

Take your  
**EDUCATION** to the **NEXT LEVEL**



# Financial Aid 101

# Financial Aid Made Simple

## 5 Steps to Financial Aid

Step 1

Look for  
FREE  
money  
first

Step 2

Know  
your  
specific  
deadlines

Step 3

Fill out  
the  
FAFSA

Step 4

Compare  
financial  
aid offers  
carefully

Step 5

Be sure  
you have  
the  
money  
you need

<https://www.pheaa.org/college-planning/five-steps/>

<http://pheaa.org/studentaidguide>

# What Is Financial Aid?



Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses.

- Gift Aid – Grants/Scholarships free money
- Self-Help: work, savings, Tuition Account Programs – 529s, etc.
- Loans

# Funding Sources



**Federal Government**



**State Government**



**School or College**



**Scholarships**

# Step 1: Look For Free Money First



# Scholarships

- Available beyond the first year
- Wide variety of criteria –
  - » Community Service, Unique Achievements, Grades, Sports, Ethnicity, Religion, Heritage, Parent Occupations, High School Location, Students Major Selection
- National scholarships websites

## Fastweb.com







# Financial Aid 101



## Federal & State Aid

# Federal Programs

- Pell Grant - max award \$6,345\*
- Max EFC is 5711
- Campus-based aid (amounts determined by Financial Aid Office at each potential school)
  - » FSEOG.....up to \$4,000
  - » Federal Work-Study...FAO determines

For most programs, student must be enrolled at least half-time.

\* **Goes to most financially needy students**



# Pennsylvania State Grant\*



- In-state (PA) - Full-time: up to \$4525\*
- In-state (PA) – Part-time: 1/2 of the FT award
- Reciprocal States – Delaware, DC, Massachusetts, Ohio, Vermont, West Virginia
  - » Maximum Award in these states: \$578
  - » Maximum Award in these states for qualified veterans: \$770
    - ▶ Minimum Award: \$500

Amount determined in part by the cost of the school.

***Must be at least half-time to be eligible***

# Other State Programs



- State Work-Study
- Blind or Deaf Beneficiary Grant
- Educational Assistance Grant (EAP) – National Guard
- PA Military Family Education Program (MFEP)
- Chafee Education and Training Grant – co-administered with the PA Department of Human Services
- Foster Ed Tuition Waiver

# Other State Programs



- Postsecondary Educational Gratuities Program (PEGP)
- Partnerships for Access to Higher Education (PATH)
- Pennsylvania Targeted Industry Program (PA –TIP)
- Ready to Succeed Scholarship (RTSS)
- For details, see the PA Student Aid Guide, or visit [PHEAA.org](https://www.pheaa.org).



# Financial Aid 101



## Federal Loans

# Federal Direct Loan Program

- Available to students (US citizens and eligible non-citizens) **REGARDLESS** of need
  - In student's name, no collateral or credit check, must sign MPN
  - Available loan amounts increase in subsequent years
  - No payments required while attending school & six-month grace period
  - Flexible Repayment options
  - No interest charged to student while enrolled or in grace
  - Subsidized & Unsubsidized funding - based on financial need
  - There is a \*1.057% fee deducted from loan amount at disbursement
- \*Effective October 1, 2020

# Student Loan Borrowing Limits

<b>Dependent Students (excluding students whose parents cannot borrow PLUS)</b>	<b>Base Stafford Loan Amount Subsidized/Unsubsidized</b>	<b>Additional Unsubsidized Stafford Loan Amount</b>
<b>Freshmen</b>	<b>\$3,500</b>	<b>\$2,000</b>
<b>Sophomores</b>	<b>\$4,500</b>	<b>\$2,000</b>
<b>Juniors, Seniors</b>	<b>\$5,500</b>	<b>\$2,000</b>
<b>Graduate or Professional</b>	<b>\$8,500</b>	<b>\$12,000</b>



# Federal Direct Loan: Aggregate Limits

Undergraduate Education  
(Dependent Student)

**\$31,000**

(\$23,000 maximum Subsidized Loan)

Undergraduate Education  
(Dependent Student OR Dependent Students  
whose Parents were denied PLUS Loan)

