Funding Your College Education

Basics of Financial Aid and the 2021-22 FAFSA

October 2020



What We Will Cover

- Financial Aid Timeline and Overview
  - Types and sources of aid
  - Federal and state programs
  - Other aid options
- The Free Application for Federal Student Aid (FAFSA) Terminology
- FAFSA Sections
  - Online process and benefits
  - Key elements
- Next Steps



Timeline: Important Tasks

- Annually File the FAFSA after Oct 1
  - NOW: Gather 2019 tax information.
  - Student and one parent must apply for separate Federal Student Aid ID's (FSA ID)
  - File 2021-22 FAFSA at: studentaid.gov/h/apply-for-aid/fafsa
  - Use the IRS Data Retrieval Tool
  - Many IN colleges have a March 1 priority filing date
  - April 15 is Indiana's FAFSA receive by date for students who wish to be considered for state-based aid
  - After filing the FAFSA, watch for and respond to all college-requested verification documents

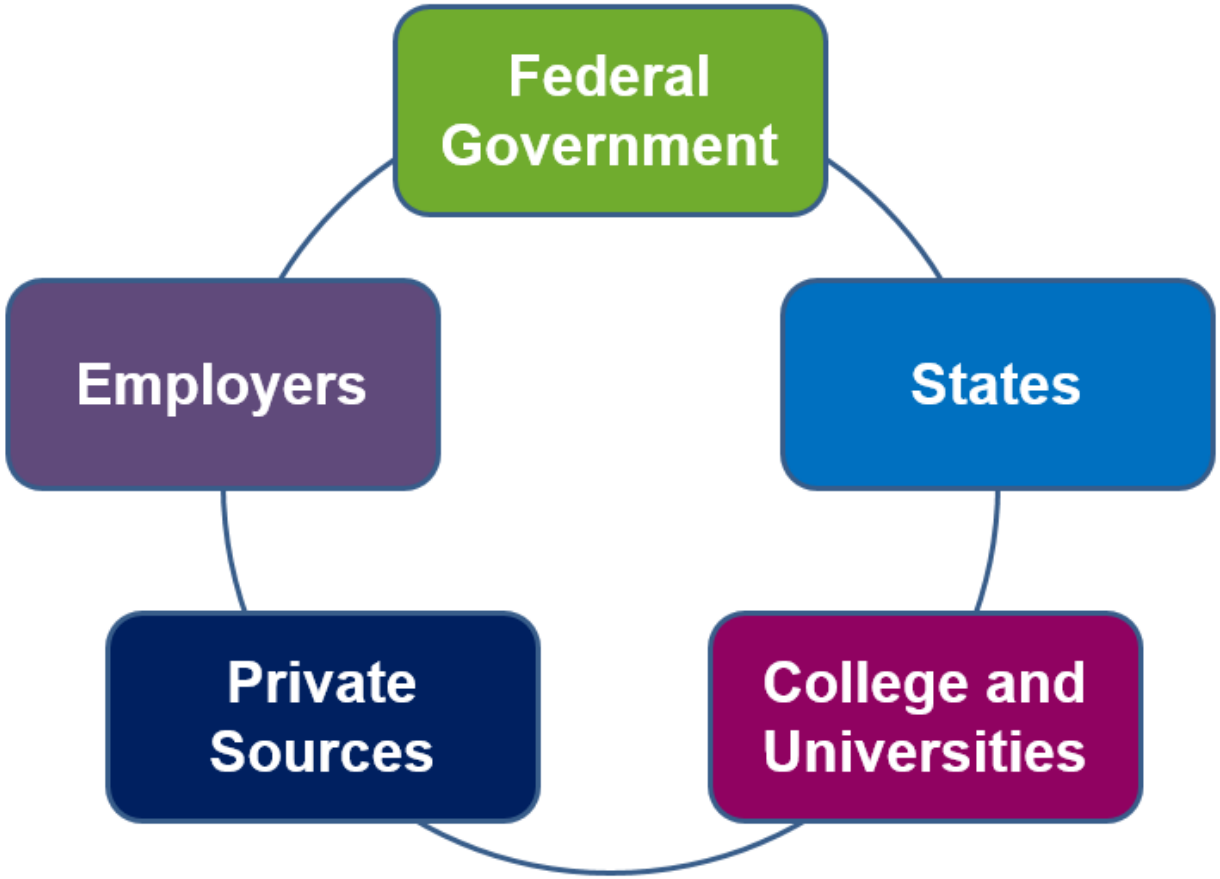


Financial Aid Overview

- Primary goal: Funds to assist students/families pay for postsecondary educational expenses
- Achieved by:
  - Evaluating family's ability to pay educational costs
  - Distributing limited resources in an equitable manner
  - Providing balance of gift aid and self-help aid



Sources of Financial Aid



Types of Aid

- Gift Aid (Free Money):
  - Grants
  - Scholarships
    - Need-based
    - Merit-based
- Self-Help Aid:
  - Student Employment
  - Educational Loans



Federal Title IV Aid

Awarded primarily on basis of financial need

- Grants
  - Pell Grant **(Up to: $6,345 in 2020-21)**
  - Supplemental Educational Opportunity Grant (SEOG) **(Up to: $800 in 20-21)**
  - TEACH Grant **(Up to: $4,000 in 2019-20)**

- Federal Work-Study (FWS)
  - Earn money to use for educational expenses
  - College/University determines eligibility

- **Amounts subject to change annually**



Student Employment

- Benefits
  - Earn cash for college
  - Minimize student loans
  - Job/Interview experience
  - Time management skills
- Internships
  - Gain work experience
  - Academic credit
  - Earn cash for college



State of Indiana Programs



- Frank O'Bannon Grant Program
  - Higher Education Award
  - Freedom of Choice Award
- Evan Bayh 21st Century Scholars Program
- Complete 30 credit hours each year to maintain maximum eligibility and graduate on time
- For additional information visit [in.gov/che](in.gov/che)

State of Indiana:

- Web portal where students and colleges can view and update information pertaining to state financial aid awards
  - Access to Indiana residents who have filed a FAFSA (access typically starts in February)
  - Monitor edit notifications
  - View State grant amounts
  - Update school choice as needed

Scholarship Sources of Funds

- Colleges & Universities
  - Need Based
  - Merit Based
- Local & Community
  - High School Counselor
  - Community Foundation
  - Civic and Church Organizations
  - Place of Employment

Top FREE Search Sites:

fastweb.com

unigo.com/scholarships

cappex.com/scholarships



Federal Title IV Aid

- Federal Direct Loan **(2020-21: 4.53% rate, 1.059% fee).** Subsidized or Unsubsidized
- Federal Direct Parent Loan (PLUS) **(2020-21: 7.08% rate, 4.236% fee).** Unsubsidized

  (Federal loan rates/fees subject to change annually)
- All educational loans MUST be repaid. Read the fine print/choose wisely before making a decision

Note: Private Lenders also offer educational loans. Terms and interest rates vary



What is Expected Family Contribution?

