



# Financial Aid 101

## What You Need to Know About the College Financial Aid Process

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## Meet today's presenters...

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*What is one financial aid tip or resources that you like to share?*

*What do you like to do in your spare time?*



## Topics

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- What is Financial Aid?
- Need Components
- Types of Aid
- Applying for Aid
- Dependency Status and Parents
- Affect of Outside Aid
- Changes in Circumstances
- What's Next?



## What is financial aid?

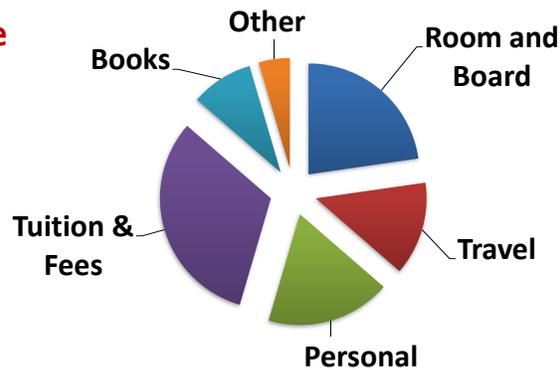
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- Financial aid consists of funds provided to students and their families to help pay for postsecondary education.
- Financial aid helps to bridge the gap between the Cost of Attendance and the Expected Family Contribution (EFC).



## Cost of Attendance (COA)

Varies based  
on the college



## Expected Family Contribution (EFC)

- A measure of your family's financial strength
- Two components:
  - Parent Contribution
  - Student Contribution
- Calculated using information from the Free Application for Federal Student Aid (FAFSA)
- Does not change based on the college



## Financial Need Calculation

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Cost of Attendance

– Expected Family Contribution

= **Financial Need**



## Sources of Financial Aid

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1. Federal government
2. State government
3. College/University
4. Private foundations
5. Employers and private companies
6. Professional and service organizations



## Types of Financial Aid

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1. Scholarships
2. Grants
3. Work-study
4. Loans



## Scholarships

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- Money that **does not have to be paid back**, but some may require an “agreement to serve” after graduation
- Usually based on merit, skill, a unique characteristic and/or need
- Sources
  - Civic organizations, churches, employers, schools
- **CAUTION! Beware of scams**
  - <https://studentaid.ed.gov/sa/types/scams>

## Grants



- Money that **does not have to be paid back**, but some may require an “agreement to serve” after graduation
- Typically based on financial need
- **Federal Grants**
  - Including the Federal Pell Grant and Federal Supplemental Education Opportunity Grant (FSEOG)
- **State Grants for Virginia Residents**
  - Commonwealth Award, VA Guaranteed Assistance Program (VGAP), VA Tuition Assistance Grant (VTAG), Two-Year College Transfer Grant (CTG), VA Military Survivors and Dependents Education Program (VMSDEP), Workforce Credential Grant
- **Institutional Grants**

## Work-Study



- Part-time employment while enrolled in college
- Allows student to earn money to help pay for college expenses
- Eligibility based on financial need
- On- and off-campus jobs available
- Not all colleges participate. Contact financial aid office to inquire.

## Loans

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- Money that is borrowed to finance college expenses, **must be paid back with interest**
- Borrower – Student and/or Parent
- Repayment
  - Student – After graduating or dropping below half-time enrollment
  - Parent (PLUS Loan) – Shortly after the loan is fully disbursed or can request deferment while student is enrolled at least half-time (interest accrues while deferred)
  - Repayment terms and options vary for students and parents

