



Financial Aid 101

Nuts and Bolts

Chad Spencer

**Senior Associate Dean of Admission and
Director of Financial Aid**

Davidson College





What will we cover?

- Applying for Aid
- Cost of Education
- Need-Based Aid
- Merit-Based Aid
- Packaging / Awarding
- Consumer Tips
- Your Questions



What are the principles and purposes of need-based financial aid?

- Families have primary responsibility to pay for college
- Parents and students contribute to the extent they are **able**
- Provide students opportunity to attend college based on best **fit**
- Equitable distribution of limited funds



How do students apply for financial aid?

FAFSA

- Free Application for Federal Student Aid
- Studentaid.ed.gov
- IRS Data Retrieval

CSS Profile

- CollegeBoard.org

At College's Discretion

- Tax returns and W-2 forms
- CSS PROFILE from Noncustodial parent

Families must reapply annually



How is aid eligibility determined?

Cost of education

- Expected Financial Assistance
(from outside resources)

- Expected Family Contribution

= **Student's financial need**



What is Included in the Cost of Education?

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses

Direct

Indirect

DAVIDSON



What are outside resources?

- Funds from sources **other than** the college/university
 - Clubs and civic organizations
 - Churches
 - Employers
 - Foundations



What about outside resources?

- They **CAN** replace self-help (loan and work) components of aid award
- They **CAN** fill in difference when schools “Gap” award
- They **CAN** add to a merit-only award
 - Total of merit and outside award can’t exceed total Cost of Education

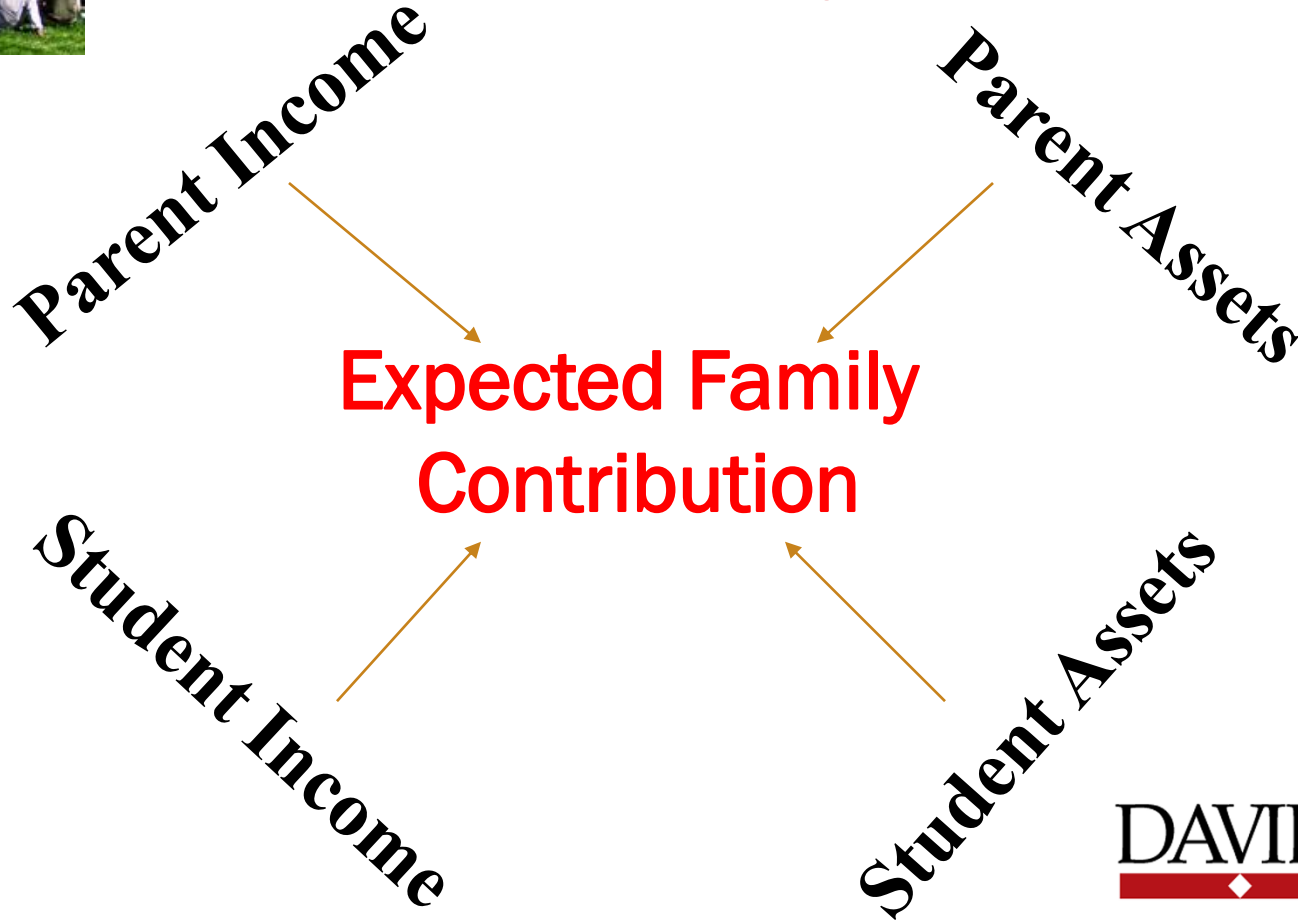


What is the “Expected Family Contribution?”