**\$57,500**

(\$23,000 maximum Subsidized Loan)

Graduate / Professional Education

**\$138,500**

# Federal Direct PLUS Loan

- For parents of dependent undergraduate or graduate level students
- In parent's name for student costs
- Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement
- Can borrow up to the Cost of Attendance
- MUST apply each year
- No Debt-to-Income test, only lenient credit check
- Can have an endorser (co-signer)
- Principal can be deferred while student is in school; Interest will continue to accrue
- IF denied - student is eligible for an additional \$4,000 unsubsidized loan
- Must file a **FAFSA**

# Benefits of Paying Interest

- Paying now will reduce what is capitalized!
- Interest accrues on your unsubsidized student loan and Federal PLUS Loan:
  - » Every day, from the day the loan is disbursed until you make the last payment
  - » Even if your loan is not in repayment
- Interest accrues on your subsidized student loan:
  - » Every day, from the day the repayment period starts until you make the last payment

## Step 2: Know Your Deadlines

- Applications for Admission
- Deadlines for Scholarships
  - » Institutions, Outside Sources
- Free Application for Financial Aid (FAFSA)
  - » Available October 1 of Senior Year
  - » Schools have Priority Deadlines
    - Find out what the Deadlines are

**DON'T MISS THE DEADLINE!**

# PA State Grant Deadlines

- **May 1** – If you plan to enroll in a degree program or a college transferable program at a junior college or other college or university (excludes community colleges)
- **August 1** – If you plan to enroll in a community college; a business, trade, or technical school; a hospital school of nursing; or a 2-year program that is not transferable to another institution

**DON'T MISS THE DEADLINE!**

## Step 3: Submit the Free Application for Federal Student Aid (FAFSA)

FAFSA.gov

myStudentAid app

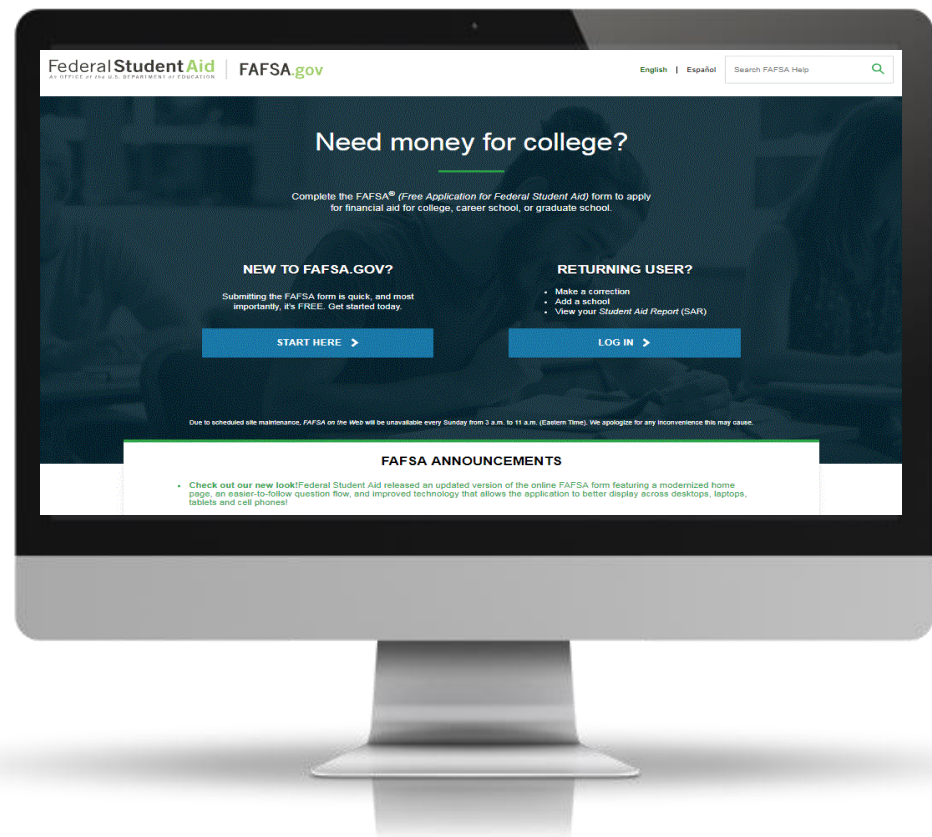
PDF at [studentaid.gov](http://studentaid.gov)  
or 1-800-433-3243.

