

National Association of Student
Financial Aid Administrators



**What You
Need to Know
About Financial Aid**

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Topics We Will Discuss Tonight

- 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

The Application Process

- The financial aid process begins with the Free Application for Federal Student Aid (FAFSA)
- Typically students only need to complete the FAFSA
 - CSS Profile
 - Institutional Application or Scholarship Application
 - **In 2012-2013 New Jersey collected up to four additional data elements to determine state grant eligibility.**
- Students and parents must complete the FAFSA annually within established deadlines to determine eligibility for:
 - Federal aid
 - State aid
 - Institutional aid

New this year!

- Link to IRS Data Retrieval
- Net Price Calculator
- Link at the end of the FAFSA to provide NJ state information at Confirmation page
 - Go to optional features
 - Click here to apply (turn off pop-up blocker)

Get Organized

- Have a 3 ring binder for each college
- Break up into Admissions, Fin Aid, Other
- Go on the Website of each college
- Ask questions

What is Cost of Attendance (COA)

- Direct costs
- Indirect costs
- Direct and indirect costs combined into cost of attendance
- Varies widely from college to college

What is the Expected Family Contribution (EFC)

- An index used to determine eligibility
- Stays the same regardless of college
- Two components
 - Parent contribution
 - Student contribution
- Calculated using data from a federal application form and a federal formula

