

Financial Aid 101

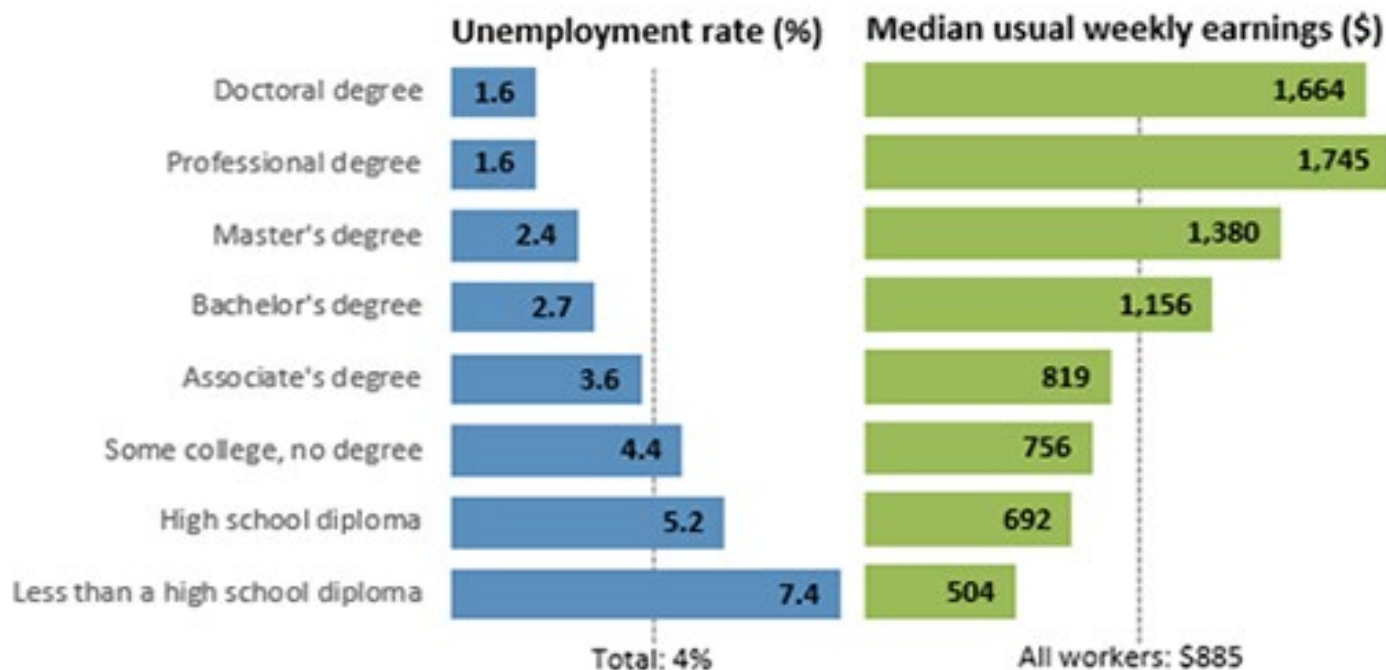
What You Need to Know About the College Financial Aid Process

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Why is College Important?