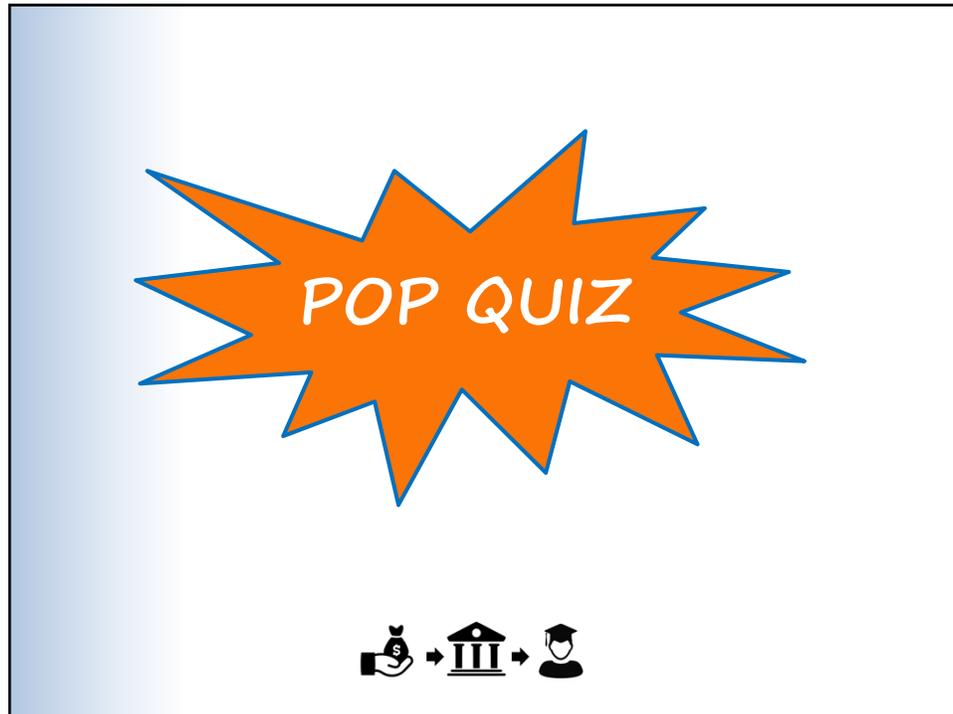


## Loans

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- **Federal Direct Student Loan**
  - **Subsidized** – fixed interest rate, interest does not accrue while in college, does not require repayment while enrolled, based on need
  - **Unsubsidized** – fixed interest rate, interest accrues while in college, but does not require repayment while enrolled, not based on need
- **Federal Direct Parent PLUS Loan** – fixed interest rate, one parent borrower, no adverse credit history





## FAFSA Process



Complete the **Free** Application for Federal Student Aid (FAFSA) each year at [www.studentaid.gov](http://www.studentaid.gov) or using the myStudentAid App.

- The FAFSA is available **October 1** of each year.
  - Check with colleges for priority filing deadlines
- Apply for FSA ID for student and parent
- File electronically for faster processing and online tracking
- FAFSA collects demographic and financial information
- You can pull in tax information using the IRS Data Retrieval Tool (DRT)

## FSA ID



- Student and parent each apply for an FSA ID (username and password) at <https://fsaid.ed.gov> or through the myStudentAid app
- Must have FSA ID to access FAFSA and other federal financial aid websites, and serves as electronic signature
- Can be requested at any time and used right away to sign your original FAFSA, but nothing else until SSN is verified by Social Security Administration (up to 3 days)
- Email address for FSA ID must be different for student and parent
- Do not share your FSA ID with anyone.

## Prior-Prior Year Taxes & IRS DRT

The FAFSA requires prior-prior year tax information.

- For the 2021-2022 FAFSA, applicants will report 2019 tax information.
- This allows students to complete their FAFSA sooner since prior-prior year taxes should already be filed.

If you use the IRS DRT, the student and parent tax information will be transferred directly into the FAFSA.

- Numbers will be hidden for privacy protection
- Easiest way to provide tax information



## Financial Aid Deadlines



- FAFSA is used to apply for federal, state and institutional aid and some scholarships.
  - State and institutional aid is limited, so submit your FAFSA on or soon after **October 1**.
  - Some colleges may require an additional financial aid application such as the CSS PROFILE.
  - Virginia Tuition Assistance Grant (VTAG) has a separate application and deadline of July 31.
- A list of deadlines for Virginia's state-supported colleges is available at <http://schev.edu/financialaiddeadlines>.
- Contact your preferred colleges for updates and additional information.

## General Eligibility Requirements

- U.S. citizen (U.S. National) or eligible noncitizen
- Registered with Selective Service (males)
- Valid Social Security Number (SSN)
- High school diploma, GED, or homeschooling credential
- Enrolled or accepted for enrollment as a regular student in an eligible degree, certificate or credential at a participating college
- Maintain Satisfactory Academic Progress (SAP)
- Criminal convictions may limit eligibility, depends on the conviction and type of college



## Dependency Status



FAFSA will ask a series of questions to determine if the student is dependent or independent.

*If all "NO" answers, student is dependent; provide parent info.*

*If "YES" to any, student is independent; does not provide parent info.*

- 24 years or older?
- Married?
- Working on a master's or doctorate program?
- Military service – Active duty or Veteran?
- Children/dependents, provide more than half of their support?
- Foster care, parents deceased, dependent or ward of court, emancipated minor, legal guardianship  
homeless/unaccompanied youth?