What is Financial Need

Cost of Attendance

– Expected Family Contribution

= Financial Need

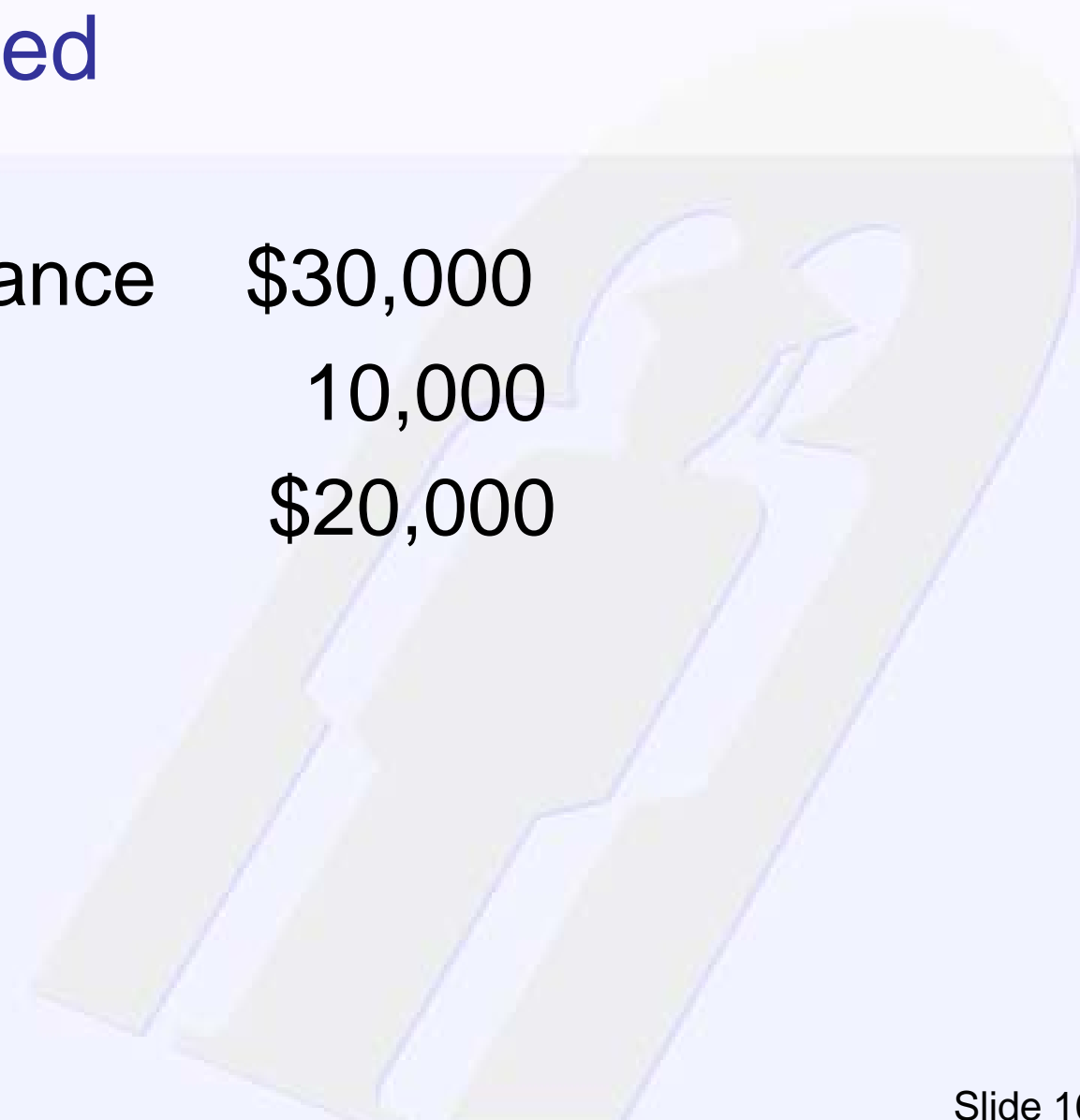
Categories of Financial Aid

- Need-based
- Non need-based



Example of Need

- Cost of Attendance \$30,000
- EFC 10,000
- Need \$20,000



Example of No Need

- Cost of Attendance \$30,000
- EFC 30,000
- Need 0



Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment

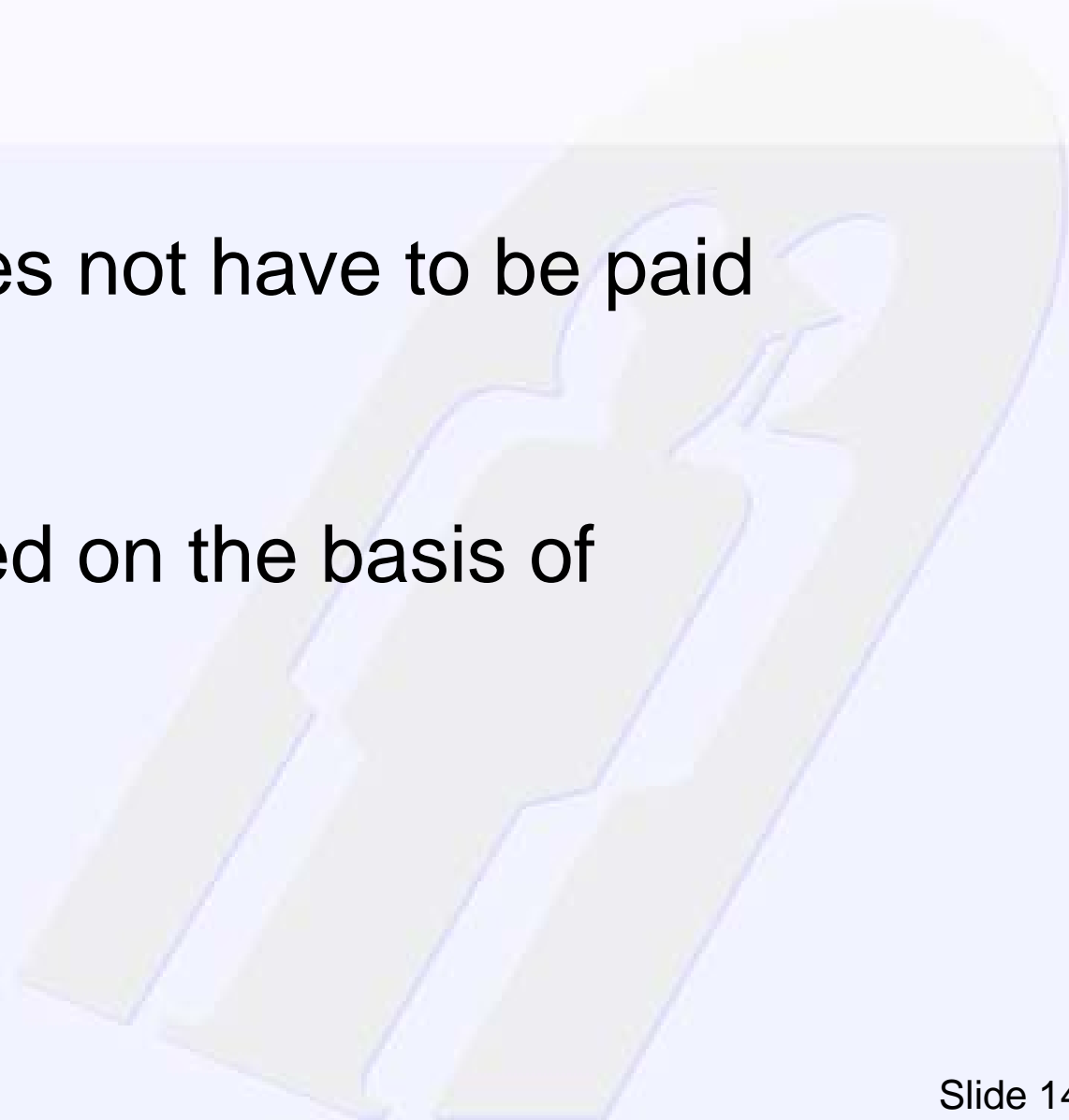


Scholarships

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

Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need

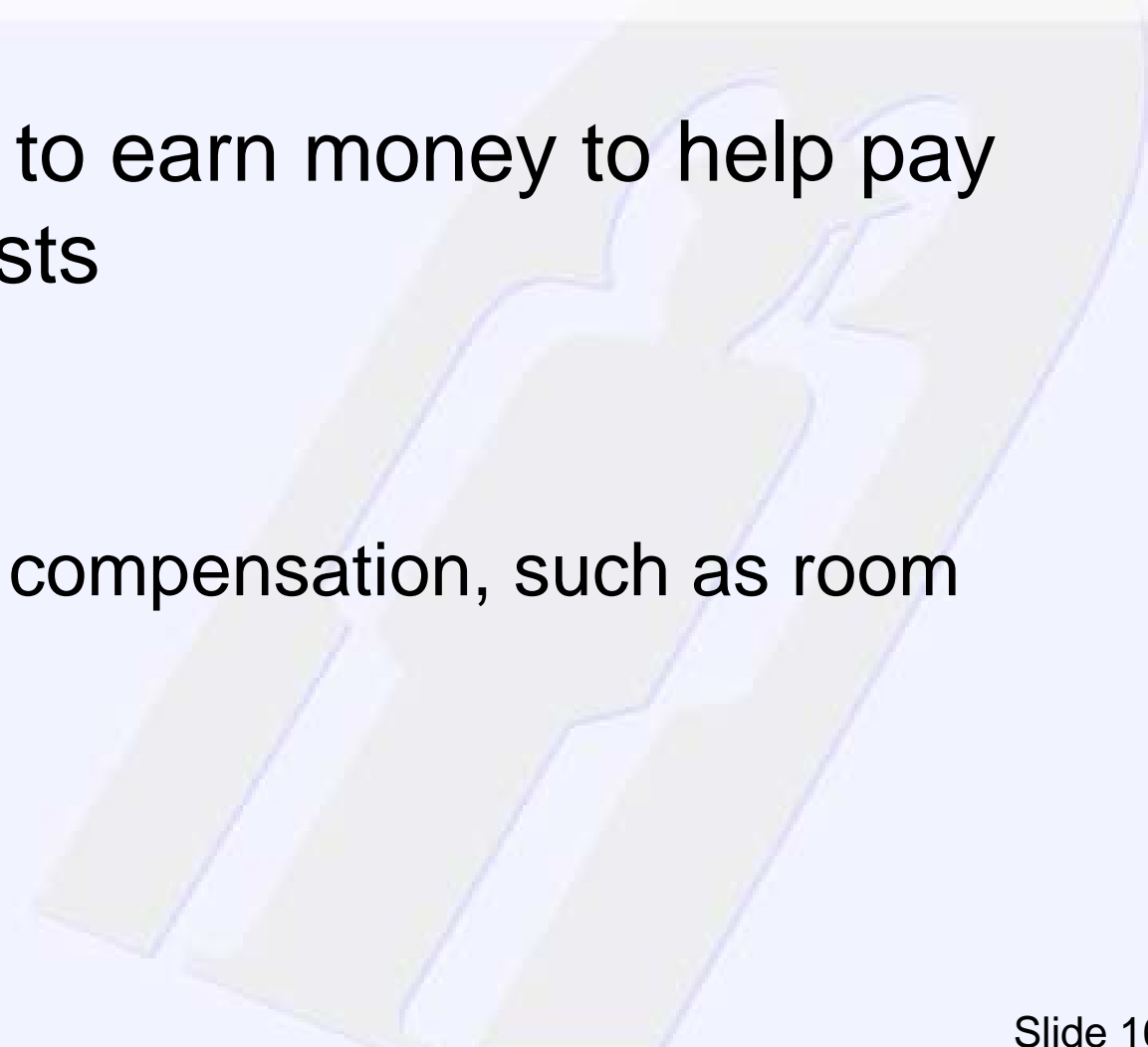


Loans

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

Employment

- Allows student to earn money to help pay educational costs
 - A paycheck
 - Non-monetary compensation, such as room and board



Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of financial need
- Must apply every year using the Free Application for Federal Student Aid (FAFSA)

Common Federal Aid Programs

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education Grant
- Federal Supplemental Educational Opportunity Grant
- Federal Perkins Loan
- Federal Work-Study
- Direct Loans
- PLUS Loans

Loans

- Federal Perkins Loan (5%)
- Federal Direct Loan Program
 - Subsidized Direct Loan (3.4%)
 - Unsubsidized Direct Loan (6.8%)
 - PLUS (7.9%)
- NJCLASS Supplemental Loan Program
7.62% - fixed;
- Institutional/Private Loans

Direct Loan Amounts

Year	Subsidized	Unsubsidized
• Fresh	\$3,500	\$2,000
• Soph	\$4,500	\$2,000
• Junior	\$5,500	\$2,000
• Senior	\$5,500	\$2,000

If Parents Denied PLUS Loan

- Student can get additional Unsubsidized Direct Loan
- Fresh \$4,000
- Soph \$4,000
- Junior \$5,000
- Senior \$5,000

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

New Jersey Programs

- Tuition Aid Grant (TAG) ... School Code
- Edward J. Bloustein Distinguished
- NJ STARS
- NJ STARS II
- NJ CLASS Loan 7.62% fixed rate
- Visit www.Hesaa.org

Private Sources

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

Civic Organizations and Churches

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

Employers

- Companies may have scholarships available to the children of employees
- Companies may have educational benefits for their employees

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 form
 - Available in English and Spanish

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

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 the 2012-13 academic year, the FAFSA may be filed beginning January 1, 2012
- Colleges may set FAFSA filing deadlines

FAFSA on the Web



- Web site: www.fafsa.gov
- 2012-13 FAFSA on the Web available on January 1, 2012
- FAFSA on the Web Worksheet:
 - Used as “pre-application” worksheet
 - www.finaid.ucsb.edu/FAFSASimplification/index.html

IMPORTANT LINE ITEMS ON FAFSA

- **Adjusted Gross Income (AGI)**
 - 1040 line 37; 1040A line 21; 1040EZ line 4
- **Income tax**
 - 1040 line 55; 1040A line 35; 1040EZ line 11
- **Wages**
 - 1040 lines 7, 12,18; 1040A line 7; 1040EZ line 1

Verification

- Beginning July of 2012
- Must complete Verification Process
 1. Provide a Tax Transcript from IRS
 - www.irs.gov
 - call 800-908-9946
 2. Use IRS Data Retrieval Process

