

What You Need to Know about Financial Aid

The following presentation guide can be used for a financial aid information night introducing the basic concepts of financial aid to students and parents. It may be used in conjunction with NASFAA's *What You Need to Know about Financial Aid* presentation slide show, available in Microsoft PowerPoint format.

If you already have PowerPoint, you can download the slide show from the NASFAA Web site, www.NASFAA.org, and run it as a PowerPoint presentation. You may also wish to print the slide show and provide it as a handout to your audience members so that they may follow along. Printing in the format that puts three slides per page allows space for note taking.

The bulleted presentation guide provides a framework in which to discuss the basic concepts of financial aid. The format assumes that you have an understanding of financial aid concepts, the federal aid programs, and the Free Application for Federal Student Aid (FAFSA) process. Feel free to add additional information based on the needs of your audience. Provide audience members with copies of NASFAA's *Student Aid Program Summary*. The presentation guide contains only basic information about the student aid programs. Give the audience a few minutes to review the chart and ask questions after covering the material in the presentation. NASFAA also recommends that you have copies of the 2010-11 FAFSA on the Web (FOTW) Worksheet to give to your audience so they may follow along with that part of the presentation. The PowerPoint slides do not contain screen captures from the FOTW Worksheet.

NASFAA prepared this presentation using a draft of the 2010-11 *FOTW Worksheet*.

Presentation Slide Show Guide

[1] Title slide—What You Need to Know About Financial Aid

[2] Topics We Will Discuss

- What is financial aid
- Cost of attendance (COA)
- Expected Family Contribution (EFC)
- What is financial need
- Categories, types, and sources of financial aid
- Free Application for Federal Student Aid (FAFSA)
- Special circumstances

[3] What is Financial Aid?

- Financial aid is funds provided to students and families to help pay for postsecondary educational expenses

[4] What is Cost of Attendance (COA)?

- Direct costs
 - Billed by or paid directly to the college, such as tuition and on campus housing
- Indirect costs
 - Necessary expenses, such as transportation and personal care items, that are not paid to the college
- Colleges combine direct and indirect expenses into the cost of attendance, or student budget
- Cost of attendance varies widely among different types of colleges

[5] What is the Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute, but not what the family will pay to the college
- EFC the same regardless of what college the student attends
- Two components:
 - Parent contribution
 - Student contribution
- Calculated using data from a federal application form and a federal formula

[6] What is Financial Need

- The difference between the cost of attendance and the EFC
- Need will vary based on the cost of different colleges
- Your financial need determines how much aid you may receive
 - Colleges may not be able to offer enough aid to meet your financial need

[7] Categories of Financial Aid

- Need-based
 - Awarded on the basis of financial need, as calculated using a form such as the FAFSA
- Non-need-based
 - Awarded on the basis of a student's ability, talent or unique characteristics, such as academic achievements, athletic ability, musical talent, or ethnic heritage

[8] Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment

[9] Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic

[10] Grants

- Money that does not have to be paid back
- Awarded on the basis of financial need, as calculated using a form such as the FAFSA

[11] Loans

- Money students or parents borrow to pay college costs
- Repayment usually begins after education is finished
- Only borrow what is really needed
- Look at loans as an investment in the future

[12] Employment

- Allows student to earn money to pay educational costs
 - Receive a paycheck or
 - Non-monetary compensation, such as room and board

[13] Sources of Financial Aid

- Federal government
- States
- Private sources
- Civic organizations and churches
- Employers

[14] Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of need
- Must apply each year by submitting the FAFSA

