



Financial Aid Basics for Students and Families

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What will we cover?

- Applying for Aid
- Cost of Education
- Need-Based Aid
- Merit-Based Aid
- Packaging / Awarding
- Additional Information
- 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**
- Provide equity in distributing limited funds



How do students apply for financial aid?

FAFSA

- Free Application for Federal Student Aid
- www.FAFSA.ed.gov
- myStudent Aid app for iOS and Android
- FSA ID
- IRS Data Retrieval

CSS Profile

- Profile online - CollegeBoard.org

At College's Discretion

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

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Families must reapply annually



What is Prior-Prior Year for 2019-20?

- FAFSA and CSS PROFILE use “prior-prior year” (PPY) income data
- For 2019-20, income will be reported from 2017
- Allows 2019-20 FAFSA to be available beginning October 1 rather than January 1
- Allows almost universal use of IRS Data Retrieval by all FAFSA filers, with some exceptions



Can an aid applicant apply as self-supporting?

- Students can apply as self-supporting IF:
 - They're 24 years of age
 - They're married
 - They're pursuing a graduate degree
 - They're in the Armed Forces or are a veteran
 - They have a child **and** provide more than 50% support
 - They're orphaned or are/have been a foster child
 - They've been emancipated by a state court
 - They have a court-appointed legal guardian
 - They're homeless or at risk of being homeless



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

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Are there other costs that may be considered?

- Student health insurance
- Computer (one time)
- Specialized equipment
- Supportive needs



What are outside resources?

- Funds from sources **other than** the college/university
 - Clubs and civic organizations
 - Churches
 - Employers
 - Foundations
- Certain types of benefits (e.g., military or employer)



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
- They **may** reduce to cost of attendance at **some** institutions

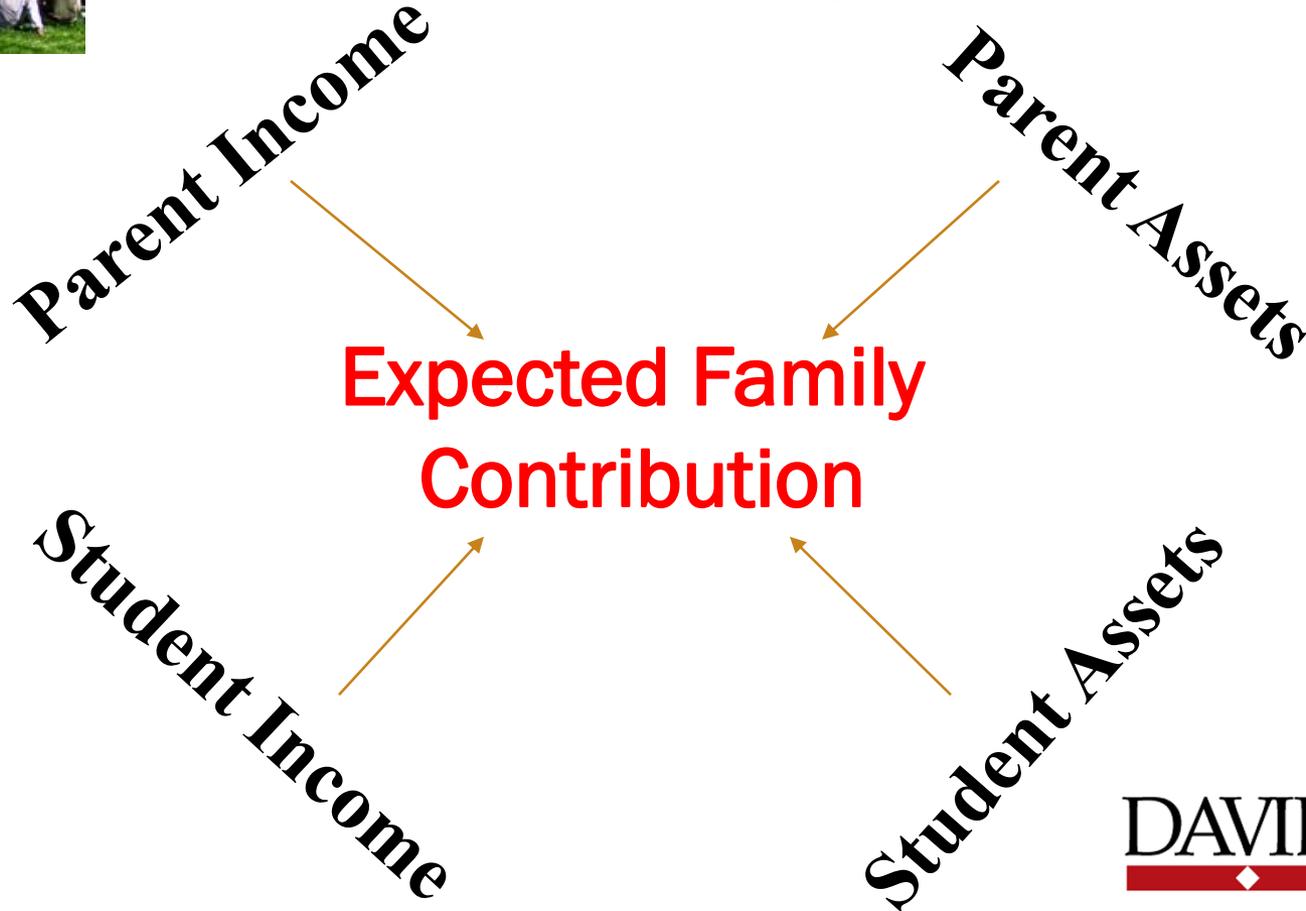


What is the “family contribution?”

