



FINANCIAL AID & THE COLLEGE DECISION PROCESS

Chris George
October 2018

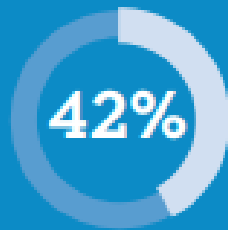
*Submit Questions During Tonight's
Presentation @ bit.do/evhsfinaid*

PAYING FOR COLLEGE

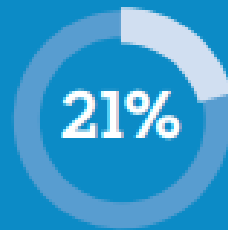


PAYING FOR COLLEGE

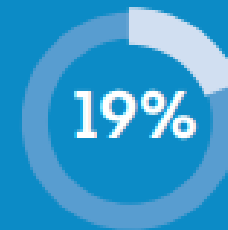
Paying-for-college jargon can leave some families confused



mistakenly believe work-study funds are automatically given to the student



have the false impression that "free tuition" means college is free



believe the sticker price is the amount they will pay

Is college worth the cost—most families say yes

66% of families believe they're getting a good value for what they're spending

Nearly
9 in 10

families always knew their child would go to college



but fewer than



4 in 10

created a plan to pay

(includes saving, anticipating and researching costs and expenses, identifying sources of funding, and more)



Students are taking steps to make college more affordable

Lifestyle changes



67%

cut back on spending



45%

work year-round



37%

live at home



College Search
Process &
Costs



Determining
your Family's
Cost

Special
Circumstances



Applying for
Financial Aid



Types of
Financial Aid



COLLEGE SEARCH PROCESS

▶ Student-Centered

- Student applies for admission
- Student applies for financial aid
- Expectation that a family contributes to their child's undergraduate educational expenses

▶ It's not a question of "if", but "when"

- 90% of schools accept more than 50% of applicants (national average is ~70%)

▶ Financial Aid arrives with or after an offer of admission

DETERMINING COSTS & AID

Cost of Attendance

- ▶ Direct Costs
 - Tuition and Fees
 - Room & Board
- ▶ Indirect Costs
 - Books & Supplies
 - Transportation
 - Personal Expenses



TYPES OF FINANCIAL AID



Institutional Grants & Scholarships

- ▶ Money that does not have to be paid back!!

Self-Help Aid

- ▶ Work-Study
- ▶ Direct Loans - Student

Additional Resources

- ▶ Outside Scholarships
- ▶ Parent PLUS or Private Loans

MERIT SCHOLARSHIPS

Typically Admissions Office determines eligibility for merit scholarships

- High School GPA
- ACT and/or SAT Scores
- Recommendations
- Extracurricular Activities
- Leadership
- Community Service



BE PREPARED

- ▶ Who would like to share....?
- ▶ Information you will be asked to provide:
 - Salary
 - Investments / Other real estate
 - Cash, Savings, Checking balance
 - Untaxed Income
 - Taxes Paid

FINANCIAL AID APPLICATIONS

- ▶ FAFSA – Free Application for Federal Student Aid
 - Determine eligibility for many federal, state and institutional aid programs which can include scholarships, grants, work-study and student loans
- ▶ CSS PROFILE – College Board
 - Determines eligibility for institutional financial at some private colleges and universities.
 - \$25 application fee, \$16 for each additional school
- ▶ Both applications available now!

FINANCIAL AID APPLICATIONS

Items needed to complete FAFSA? (Parent and Student)

- ▶ Federal Student Aid ID (FSA ID)
 - <https://fsaid.ed.gov/npas/index.htm>
- ▶ Social Security Numbers
- ▶ Federal Income Tax Returns (2017)
- ▶ W-2 Forms (2017)
- ▶ Untaxed Income and benefits
- ▶ Savings and Checking Balances
- ▶ Schools you are applying to
- ▶ **Want to simplify the process, use the IRS Data Retrieval Tool**

