Financing Your Education

- Definition, Purpose, and Basic Premise of Financial Aid
- Primary Sources and Types of Financial Aid
- Applying for Financial Aid and How Financial Need is Determined
- Scholarship Search Services
What is Financial Aid?

- One source of money for postsecondary expenses
- Pays for education or training
- Pays direct education costs and indirect costs or living expenses.
Direct Costs

- Room
- Board
- Tuition
- Fees
Indirect Costs

- Personal
- Travel
- Books
- Supplies
Purposes of Financial Aid

Financial Aid provides:

- **ACCESS** to postsecondary education or training
- **CHOICE** among postsecondary institutions
A Basic Premise of Financial Aid

- Students and parents are the primary source of funds for postsecondary education and are expected to contribute to the extent they are able.
- Students and parents should avoid the misconception that anyone else has responsibility to pay for the education.
Primary Sources of Financial Aid

- Federal Government
- State Governments
- Postsecondary Institutions
- Private Agencies
Types of Financial Aid

- **Gift aid**: Grants and scholarships not paid back
- **Loan Aid**: Borrowed money paid back with interest
- **Work Aid**: Money earned as payment for a job
Criteria

- Merit scholarships
- Need-based aid
- No-need aid
- Combinations
### Sources of Financial Aid - Federal Government

<table>
<thead>
<tr>
<th>Source</th>
<th>Need Analysis Required</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Pell Grant</td>
<td>YES</td>
<td>$555-$5,550 (for 2010-2011)</td>
</tr>
<tr>
<td>Federal S.E.O.G.*</td>
<td>YES</td>
<td>$100-$4,000 (usually $1,000)</td>
</tr>
<tr>
<td>Federal Perkins Loan*</td>
<td>YES</td>
<td>Up to $5,500 (usually $1,000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5% interest rate; 9 month grace period; 10 year standard repayment period; no fee</td>
</tr>
<tr>
<td>Federal Work-Study Program*</td>
<td>YES</td>
<td>Varies</td>
</tr>
<tr>
<td>Federal Stafford Loan</td>
<td>YES</td>
<td>$3500/$4500/$5500 plus $2,000 unsub</td>
</tr>
<tr>
<td></td>
<td></td>
<td>sub 3.4% (beginning July 1, 2011); unsub 6.8% fixed interest rate; 6 months grace period, several repayment options (see Student Guide); .5% net fee</td>
</tr>
<tr>
<td>TEACH Grant (career in teaching)</td>
<td>YES</td>
<td>$4000</td>
</tr>
<tr>
<td>Federal Direct PLUS Loan</td>
<td>NO</td>
<td>Up to cost of attendance-financial aid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7.9% fixed interest rate; payments begin within 60 days of last disbursement; 2.5% net fee</td>
</tr>
</tbody>
</table>

* ADMINISTERED AT THE STATE OR SCHOOL LEVEL
### Sources of Financial Aid - State Government

<table>
<thead>
<tr>
<th>State</th>
<th>Need Analysis</th>
<th>Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania State Grant</td>
<td>YES</td>
<td>$500-$3541</td>
</tr>
</tbody>
</table>

New York, New Jersey, and Maryland State Grants are **not** portable.

Connecticut, Delaware, Maine, Massachusetts, Michigan, Ohio, Rhode Island, Vermont, and West Virginia State Grants **are** portable.
# Sources of Financial Aid

<table>
<thead>
<tr>
<th>INSTITUTIONAL</th>
<th>NEEDS ANALYSIS REQUIRED</th>
<th>DOLLAR AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>Usually</td>
<td>Varies</td>
</tr>
<tr>
<td>Scholarships</td>
<td>Not Usually</td>
<td>Varies</td>
</tr>
<tr>
<td>Loans</td>
<td>Usually</td>
<td>Varies</td>
</tr>
<tr>
<td>Work Programs</td>
<td>Usually</td>
<td>Varies</td>
</tr>
</tbody>
</table>

### OTHERS

<table>
<thead>
<tr>
<th></th>
<th>Required</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>Varies</td>
<td>Varies</td>
</tr>
<tr>
<td>Local Businesses and Organizations</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>
Applying for Financial Aid

- Need analysis (FAFSA)
- State application
- Institutional application
- Applications for private programs
• Web site: www.fafsa.ed.gov
• 2011-12 FAFSA available on or after January 1, 2011
• Pre-Application Worksheet & built-in edits to help prevent costly errors
FAFSA on the Web Worksheet

DO NOT MAIL THIS WORKSHEET.

