FINANCIAL AID OVERVIEW
AND
FEDERAL REGULATORY UPDATES
Applying for Aid
Financial Aid Basics

• Deadlines and application requirements are IMPORTANT

• Most applications are due in Feb or March, before the admissions decisions are mailed

• With the earlier FAFSA this year, deadlines may be even earlier

• Use online options whenever possible

• Apply *every year*
The FAFSA

• Required by all colleges and universities

• FAFSA.gov

• Student & parent data: demographic, financial, household

• NOT reported: primary home, value of retirement account, value of family-owned business

• Defining Parents:
  – Biological or adoptive or determined by the state
  – All parents who live together, married or not
  – Same-sex married parents
  – Separated but living together? Select “Married”
  – No noncustodial parents
• FAFSA will now open each year on October 1st

• Now requesting income from two years prior
  o 2017-18 FAFSA will request 2015 income figures
  o Many more families will be able to use the IRS Data Retrieval Tool immediately

<table>
<thead>
<tr>
<th>IF YOU PLAN TO ATTEND COLLEGE FROM</th>
<th>YOU CAN SUBMIT THE FAFSA FROM</th>
<th>USING TAX INFORMATION FROM</th>
</tr>
</thead>
</table>
The FSA ID

• A Login: Username & Password
• Replaced the now-retired Federal PIN on May 10, 2015
• FSAID.ed.gov
• Provide personal information and answer challenge questions
• Must have a Social Security number to get one
• **Student**: needs one to complete and sign the FAFSA
  – Permanent Residents must get an SSN
• **Parent**: needs one to sign the FAFSA electronically
  – Parents without an SSN can still sign a signature page
• FSA ID webinar recording on mefa.org/events
CSS/Financial Aid PROFILE®

- Opens Oct 1st: student.collegeboard.org/profile
- For awarding institutional (college-based) aid
- Required by 400 schools and scholarship agencies
- More detailed questions:
  - Untaxed income, home, expenses, household, special circumstances
- Noncustodial Parent PROFILE often required
- PROFILE webinar recording on mefa.org/events
- Customer Service: 844-202-0524 and help@cssprofile.org
PROFILE Costs

• $25 first school, $16 each additional

• Fee waivers
  – Automatically granted based on:
    – USDA reduced price lunch guidelines (~$40K for family of 4)
    – Family receives SNAP or TANF
    – Student received an SAT fee waiver
  – For first-time, undergraduate applicants
  – Parents must live in the U.S. and not be self-employed
  – Undocumented students can receive if parents live in U.S.
  – Automatic for orphans & wards of the court
  – Covers up to 8 institutions

• Fee Payment Codes
  – Purchased by colleges, high schools, and organizations for students
  – Each pays for one college
  – Limit of 16 per year
Who’s Eligible for Federal & State Aid?

• U.S. citizens and eligible non-citizens

• Valid SSN (except Republic of the Marshall Islands, Federated States of Micronesia, or the Republic of Palau)

• Males 18-25: Register for Selective Service (Male at birth)

• Must have high school diploma or equivalent (can’t still be enrolled in HS)

• Regular student enrolled in degree or certificate program
  – If admitted to program and it includes remedial coursework, can receive aid for one year of remedial work
  – If taking prep coursework necessary for enrollment, can receive Direct Loan for one year
Eligible Non-Citizens

• U.S. nationals

• U.S. permanent residents with Form I-551, I-151, or I-551C

• Those with Arrival-Departure Record (I-94) from U.S. Citizen and Immigration Services (USCIS)

• Those who hold a T-visa or have parents with a T-1 visa

• Any “battered immigrant-qualified alien” or a child of such a person under the Violence Against Women Act

• Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau
Financial Aid
Next Steps
1. Colleges & state receive data electronically

2. Family will receive (electronically or by mail):
   – Student Aid Report (SAR)
   – CSS/Financial Aid PROFILE Acknowledgement

3. Families should contact Financial Aid Office with any special circumstances

4. Colleges may request additional documents through federal or institutional Verification

5. Colleges review applications and determine financial aid
Verification

• VERY IMPORTANT to comply

• Students selected by Department of Education or college

• Colleges collect additional documents to verify accuracy of financial aid application data:
  • Financial
  • Tax filing status
  • Household
  • Identity
  • High school completion