Unemployment rates and earnings by educational attainment, 2016

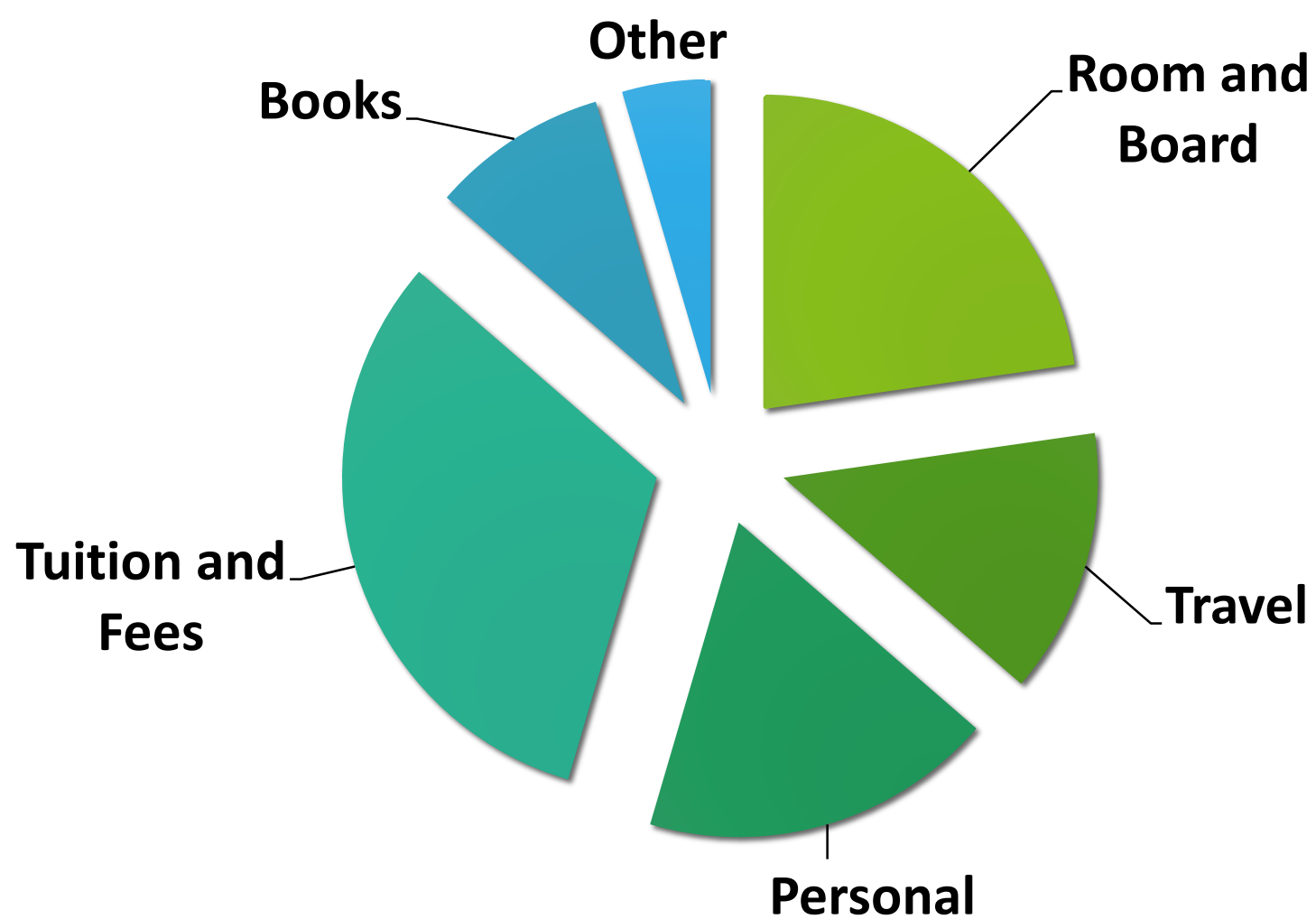


Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

What is Financial Aid?



- 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.
- Access by completing Free Application for Federal Student Aid (FAFSA)



What is the Cost of Attendance (COA)?

What is Expected Family Contribution (EFC)?

- Amount a family can reasonably be expected to contribute
- Two Components
 - Parent Contribution + Student Contribution
- Calculated using data from the FAFSA
- Does not change based on the school
- **Use the Net Price Calculators from College Websites**
- <https://collegecost.ed.gov/netpricecenter.aspx>

Grants

- Money that does not have to be paid back, some may require an “agreement to serve” after graduation
- Typically based on financial need
- Federal Grants
 - Federal Pell Grant (up to \$6,095 per academic year), Federal Supplemental Education Opportunity Grant (FSEOG), Teacher Education Assistance for College and Higher Education Grant (TEACH)
- States Grants
 - Virginia Guaranteed Assistance Program, Commonwealth Award, Virginia Tuition Assistance Grant (Private VA Colleges/Universities)

Work-Study

- Allows student to earn money to help pay for college costs
- On and off-campus jobs available
- Paid by:
 - Paycheck
 - Credit to student account
 - Non-monetary compensation
 - Example: Room and Board (resident assistants)
- (Not all colleges participate)

Loans

- Borrowed Money to finance educational costs, must be repaid
- Borrower - Student and/or Parent
- Repayment
 - Student - After graduating or dropping below half-time enrollment
 - Parent - Typically 60 days after the first disbursement 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 (Cont.)

- Federal Direct Student Loans – Borrow these first!
- Subsidized – fixed 5.045% interest rate (2018-2019 rate), interest does not accrue while in school, based on need
- Unsubsidized – fixed 5.045% interest rate (2018-2019 rate), interest accrues while in school, but does not require in-school repayment on interest, **not based on need**
- **\$5,500 yearly cap** on Stafford loans for Freshman students
- Parent PLUS Loans – parent loan, credit check, 7.595% interest (2018-2019 rate), repayment plans/options not as generous

Loan Debt

- On average, college borrowers graduating from *public* institutions with a Bachelor's Degrees had ~**\$24,000** in federal student loan debt.
- On average, college borrowers graduating from *private, non-profit* institutions with a Bachelor's Degrees had ~**\$29,500** in federal student loan debt.
- 70% of college students graduate with debt!

Loan Debt (Cont.)

- What does **\$27,000** look like in repayment?
 - At 6.0% (future rates), this equates to a ~**\$300** monthly payment for **10 years**
 - You will pay **\$8,500** in interest, for a total payment of **\$35,500**
 - Income based-repayment plans will lower your monthly payment, but also increase your overall interest paid.

Scholarships

Every Year

\$32,000,000,000

Available!