EXPECTED FAMILY CONTRIBUTION

- ▶ Amount a family can reasonably be expected to contribute
- ▶ Stays the same regardless of college
- ▶ Student and Parent contribution amounts based on:
 - Income
 - Assets
 - Allowances are given for living expenses, taxes, emergency reserves, college savings, number of children in college

DETERMINING COSTS & AID

Financial Need Formula

Cost of Attendance

- Expected Family Contribution (EFC)

Financial Need

- Need varies based on cost
- Most colleges are unable to meet 100% of financial need with scholarship and grant aid

DETERMINING COSTS & AID

- ▶ Family of 4, 1 going to college, income of \$110,000 a year:
- ▶ EFC: ~ 20,000

	Minnesota St Mankato	U of MN – Twin Cities	University of Denver	Carleton College
Cost of Attendance	\$18,413	\$28,233	\$67,656	\$71,325
Average % of Need Met	68%	76%	88%	100%
Approximate Family Cost *	\$18,413	\$21,975*	\$25,718*	\$20,000*

*Federal student loans and work-study are likely to be in addition to the family cost

FINANCIAL AID APPLICATIONS

► Estimate of EFC?

- FAFSA4caster: <https://studentaid.ed.gov/sa/fafsa/estimate>
- Seniors – just complete the FAFSA now

► Want an estimate from a college?

- [MyIntuition Quick Cost Estimator](#) (30+ schools)
- Use a college's Net Price Calculator
 - <http://nces.ed.gov/collegenavigator/>
 - Search for the college
 - Look under General Information for link

BE ORGANIZED

- ▶ Colleges have varying deadlines
 - Priority deadlines
- ▶ What Applications are required?
 - FAFSA and/or CSS PROFILE
 - Other scholarship applications
- ▶ Terms
 - Start developing a glossary
 - studentaid.ed.gov (Types of Aid)



FINANCIAL AID AWARD LETTER



- ▶ Cost of Attendance
- ▶ Grants and Scholarships
- ▶ Self-help Aid
 - Work Study
 - Direct Stafford Loans
- ▶ Additional Loan Resources
 - Parent PLUS or Private Loans
- ▶ Additional Considerations
 - Multi-year investment
 - Tuition increases

FINANCIAL AID RESOURCES



Financial Aid Office & Website

- ▶ Emails / Webinars / Videos / FAQs

Application Completion Events

- ▶ Minnesota College Goal
- ▶ minnesotacollegegoal.org

US Department of Education

- ▶ <http://studentaid.ed.gov>

LOANS - ARE THEY EVIL?

- ▶ No, but excessive borrowing is!
 - ▶ How much will your payment be?
 - Loan Balance of \$10,000
 - 4.45% interest rate
 - Standard 10 year Repayment Plan (120 payments)
- A. \$89
B. \$103
C. \$118
D. \$132
- ▶ For every \$10,000 in loan balance, you will pay ~\$103 per month for 10 years.
\$2,408 in interest