- EFC = Measurement of amount family can reasonably be expected to contribute
- Two components:
  - Student contribution (Income & Assets)
  - Parent contribution (Income & Assets)
- EFC stays the same regardless of college choice
- Cost of Attendance (COA) varies between colleges



Direct Costs versus COA

- **Direct Costs** – What student pays directly to an institution (tuition, fees, possibly food/housing)
- **Cost of Attendance** – Includes direct costs + federal required estimates for books/supplies, transportation, living expenses, etc..

Cost of attendance (COA)

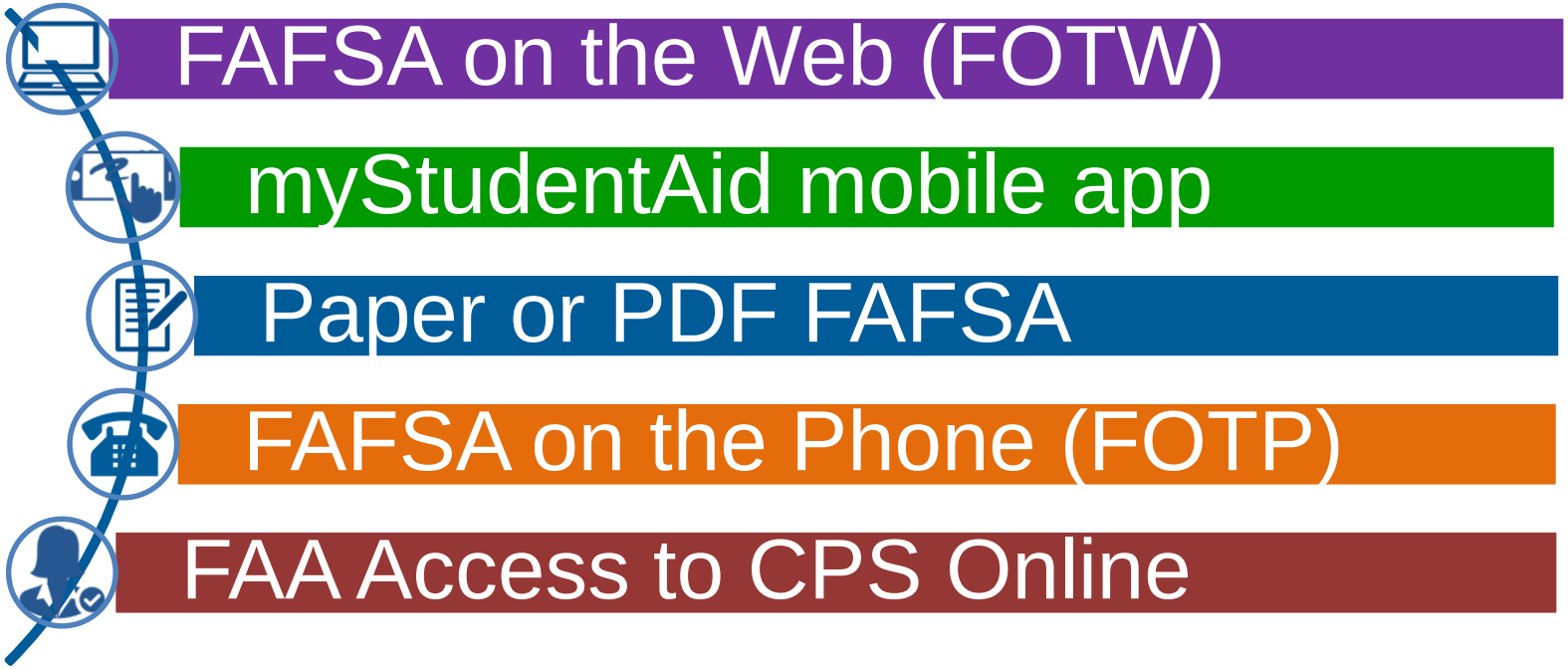
– Expected family contribution (EFC)