- The FAFSA determines eligibility for Federal and State aid.
- Colleges may also use the FAFSA for their own institutional aid
- FAFSA is available October 1 of student's senior year of high school



# FAFSA (Free Application for Federal Student Aid) – FAFSA.gov

- The FAFSA is the primary federal form for financial assistance to attend postsecondary school.
- Must file a FAFSA each year a student attends school to be eligible.
- File online – Fast, Secure, SKIP LOGIC and Built-in Edits.



# Aside from the Student, Who Reports Info on the FAFSA?

## YES

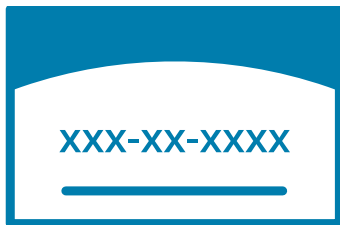
- Married parents living together
- Biological parents living together
- Divorced or separated parents:
  - » The parent the student lived with the most over the past 12 months
  - » If equal, then the parent who provided more than 50% of student's support
- Stepparent – If part of the student's household
- Adoptive parents

## NO

- Foster Parents
- Legal Guardians
  - » By Court Order
- Anyone else the student is living with

# 2021-2022 FAFSA Prep

## Information Needed for FAFSA



**Social Security Numbers**



**Federal Tax Returns and W-2's (2019)**



**2019 Untaxed Income**



**Checking and Savings Account Statement Balances as of FAFSA Filing Date**



**Investment Records**



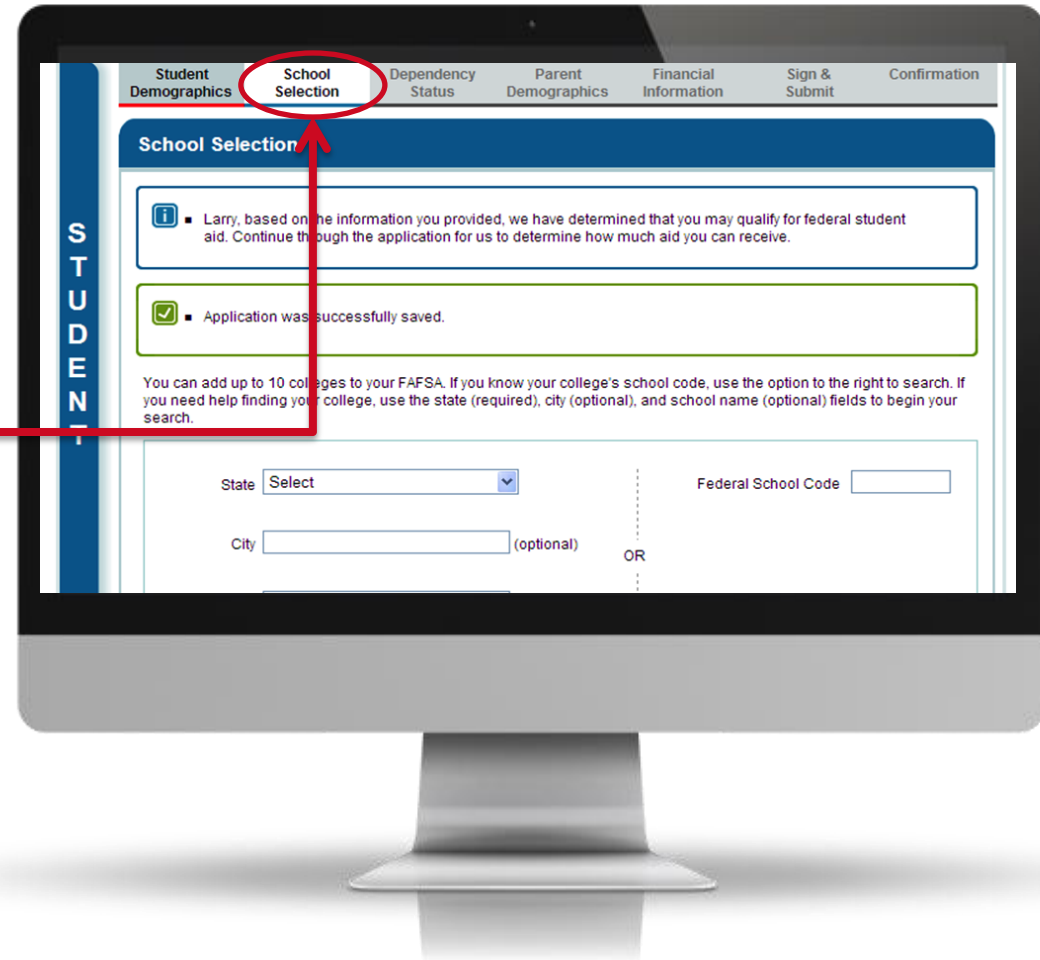