You must complete and submit a Free Application for Federal Student Aid (FAFSA) to apply for federal student aid and to apply for most state and college aid. Beginning online with FAFSA, you can monitor your FAFSA status at www.fafsa.gov and view or update your FAFSA data.

The worksheet has been designed to provide a review of the information you may be asked on FAFSA. Write down notes to help you easily complete your FAFSA anytime after January 1, 2016.

Save this worksheet for the state deadlines. Check with your high school counselor or your college’s financial aid administrator about other deadlines.

- This Worksheet is optional and should only be completed if you plan to use FAFSA on the Web.
- Sections on people use for parent information.
- This Worksheet does not include all the questions from the FAFSA. The questions that are included are listed as they appear on FAFSA on the Web. When you are online you may be able to skip some questions based on your answers to earlier questions.

Apply Faster—Sign your FAFSA with a Federal Student Aid PIN.

If you do not have a PIN, you can apply for one at www.pin.ed.gov. Your PIN allows you to electronically sign whenever you submit your FAFSA. If you are providing parent information, one parent must also sign your FAFSA. To sign electronically, you must sign both pages of the PIN.

You do not have to sign to get help or submit your FAFSA. Submit your FAFSA for federal aid at www.fafsa.gov. Federal Student Aid provides free help online at www.fafsa.gov or by calling 1-800-4-FAFSA (1-800-4-FAFSA). TTY users (hearing impaired) may call 1-800-730-8939.

NOTES: 
The PIN Application is for students and parents to apply for a new Federal Student Aid PIN.

Your PIN serves as your electronic signature.

Your PIN can be used each year to electronically apply for federal student aid.

Can get PIN before January 1

Web site: www.pin.ed.gov
Applying for Financial Aid

- Need analysis (FAFSA)
- State application
- Institutional application
- Applications for private programs
Free Internet scholarship search engines:

- [www.fastweb.com](http://www.fastweb.com) - FastWeb
- [www.finaid.org](http://www.finaid.org) - The SmartStudent Guide to Financial Aid
- [http://apps.collegeboard.com/cbsearch_ss/welcome](http://apps.collegeboard.com/cbsearch_ss/welcome) - CollegeBoard
- [www.petersons.com/ss/code/prompt](http://www.petersons.com/ss/code/prompt) - Peterson’s search
- [www.nextstudent.com/scholarship_search](http://www.nextstudent.com/scholarship_search) - NextStudent
- [www.scholarshipexperts.com](http://www.scholarshipexperts.com) – ScholarshipExperts
- [www.collegescholarships.com](http://www.collegescholarships.com) – College Connection Scholarships
- [www.iefa.org](http://www.iefa.org) - International Education Financial Aid
Financial Aid Calendar

- January 1 of the award year is the earliest that a student can submit or mail their Free Application for Federal Student Aid (FAFSA). For example, for the upcoming 2011-2012 academic year, January 1, 2011, is the first date that the FAFSA can be submitted.

- Most people wait until they have completed their tax forms so that they have accurate information to put on their FAFSA.
Deadlines are very important!

- Submit FAFSA by March 1.
If tax forms cannot be completed in time to meet the deadlines, you should estimate the information. Estimating is allowed and should be done in this situation.

You can always go back and correct an incorrect estimate, but you can never go back and not miss a deadline.
Principles of Need Analysis

The Federal Methodology is a national standard of ability to pay:

- Distributes scarce resources
- Allocates funds equitably and consistently
- Parents and students are primarily responsible for the educational expenses.
- Income and assets reflect family financial strength
- Uses income from the latest completed tax year and assets as the date of FAFSA completion
- Family circumstances considered
EFC for Dependent Student

Parental contribution from income & assets (as adjusted, if more than 1 household member in college)

+ Student contribution from available income & assets

= EFC
Determining Eligibility for Financial Aid

Cost of Attendance (COA)

- Expected Family Contribution (EFC)

= Student’s Financial Need
Need Varies Based on Cost

COA (variable)

EFC (constant)

Need (variable)
Eligibility for Aid Equals Need
Available Aid May Not Equal Need
What Do I Owe?

Cost of Attendance (COA)

– Financial Aid

= Actual Family Contribution
Examples of Financial Aid Packages
College

Cost $20,000
-EFC 5,000
Need $15,000

Package #1:
$15,000 Grants and Scholarships
College

Cost $20,000
- EFC 5,000
Need $15,000

Package #2:
$ 9,500 Grants
$ 3,500 Loan
$ 2,000 Work study
College

Cost $20,000
-EFC 5,000
Need $15,000
Package #3:
$ 4,500 Grant
$ 3,500 Loan
$ 2,000 Work study
$ 5,000 Unmet Need
Thank You!