= Financial need



The FAFSA

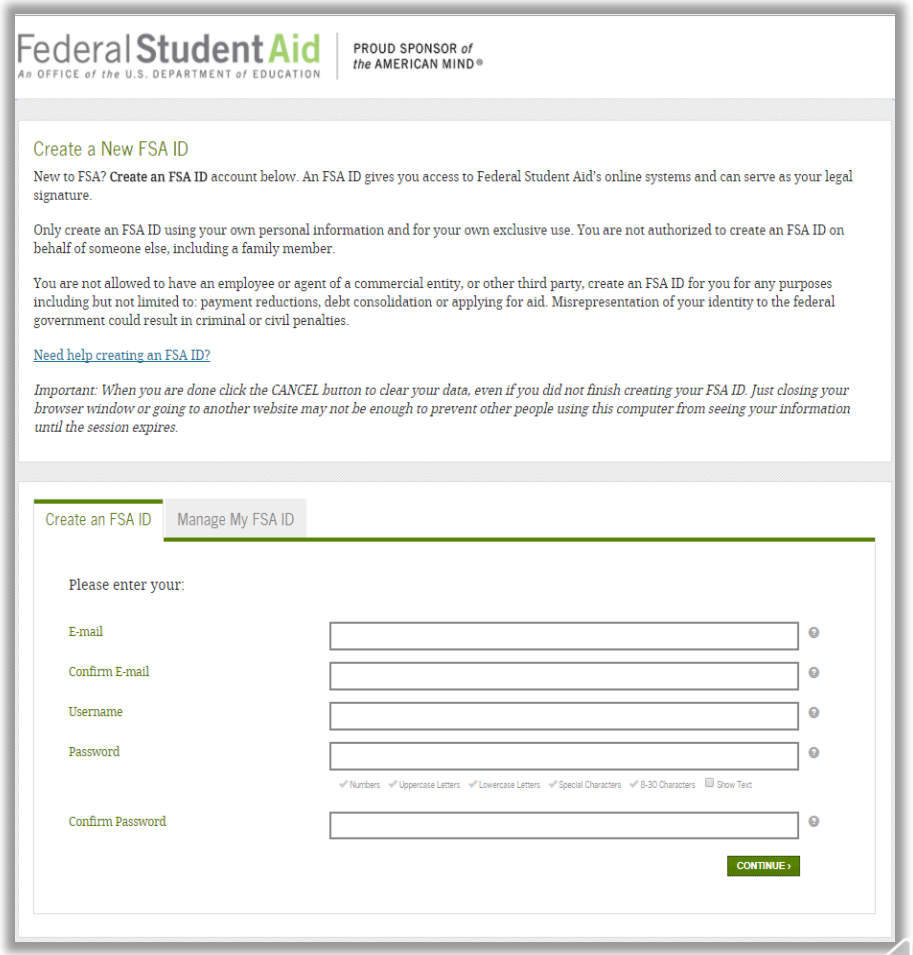
- Collects demographic and financial information
- Available in English and Spanish
- Information used to calculate the family EFC
- Colleges use EFC to award financial aid



FSA ID https://fsaid.ed.gov/npas/index.htm

- Username/password for student and parent FAFSA log-in
- Confirms identity
- Used in subsequent academic years
- Your electronic signature

Note: Don't use a high school email address. Student/Parent should use separate email addresses



FAFSA on the Web

- Why file electronically:
  - Built-in edits to help prevent costly errors
  - Skip-logic allows student and/or parent to skip unnecessary questions
  - Timely submission of original application and any necessary corrections
  - Detailed instructions and “help” for questions
  - Ability to check application status on-line
  - Simplifies the renewal application process

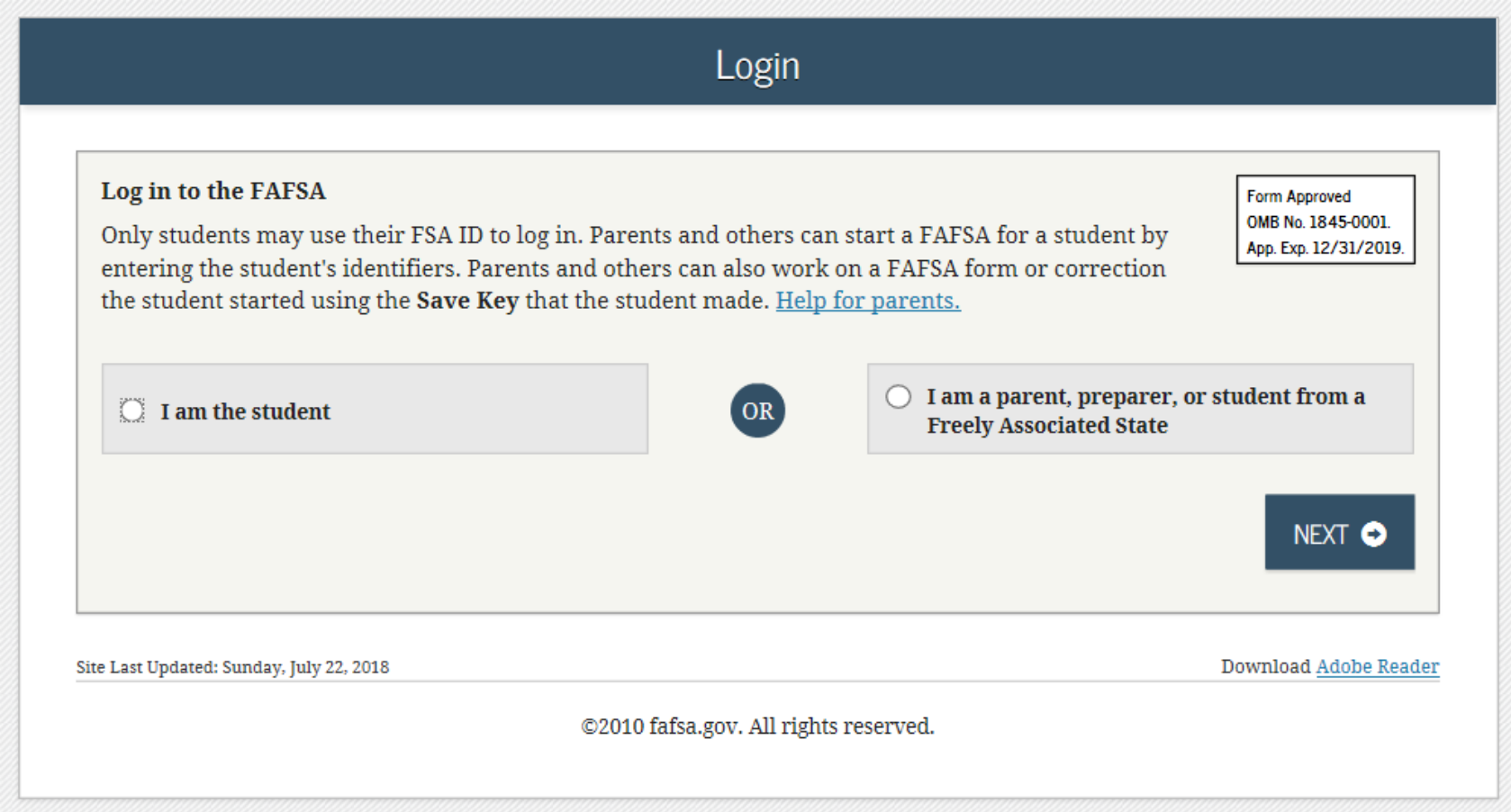


FAFSA on the Web:

https://studentaid.gov/h/apply-for-aid/fafsa

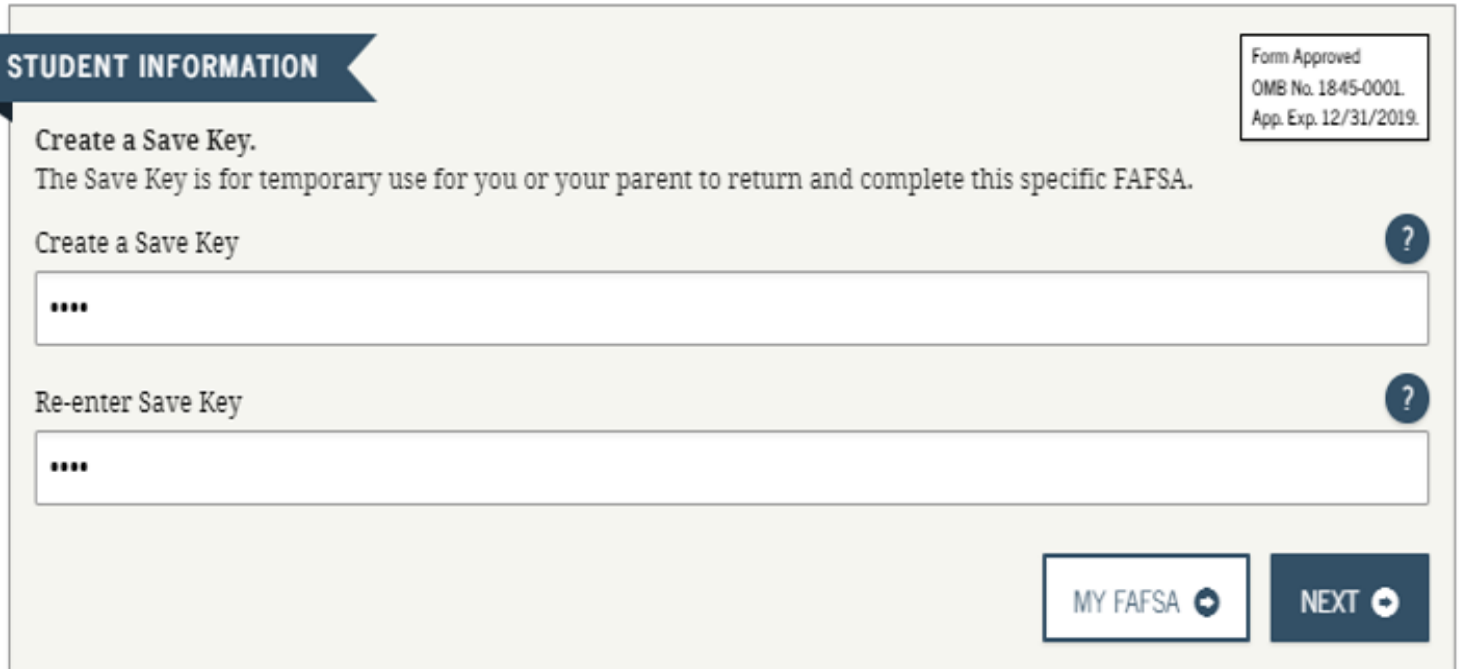


FAFSA on the Web



Getting Started

- Select: Start 2021-2022 FAFSA, if starting in fall 2021
- Create a Save Key (4-8 character password)
  - Allows application to be saved and returned to later
  - Can be shared with parents to allow access



General Student Information

- Social Security Number
- Citizenship status
- Marital status
- Drug conviction of possession or sale
- Selective Service registration
- Highest education level completed by father/mother
- School Selection
  - Enter and confirm High School attended
  - List up to ten different colleges/Pick housing plan
  - Encouraged to list at least one Indiana college



Student Dependency Status

FAFSA asks questions to determine dependency status for Title IV federal student aid (not IRS) purposes:

- If all “No” responses, student is dependent and Parent information is needed
- If “Yes” to any question, student is independent



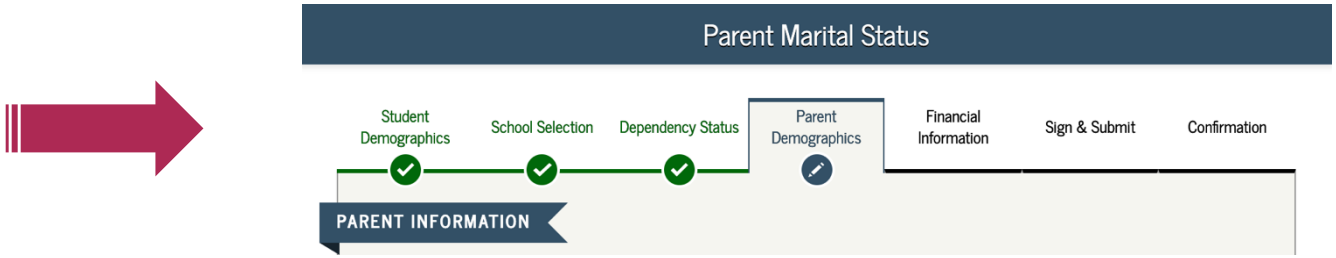
Dependent or Independent?