**Email Addresses**



**Student & Parent Federal Student Aid Account (FSA ID)**

# FAFSA – School Selection

- List more than one!
- Only schools that are listed will be able to see your FAFSA information.
- **Students can list up to 10 colleges at a time – Schools can be added or deleted at any time**
- Once the final school choice is made, students should update their PA State Grant record.



# Create Your FSA ID Accounts

- The student applying for aid and one parent providing information on the FAFSA need to create an FSA ID at [fsaid.ed.gov](https://fsaid.ed.gov).
- Create prior to completing the FAFSA.
- Legal signature for student and parent.
- Provides access to FAFSA and Federal Student Aid online systems.

**After verifying, the mobile phone number can be used as the username to login.**

Username

Password

Email Address

Mobile Phone

Security Questions

Social Security  
Number

# Online State Grant Application

- Link off the FAFSA Application Confirmation Page

- » Missed the link or it wasn't available?

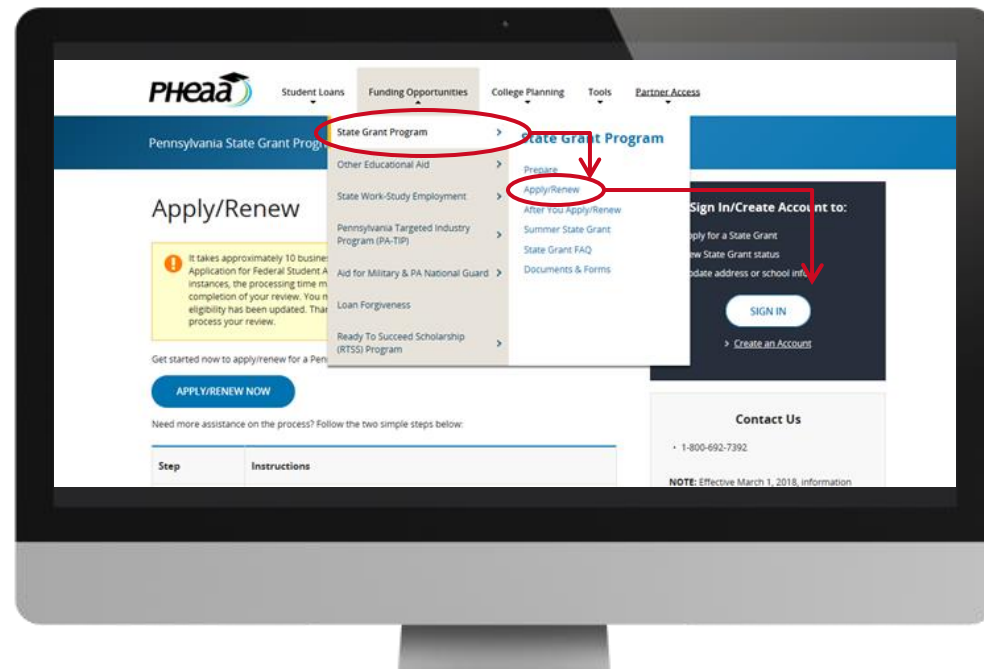
- Link in an email sent to student/parent from PHEAA,

**OR**

- Go to [PHEAA.org](https://www.pheaa.org); State Grant Program; and complete the form.

