

# The “Need to Know” of Financial Aid

2011-2012

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## Questions I’ll answer...

- How is the cost of attendance and financial need determined?
- What are the type and sources of financial aid available?
- How do you apply for financial aid?
- Any that you have!

## Financial Aid Regulations

- Determined by Federal and State statutes and legislators.
- Establishes applicants’ eligibility for most types of aid.
  - Eligibility varies from aid program to aid program.
- Are applicable to ALL schools.



## Cost of Attendance (COA)

- Tuition & Fees
- + Books & Supplies
- + Room & Board
- + Transportation
- + Misc Living Expenses
- = Cost of Attendance (COA)

## 2010-11 Estimated Costs of Attendance as listed by school (approx)

	Living @ Home	Off/On Campus
UW-Madison	\$14,690	\$21,580
UW-Milwaukee	\$16,912	\$22,112
UW-Eau Claire		\$16,496
Marquette University	\$40,552	\$43,052
Alverno College	\$26,381	\$29,659
UW Colleges	\$11,770	\$16,170
Milwaukee ATC*	\$11,393	\$15,128
Northwestern University		\$56,006
Iowa State University		\$30,490

\*Based on 09-10

## Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute
- An index used to calculate eligibility for aid
- Determined by filing the **FREE** Application for Federal Student Aid (FAFSA)
  - [www.fafsa.GOV](http://www.fafsa.GOV)
- Stays the same regardless of school
- Two components
  - Student Contribution
  - Parent(s) Contribution

## Main Determinants of the EFC

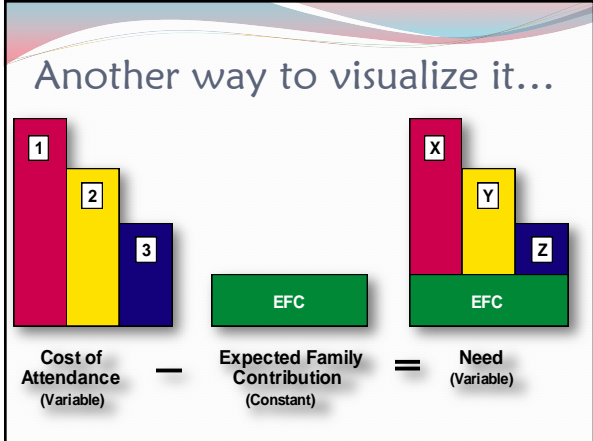
- Income of both student and parent(s)
- Assets of both student and parent(s)
- Family size
- Number in college
- Age of the older parent

## Determination of Need

$$\text{Cost of Attendance (COA)} - \text{Expected Family Contribution (EFC)} = \text{Financial Need}$$

### Financial Need Varies by School Cost

	School 1	School 2	School 3
Cost of Attendance	\$39,028	\$19,388	\$14,285
Less EFC	<b>\$3,828</b>	<b>\$3,828</b>	<b>\$3,828</b>
Need	\$35,200	\$15,560	\$10,457



## Application Process

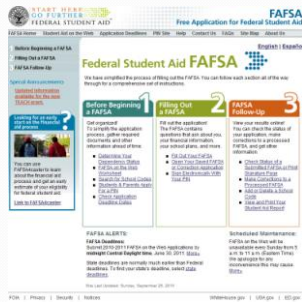
- Apply for PIN – Student and one parent
- Submit the **FREE** Application for Federal Student Aid (FAFSA) prior to your school's deadline
  - [www.fasfa.GOV](http://www.fasfa.GOV) (**NOT** fasfa.com!!!!)
  - Becomes available January 1<sup>st</sup> for the upcoming academic year.
- Submit any institutional application materials (if required by your school)
- Finalize school admission
- Make sure to meet ALL required deadlines

## What is a PIN?

[www.pin.ed.gov](http://www.pin.ed.gov)

- Personal Identification Number
- Student and one parent (if dependent)
- PIN delivery:
  - View instantly online
  - By e-mail – link in e-mail to retrieve
  - By post mail in 7-10 days.
- Used for:
  - Sign FAFSA electronically
  - Renewal FAFSAs
  - Corrections
  - National Student Loan Data System
  - Signing promissory notes for student/parent loans (Perkins, Stafford, PLUS)

## FREE Application for Federal Student Aid (FAFSA)



[www.fafsa.gov](http://www.fafsa.gov)