[15] Common Federal Aid Programs

- Federal Pell Grant
 - Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC
- Academic Competitiveness Grant (ACG)
 - First and second year degree seeking students
 - Students in certificate programs one or two years in length
 - Eligible for a Federal Pell Grant
 - Enrolled at least half time
 - Successfully completed a rigorous secondary school program of study after January 1, 2005
 - Must have a 3.0 grade point average (GPA) after first year
- National Science and Mathematics Access to Retain Talent (SMART) Grant
 - Third, fourth, and some fifth year students
 - Eligible for a Federal Pell Grant
 - Enrolled at least half time
 - Major in an eligible field
 - 3.0 GPA each term
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
 - 3.25 GPA each term or qualifying score on admissions test
 - Agree to teach full time for at least four years within eight years of graduation at a school serving a high percentage of low income students (Title I schools)
 - Must teach a specific subject
 - Grant funds become a Direct Unsubsidized Stafford Loan if student does not fulfill teaching requirement
- Federal Supplemental Educational Opportunity Grant (FSEOG)
 - Usually eligible for a Federal Pell Grant
 - Targeted to neediest students
- Federal Perkins Loan
 - Low interest loan
 - Repayment usually begins after students graduate



- Federal Work-Study (FWS)
 - Allows students to work on or off campus
 - Earnings do not count against future Title IV eligibility
- Stafford Loans
 - Loans for students
 - Cosigner and good credit not required
 - Amount varies by academic standing
 - Both need and non-need based
 - Repayment usually begins after students graduate
- PLUS Loans
 - Loans for graduate or professional students and the parents of dependent undergraduate students
 - Non-need based
 - Amount based on cost of attendance and other aid
 - Borrower must have good credit or creditworthy endorser
 - If the parents of a dependent student are unable to borrow a PLUS due to poor credit, student may be eligible to borrow more Stafford funds

Note: *If you have not already done so, give the audience copies of the Summary of Student Aid Programs **handout**. Give them a few minutes to review the chart and then answer any questions about the Title IV programs.*

Note: *Congress is currently considering legislation that would eliminate the Federal Family Educational Loan (FFEL) Program as of July 1, 2010.*

[16] States

- Residency requirements
- Award aid on the basis of both merit and need
- Use information from the FAFSA
- Deadlines vary by state; check paper FAFSA or FAFSA on the Web site

[17] Private Sources

- Foundations, businesses, and charitable organizations
- Deadlines and application procedures vary widely
- Begin researching private sources early



[18] Civic Organizations and Churches

- Research what is available in the community
- To what organizations do the student and family belong?
- Application process usually spring of senior year
- Small scholarships add up!

[19] Employers

- Employers may have scholarship available for employees' children
- Employers may have education benefits for their employees

[20] Free Application for Federal Student Aid (FAFSA)

- A standard form that collects demographic and financial information about the student and family
- May be filed electronically or using paper
 - Available in English and Spanish

Note: You may wish to let the audience know that depending on the college, students may also need to submit forms in addition to the FAFSA, such as the CSS Profile or an institutional form.

[21] FAFSA

- Information used to calculate the Expected Family Contribution, or EFC
 - The amount of money a student and his or her family may reasonably be expected to contribute towards the cost of the student's education for an academic year
- Colleges use EFC to award financial aid

[22] FAFSA

- May be filed at any time during an academic year, but no earlier than the January 1st prior to the academic year for which the student requests aid
- For 2010-11 academic year, the FAFSA may be filed beginning January 1, 2010
- Colleges may set FAFSA filing deadlines
 - Meeting or not meeting a college's priority deadline may impact the amount of financial aid a student receives



[23] FAFSA on the Web (FOTW)

- www.fafsa.ed.gov
- 2010-11 FAFSA available January 1, 2010
- FOTW Worksheet
 - “Pre-application” worksheet
 - Questions follow order of FAFSA on the Web

[24] FOTW

- Reasons to file FAFSA electronically
 - Built-in edits to prevent costly errors
 - Skip-logic allows student and/or parent to skip unnecessary questions
 - Option to use Internal Revenue Service (IRS) data share
 - More timely submission of original application and any necessary corrections
 - More detailed instructions and “help” for common questions
 - Ability to check application status on-line
 - Simplified application process in the future
 - ◆ Option to “pre-fill” certain information on FAFSA when completing application for second, third, and fourth years of study

