



About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - **mefa.org**: information, tools, & resources
 - **Emails**: sign up tonight!
 - **Facebook, Twitter, & LinkedIn**
 - **Webinars**: Register online
 - **YourPlanForTheFuture.org**

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You Can Do This

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Agenda

- Types and Sources of Financial Aid
- The Application Process
- How Financial Aid Decisions Are Made
- Paying for College
- **Free** Resources

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Types and Sources of Financial Aid

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What is Financial Aid?

- Money to help students pay for college
- 3 main types
 - Grants and scholarships (gift aid)
 - Work-Study
 - Student Loans

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Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Applicants often compared against one another
- May or may not be renewable
- Not offered at every school



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Need-Based Aid

- Based on family's financial eligibility ("need")
- Eligibility determined by a standardized formula
- Includes grants, loans, and work-study
- Most financial aid is need-based
- Must be making satisfactory academic progress



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Sources of Financial Aid

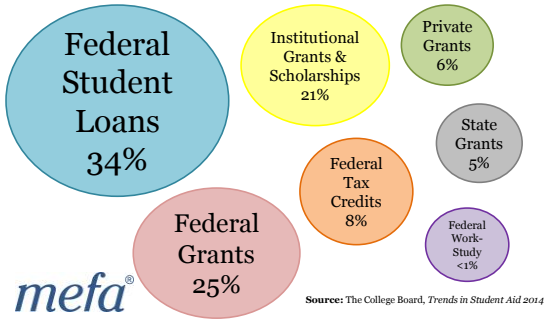
- **Federal**
 - Grants, work-study, loans, tax incentives
- **Massachusetts**
 - Grants, scholarships, tuition waivers, loans
 - osfa.mass.edu
- **College/University** (institutional aid)
 - Grants, scholarships, loans
- **Other Agencies**
 - Scholarships, loans



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Financial Aid Breakdown

Undergraduate Student Aid 2013-14 (\$184.5 Billion)



The Application Process

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FAFSA

- **Free Application for Federal Student Aid (FAFSA)**
 - Required by **all** colleges for federal and MA state aid
 - Open January 1, 2016: **FAFSA.gov**
 - Log in with an FSA ID: **FSAID.ed.gov**
 - IRS Data Retrieval Tool – available February 1st

Must be completed every year!



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What's on the FAFSA?

- The colleges where you're applying
- Parent and student data
- Parents:
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
- Income (2015 income for the 2016-17 FAFSA)
- Assets:
 - Include: savings, checking, investments, other property
 - Do not include: primary home, retirement, life insurance, small family business
- # in household, # of children in college

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Other Financial Aid Applications

- **CSS/Financial Aid PROFILE®**
 - Required by some colleges
 - \$25 for 1st school, \$16 for each additional
 - Online application: student.collegeboard.org/profile
 - Noncustodial Parent PROFILE often required
 - MEFA PROFILE webinar recording on mefa.org



- **College Financial Aid Application**
 - Required by some colleges

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**Financial Aid
deadlines
are so
important!**

After You Apply

1. Colleges & state receive data electronically
2. You will receive (electronically or by mail):
 - Student Aid Report (SAR)
 - CSS/Financial Aid PROFILE® Acknowledgement
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Verification documents. Your financial aid application may be **incomplete** until you submit these documents.
5. Colleges review applications and determine your financial aid

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How Financial Aid Decisions Are Made



Financial Aid Formula

$$\begin{aligned} & \text{Cost of Attendance (COA)} \\ - & \text{Expected Family Contribution (EFC)} \\ \hline = & \text{Financial Aid Eligibility} \end{aligned}$$

Colleges fill in Financial Aid Eligibility with financial aid from all sources



Cost of Attendance

Total expenses for one year of college



Tuition & Fees



Expected Family Contribution (EFC)

- Calculated amount the family has the ability to absorb for one year of college expenses
- Same federal formula used for every family
- Family has the primary responsibility for paying
- Not necessarily what the family *will* pay

EFC calculators:
BigFuture.CollegeBoard.org
[FAFSA4caster on FAFSA.gov](http://FAFSA4caster.on.FAFSA.gov)



Net Price Calculators

- Online tool found on each institution's website
- Asks questions about family finances & student academics
- Provides **personal, estimated net college price**
- Displays federal & institutional aid
- Merit-based aid may also be calculated



Asset Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$0	\$75,000	\$150,000
EFC	\$7,819	\$10,208	\$14,438
Difference		\$2,389	\$6,619

Based on 2016-17 Federal Methodology



Income Impact on EFC

An example: 4 in the family, 1 child in college:

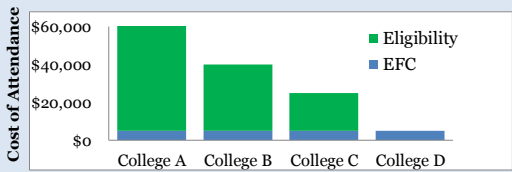
	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$100,000	\$150,000
Combined Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$8,798	\$17,245	\$32,803
Difference		\$8,447	\$24,005

Based on 2016-17 Federal Methodology



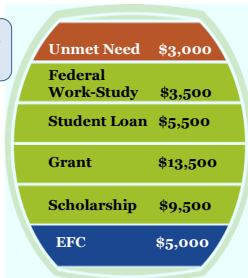
How the Formula Works

EFC = \$5,000



Financial Aid Awarding

College B COA = \$40,000



Unmet need is the FAMILY's responsibility



Award Letters: Totals Can Vary

COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$26,000	\$23,000	\$18,000
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$3,500	\$3,500	\$3,500
Total	\$35,000	\$32,000	\$27,000
Unmet Need	\$0	\$3,000	\$8,000

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Award Letters: Types Can Vary

COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$23,000	\$13,000	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loan	\$0	\$10,000	\$26,500
Work-Study	\$3,500	\$3,500	\$0
Total	\$32,000	\$32,000	\$32,000
Unmet Need	\$3,000	\$3,000	\$3,000

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Paying for College

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Filling the EFC and Unmet Need

<i>EXAMPLE</i>		Favorite College
Balance Due		\$20,000
Past Income	<i>Student Savings and Summer Earnings</i>	<i>-\$1,500</i>
	<i>Parent Savings</i>	<i>-\$4,000</i>
Present Income	<i>Parent Contribution to Payment Plan</i>	<i>-\$4,500</i>
Future Income	<i>Private Education Loan</i>	<i>-\$10,000</i>
		\$0

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Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 4.29% fixed interest rate for 2015-16
- Repayment:
 - No payments due while enrolled
 - Approximately \$300/month for 10 years for \$27,000 debt



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Free Resources

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Community Resources

- **FAFSA Day**
 - Free assistance completing the FAFSA
 - January & February 2016
 - FAFSADay.org for all dates and times
- **Educational Opportunity Centers**
 - Free financial aid help
 - MassEdCo.org
- **IRS Free Tax Preparation Centers**
 - IRS.gov to find a site near you



Paying the College Bill Seminars

- Provides assistance and clarity on:
 - Financial aid awards
 - College bill
 - Payment plans
 - College loans
 - What to ask the Financial Aid Office
- Locations across MA in late March/April
- Register for MEFA emails to receive location details
- Webinars also offered



What You Can Do Now

- Research financial aid deadlines and required applications
- Talk with your child about paying for college
- Use Net Price Calculators
- Sign up for MEFA emails



Questions or Comments?

Please take a moment to complete the seminar evaluation.

Presenter: _____

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