- A figure derived from the financial data provided on the FAFSA and/or PROFILE
- Represents the **calculated** ability of the family to contribute toward the cost of education
- Takes into account factors such as income, assets, family size and number of children attending college
- **Annually determined**, so can change from year to year as factors change



What are the components of the “Expected Family Contribution?”





What About 529 Plans?

- 529 plans are assets of the plan **owner(s)**.
- FAFSA: “When the **owner** is a dependent student...they are reported as an asset of the parent.”
- PROFILE instruction: If the student has a 529 plan as part of an UGMA or UTMA account, it is a student asset.
- “When the **owner** is some other person...distributions from these plans to the student count as untaxed income, as ‘money received.’”



How is Family Contribution Calculated?

Parent
Contribution
Per Student



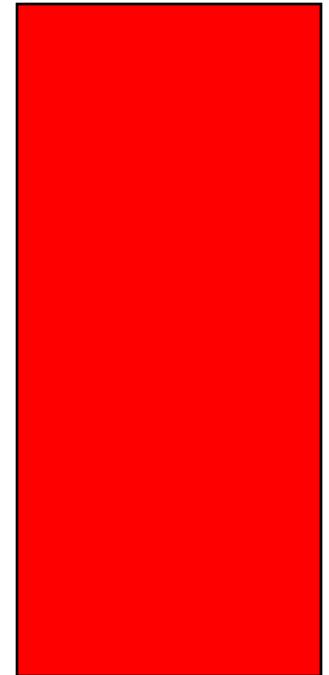
Student
Contribution



+

=

Family
Contribution
(EFC)



DAVIDSON
◆



What about merit-based scholarships?

- Funds awarded on the basis of factors **other than** financial need
 - Academic factors
 - Talent factors
 - Service factors
 - (Fill in the blank) factors
- Procedures for being considered vary
 - Nomination process
 - Scholarship application
 - Admission application



What about athletic scholarships?

- Awarded by athletics department, not admission/financial aid office
- Both partial and “full” athletic scholarships can be offered
- Some schools offer athletics, but not athletic scholarships (D-III)



Questions To Ask About Merit and Athletic Scholarships

- Is the scholarship renewable?
- If so, what are the requirements for renewal?
- Will it affect my need-based aid eligibility?



What are the typical components of a financial aid award/package?

- **Gift Aid**
 - Grants (Institutional, Federal, and State)
 - Merit-Based Scholarships
 - Funds not requiring work or repayment
- **Self Help**
 - Student Employment
 - Student Loans (at some schools)



How is need met?

Sample Aid Packages

	Davidson	Public U.	Private U.
Cost	\$73,000	\$30,000	\$53,000
EFC	\$18,000	\$18,000	\$18,000
Need	\$55,000	\$12,000	\$35,000
Merit Grant	\$0	\$0	\$20,000
Loan	\$0	\$3,500	\$5,500
Work Study	\$2,100	\$2,000	\$1,500
Total Aid	\$55,000	\$12,000	\$30,000
Unmet Need	\$0	\$0	\$5,000
Total Paid	\$18,000	\$18,000+loan +interest	\$23,000+loan +interest



How is need met?

Sample Aid Packages

	Davidson	Public U.	Private U.
Cost	\$73,000	\$30,000	\$53,000
EFC	\$18,000	\$18,000	\$18,000
Need	\$55,000	\$12,000	\$35,000
Merit			
	\$0	\$0	\$20,000
Grant	\$52,900	\$6,500	\$3,000
Loan	\$0	\$3,500	\$5,500
Work Study	\$2,100	\$2,000	\$1,500
Total Aid			
	\$55,000	\$12,000	\$30,000
Unmet Need	\$0	\$0	\$5,000
Total Paid			
	\$18,000	\$18,000+loan +interest	\$23,000+loan +interest



How is need met?

Sample Aid Packages

	Davidson	Public U.	Private U.
Cost	\$73,000	\$30,000	\$53,000
EFC	\$18,000	\$18,000	\$18,000
Need	\$55,000	\$12,000	\$35,000
Merit			
	\$0	\$0	\$20,000
Grant	\$52,900	\$6,500	\$3,000
Loan	\$0	\$3,500	\$5,500
Work Study	\$2,100	\$2,000	\$1,500
Total Aid			
	\$55,000	\$12,000	\$30,000
Unmet Need			
	\$0	\$0	\$5,000
Total Paid			
	\$18,000	\$18,000+loan +interest	\$23,000+loan +interest



What are some payment options?

- Monthly payment plans
- Federal Educational Loans
 - Student (Direct Stafford)
 - Parents (Direct PLUS)
- Private Educational Loans



What if my financial circumstances change?

- Institutions **may** choose to consider changed family circumstances at different times throughout year **or** wait until next annual filing
- **May** affect family contribution
- Communicate changes and have documentation prepared



Do you have any “consumer tips?”

- Consult your College Counselor
- Avoid scholarship programs and search services that charge fees
- Negotiation? Price matching?



Additional Questions?

Thank you for coming!

Chad Spencer
Davidson College

DAVIDSON
◆