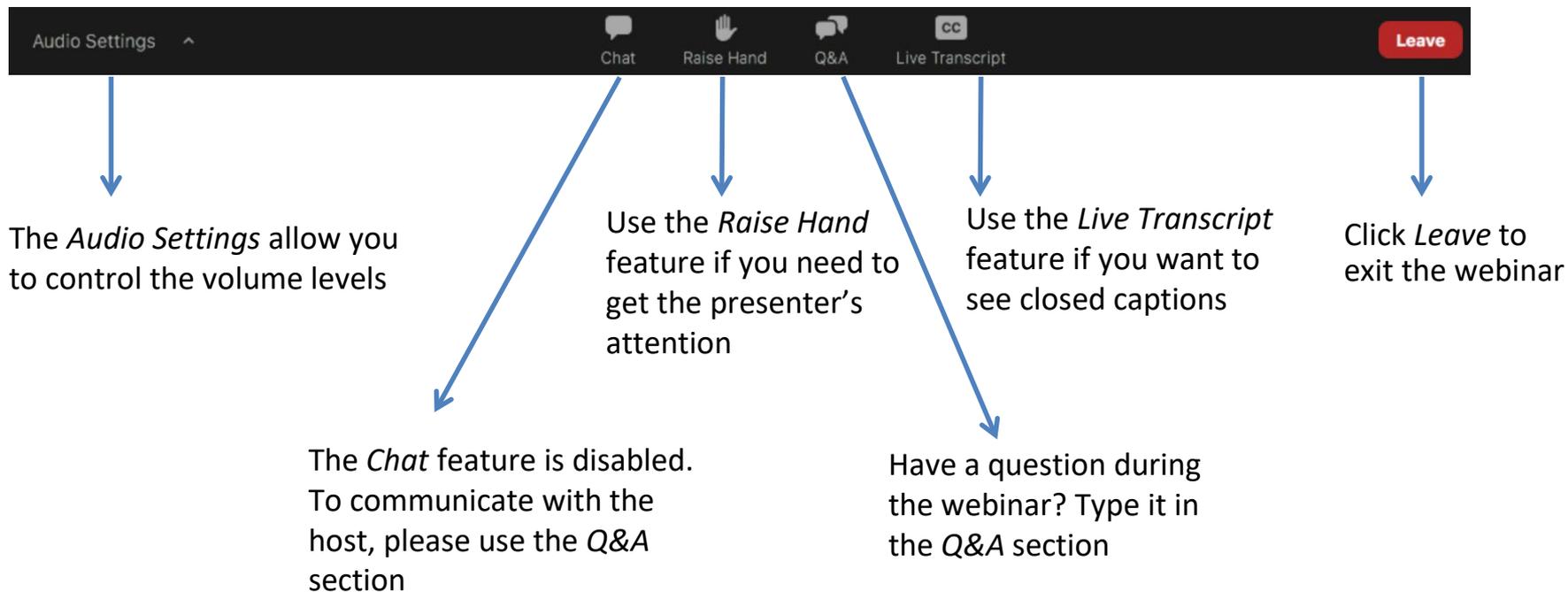




Helping Families Understand Financial Aid Offers

A MEFA Institute Webinar

How to Participate in This Webinar



About MEFA



Not-for-profit state authority created in 1982
helping families plan, save, and pay for college

Agenda



- **Understanding** financial aid offers
- **Knowing** options for families who haven't applied for financial aid
- **Calculating** the balance due at each school
- **Making** a financially wise college decision
- **Developing** a plan for paying the college bill

Merit-Based vs. Need-Based Aid

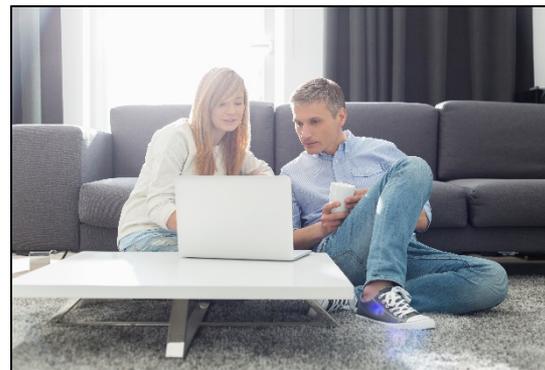
Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Criteria differs from school to school
- Often has requirements for renewal



Need-Based Aid

- Awarded based on family's financial eligibility
- Determined by standardized formula
- Very likely not to receive full amount of eligibility
- Includes most federal, state, and institutional (college) aid



Understanding Financial Aid Offers

- Types of aid:

- Grants/Scholarships
- Work-study
- Loans

- Sources of aid:

- Federal
- State
- Colleges

- Financial aid offers look different!