- Born before January 1, 1998
- Married
- Serving on active duty or veteran of U.S. Armed Forces
- Dependents that you support
- Court determined you are emancipated minor or under legal guardianship
- Since turning 13 – in foster care, orphan/ward of the court or parents are deceased
- Designated as homeless or self-supporting and at risk of being homeless
- Graduate/Professional program student

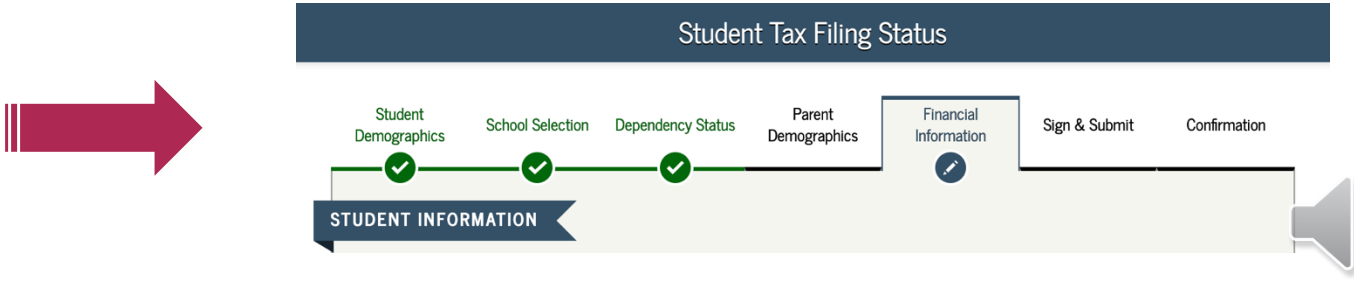


Dependent or Independent Student

- Dependent Student
  - Requires parent(s) info on the FAFSA
    - Demographic and Financial



- Independent Student
  - Requires only student info on the FAFSA
    - Skips both parent demographics and financial info
    - If married, student & spouse combined income reported



Parent Information

- Who is considered a parent?
  - Biological or adoptive parent
- Whose parent information is included on the FAFSA?

Marital Status	Whose information needs provided
Married or unmarried and living together	Both Parents
Divorced, separated or never married	The parent the student lived with more during the past 12 months. If that time is even then provide information for the parent that provided more financial support for the past 12 months.
Remarried after widowed or divorced	Parent and step-parent
Widowed	Single parent



IRS Data Retrieval Tool

- Allows for certain tax return information to be transferred from the IRS database
- Participation is voluntary and student chooses whether or not to transfer data to FOTW
- IRS will authenticate taxpayer's identity
- If tax record is found, IRS transfers information to populate the FAFSA
- Reduces documents requested by financial aid office



IRS Data Retrieval Tool

Certain tax filers cannot use the IRS Data Retrieval Tool						
Did not indicate on FAFSA a tax return was completed	Marriage date is January 2019, or later	First three digits of the SSN are 666	Filed a non-U.S. tax return	Married and filed as head of household, or filed separate returns	Neither married parent entered a valid SSN	Non-married parent or both married parents entered all zeroes for the SSN



Financial information

- Main data elements:
  - Filing status (Single, married filing joint, married filing separate, head of household and qualifying widower)
  - Will be cross referenced with marital status
  - Adjusted Gross Income (AGI)
  - Income Tax Amount (**NOT** taxes withheld)
  - Exemptions
  - Parent Income: Separate parent 1 & parent 2 income if both parents are working