IRS Data Retrieval

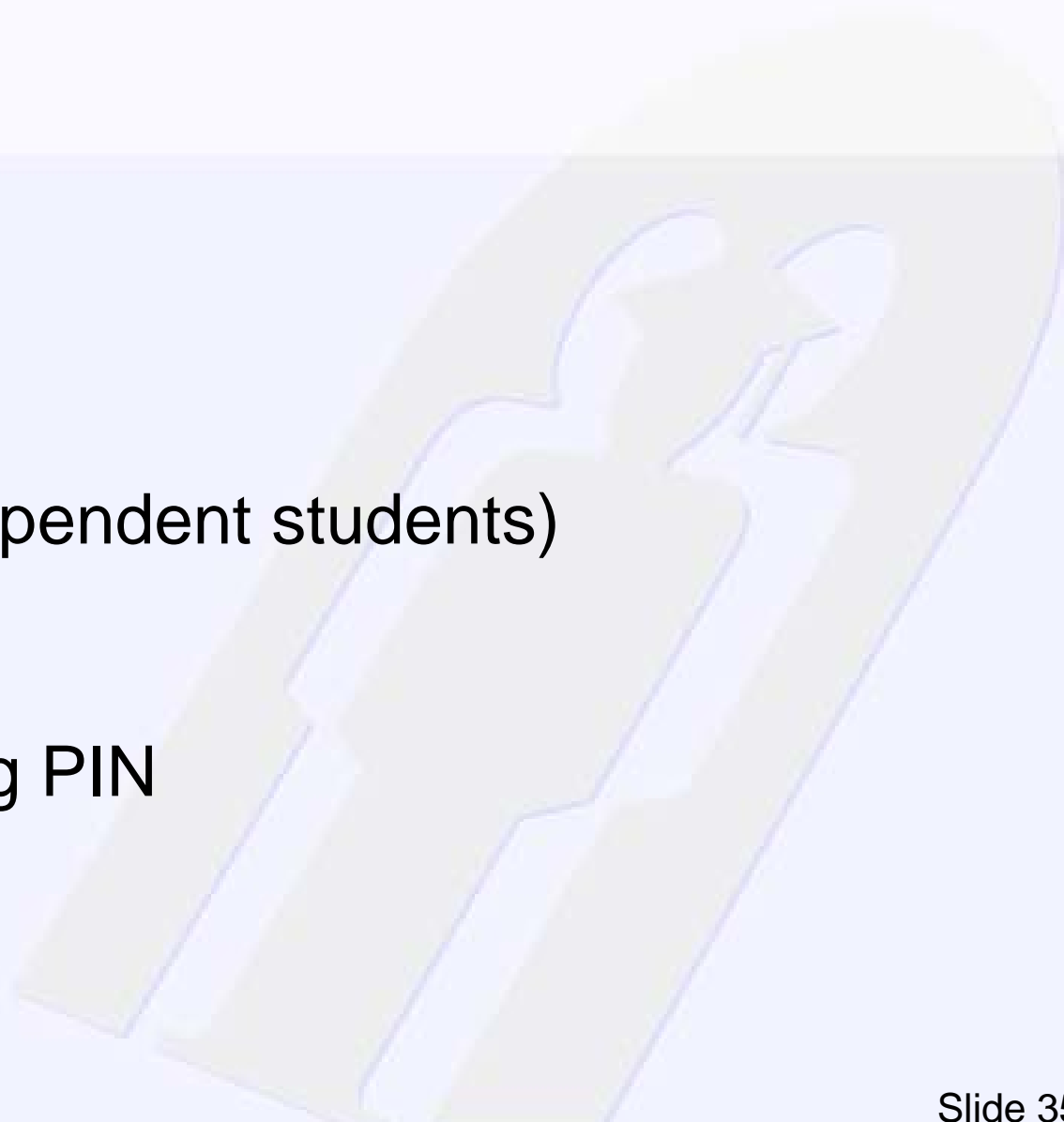
- Allows an applicant who has already filed their tax return with IRS to electronically transfer data from tax return to FAFSA
- Participation is strongly encouraged reduce documents requested by financial aid office
- Not available to applicants with a recent change in marital status

IRS Data Retrieval

- While completing FAFSA, applicant may submit real-time request to IRS for tax data
- If a tax filer files taxes electronically, they need to wait 3 weeks to do FAFSA
- If a tax filer files taxes by paper, they need to wait 6 to 8 weeks to do FAFSA
- If do estimated FAFSA, can use IRS DATA retrieval to correct FAFSA

Signatures

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



Frequent FAFSA Errors

- Social Security Numbers and DL
- 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

Making Corrections

If necessary, corrections to FAFSA data may be made by:

- Using FAFSA on the Web (www.fafsa.gov) if student has a PIN;
- If estimated taxes are used, correct FAFSA with real taxes or use IRS Data Retrieval; or
- Submitting documentation to college's financial aid office

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

Special Circumstances

- Change in employment status
- Medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parent information

CSS Profile

- Why is it required?
- Request additional information, i.e., non-custodial parent, home equity, pensions. Used by some schools to distribute institutional funds.
- Who requires it?
 - Typically, institutions with significant institutional aid
 - Over 250 schools nationally
- When do families file?
 - Available October 1, 2011
 - Submit by school deadline

To download CSS Profile, go to
www.collegeboard.com

HESAA Services

- Web site
 - www.hesaa.org
 - TAG Estimator good tool
- Financial Aid Hotline
 - 800-792-8670
- NJBEST
- Mapping-Your-Future.org

Private Scholarship Search

- Internet:
 - College Board's Scholarship Search
www.collegeboard.com/paying
 - FastWeb Scholarship Search
www.fastweb.com
 - Scholarship Resource Network Express
www.srnexpress.com

FAFSA4caster

- For High School Juniors and their parents



<http://www.fafsa4caster.ed.gov/>

Additional Web sites

- www.studentaid.ed.gov
- <http://nces.ed.gov/collegenavigator/>
- <http://www.college.gov/wps/portal>