## Who is the "parent?"

- **Biological or adoptive parent (legal parents)**
  - Grandparents, legal guardians, foster parents, older brothers or sisters, and uncles or aunts are **not** considered parents on the FAFSA unless they have legally adopted the student.
- Must provide parent information even if the dependent student does not live with parents
- Colleges may consider a special circumstance to process a dependency override. Documentation will be required, contact the financial aid office for additional information.



## Which parent?



### Answer FAFSA questions for both parents if:

- Parents are married, regardless if they live together (married, but not separated)
- Parents are living together, but not married to each other

### In cases of divorce or separation:

- Provide information for the parent student lived with most in the last 12 months
- If student did not live with one parent more than the other, provide information for the parent who provided student the most financial support during last 12 months
- If divorced or widowed parent has remarried, also provide information about student's stepparent.

## Household Size

- Student
- Parents
- Dependents
- Others who live with you and you are providing more than half of their support and will continue to provide from July 1, 2020– June 30, 2021



## Mistakes can be costly!



Read instructions and complete carefully! Incorrect or missing information may delay the process and result in loss of financial aid.

### Most Common Mistakes

- Paying for help completing the FAFSA. The form is free to complete and free assistance is available.
- Incorrect Social Security Numbers
- Divorced/remarried parental information
- Inaccurate taxed and untaxed income, real estate and investment net worth information
- Tax filing status errors
- Incorrect household size, household members in college

## After FAFSA: What's Next?



- After FAFSA processing, student will receive a Student Aid Report (SAR) via link in email if student provided valid email address or paper by mail.
  - Review SAR comments and check for accuracy
- Make sure you meet all admissions and financial aid deadlines
- You may be selected for verification (details on next slide)
- Submit any required documents to college
- Colleges will review your FAFSA information to determine your eligibility for federal, state and institution aid.
- Once you receive your financial aid award packages from colleges, review and compare them. Know your net price/costs.
- Search and apply for other sources of aid, such as nonprofit and private scholarships and grants

## Verification



- The process the college uses to confirm that the data reported on your FAFSA form is accurate.
- The U.S. Department of Education randomly selects applications for verification.
  - Some colleges verify additional or all applicants.
- If you did not use the IRS DRT and are selected for verification, you may go back into your FAFSA and update using the DRT or you may be required to submit an IRS tax transcript to the college.
- Contact your financial aid office about any other documentation needed for the verification process.
- Financial aid cannot be released to a student's account until this step is completed.

## Affects of outside aid on award package

- Students are required to notify college of all outside/private scholarships and grants.
- Could result in a change to your award package if the outside aid causes you to exceed your financial need or COA
- Typically colleges will reduce loans first since they require repayment.
- A revised award notification will be sent to the student.



## Changes in Circumstances



- Loss of income or benefit
- Death of a parent
- Parent divorced or separated after FAFSA is filed
- Unusually high medical expenses paid but not reimbursed by insurance

You may be eligible for adjustment based on professional judgment (PJ) – speak with your financial aid administrator.

Applicants are required to report 2019 tax information on the 2021-22 FAFSA, if major changes have occurred since then, they may qualify for a PJ.

## Role of College Financial Aid Office

- Assists students and their families in understanding and utilizing financial aid resources
- Determines federal, state and institutional aid eligibility
- Verifies FAFSA information
- Reviews special circumstances
- Awards financial aid
- Sends award notification with award amounts, disbursement methods, timeframes, and any terms and conditions of each award
- Monitors eligibility



## Summary



- Start the process early
- Check with colleges for priority filing deadlines
- Know what information and forms you need
- Provide accurate information
- Save copies of everything
- Check your email regularly and follow up with your college
- Loans require repayment. Be a responsible borrower...only borrow what you need.
- If you have questions...ASK! Contact the college financial aid office.

**POP QUIZ**



## Helpful Resources



- College financial aid webpages
- FAFSA and federal student aid info: [studentaid.gov](https://studentaid.gov)
- myStudentAid App (Apple or Google app store)
- FSA ID: [fsaid.ed.gov](https://fsaid.ed.gov)
- State Council of Higher Education for VA: [schev.edu/financialaid](https://schev.edu/financialaid)
- College Navigator: [nces.ed.gov/collegenavigator](https://nces.ed.gov/collegenavigator)
- College Scorecard: [collegescorecard.ed.gov](https://collegescorecard.ed.gov)
- ECMC Opportunities Guide: [ecmc.org/opportunities](https://ecmc.org/opportunities)



# Questions?



ECMC





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# Thank you!

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