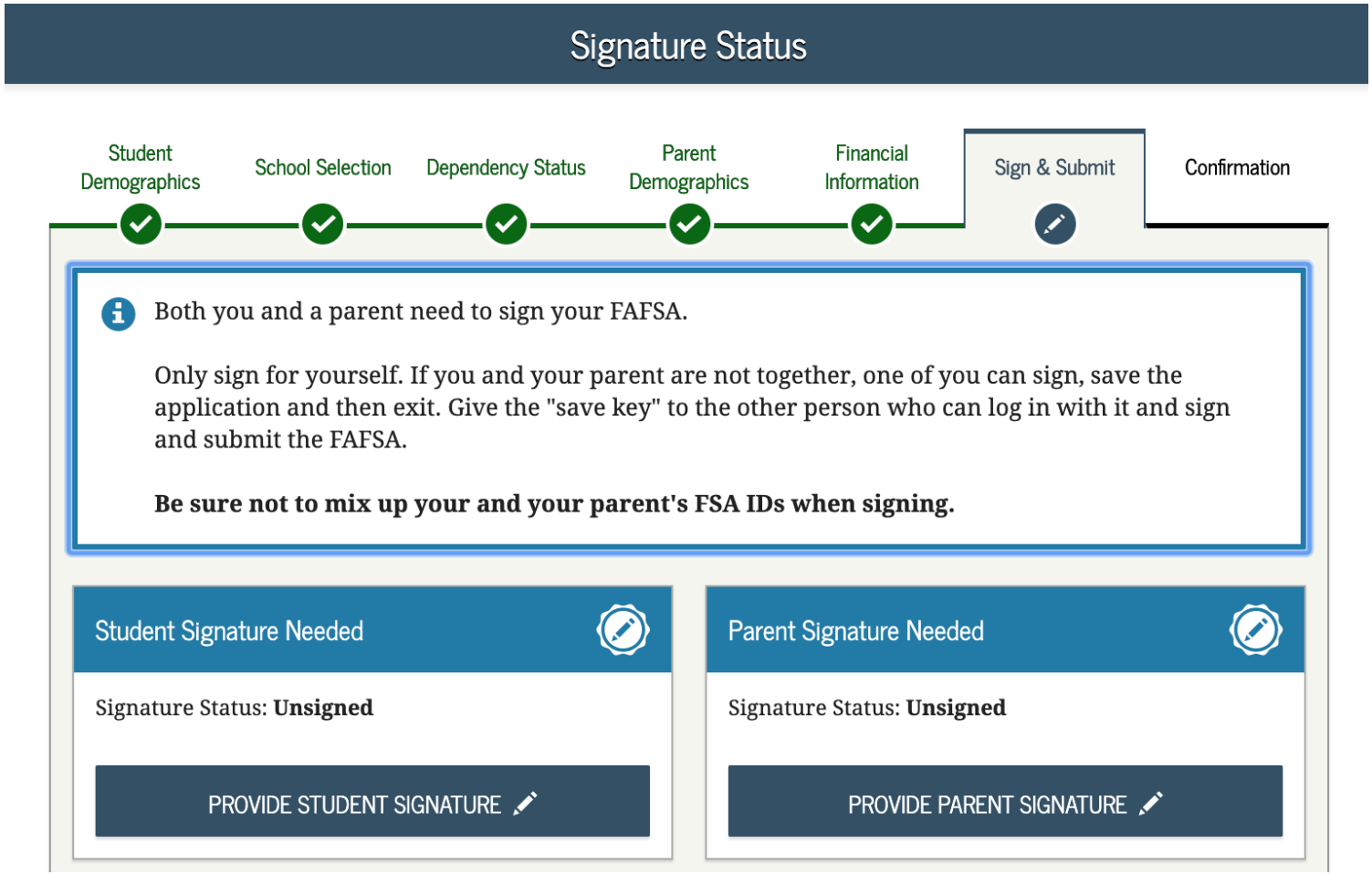


Additional Financial Aid Info

- Additional Financial Information
  - Child support paid
  - Taxable earnings from Federal Work-Study
  - Grant and scholarship aid reported to IRS
- Untaxed Income
  - Payments to tax deferred pension/retirement account
  - Child support received
  - Untaxed portions of IRA or pension distributions
  - Housing, food, living allowances
  - Money received/paid on your behalf (Student section)

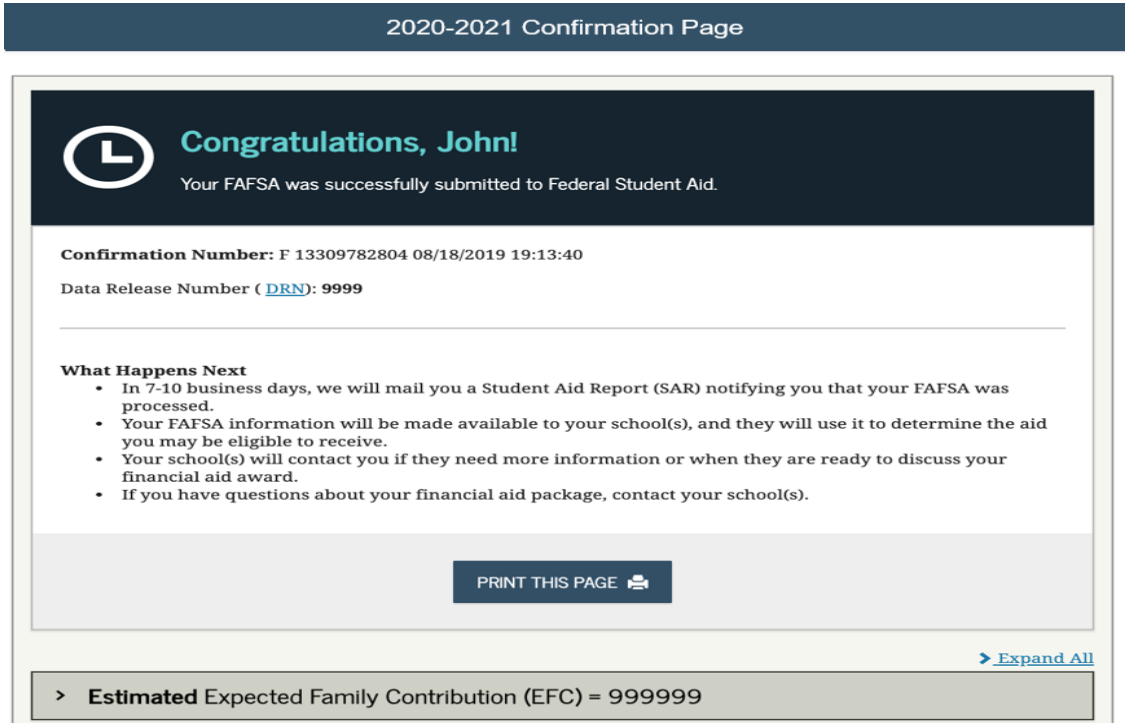


Student and Parent Sign/Submit



Complete FAFSA/Confirmation Page

- Key Elements:
  - Confirmation Number
  - EFC, Estimated Pell (if eligible), Direct Student Loan
  - Option to transfer parent info if multiple students