- Additional information needed to determine PA State Grant eligibility:

- » Enrollment status (full-time/part-time)
  - » Value of PA 529 College Savings Program
  - » Program of study for students in vocational programs
  - » Employment status



**? Help screens are available for all questions**



# Other Forms You May Need to Complete



✓ Check with your school





# Financial Aid 101



## After Filing the FAFSA

# Calculating Financial Need

Schools/colleges receive financial aid information and calculate financial need

- Financial Aid Office (FAO) “packages” student based on financial need and available funding (varies from school to school)
- Financial aid award letter sent to student



<b>School cost</b>	<b>\$26,000</b>
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<b>EFC</b>	<b>-\$3,000</b>
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<b>Financial Need</b>	<b>\$23,000</b>
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# How is the EFC Calculated?

- In theory, the EFC is a number calculated to measure and compare the general financial strength of all families applying for aid - it is **NOT** the amount you are expected to pay.
- EFC formula considers a family's taxed & untaxed income, assets, size, how many will be attending college, and age of oldest parent
  - » Includes allowances for taxes and focuses mainly on income
  - » Parent + student contribution = EFC
- **NOT AN ASSET:** Home, personal property, qualified retirement funds, and value of life insurance is excluded from assets
- Asset Protection Allowance is applied against parent's reported assets
  - » EFC calculation roughly uses 6% of parent asset contribution and 20% of student contribution
  - » Student income contribution used in the calculation: 50% of amounts over \$6,970
  - » Parent contribution divided by number of children in college at the same time



$$\begin{array}{r} \text{COA (Cost)} \\ - \text{EFC} \\ \hline = \text{NEED} \end{array}$$

# After Filing

Information will be shared with PHEAA and all college choices.

In a few days an email will be sent to the student regarding the processing of their FAFSA and their Student Aid Report.

Students should monitor the email account provided on the FAFSA and respond to requests from Federal Student Aid, PHEAA and the colleges.

# Special Circumstances

## If things change....

- Divorced or separated parents
- Stepparents
- Adoptive parents
- Foster parents
- Legal guardians
- Living with others
- Recent death or disability
- Reduced income

## Step 4: Compare Schools' Financial Aid Notices Carefully

- There is no required standard format for Financial Aid Notices from schools.
- Some include Federal loans, some do not.
- If you receive a scholarship, do you know if there are conditions for maintaining it?
- Is the scholarship for the first year only or can you renew it?
- Do you understand what is offered to you as a grant, scholarship or the need for you to borrow?

**Bottom Line: What are your out of pocket costs?**

# Comparing Packages

<b>Cost</b>	<b>\$20,000</b>	<b>\$30,000</b>	<b>\$50,000</b>
<b>EFC</b>	\$ 3,000	\$ 3,000	\$ 3,000
<b>Need</b>	\$17,000	\$27,000	\$47,000
<b>Free Money</b>	\$ 6,000	\$ 8,000	\$18,000
<b>Loans</b>	\$ 5,500	\$ 7,000	\$ 8,000
<b>Work-Study</b>	\$ 0	\$ 2,000	\$ 3,000
<b>TOTAL AID</b>	<b>\$11,500</b>	<b>\$17,000</b>	<b>\$29,000</b>
<b>Gap = (Cost – Aid)</b>	<b>\$ 8,500</b>	<b>\$13,000</b>	<b>\$21,000</b>
<b>Actual Cont. = (Cost – Free \$)</b>	<b>\$14,000</b>	<b>\$22,000</b>	<b>\$32,000</b>



## Step 5: Be Sure You Have The Money You Need

- Have you made an affordable choice of school?
  - » Do you understand your actual costs?
- Have you considered annual out of pocket costs **beyond the first year?**
- Do you have a strategy for handling out of pocket costs?
- Do you understand loan options and their limitations?