• Documents collected:
  • Tax return documentation
  • Verification Worksheet provided by the college
  • Other financial documentation
Cost of Attendance

- Expected Family Contribution (EFC)
  - Amount family can pay for one year of college
  - Based on a federal or institutional formula
  - Federal EFC is always the same at every school
  - Institutional EFC may change from school to school

Cost of Attendance (COA)
- Total cost of a college for one year

Financial Aid Eligibility
- Max amount of need-based financial aid that can be awarded

<table>
<thead>
<tr>
<th>Cost of Attendance</th>
<th>Expected Family Contribution</th>
<th>Financial Aid Eligibility</th>
</tr>
</thead>
</table>
Financial Aid

• **Types:**
  – Grants
  – Work-Study
  – Loans

• **Sources:**
  – Federal
  – State
  – Colleges & Universities
  – Outside Agencies

• Need-based vs. Merit-based
Not All Financial Aid Awards Are Created Equal

COA: $30,000      EFC: $5,000     Total Need: $25,000

<table>
<thead>
<tr>
<th></th>
<th>College A</th>
<th>College B</th>
<th>College C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants/Scholarships</td>
<td>$15,000</td>
<td>$5,000</td>
<td>$0</td>
</tr>
<tr>
<td>Student Loans</td>
<td>$5,500</td>
<td>$5,500</td>
<td>$5,500</td>
</tr>
<tr>
<td>Parent Loan</td>
<td>$0</td>
<td>$10,000</td>
<td>$16,500</td>
</tr>
<tr>
<td>Work-Study</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$0</td>
</tr>
<tr>
<td>Total</td>
<td>$22,000</td>
<td>$22,000</td>
<td>$22,000</td>
</tr>
<tr>
<td>Unmet Need</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
</tbody>
</table>
**Award Comparison - The Impact of “Gapping”**

<table>
<thead>
<tr>
<th></th>
<th>College A</th>
<th>College B</th>
<th>College C</th>
</tr>
</thead>
<tbody>
<tr>
<td>COA: $30,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EFC: $5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Need: $25,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants/Scholarships</td>
<td>$18,000</td>
<td>$15,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Student Loans</td>
<td>$5,500</td>
<td>$5,500</td>
<td>$5,500</td>
</tr>
<tr>
<td>Work-Study</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total</td>
<td>$25,000</td>
<td>$22,000</td>
<td>$17,000</td>
</tr>
<tr>
<td>Unmet Need</td>
<td>$0</td>
<td>$3,000</td>
<td>$8,000</td>
</tr>
</tbody>
</table>
Advanced Topics and Special Circumstances
Discussion Topics

• FM/IM Differences
  – Use of home equity
  – Businesses and self-employed
  – Non-custodial parent contribution?
  – Different tables and worksheets
  – Treatment of “dependent” students

• Dependent Students

• Scholarships versus Grants

• Treatment of Outside Scholarships

• Appeals/Special Circumstances

• The Asset Myth
Federally Independent Students

• No parent information collected (though some colleges may collect parent info for consideration of college-based funds)

• Criteria:
  • 24 or older
  • Married
  • Graduate Student
  • Active duty/veteran of U.S. Armed Forces
  • Provide more than half of support for children or dependents
  • Emancipated minor
  • In legal guardianship
  • Unaccompanied, homeless youth
  • Since turned 13: orphan, in foster care, or ward of court
Dependency Overrides

Students who do *not* qualify:
- Parents refuse to financially contribute or provide data
- Parents do not claim the student as a tax dependent
- Student demonstrates total self-sufficiency

Students who *may* qualify:
- Abusive household
- Abandonment
- Parents’ whereabouts unknown
- Parents’ extended hospitalization
- Incarceration or institutionalization of both parents
- Parents lacking the physical/mental capacity to raise the child
Requests for additional funds, either due to insufficient financial aid or changes in circumstance

Submit to the Financial Aid Office:
• Letter of explanation
• Documentation (bills, financial statements, medical records, layoff notices, final paystubs)
• Summary of current financial plan

• Negotiation versus Appeal
Federal Financial Aid Updates
Pell Grant

• Lifetime limit of 12 semesters or equivalent

• Maximum amount for 2017-18: $5,920 (0 EFC)

• Pell runners: Department of Ed identifies based on unusual enrollment history – colleges required to investigate
Federal Direct Student Loans