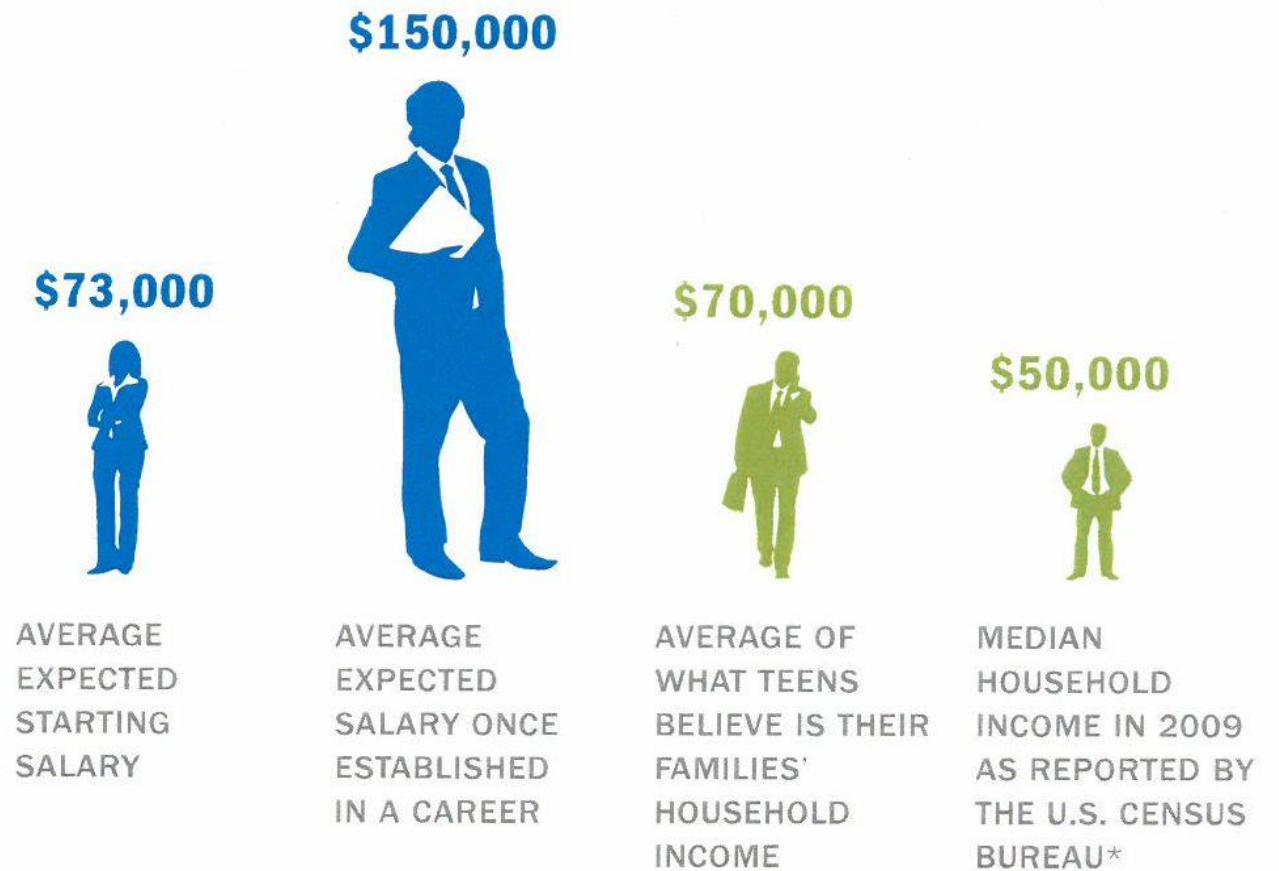


SMART BORROWING

- What do teenagers think their salary will be?

MONEY BELIEFS AND EXPECTATIONS

TEEN EXPECTATIONS VS. REALITIES



SMART BORROWING

- ▶ Don't borrow more than your first year salary

\$40–\$59K

is the expected median starting salary range for new grads

6 out of **10** families did not borrow money



TIPS ON WINNING A SCHOLARSHIP

- ▶ Use multiple **FREE** scholarship search sites
 - fastweb.com
 - bigfuture.collegeboard.org
 - scholarships.com
- ▶ Search and apply to scholarships as soon as possible
- ▶ Apply to every scholarship for which you are eligible
 - Scholarships for less than \$1,000 often have fewer applicants

TIPS ON WINNING A SCHOLARSHIP

- ▶ Persistence pays
 - Skill and luck are involved
- ▶ Meet deadlines
- ▶ Tailor your application to sponsor's goals
- ▶ If you have to pay to get money, it's probably a scam

SPECIAL CIRCUMSTANCES

- ▶ Inform colleges about special circumstances that can't be documented by a financial aid application
 - Provide written explanation and documentation to financial aid office at each college
 - Changes in income, employment status, parent marital status
 - Unusual health care expenses or dependent care expenses
 - Each college reviews information and may offer additional support

WHERE DO I GO FROM HERE?

- ▶ Talk about what the family can afford
- ▶ Utilize Net Price Calculators
- ▶ Understand dates and deadlines for both admission and financial aid
- ▶ Investigate and apply for private scholarships

QUESTIONS ?

Chris George

georgec@stolaf.edu