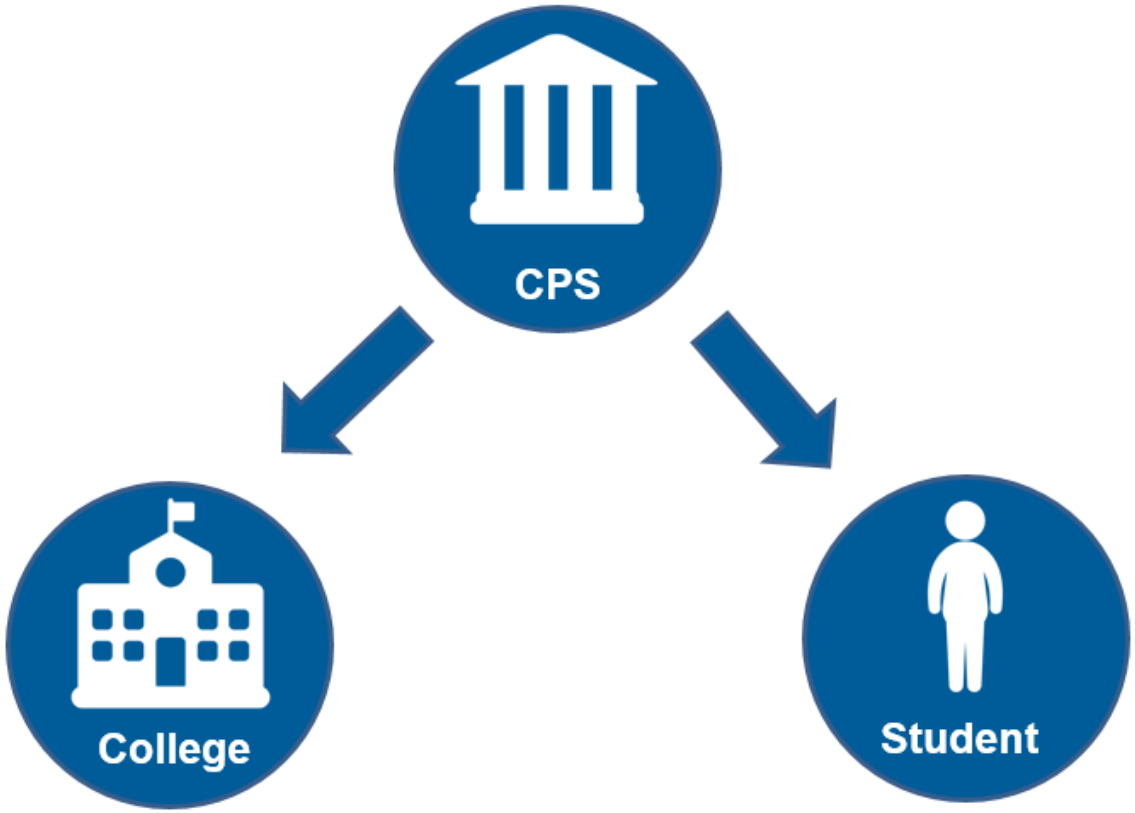


Frequent FAFSA Errors

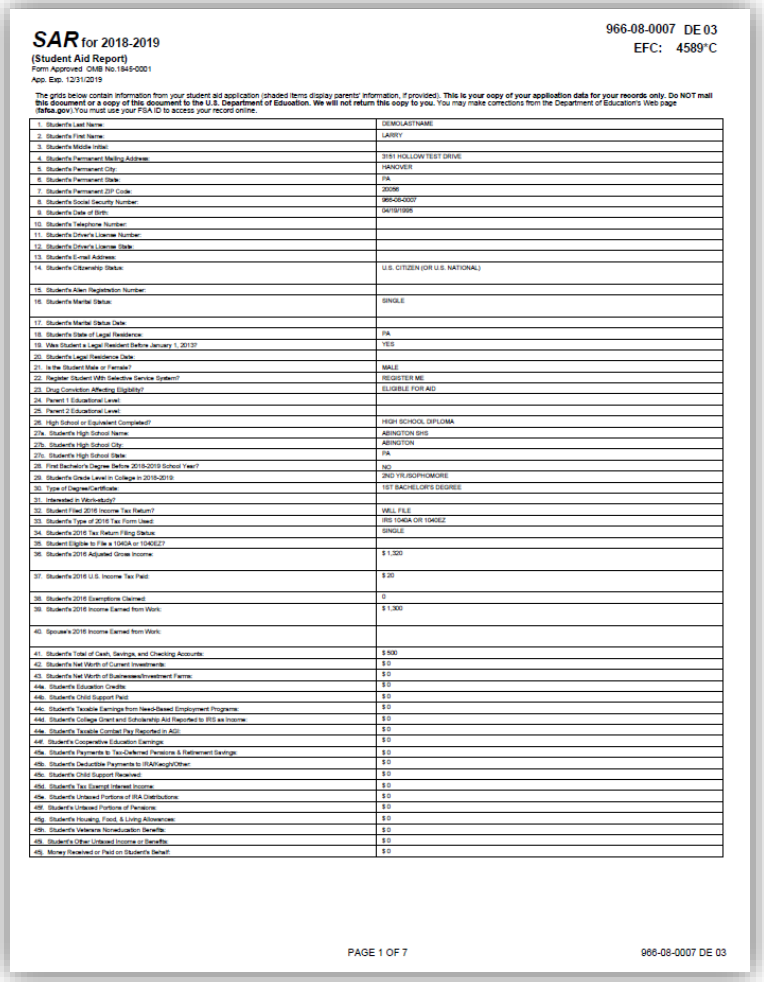
- Incorrect Social Security Numbers
- Divorced/widowed/remarried parental information
- Income earned by parents/step-parents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth



FAFSA Processing Results



Email Notification of Student Aid Report (SAR) Processing



SAR for 2018-2019
(Student Aid Report)
Form Approved OMB No.1845-0001
App. Exp. 12/31/2019

966-08-0007 DE 03
EFC: 4589°C

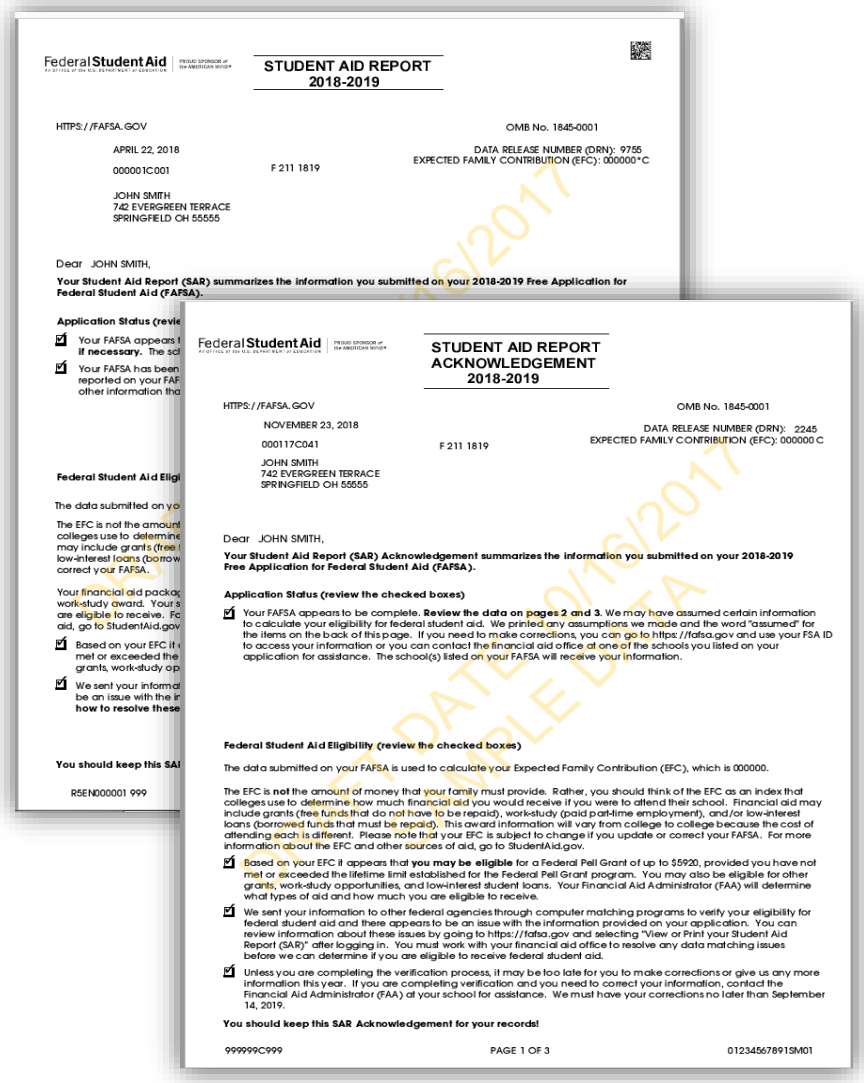
The grids below contain information from your student aid application (shaded items display parents' information, if provided). **This is your copy of your application data for your records only. Do NOT mail this document or a copy of this document to the U.S. Department of Education. We will not return this copy to you.** You may make corrections from the Department of Education's Web page (**fafsa.gov**). You must use your PSA ID to access your record online.