- Fixed interest rate: begins every July 1 based on 10-yr T-note
  - 2016-17 Undergrad Direct Loan: 3.76% (Sub & Unsub)
  - 2016-17 Grad Direct Loan: 5.31%
  - 2016-17 PLUS Loan: 6.31%

- New loan fees as of 10/1/16:
  - Direct Undergrad & Grad Loan: 1.069%
  - PLUS Loan: 4.276%

- Newest Repayment Plan: REPAYE
  - Loan repayment capped at 10% of discretionary income
  - Extends PAYE plan to all borrowers
  - Remaining loan debt forgiven after 20 years (taxable!)
Perkins Loans

• Federal Perkins Loan Program Extension Act of 2015 extended the Perkins program through 2017-18

• No new loans after Sept 30, 2017 for anyone

• New borrowers: Perkins given only after exhausted full Federal Direct Loan eligibility (Sub & Unsub)

• Repeat borrowers: Perkins given only after exhausted full Federal Direct Loan eligibility (Sub only)

• Fixed 5% interest rate

• Colleges determine award amount

• Max undergraduate amount: $5,500 per year

• Max graduate amount: $8,000 per year
Department of Education Resources
College Scorecard

- Updated Sept 2016
- Compare colleges:
  - Average net price
  - 6-year graduation rate
  - Student debt info
  - Median alumni salary
- CollegeScorecard.ed.gov
College Navigator

• Online college search tool
• Includes: admissions info, academics, graduation rate, average net price, loan default rate
• Can save a search and return to it later
• CollegeNavigator.gov
Financial Aid Shopping Sheet

• Provides institution’s cost and student’s financial aid
• Intended to illustrate net price (for comparison)
• School data: grad rate, loan default rate, median borrower debt
• Includes a glossary
• Used by over 2,900 institutions
StudentAid.gov

• Full of information on all federal financial aid programs
• 1-800-4-Fed-Aid
• Loan Counseling Demos focus on:
  – Understanding your loans
  – Managing your spending & creating a plan to repay
  – Avoiding default
  – Making finances a priority
• Repayment Estimator with or without login
• Students with loans can log in for personalized info
Financial Aid Toolkit

- Tool for counselors and educators
- Financial aid information, outreach tactics, & resources
- FinancialAidToolkit.ed.gov
Other Resources for Families
Net Price Calculators

• Online tool – on each college’s website
• Questions about finances and academics
• Displays federal & institutional aid
• Provides personal, estimated net college price
• Output is only as accurate as the data entered
• Merit-based aid may be calculated
Free assistance completing the FAFSA

• 30 locations across Massachusetts
• Two main dates:
  – Sunday, November 6, 2016 at 1:00 p.m.
  – Sunday, January 29, 2017 at 1:00 p.m.
• Other dates & times available
• All information listed at FAFSADay.org
• 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 March & April

• MEFA emails will provide details
mefa.org

- Information
- Videos
- Webinars
- Calculators
- Links
- Events calendar

How can we help you?
Welcome to a lifetime of valuable college planning tools and resources.

Plan with our expert guidance
Save with affordable, reliable programs
Pay with funds from a variety of sources
MEFA Counselor Webinars

Register and find recorded webinars at:

mefa.org > For Counselors > Training and Events

• Connecting Undocumented Students to College Access Opportunities
  Wed, Dec 7, 2016
• Financial Aid: National Landscape & Regulatory Updates
  Fri, Jan 20, 2017
• Counseling Families with Unique Circumstances
  Tues, Jan 31, 2017
• Working with Foster Youth in the Financial Aid Process (with DCF)
  Mon, Feb 13, 2017
• Helping Families Understand Financial Aid Award Letters
  Tues, April 4, 2017
MEFA Family Webinars

All webinars begin at 12pm. Register online at mefa.org/events.

College Planning for Middle School Families: Monday, 11/14/16

College Financing: Tuesday, 12/6/16

Understanding the FAFSA: Thursday, 1/5/17

College Admissions Wednesday, 2/15/17

Paying the College Bill: Friday, 3/3/17
Tuesday, 4/11/17

Managing Student Loan Repayment: Friday, 4/7/17

Comparing College Loan Options: Wednesday, 6/7/17
Tuesday, 7/11/17

Recorded webinars posted at mefa.org/events
Questions?

mefa.org
(800) 449-MEFA (6332)
info@mefa.org