## Proceed with Caution!

- **NEVER** pay a fee to file the FAFSA
  - Make sure you're going directly to [www.fafsa.gov](http://www.fafsa.gov) (NOT [www.fafsa.com](http://www.fafsa.com))
  - Contact a financial aid office if you need help completing a FAFSA or have questions
- **NEVER** pay for financial aid assistance
  - Scholarship searches
  - College prep/financial aid advice services

\*\*Contact your Financial Aid Office if you have questions about the legitimacy of any questionable offer.\*\*

## College Goal Wisconsin!



- A statewide event that offers **FREE** assistance to families completing the FAFSA
- Scholarship drawings are held at EACH location!
- In and around Milwaukee:
  - Saturday, February 19<sup>th</sup>
    - Alverno College, Custer High School, UW-Waukesha, Gateway Technical College
  - Sunday, February 20<sup>th</sup>
    - UW-Parkside, Riverside High School, Pulaski High School

[www.wicollegegoalsunday.org](http://www.wicollegegoalsunday.org)

## FAFSA Steps/Sections

1. General student information
2. Student's financial data
3. Dependency questions
4. Parental data (dependent students)
5. Household size (independent students)
6. Schools and school codes
7. Signature(s)/PIN

## NEW! IRS Data Retrieval Tool

- A way to simplify and reduce the number of errors on the FAFSA.
- Request and retrieve income and tax data directly from the IRS
- Data automatically transferred into FAFSA
- VOLUNTARY!
- First becomes available in LATE January 2011.
- Can be used:
  - After at least 2 weeks of electronic tax filing
  - After at least 6 weeks of paper tax filing
- Could reduce amt of documentation requested by school

## Common FAFSA Questions/Issues


- Assets – 3 questions
  - As of today, what is your total current balance of cash, savings, and checking accounts?
  - As of today, what is the net worth of your investments, including real estate? (**Don't include** the home you live in)
    - Includes trust funds, UGMA & UTMA accts, money markets, mutual funds, stocks, bonds, etc
  - As of today, what is the net worth of your current business and/or investment farms? (**Don't include** a family farm or business with 100 or fewer full-time employees)
    - Related family members own at least 51% of the business and employ less than 100 people full-time

## Common FAFSA Questions/Issues

- Who is a parent?
  - Both parents living and married to each other – use both
  - Widowed parent is remarried – use parent AND step-parent
  - Divorced/separated parents – use info from parent student lived with more in the last 12 months
  - Divorced parent remarried – use parent AND step-parent
  - Adoptive parent(s)

## Frequent FAFSA Errors

- Missing signatures/PIN
- Wrong Social Security Number
- Not using name as listed on SS card
- Earned income
- Untaxed income
- U.S. taxes paid
- Household size/# in college
- Real estate/investment net worth
- Divorced/Remarried parent information
- NOT APPLYING AT ALL!



## After you file the FAFSA...

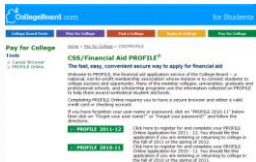
- Results are sent electronically:
  - To the selected school(s)
  - To the student/parent – Student Aid Report (SAR)
- If FAFSA is rejected – follow any and all instructions to correct it!
- Student/Parent may be required to verify the info submitted (School(s) will request documentation)
- Contact the school with any Special Circumstances
- Once student has been admitted, a financial aid package will be prepared.

## Special Circumstances – Case by Case

- Cannot report on FAFSA initially
- School specific – not transferable
- Limited to special and unique family circumstances that must be documented
- Usually adjustments to income due to job loss, high medical expenses, recent divorce, etc.
- CANNOT consider everything

## College Scholarships Service/PROFILE

- Used by SOME private schools
- Targets NON-federal funds, typically institutional
- Available Oct 1<sup>st</sup> for upcoming academic year
- Application fee is \$25 plus \$16 for each school/scholarship information is sent to.
- **DON'T** complete unless the school specifically requests it!