[25] IRS Data Retrieval

- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer’s identity
- If tax record match found, IRS sends real-time results to applicant in a new browser window
- Applicant chooses whether or not to transfer data to FOTW



[26] IRS Data Retrieval

- IRS data retrieval
 - Available Summer 2010 for 2010-11 processing cycle
 - Participation is voluntary
 - Utilizing the data share could reduce documents requested by the financial aid office
 - Not available to applicants with a recent change in marital status

Note: *IRS data retrieval will not be available to applicants completing an FOTW for the 2010-11 award year before Summer 2010 because it will take the IRS a few months to process tax returns and prepare data.*

[27] Student Financial Aid Personal Identification Number (FSA PIN)

- Allows applicant and parent to sign FAFSA electronically
- Can request PIN before January 1, 2010
- Speeds up processing
- May be used by students and parents throughout the process, including subsequent school years

Note: *If you have not already done so, provide members of the audience with copies of the FOTW Worksheet so they may refer to it during the following discussion.*

[28] FOTW Worksheet

- 2010-11 FOTW Worksheet—4 page booklet containing
 - Instructions
 - 37 questions in 4 sections
 - Contains significantly fewer questions than *FAFSA on the Web*

Note: *For the 2010-11 processing cycle, ED shortened the FOTW Worksheet significantly. Point out to the audience that when they complete FAFSA on the Web, they will need to answer more questions than what are included on the worksheet. Remind them that the use of skip logic will prevent them from answering unnecessary questions.*



[29] FOTW Worksheet: Section 1

- General student information
 - Name
 - Social Security Number

Note: *Emphasize the importance of reporting the student's name and Social Security Number exactly as they appear on the student's Social Security card. Errors will delay processing.*

[30] FOTW Worksheet: Section 1

- General student information
 - Citizenship
 - Marital status
 - Selective Service registration status

Note: *When the Central Processing System (CPS) processes the FAFSA, it verifies that the student meets the citizenship/eligible noncitizen criterion, but it does not verify the citizenship status of the parents. Parents do not need to be U.S. citizens or eligible noncitizens for their students to be eligible for federal student aid.*

Categories of eligible noncitizens include:

- *U.S. permanent residents*
- *Citizens of the Freely Associated States: the Federated States of Micronesia and the Republic of the Marshall Islands*
- *Refugees*
- *Victims of human trafficking*
- *Persons paroled into the U.S. for at least one year*
- *Persons granted asylum*
- *Conditional entrants*
- *Cuban-Haitian entrants*

[31] FOTW Worksheet: Section 1

- General student information
 - Drug conviction status
 - Parents' educational backgrounds

Note: *For the drug question:*

- *Student who answers "Yes" completes on-line worksheet to determine if answer affects eligibility for aid.*
- *Student who answers "Yes" should submit a FAFSA.*



[32] FOTW Worksheet: Section 2

- Questions to determine student dependency status
 - If all “No” responses, student is dependent and must provide parent information
 - If “Yes” to any question, student is independent

Note: Remind the audience that grandparents, foster parents, and legal guardians are not considered parents for the purpose of completing the FAFSA unless they have legally adopted the student. Special circumstances will be discussed in more detail at the end of the presentation.

The definition of an independent student includes emancipated minors, individuals under legal guardianship, and persons who are unaccompanied youth who are homeless or at risk of becoming homeless. The financial aid office may ask applicants who meet one of these criteria to submit documentation verifying their status.

Dependent students who will not be able to provide parental data will be able to submit a FAFSA on the Web to receive unsubsidized Stafford Loans only. Such students will see screens directing them to contact the financial aid office at their college about required documentation to establish eligibility for these loan funds. The Higher Education Opportunity Act of 2008 (HEOA) extended the authority of financial aid administrators to exercise professional judgment to award unsubsidized Stafford Loans to dependents students who parents have ceased supporting the student and refuse to complete the FAFSA.

