Financial Planning for College

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Points of Discussion

- Net Price Calculator
- What is Financial Aid
- Sources, Types & Categories
- How to Apply for Financial Aid
- Award Processing
- Award Notifications
- Loans
- Recommendations
Net Price Calculator

- Required for all schools who admit first-time freshmen
  - Available on schools’ website

- Quick way to determine if a school is affordable for your family
  - Always available

- Results will vary by school
  - Community Colleges – federal grants and loans only
  - Private Schools – provide an estimated award letter
What is Financial Aid

Money that is:

- Gifted
  - Scholarships and grants

- Earned
  - Campus student employment

- Borrowed
  - Student and parent loans

Each school is responsible for determining what each student is eligible to receive
Financial Aid

- **Sources**
  - Federal Government – Largest
  - State Government - Residency/Deadlines
  - Institutions – Individual criteria
  - Local Organizations
  - Employers

- **Types**
  - Gift
  - Self-Help

- **Categories**
  - Need Based - Based on income and assets of student and parents
  - Non-Need Based - Based on academics or special talents
How to Apply for Financial Aid

- Complete each year starting on October 1
- Uses tax information from two years prior
  - 2018-2019 FAFSA will use 2016 taxes
  - 2019-2020 FAFSA will use 2017 taxes
- Provides the EFC (Expected Family Contribution)
- Determines eligibility for federal, state and institutional aid as well as federal student loans
- Send to 10 schools
- Provides method to address “special circumstances”

https://fafsa.gov
FAFSA

- Student is the “OWNER” of the FAFSA

- Each college student in a family needs a separate FAFSA

- Eligibility:
  - US Citizen or eligible non citizen
  - High School Diploma or GED
  - Males must be Registered for Selective Service if they are 18 years or older
  - Enrolled in an accredited institution, working towards a degree, earning credit, and making good academic progress
Who is a dependent student?
- 13 questions to determine dependency status
- If a student is dependent based on the questions, income from the parent(s) is required

Who is the parent?
- Traditional family – biological parents
- Two parents living together but not married
- Separated or Divorced parents
  - Parent student lives with most of the time
  - Includes step parent
What You Need

- **FSA ID** for Signature
  - Student and one parent

- **Student’s and Parent’s Information**
  - Legal name, social security number and birthdate
  - **Income Information**
    - Taxes from 2 years prior and/or
    - W2s if student/parent(s) worked in the tax year but did not file taxes
  - **Asset Information**
    - Cash, savings, savings bonds, UTMAs, UGMAs, stocks, education accounts, investments
    - **Do not include** value of retirement accounts, life insurance, home and cars
**FAFSA - Verification**

- FAFSA Application is self-reported

- 1/3 of applicants are selected for verification
  - Mostly students who receive federal grants
  - Must provide information to the school
    - Verify who lives in the household/college
    - Tax transcripts or import into FAFSA
      - May need to show proof of non-filing
  - No federal funds can be transmitted to a student’s account until all paperwork is completed
  - Schools may request more information
    - Must comply with request to receive funds
CSS Profile

- **CSS/Financial Aid Profile**
  - Online application that collects financial information
  - Used by nearly 400 college and scholarship programs to award non-federal aid
  - Some colleges may require the CSS Profile from both biological/adoptive parents in cases of divorce or separation

- **CSSPROFILE.ORG**
  - View list of participating colleges
  - Complete CSS Profile
    - Initial application fee is $25
    - Additional reports are $16

- **Can begin to complete after October 1**
  - Submit no later than two weeks before the EARLIEST priority filing date specified by your colleges
Awarding Process

- **Cost of Attendance (COA)**
  - Direct Costs – billed by the school
    - Tuition/Fees, Room/Board
  - Indirect Costs – not billed by the school
    - Books, transportation expenses, miscellaneous personal expenses

- **Expected Family Contribution (EFC)**
  - Results of the FAFSA calculation
  - Factors income and assets of student and parents, number in household, number in college, etc.

COA – EFC = Need
Award Notification

- May receive electronically or on paper
- Provides direct costs or full cost of attendance
- May provide anticipated out-of-pocket costs
- Provides all types of financial aid
  - Merit scholarships
  - Federal/state/institutional grants
  - Federal work study
  - Student loans
- Generally need to respond to self-help by accepting loans and/or federal work study

Compare direct costs vs gift aid between schools
Federal Education Loans

• **Student** *(Stafford)*
  - 4.45% *(2017-2018)* fixed interest rate
  - Repayment begins 6 months after graduation
  - **Subsidized** – Need based
    - Interest **does not** accrue while enrolled
  - **Unsubsidized** – Non-Need based
    - Interest **does accrue** while enrolled

• **Parent** *(PLUS)*
  - 7.00% *(2017-2018)* fixed interest rate
  - Parent is borrower
  - Can borrow difference between COA and student’s financial aid
    - Interest **does accrue** while enrolled
  - Can defer repayment until student is out of school
To – Do List

- Complete the Net Price Calculator

- Compare college direct costs minus “free” financial aid for most accurate **bottom line**
  - Understand the true sticker price

- Read everything you receive from a school

- Understand the requirements to receive or renew different types of financial aid
  - GPA requirements for scholarships
  - Deadlines

- Present special circumstances to schools
  - Events outside of your control (loss of job, medical expenses, etc.)
Spend Your Money Wisely

- Consider community college for 2 years
- Commute from home
- Maximize comprehensive tuition
- If a resident, have a roommate
- Understand meal plans
- Buy books online
Maximize Eligibility

- Consider schools where you are unique
- Apply for outside scholarships
- Apply for financial aid
  - File early – each year

You will not know what you are eligible to receive unless you apply – at least the first year
DO NOT PAY TO APPLY FOR

- COLLEGE
- FINANCIAL AID
- SCHOLARSHIPS

Save your money to pay the tuition bill