amherst College:

Cost - \$70,000

EFC - \$15,000

Need - \$55,000

Amherst College:

Meets 100% Need

Gift Aid - 100%

Self Help - 0%

UMASS-Amherst:

Cost - \$23,000

EFC - \$15,000

Need - \$8,000

UMASS-Amherst:

Meets 60% Need

Gift Aid - 50%

Self Help - 50%

What you actually pay at each school:

Amherst College:

Total EFC = \$15,000

Total Gift = \$55,000

Total Cost = \$0

UMASS-AMHERST:

Original EFC = \$15,000

+ Unmet Need = \$3,000

Total Cost = **\$18,000**

Case Study: Non-Need, High Merit

Colgate University:

Cost - \$70,000

EFC - \$70,000

Need - \$0

Colgate University:

Need-based aid = \$0

Merit-based aid = \$0

Case Western:

Cost - \$65,000

EFC - \$70,000

Need - \$0

Case Western:

Need-based aid = \$0

Merit-based aid = \$30,000

What you actually pay at each school:

Colgate University:

Year 1 = \$70,000

Total Cost = \$280,000

Case Western:

Year 1 = \$35,000

Total Cost = \$140,000

Case Studies: Non-Need

Cornell University:

Cost - \$75,000

EFC - \$80,000

Need - \$0

James Madison University:

Cost - \$38,000

EFC - \$80,000

Need - \$0

Cornell University:

Need-based aid = \$0

Merit-based aid = \$0

James Madison University:

Need-based aid = \$0

Merit-based aid = \$0

What you actually pay at each school:

Cornell University:

Year 1 = \$75,000

Total Cost = \$300,000

James Madison University:

Year 1 = \$38,000

Total Cost = \$152,000

How to appeal for the best possible package

5 Point Plan of Attack

1. Bring color/background to your story
2. Ask for specific amount of additional aid
3. Show awards offered by other colleges
4. Challenge expenses not considered on taxes
5. Be persistent