

What You Need to Know about Financial Aid

The following presentation guide can be used for a financial aid information night introducing the basic concepts of financial aid to students and parents. It may be used in conjunction with NASFAA's *What You Need to Know about Financial Aid* presentation slide show, available in Microsoft PowerPoint format.

If you already have PowerPoint, you can download the slide show from the NASFAA website, www.NASFAA.org, and run it as a PowerPoint presentation. You may also wish to print the slide show handout and provide it to your audience members so that they may follow along.

The bulleted presentation guide provides a framework in which to discuss the basic concepts of financial aid. The format assumes that you have an understanding of financial aid concepts, the federal aid programs, and the Free Application for Federal Student Aid (FAFSA) process. Feel free to add additional information based on the needs of your audience. Provide audience members with copies of NASFAA's *Student Aid Program Summary*. The presentation guide contains only basic information about the student aid programs. Give the audience a few minutes to review the chart and ask questions after covering the material in the presentation. NASFAA also recommends that you have copies of the *2012–13 FAFSA on the Web (FOTW) Worksheet* (once available) to give to your audience so they may follow along with that part of the presentation. The PowerPoint slides do not contain screen captures from the *FOTW Worksheet*. NASFAA has also provided a handout of the slideshow to distribute to the audience. The slides are printed three to a page and provide space for taking notes.

NASFAA prepared this presentation using a draft of the *2012–13 FOTW Worksheet*.

Presentation Slide Show Guide

[1] Title slide—What You Need to Know about Financial Aid

[2] Topics We Will Discuss

- 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

[3] What is Financial Aid?

- Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses

[4] What is Cost of Attendance (COA)?

- Direct costs
 - Billed by or paid directly to the college, such as tuition and on-campus housing
- Indirect costs
 - Necessary expenses, such as transportation and personal care items, that are not paid to the college
- Colleges combine direct and indirect expenses into the cost of attendance, or student budget
- Cost of attendance varies widely among different types of colleges



[5] What is the Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute, but not what the family will pay to the college
- EFC the same regardless of what college the student attends
- Two components:
 - Parent contribution
 - Student contribution
- Calculated using data from a federal application form and a federal formula

[6] What is Financial Need

- The difference between the cost of attendance and the EFC
- Need will vary based on the cost of different colleges
- Your financial need determines how much aid you may receive
 - Colleges may not be able to offer enough aid to meet your financial need

[7] Categories of Financial Aid

- Need-based
 - Awarded on the basis of financial need, as calculated using a form such as the FAFSA
- Non-need-based
 - Awarded on the basis of a student's ability, talent or unique characteristics, such as academic achievements, athletic ability, musical talent, or ethnic heritage

[8] Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment



[9] Scholarships

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

[10] Grants

- Money that does not have to be paid back
- Awarded on the basis of financial need, as calculated using a form such as the FAFSA

[11] Loans

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

[12] Employment

- Allows student to earn money to pay educational costs
 - Receive a paycheck or
 - Non-monetary compensation, such as room and board

[13] Sources of Financial Aid

- Federal government
- States
- Private sources
- Civic organizations and churches
- Employers

[14] Federal Government

- Largest source of financial aid
- Aid awarded primarily on the basis of need
- Must apply each year by submitting the FAFSA



[15] Common Federal Aid Programs

- Federal Pell Grant
 - Largest federal grant program
 - Need-based award that does not have to be repaid
 - Award amount based on enrollment status, COA, and EFC
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
 - 3.25 GPA each term or qualifying score on admissions test
 - Agree to teach full time for at least four years within eight years of graduation at a school serving a high percentage of low income students (Title I schools)
 - Must teach a specific subject
 - Grant funds become a Direct Unsubsidized Stafford Loan if student does not fulfill teaching requirement
- Federal Supplemental Educational Opportunity Grant (FSEOG)
 - Usually eligible for a Federal Pell Grant
 - Targeted to neediest students
- Federal Perkins Loan
 - Low interest loan
 - Repayment usually begins after students graduate
- Federal Work-Study (FWS)
 - Allows students to work on or off campus
 - Earnings do not count against future Title IV eligibility
- Subsidized and Unsubsidized Loans
 - Loans for students
 - Cosigner and good credit not required
 - Amount varies by academic standing
 - Both need and non-need-based
 - Repayment usually begins after students graduate
- PLUS Loans
 - Loans for graduate or professional students and the parents of dependent undergraduate students
 - Non-need-based
 - Amount based on cost of attendance and other aid



- Borrower must have good credit or creditworthy endorser
- If the parents of a dependent student are unable to borrow a PLUS due to poor credit, student may be eligible to borrow more Unsubsidized Loan funds
- Repayment usually begins after the loan is fully disbursed

Note: *If you have not already done so, give the audience copies of the Summary of Student Aid Programs **handout**. Give them a few minutes to review the chart and then answer any questions about the Title IV programs.*

[16] 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

[17] Private Sources

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

[18] Civic Organizations and Churches

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

[19] Employers

- Employers may have scholarships available for employees' children
- Employers may have education benefits for their employees

[20] 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
 - Available in English and Spanish



Note: You may wish to let the audience know that depending on the college, students may also need to submit forms in addition to the FAFSA, such as the CSS Profile or an institutional form.