- Students must accept all or part by college deadline (May 1st or later)

Financial Aid Offer			
You are eligible to receive the following assistance:			
	Fall	Spring	Total
ABC University Grant	17,995	17,995	35,990
Federal SEOG	500	500	1,000
Federal Pell Grant	2,960	2,960	5,920
MASSGrant	800	800	1,600
Federal Work-Study Program	750	750	1,500
Federal Direct Subsidized Loan	1,750	1,750	3,500
Federal Direct Unsubsidized Loan	1,000	1,000	2,000
Total	\$25,755	\$25,755	\$51,510

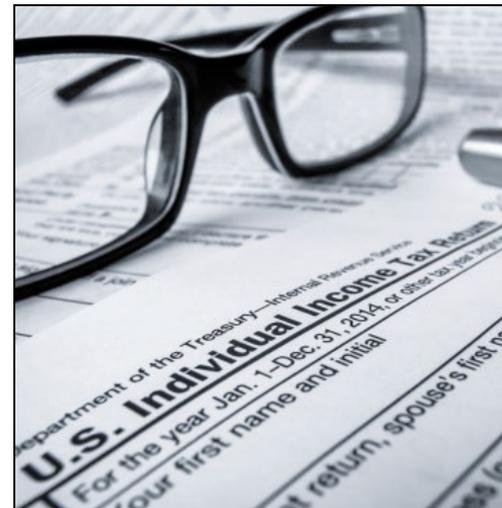
Federal Direct Student Loans

- Student is the borrower – no credit check
- Fixed interest rate changes annually: 2.75% for 2020-21 (2021-22 rate announced in May)
- Two types:
 - Subsidized: Interest accrues after student leaves school
 - Unsubsidized: Interest accrues immediately
- 1.057% fee deducted from loan amount
- Promissory Note & Entrance Counseling: [StudentAid.gov](https://studentaid.gov)
- No payments while in school and several repayment options

Annual Direct Loan Limits	
Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500

Verification

- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- May need to submit additional documentation:
 - Tax Return Transcript
 - Verification Worksheet
 - Asset Account Statements
- Should review all correspondence from colleges
- Log into college web portal for communications



If Students Have Not Applied for Aid

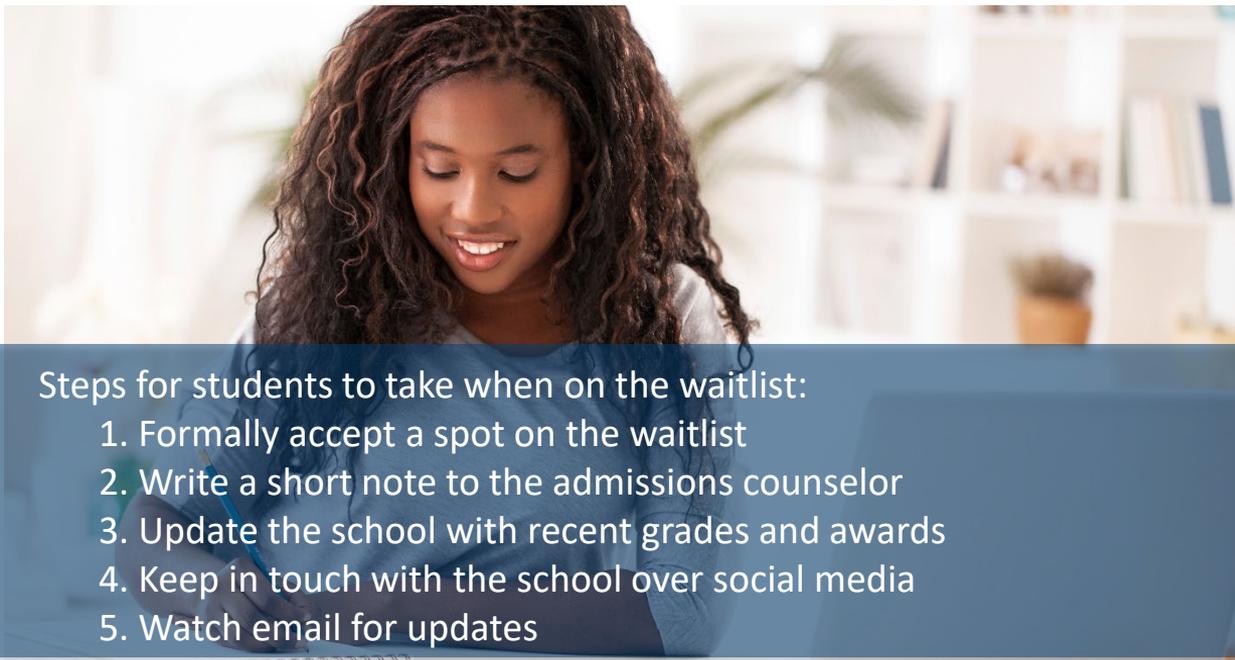
- Submit the FAFSA for federal & state financial aid
- Massachusetts deadline is May 1st
- Federal aid, including Direct Loans, is available all year