# Financial Aid 101



## Private/Alternative Loans



**ONLY consider private or alternative loans after looking into all other sources of financial aid.**

# Private/Alternative Education Loans

- In student's name/co-signers usually required
  - » Can borrow up to the Cost of Attendance
  - » Approval based on credit scores and debt-to-income
- New from PHEAA beginning April 2019

## PA Forward Student & Parent Loan:

- **NO FEES**, rate discounts at graduation, and ACH payment
- Lowest capped interest rates
- Refinance loan
- Multiple repayment options
- Online application
- Find more at [PHEAA.org/PAForward](https://PHEAA.org/PAForward)
- **Compare to find the right fit**





# Financial Aid 101



Be a Smart Consumer

# Net Price Calculators



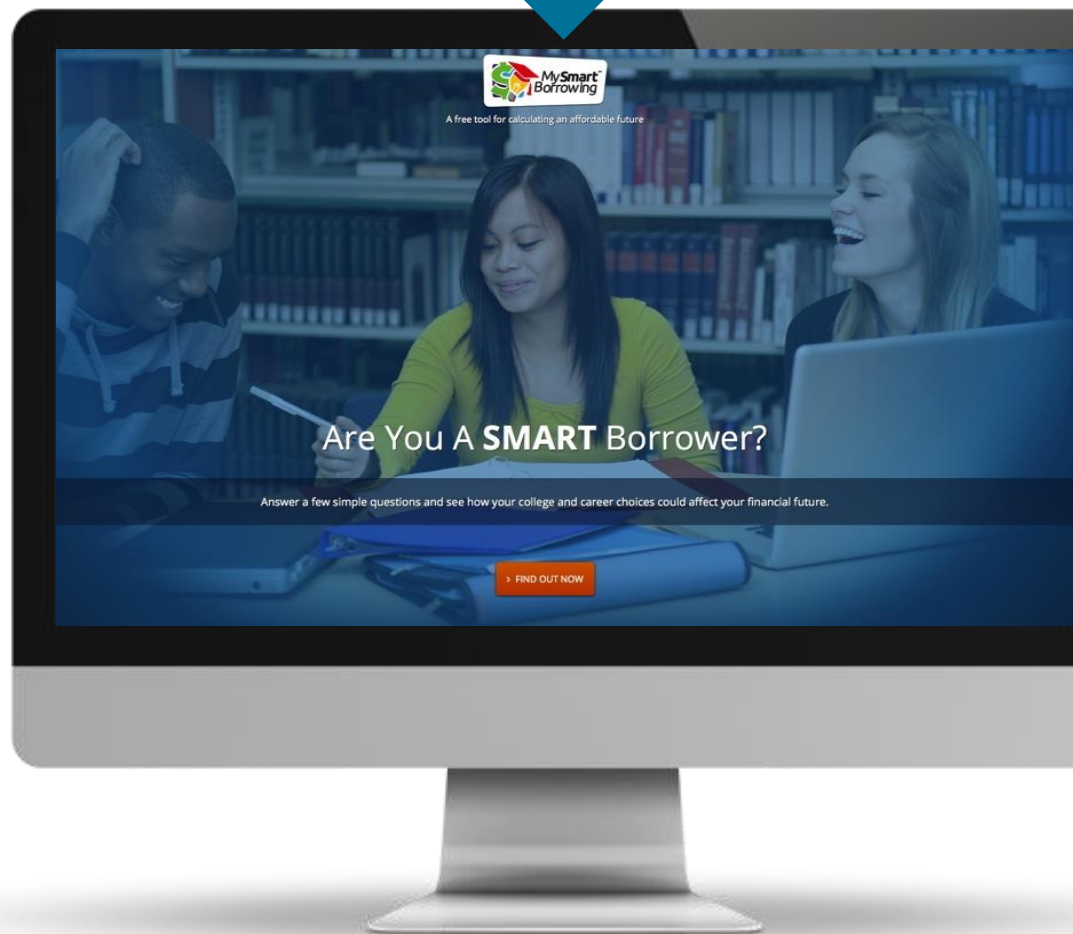
- Enables current and prospective students, families and consumers to determine an estimate of an individual net price at a particular institution.
- **ESTIMATED** data must be provided by each institution:
  - » Total price of attendance
  - » Tuition, Fees, Room and Board
  - » Expenses (i.e., personal, transportation)
  - » Estimated total merit and need-based grant aid
  - » Estimated net price (attendance minus grant aid)
- **May not include scholarships**

# MySmartBorrowing.org

An interactive, online tool created by PHEAA that helps students and families:

- Estimate career salaries & college tuition
- View the impact of savings on overall cost
- Calculate loan repayment
- Avoid over borrowing

## MySmartBorrowing.org







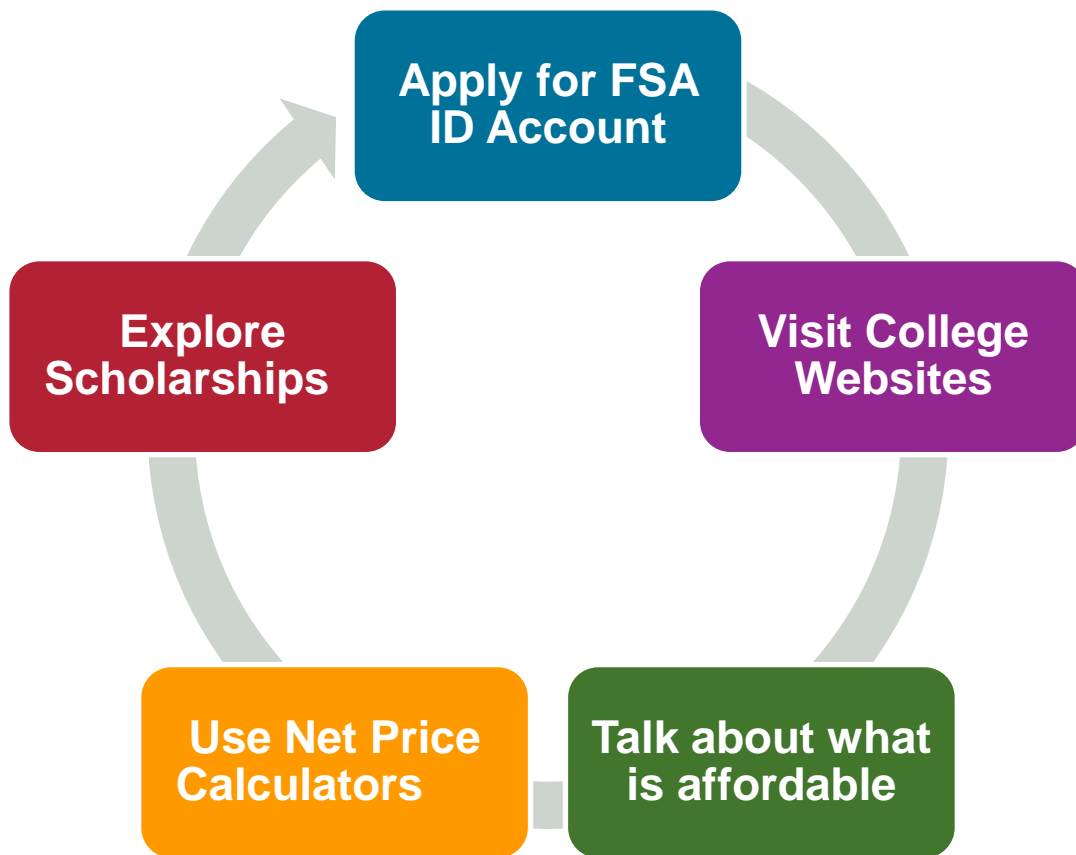
# Financial Aid 101



## Final Thoughts & Wrap-Up



# What Can You Do Now?



# Ways to Reduce the Need for Financial Aid

- Graduate on time!
- Research the right major
- Earn college credits in high school
- 2+2 or 3+2 Strategy
- Consider cost cutting options

# Use Your Resources



- **PHEAA.org**
- **EducationPlanner.org & MySmartBorrowing.org**
- **YouCanDealWithIt.com**
- **MyFedLoan.org**
- PHEAA toll free: 800-692-7392
- Federal Student Aid Info Center: 800-433-3243
- **FASFA.gov**
- **StudentAid.gov** – general financial aid info
- **StudentLoans.gov** – information on federal loans

# Social Media Outreach



PHEAA  
American Education Services  
FedLoan Servicing



@PHEAAaid  
@FedLoan Servicing  
@aesSuccessorg



PHEAA



# Financial Aid 101



## THANK YOU

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