[21] 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

[22] 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 2012–13 academic year, the FAFSA may be filed beginning January 1, 2012
- Colleges may set FAFSA filing deadlines
 - Meeting or not meeting a college's priority deadline may impact the amount of financial aid a student receives

[23] FAFSA on the Web (FOTW)

- www.fafsa.gov
- 2012–13 FAFSA available January 1, 2012
- FOTW Worksheet
 - “Pre-application” worksheet
 - Includes questions applicable to most students

[24] FOTW

- Reasons to file FAFSA electronically
 - Built-in edits to prevent costly errors
 - Skip-logic allows student and/or parent to skip unnecessary questions
 - Option to use Internal Revenue Service (IRS) data retrieval



[25] FOTW

- Reasons to file FAFSA electronically
 - More timely submission of original application and any necessary corrections
 - More detailed instructions and “help” for common questions
 - Ability to check application status on-line
 - Simplified application process in the future
 - ◆ Option to “pre-fill” certain information on FAFSA when completing application for second, third, and fourth years of study

[26] IRS Data Retrieval

- While completing FOTW, applicant may submit real-time request to IRS for tax data
- IRS will authenticate taxpayer’s identity
- If tax record match found, IRS sends real-time results to applicant in a new browser window
- Applicant chooses whether or not to transfer data to FOTW

[27] IRS Data Retrieval

- IRS data retrieval
 - Available early February for 2012–13 processing cycle
 - Participation is voluntary
 - Utilizing process reduces documents requested by the financial aid office

Note: *There will be a lag between the date a student or parent files a tax return and the availability of the data through the IRS Data Retrieval process. For applications filed electronically, the Department of Education (ED) anticipates a delay of two weeks and a delay of six weeks for paper returns.*

Note: *Beginning with the 2012-13 award year, applicants who do not use IRS data retrieval or change transferred IRS information before submitting FOTW will need to request transcripts from the IRS to verify tax information they provide on the FAFSA instead of submitting signed copies of tax returns from their personal records. Encourage families to use the process if FOTW gives them the option in order to simplify the verification process.*



[28] Federal Student Aid Personal Identification Number (FSA PIN)

- Allows applicant and parent to sign FAFSA electronically
- Speeds up processing
- May be used by students and parents throughout the process, including subsequent school years

Note: *If you have not already done so, provide members of the audience with copies of the FOTW Worksheet so they may refer to it during the following discussion.*

[29] FOTW Worksheet

- 2012–13 FOTW Worksheet—4 page booklet containing
 - Instructions
 - 22 questions in 4 sections
 - Contains significantly fewer questions than *FAFSA on the Web*

Note: *The FOTW Worksheet is significantly shorter than the actual FAFSA. Point out to the audience that when they complete FAFSA on the Web, they will need to answer more questions than what are included on the worksheet. Remind them that the use of skip logic will prevent them from answering unnecessary questions.*

[30] FOTW Worksheet: Section 1

- General student information
 - Social Security Number
 - Citizenship status
 - Drug convictions
 - Selective Service Registration

Note: *Emphasize the importance of reporting the student's name and Social Security Number exactly as they appear on the student's Social Security card. Errors will delay processing.*

Note: *When the Central Processing System (CPS) processes the FAFSA, it verifies that the student meets the citizenship/eligible noncitizen criterion, but it does not verify the citizenship status of the parents. Parents do not need to be U.S. citizens or eligible noncitizens for their students to be eligible for federal student aid.*

Categories of eligible noncitizens include:

- *U.S. permanent residents*
- *Citizens of the Freely Associated States: the Federated States of Micronesia and the Republic of the Marshall Islands*
- *Refugees*



- *Victims of human trafficking*
- *Persons paroled into the U.S. for at least one year*
- *Persons granted asylum*
- *Battered immigrants*
- *Conditional entrants-qualified aliens*
- *Cuban-Haitian entrants*

Note: *For the drug question:*

- *Student who answers “Yes” completes on-line worksheet to determine if answer affects eligibility for aid.*
- *Student who answers “Yes” should submit a FAFSA.*

[31] FOTW Worksheet: Section 2

- Questions to determine student dependency status
 - *If all “No” responses, student is dependent and must provide parent information*
 - *If “Yes” to any question, student is independent*

Note: *Remind the audience that grandparents, foster parents, and legal guardians are not considered parents for the purpose of completing the FAFSA unless they have legally adopted the student. Special circumstances will be discussed in more detail at the end of the presentation.*

The definition of an independent student includes emancipated minors, foster youth, individuals under legal guardianship, and persons who are unaccompanied youth who are homeless or at risk of becoming homeless. The financial aid office may ask applicants who meet one of these criteria to submit documentation verifying their status.