Many college financial aid deadlines have passed. But payment plans are open to all, and anyone may apply for private loans.

A Word About the Waitlist

- Some schools have a very long list and never accept a student from it
- Those accepted off the waitlist may receive minimal financial aid
- Students should submit an enrollment deposit at another school (usually non-refundable)



Steps for students to take when on the waitlist:

1. Formally accept a spot on the waitlist
2. Write a short note to the admissions counselor
3. Update the school with recent grades and awards
4. Keep in touch with the school over social media
5. Watch email for updates

Calculating the Balance Due

College charges

- Financial aid & enrollment deposit

=Balance due

College Charges

- Tuition
- Fees
- Room
- Board/Meal Plan
- Health Insurance

College Name	School	School	School	School
ANNUAL COSTS				
Tuition & Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Room and Board	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Books & Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Transportation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Health Insurance	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other Costs: <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ANNUAL GIFT AID				
Federal Pell Grant	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Federal SEOG	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State Grant/Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
College Grants/Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Outside/Private Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
STUDENT LOANS				
Federal Direct Subsidized Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Federal Direct Unsubsidized Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
School-Specific Student Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
OTHER RESOURCES				
Other Resources: <input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Annual Costs	\$0	\$0	\$0	\$0
Total Annual Gift Aid	\$0	\$0	\$0	\$0
Total Student Loans	\$0	\$0	\$0	\$0
Total Other Resources	\$0	\$0	\$0	\$0
Remaining Cost	\$0	\$0	\$0	\$0

mefa.org/college-cost-calculator

Comparing College Cost Calculator Results

- What is the net price at each school?
- Which colleges can the family afford?
- Consider 4+ years of attendance and potential graduate school
- Limit borrowing
- Select an affordable college that makes financial sense!



Past Income

- 529 College Savings Plans
- Prepaid Tuition Plans
- Savings Bonds
- Stocks
- CDs
- Student Bank Accounts
- Other Investments



Utilizing Savings from the U.Plan & U.Fund



- Log in online to request a distribution
- For customers not online: complete the U.Plan Distribution Request Form, which will be mailed out in early April
- Questions?
 - Call **(800) 449-MEFA (6332)**



- Visit [fidelity.com/saving-for-college/529-plan-distributions](https://www.fidelity.com/saving-for-college/529-plan-distributions) to:
 - Obtain a 529 College Investing Plan Distribution Form
 - Set up BillPay[®] to send funds directly to the college
- Questions?
 - Call **(800) 544-2776**

Present Income

Families should consider using an **interest-free monthly payment plan**

- Pay over 5 to 12 months
- No interest charges or credit requirements
- Minimal enrollment fee
- Great option to minimize borrowing
- Plans typically begin in May, June, or July
- Contact the college for more information



Future Income

Families can borrow wisely by:

- Knowing their credit history
- Borrowing only what they need
- Thinking in terms of total enrollment (4+ years) and total debt
 - Consider the post-graduation monthly repayment
- Considering major/career, employment rates, & starting salary
- Understanding:
 - Fixed or variable interest rate
 - Repayment timeline
 - Primary borrower

Note that multiple credit inquiries in a short period only count as one inquiry

Families who have questions about borrowing can attend one of our *Comparing College Loan Options* webinars

Wednesday, June 2nd @ noon

Thursday, July 8th @ noon

Understanding the Cost of Borrowing

MEFA's Student Loan Payment Calculator

Amount to borrow:

Years before graduation:

My or my co-borrower's credit profile:
 Fair Good Excellent

	Immediate Repayment: 10 Years	Immediate Repayment: 15 Years	Interest-Only Repayment: 15 Years	Deferred Repayment: 15 Years	Student Deferred with Co- borrower Release: 15 Years
In-School Monthly Payment	\$211.36 for 48 months	\$157.87 for 48 months	\$84.88 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post-School Monthly Payment	\$211.36 for 72 months	\$157.87 for 132 months	\$199.47 for 132 months	\$243.51 for 132 months	\$248.67 for 132 months
Total Cost of Loan	\$25,363.20	\$28,416.60	\$30,404.28	\$32,143.32	\$32,824.44
Interest Rate	4.75%	4.85%	5.05%	5.25%	5.50%
APR	3.75% - 5.30% **	3.95% - 5.35% **	4.25% - 5.40% **	4.38% - 5.50% **	4.62% - 5.75% **
	<input type="button" value="Loan Details"/>				

mefa.org/loan-payment-calculator

A Pathway to Paying the Balance Due

Balance Due		\$20,000
<i>Past Income (Savings)</i>		
	Student Savings	-\$1,000
	Parent Savings	-\$4,000
<i>Present Income (Current Wages)</i>		
	Parent Contribution to Payment Plan	-\$5,000
<i>Future Income (Borrowing College Loans)</i>		
	Education Loan	-\$10,000
		\$0

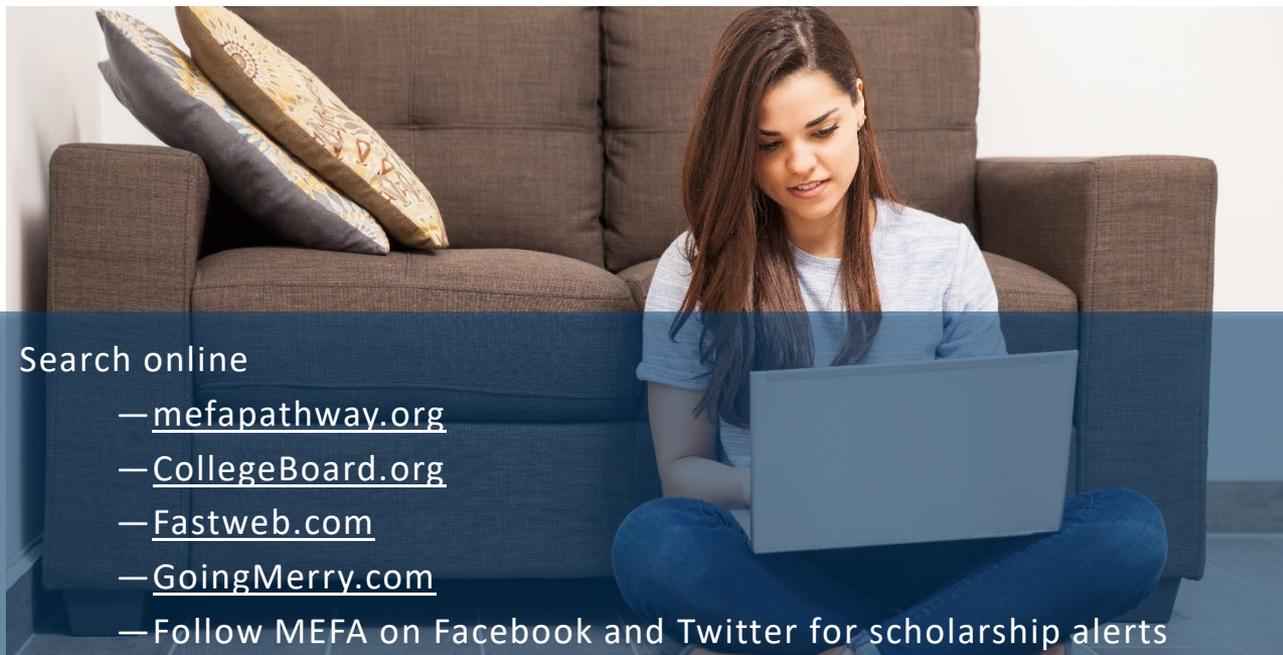
Timing: Paying the College Bill



- Fall semester bill: sent in June or July, due in July or August
- Apply for educational loans at least 2 weeks before the bill deadline
- Set up payment plans according to the college schedule

Private Scholarships

- Students should check with school counselors for local scholarship info
- No one should ever pay to apply for a scholarship
- Community organizations, foundations, non-profits, and corporations all offer scholarships