Scholarships

- Money that does not have to be paid back
- Usually based on merit, skill, a unique characteristic, and/or need
- Think of scholarships as a **competition** – You must win!
- Sources
 - Civic and religious organizations, employers, schools
- Free online web searches
 - <https://bigfuture.collegeboard.org/scholarship-search>
- CAUTION – Beware of scams
 - <http://www.finaid.org/scholarships/protecting.phtml>

Scholarships

Planning For Success

- Self-Inventory
 - Unique Characteristics, Short-term/Long-term Goals, What Drives You?
- Create a *Scholarship Spreadsheet* with future deadlines and application information
- Set-up a Scholarship Calendar/Timeline
- Prepare Recommendation Letters
- **Always** Send Thank You Letters

General Eligibility Criteria

- U.S. citizen or eligible non-citizen (next slide)
- Registered with Selective Service (males only)
- Valid Social Security Number (SSN)
- High school diploma, GED, or homeschooling credential
- Enrolled or accepted in an eligible degree or certificate program
- Criminal convictions (including drug convictions) may limit eligibility, depends on the conviction type

FAFSA Process

- Complete the **Free** Application for Federal Student Aid (FAFSA) each year.
 - File online each year at www.fafsa.gov
 - **Available October 1 as of 2019-2020 FAFSA, uses 2017 Tax Returns**
 - Check with colleges for any **priority filing deadlines *EARLY (Many in Jan, Feb)***
 - File electronically for faster processing and online tracking
 - **Mobile App Now Available! – myStudentAid via the App Store or Google Play**
 - Collects demographic and financial information
 - Information collected is used to determine EFC
 - Apply for FSA ID (Federal Student Aid ID)
 - Student and parent sign with their own, individual FSA IDs

FSA ID Process

- Student and parent each apply for a Federal Student Aid ID (FSA ID) at
 - <https://fsaid.ed.gov>
 - Unique username and password combination
 - Tied to individual's Social Security Number (SSN)
 - Used **every year** to file a FASA
- Can be requested at any time, even real-time as the student completes the online FAFSA
- Must have FSA ID to electronically sign the FAFSA
- FSA ID is also used to sign Master Promissory Notes for Student Loans
 - <https://www.youtube.com/watch?v=K7ihhGk8mCY>

Dependency Status

■ FAFSA will ask a series of questions to determine if the student is dependent or independent, including:

-24 years or older

-Married

-Master's or doctorate degree program

-Military service – Active or Veteran

-Children and/or dependents, provide >half of financial support

Foster care, deceased parents, dependent or ward of court, emancipated minor or legal guardianship, homeless

*** If all “No” answers, student is dependent. May appeal for unique circumstances**

*** If “Yes” to any question, student is independent.**

Household Size

INCLUDES:

- Student
- Parents
- Siblings (if parent information needed on their FAFSA)
- Parent's dependents and others if they live with your family and your parents provide **more than 50%** of their financial support

IRS Data Retrieval (IRS DRT)

- Direct Link To FAFSA and IRS
 - Matches SSN, DoB, Name, Address, and Tax Filing Status from IRS Database
 - IRS DRT available for 2019-2020
 - **You will not be able to see the AGI, Taxes Paid, and other untaxed income figures imported from IRS DRT for the 2019-2020 aid year. Data security issues lead to this change.**
- Removes need to enter individual tax data
- Reduces likelihood of verification
- Using IRS DRT is a win-win

Verification

- Generally, one in three applications will be selected by a school, greater probability for new students
- 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
- Did **not use** the IRS DRT and are selected for verification? You must submit an IRS Tax Transcript, which can be received by mail in 7-10 days.

Role of the College Financial Aid Office

- Assists students and their families in understanding and utilizing financial aid resources
- Determines federal and state aid eligibility
- Verifies FAFSA information
- Reviews special circumstances
- Packages financial aid depending on fund availability
- Sends award notification (electronic or paper) with award amounts, disbursement methods, timeframes, and any terms and conditions of each award

Tips For All!

- **SAVE, SAVE, SAVE TODAY!**
 - Every dollar you save today is one less dollar you will borrow to pay for college
- **Keep Realistic Expectations in Mind**
 - You are likely to have debt when you graduate (69% do), what do you expect to earn out of college, and will that support the debt you take on - www.bls.gov/ooh
- **If you have a question – ASK**
 - Ignorance is bliss for a select few (infants, pets, politicians...). College students are not included. “No one told me” is not a valid answer!

Resources

- <https://collegescorecard.ed.gov> – detailed information on college demographic, academic, and financial information
- www.studentaid.gov – Detailed information on specific aid programs and aid eligibility.
- www.bls.gov/ooh - Occupational Outlook Handbook
- www.studentloans.gov – Information on federal loans, repayment estimator, rules and regulations
- www.finaid.org – Financial aid information and helpful tips in navigating the application
- www.payscale.com/college-roi

Questions?

Thank you for attending!

Ask Away!



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