[33] FOTW Worksheet: Section 3

- Data for parents of dependent students
 - Dislocated worker status

Note: Emphasize to the audience that if a student’s parents are divorced and the parent completing the FAFSA has remarried, the stepparent’s information must be reported on the FAFSA. The FOTW Worksheet tells the applicant that he or she will need to provide the parent’s Social Security Number, name, and date of birth when completing the form.

Note: If a parent does not have a Social Security Number, he or she may report all zeros for the question.

[34] FOTW Worksheet: Section 3

- Financial data for parents of dependent students
 - Tax filing status
 - Adjusted gross income (AGI) for 2009
 - Income earned from work

[35] FOTW Worksheet: Section 3

- Financial data for parents of dependent students
 - Receipt of certain federal means-tested program benefits
 - Additional financial information
 - Untaxed income

Note: Point out to the audience that some applicants will need to provide more information about their assets, net worth, and the net worth of current businesses and/or investment farms. A family owned and controlled small business with 100 or fewer full time or full time equivalent employees is not reported on the FAFSA.

[36] FOTW Worksheet: Section 4

- Financial data for student (and spouse)
 - Tax filing status

Note: Remind the audience that if the student is married, his or her spouse's information must be reported on the FAFSA.

[37] FOTW Worksheet: Section 4

- Financial data for student (and spouse)
 - Adjusted gross income (AGI) for 2009
 - Income earned from work
 - Dislocated worker status

[38] FOTW Worksheet: Section 4

- Data about the independent student (and spouse)
 - Receipt of benefits from certain federal means-tested programs
 - Additional financial information
 - Untaxed income

Note: Point out to the audience that some applicants will need to provide more information about their assets, net worth, and the net worth of current businesses and/or investment farms. A family owned and controlled small business with 100 or fewer full time or full time equivalent employees is not reported on the FAFSA.

Note: Point out to audience members that applicants will be able to identify up to 10 colleges to which their FAFSA information may be sent when they complete FOTW.



[39] Signatures

- Required
 - Student
 - One parent (dependent students)
- Format
 - Electronic, using PIN
 - Signature page
 - Paper FAFSA

[40] Frequent FAFSA Errors

- Incorrect Social Security Numbers
- Divorced/remarried parental information
- Income earned by parents/stepparents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth

[41] FAFSA Processing Results

- Central Processing System (CPS) notifies student of FAFSA processing results
 - Paper Student Aid Report (SAR) if student filed a paper FAFSA and did not provide an e-mail address
 - SAR Acknowledgment if student filed FAFSA on the Web and did not provide an e-mail address

[42] FAFSA Processing Results

- CPS notifies student of FAFSA processing results
 - E-mail notification containing direct link to student's on line SAR if student provided email address on paper or electronic FAFSA
- Students with PIN may view SAR on line at www.fafsa.ed.gov



[43] FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10-14 days after FAFSA submitted
- Colleges review ISIR
 - May request additional documentation, such as copies of federal tax returns

[44] Student Aid Report or Student Aid Report Acknowledgment

- When students receive their SAR or SAR Acknowledgment
 - Review data for accuracy
 - Update estimated tax information when actual figures are available

[45] Making Corrections

- If necessary, make corrections
 - Using FAFSA on the Web if student has PIN
 - Updating and mailing a paper SAR (SAR Acknowledgment cannot be used to submit corrections)
 - Submitting documentation to college's financial aid office

[46] Special Circumstances

- Cannot report on FAFSA
- Send explanation to financial aid office at each college
- College will review special circumstances
 - Request additional documentation
 - Decisions are final and cannot be appealed to U.S. Department of Education

[47] Special Circumstances

- College will review special circumstances
 - Request additional documentation
 - Decisions are final and cannot be appealed to U.S. Department of Education



[48] Special Circumstances

- Examples of special circumstances
 - Change in employment status
 - Medical bills not covered by insurance
 - Change in parent marital status
 - Unusual dependent care expenses
 - Student is unable to obtain parental information due to incarceration, abusive situation, or no relationship with parents

[49] End Slide—NASFAA Logo