Search online

- mefapathway.org
- CollegeBoard.org
- Fastweb.com
- GoingMerry.com
- Follow MEFA on Facebook and Twitter for scholarship alerts

Paying for College in MA: Students Have Options

MassTransfer

- Makes transfer from community college to a 4-year MA public college more affordable
- Benefits include guaranteed credit transfer, tuition credit, & freeze on tuition
- mass.edu/masstransfer



Tuition Break

- Reduction on out-of-state tuition costs at New England schools for certain programs
- Nebhe.org/programs-overview/rsp-tuitionbreak/overview



Financial Aid Office as a Resource

Learn about Financial Aid	<ul style="list-style-type: none">• Financial aid renewability criteria<ul style="list-style-type: none">- financial, academic• Treatment of private scholarships
Ask About Special Considerations	<ul style="list-style-type: none">• Changes in family circumstances<ul style="list-style-type: none">- Job loss or income changes due to COVID• Appealing the financial aid offer
How to Contact the Financial Aid Office	<ul style="list-style-type: none">• Phone call• Email• Chat (if offered)

What Should Families Do Now?

- Pay any enrollment deposit required by the college deadline
- Create a plan as a family to pay the balance due
- Utilize MEFA as their resource
 - Sign up for MEFA emails to stay on track
 - Use tools on mefa.org: webinars, calculators, videos
 - Take advantage of one-on-one counseling with the MEFA team
 - Phone: (800) 449-MEFA (6332)
 - Email: collegeplanning@mefa.org
 - Virtual appointment request: mefa.org/appointment-request



Connect with MEFA on Social Media

mefa MEFA February 22 at 5:30 PM · 🌐

After you receive your financial aid award from the colleges to which you have been accepted, you may need to gather some additional information. The following are some important questions to ask.

QUESTIONS TO ASK IN THE FINANCIAL AID PROCESS #FINAID

1	What is the college's total cost of attendance?	2	What financial aid applications are required and when are they due?	3	What are the college's application requirements for divorced or separated parents?	4	Does the college offer merit-based scholarships? How do students apply?	5	Will my financial aid stay the same every year?
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facebook.com/mefaMA



[@MEFAtweets](https://twitter.com/MEFAtweets)



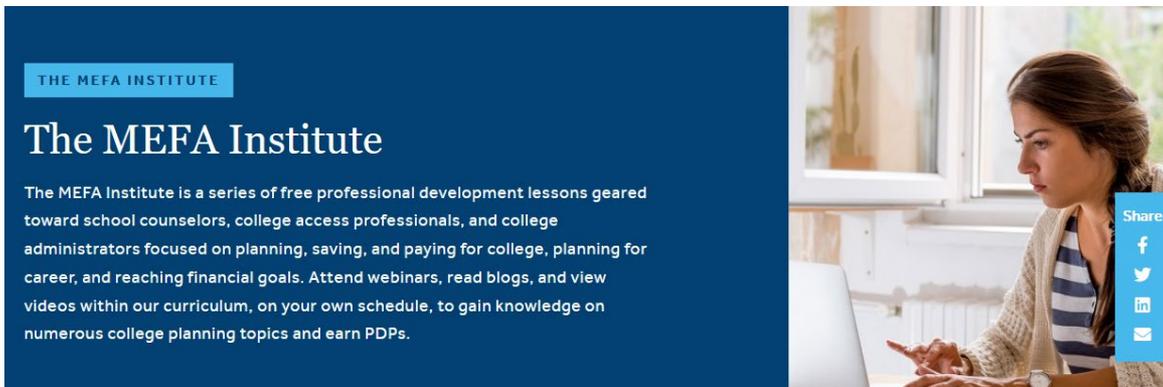
linkedin.com/company/mefa



youtube.com/MEFAcounselor

For School Counselors

- Register for upcoming MEFA Institute webinars and complete lessons to earn PDPs: mefa.org/mefa-institute
- Share MEFA resources with families
- Visit mefa.org/counselors



THE MEFA INSTITUTE

The MEFA Institute

The MEFA Institute is a series of free professional development lessons geared toward school counselors, college access professionals, and college administrators focused on planning, saving, and paying for college, planning for career, and reaching financial goals. Attend webinars, read blogs, and view videos within our curriculum, on your own schedule, to gain knowledge on numerous college planning topics and earn PDPs.

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Thank You

Questions?

(800) 449-MEFA (6332)

collegeplanning@mefa.org

How was the webinar? We'd love for you to leave us a review on Google to hear your feedback