## How to Compare Aid Offers



- Start with tuition, fees, room and board
- Subtract grant and scholarship offers **ONLY**
- The difference is your “net cost”
- Do not count loans or work study

## Federal Pell Grant & SEOG

- Pell
  - Awarded to the neediest undergraduate students
  - Based on EFC range; this current year 0 – 5,273
  - Award amt varied based on EFC and enrollment status
  - Maximum award for 2010-11 = \$5,550
- Supplemental Educational Opportunity Grant
  - Must be eligible for Pell Grant
  - Targeted to students with the highest need

## State of WI Funding - HEAB

- Wisconsin Higher Education Grant (WHEG)
  - UW System, Technical and Tribal Colleges
- Wisconsin Tuition Grant (WTG)
  - Independent Colleges and Universities (Private)
- Amts for both vary from year to year and from school to school
- Minnesota-Wisconsin Reciprocity – **MUST** apply

## Federal Work Study (FWS)

- Must show a specified amount of need
- Part-time employment may be on or off campus
- Receive funds through a regular paycheck
- Earnings do not count towards future aid eligibility

## Perkins Loan

- Priority to students who show “exceptional need” as defined by the school
- \$\$ amount varies
- Interest Rate: 5%
- 9 month grace period
- 10 year repayment period

## Direct Stafford Loans

- William D Ford Federal Direct Loan Program (DL)
  - Subsidized: MUST demonstrate financial need
  - Unsubsidized: NOT based on need (EVERY student is eligible – no matter what!)
- No credit check or cosigner
- Annual Loan Limits
  - Freshmen - \$5,500 total (\$3,500 max subsidized)
  - Sophomores - \$6,500 total (\$4,500 max subsidized)
  - Jrs/Snrs - \$7,500 total (\$5,500 max subsidized)
  - Grad students - \$20,500 (\$8,500 max subsidized)

## Direct Stafford Loans

- School determines loan eligibility and delivers loan proceeds to the student
- Fixed interest rate of 6.8% unsub; 3.4% for sub undergrads (2011-12)
- For 2011-12 – NO origination fees, but expect them to return
- In-School deferment – must main half-time enrollment
- 6 month grace period
- Maximum repayment period between 10 & 30 yrs depending on repayment plan.
- Deferment and cancellation provisions available.



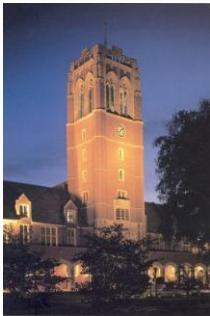
## Parent Loan for Undergrad Students (PLUS)

- Loan program for parents of dependent undergrads as well as grads and professional students
- Must pass basic credit check
- Annual loan limit: COA minus other aid
- Fixed interest rate: 7.9%
- Origination fee: 4% with up-front 1.5% rebate
- 60 day grace period – “op-in” to in-school deferment

## PLUS Denials

- Additional unsubsidized loan eligibility for undergrads whose parent were denied PLUS:
  - \$4,000 per year for 1<sup>st</sup> and 2<sup>nd</sup> year students
  - \$5,000 per year for 3<sup>rd</sup> and 4<sup>th</sup> year students

## Institutional Aid – Individual Schools



- Depends upon funding at the school
- High cost schools usually have more institutional aid available
- May require CCS/Profile

## Scholarships

- School need based and non-need based programs (academic, athletic, or other talent)
- Private business scholarships (Wal-mart, Gates Foundation, etc)
  - Parents’ and/or students’ employers
- Civic organization scholarships (Churches, PTA, Elks Club, Kiwanis, cultural leagues, etc)

## Scholarship Searches

- FREE internet search engines
  - Fed Student Aid Scholarship Wizard: [www.studentaid.ed.gov](http://www.studentaid.ed.gov)
  - FinAid on the Web: [www.finaid.org](http://www.finaid.org)
  - College Board: [www.collegeboard.com](http://www.collegeboard.com)
  - FastWeb: [www.fastweb.com](http://www.fastweb.com)
  - FastAid: [www.fastaid.com](http://www.fastaid.com)
  - Scholarships.com: [www.scholarships.com](http://www.scholarships.com)
- High school guidance counselors
- Local library resources

## Financial Aid Myths

- Enough financial aid will be offered to cover a family’s full need.
- All school’s automatically offer “full-ride” merit based scholarships to the top achieving students.
- There is an unending supply of financial aid – so even if I apply late, there’ll still be funds available.
- Our family’s income is too high to be eligible for any financial aid – why apply?
- Student loans are not financial aid.

## Where to begin?

- Save!
- Research costs at different schools
- Make a schedule/timeline
- Look for scholarships
- Involve your student!!!
- Be realistic.
- And...ASK QUESTIONS!!!



# Questions???