Dependent students who will not be able to provide parental data will be able to submit a FAFSA on the Web to receive unsubsidized Stafford Loans only. Such students will see screens directing them to contact the financial aid office at their college about required documentation to establish eligibility for these loan funds. The Higher Education Opportunity Act of 2008, (HEOA) extended the authority of financial aid administrators to exercise professional judgment to award unsubsidized Stafford Loans to dependents students who parents have ceased supporting the student and refuse to complete the FAFSA.

[32] FOTW Worksheet: Section 3

- Information about the parents of dependent students

Note: *Emphasize to the audience that if a student’s parents are divorced and the parent completing the FAFSA has remarried, the stepparent’s information must be reported on the FAFSA. The FOTW Worksheet tells the applicant that he or she will need to provide the parent’s Social Security Number, name, and date of birth when completing the form.*



Note: *If a parent does not have a Social Security Number, he or she should report all zeros for the question.*

- Parents need to supply tax and income information as well as amounts for checked items in the Additional Financial Information and Untaxed Income boxes
- Checkbox to indicate whether either parent is a dislocated worker
 - Definition will be available on the screen where question appears
- Assets:
 - Based on responses to previous questions, parents may be asked to provide more information about their assets
 - Asset data may include current balance of cash, savings, and checking accounts; net worth of investments; and the net worth of certain businesses and investment farms
 - The value of 529 plans in either the parent's or student's name is reported as an asset of the parent

Note: *Detailed definitions will be available on the screen where information is reported. A family owned and controlled small business with 100 or fewer full-time or full-time equivalent employees is not reported on the FAFSA.*

Note: *Remind the audience of the following:*

- *Report asset value as of the day the FAFSA is submitted;*
- *Asset information can't normally be updated; and*
- *Family should contact the financial aid office if special circumstances exist.*

[33] FOTW Worksheet: Section 4

- Information about the student (and spouse)

Note: *Remind the audience that if the student is married, his or her spouse's information must be reported on the FAFSA.*

- Student (and spouse) needs to supply tax and income information as well as amounts for checked items in the Additional Financial Information and Untaxed Income boxes
- Checkbox to indicate whether student and/or spouse is a dislocated worker
 - Definition will be available on the screen where question appears
- Assets:
 - Based on responses to previous questions, student may be asked to provide more information about his or her assets



- Asset data may include current balance of cash, savings, and checking accounts; net worth of investments; and the net worth of certain businesses and investment farms
- Includes the value of 529 plans owned by the independent student and his or her spouse

[34] Additional Information

- A few additional FOTW screens will appear for students to supply necessary information for processing the form related to their college and housing choices
 - List up to 10 colleges to receive FAFSA information
 - Provide Federal School Code and housing plans
 - On-line search for school codes

[35] Signatures

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

[36] Frequent FAFSA Errors

- Incorrect Social Security Numbers
- 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



[37] FAFSA Processing Results

- Central Processing System (CPS) notifies student of FAFSA processing results
 - Paper Student Aid Report (SAR) if student filed a paper FAFSA and did not provide an e-mail address
 - SAR Acknowledgement if student filed FAFSA on the Web and did not provide an e-mail address

[38] FAFSA Processing Results

- CPS notifies student of FAFSA processing results
 - E-mail notification containing direct link to student's on-line SAR if student provided e-mail address on paper or electronic FAFSA
- Students with FSA PIN may view SAR on line at www.fafsa.gov

[39] FAFSA Processing Results

- Institutional Student Information Record (ISIR) sent to colleges listed on FAFSA approximately 10-14 days after FAFSA submitted
- Colleges review ISIR
 - May request additional documentation, such as proof that a sibling is enrolled in college

[40] Student Aid Report or Student Aid Report Acknowledgement

- When students receive their SAR or SAR Acknowledgement
 - Review data for accuracy
 - Update estimated tax information when actual figures are available

[41] Making Corrections

- If necessary, make corrections
 - Using FAFSA on the Web if student has FSA PIN
 - Updating and mailing a paper SAR (SAR Acknowledgement cannot be used to submit corrections)
 - Submitting documentation to college's financial aid office



[42] Special Circumstances

- Cannot report on FAFSA
- Send written 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

[43] Special Circumstances

- Examples of special circumstances
 - Change in employment status
 - Medical bills not covered by insurance
 - Change in parent marital status
 - Unusual dependent care expenses
 - Student is unable to obtain parental information due to incarceration, abusive situation, or no relationship with parents

[44] End Slide—NASFAA Logo