- A figure derived from the financial data provided on the FAFSA and/or PROFILE
- Represents the **calculated** capacity 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
- Ranges from zero (no contribution) to \$1,000,000 and above (000000 to 999999)



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





What About 529 Plans?

- 529 plans (savings or pre-paid tuition) 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.’”



Pop Quiz:

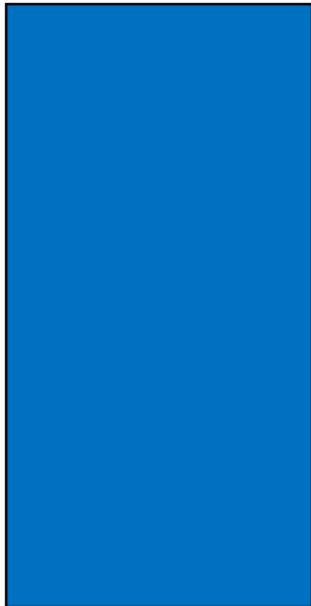
What Income Level Might Result in a \$18,000 EFC?

- Three real Davidson families:
 - Family A's income = \$165,000
 - Family B's income = \$97,000
 - Family C's income = \$64,000
- All have roughly a \$18,000 EFC
- How might this occur?
 - Hint: Remember the EFC formula variables we have just discussed



What if the Family has More than One Student Enrolled?

Total Parent Contribution



in college adjustment

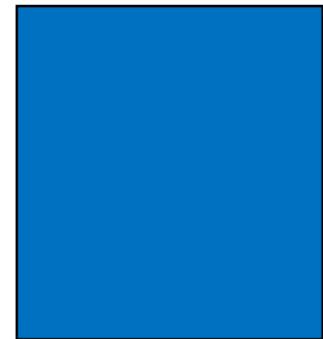


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Parent Contribution per Student



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How is Family Contribution Calculated?

Parent
Contribution
Per Student



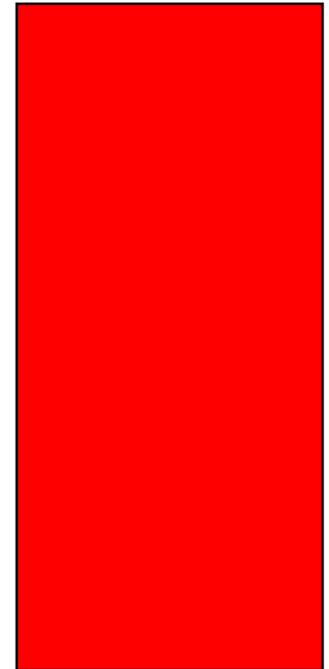
Student
Contribution



+

=

Family
Contribution
(EFC)





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	\$68,000	\$30,000	\$49,000
EFC	\$18,000	\$18,000	\$18,000
Need	\$50,000	\$12,000	\$31,000
Merit			
	\$0	\$0	\$12,000
Grant	\$47,900	\$6,500	\$9,000
Loan	\$0	\$3,500	\$5,500
Work Study	\$2,100	\$2,000	\$1,500
Total Aid			
	\$50,000	\$12,000	\$28,000
Unmet Need			
	\$0	\$0	\$3,000
Total Paid			
	\$18,000	\$18,000+loan +interest	\$21,000+loan +interest



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College costs do not have to be paid all at once!

There are four ways to pay for this investment

- Saving in advance
- Paying from current income
- Borrowing — pay with future income
- Scholarships and Grants



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
- *Might* affect a family's funding options
- Might *not* affect family contribution
- Communicate changes!



Do you have any “consumer tips?”

- Hire an admission/aid consultant(?)
- Avoid scholarship programs and search services that charge fees
- Negotiation? Price matching?



What are other things I should know?

- Deadlines are **critical**
- Sticker Price vs. Net Price
- Net Price Calculators
- Early Decision Admission—yes/no?
- Need-blind and need-sensitive
- May 1: National Candidates Reply
Date



What are some on-line resources?

- School web sites
- www.davidson.edu
- Federal government www.StudentAid.gov
- SmartStudent Guide to Financial Aid
www.finaid.org
- The College Board www.collegeboard.org



Additional Questions?

Thank you for coming!

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