1. Student's Last Name:	DEMOLASTNAME
2. Student's First Name:	LARRY
3. Student's Middle Initial:	
4. Student's Permanent Mailing Address:	3191 HOLLOW TEST DRIVE
5. Student's Permanent City:	HANOVER
6. Student's Permanent State:	PA
7. Student's Permanent ZIP Code:	20096
8. Student's Social Security Number:	966-08-0007
9. Student's Date of Birth:	04/09/1995
10. Student's Telephone Number:	
11. Student's Driver's License Number:	
12. Student's Driver's License State:	
13. Student's E-mail Address:	
14. Student's Citizenship Status:	U.S. CITIZEN (OR U.S. NATIONAL)
15. Student's Alien Registration Number:	
16. Student's Marital Status:	SINGLE
17. Student's Marital Status Date:	
18. Student's State of Legal Residence:	PA
19. Was Student a Legal Resident Before January 1, 2013?	YES
20. Student's Legal Residence Date:	
21. Is the Student Male or Female?	MALE
22. Register Student With Selective Service System?	REGISTER ME
23. Drug Conviction Affecting Eligibility?	ELIGIBLE FOR AID
24. Parent 1 Educational Level:	
25. Parent 2 Educational Level:	
26. High School or Equivalent Completed?	HIGH SCHOOL DIPLOMA
27a. Student's High School Name:	ABINGTON SHS
27b. Student's High School City:	ABINGTON
27c. Student's High School State:	PA
28. Final Bachelor's Degree Before 2018-2019 School Year?	NO
29. Student's Grade Level in College in 2018-2019:	2ND YR/SOPHOMORE
30. Type of Degree/Certificate:	1ST BACHELOR'S DEGREE
31. Interested in Work-study?	
32. Student Filed 2016 Income Tax Return?	WILL FILE
33. Student's Type of 2016 Tax Form Used:	IRS 1040A OR 1040EZ
34. Student's 2016 Tax Return Filing Status:	SINGLE
35. Student Eligible to File a 1040A or 1040EZ?	
36. Student's 2016 Adjusted Gross Income:	$ 1,320
37. Student's 2016 U.S. Income Tax Paid:	$ 20
38. Student's 2016 Exemptions Claimed:	0
39. Student's 2016 Income Earned from Work:	$ 1,300
40. Spouse's 2016 Income Earned from Work:	
41. Student's Total of Cash, Savings, and Checking Accounts:	$ 500
42. Student's Net Worth of Current Investments:	$ 0
43. Student's Net Worth of Businesses/Investment Farms:	$ 0
44a. Student's Education Credits:	$ 0
44b. Student's Child Support Paid:	$ 0
44c. Student's Taxable Earnings from Need-Based Employment Programs:	$ 0
44d. Student's College Grant and Scholarship Aid Reported to IRS as Income:	$ 0
44e. Student's Taxable Combat Pay Reported in AGI:	$ 0
44f. Student's Cooperative Education Earnings:	$ 0
45a. Student's Payments to Tax-Deferred Pensions & Retirement Savings:	$ 0
45b. Student's Deductible Payments to IRA/Keogh/Other:	$ 0
45c. Student's Child Support Received:	$ 0
45d. Student's Tax Exempt Interest Income:	$ 0
45e. Student's Untaxed Portions of IRA Distributions:	$ 0
45f. Student's Untaxed Portions of Pensions:	$ 0
45g. Student's Housing, Food, & Living Allowances:	$ 0
45h. Student's Veterans Noneducation Benefits:	$ 0
45i. Student's Other Untaxed Income or Benefits:	$ 0
45j. Money Received or Paid on Student's Behalf:	$ 0

PAGE 1 OF 7 966-08-0007 DE 03

- If valid email address is provided on FAFSA
- Provides access to electronic SAR at studentaid.ed.gov/sa/fafsa

SAR or SAR Acknowledgement



STUDENT AID REPORT
2018-2019

HTTPS://FAFSA.GOV

APRIL 22, 2018

000001C001

F 211 1819

JOHN SMITH
742 EVERGREEN TERRACE
SPRINGFIELD OH 55555

OMB No. 1845-0001

DATA RELEASE NUMBER (DRN): 9755
EXPECTED FAMILY CONTRIBUTION (EFC): 000000*C

Dear JOHN SMITH,

Your Student Aid Report (SAR) summarizes the information you submitted on your 2018-2019 Free Application for Federal Student Aid (FAFSA).

Application Status (revie

- ☑ Your FAFSA appears t **if necessary.** The sc
- ☑ Your FAFSA has been reported on your FAF other information tha

Federal Student Aid Eligi

The data submitted on yo

The EFC is not the amount colleges use to determine may include grants (free low-interest loans (borrow correct your FAFSA.

Your financial aid packag work-study award. Your s are eligible to receive. Fo aid, go to StudentAid.gov

- ☑ Based on your EFC it met or exceeded the grants, work-study op
- ☑ We sent your informat be an issue with the i **how to resolve these**

You should keep this SAI

R5EN000001 999

STUDENT AID REPORT
ACKNOWLEDGEMENT
2018-2019

HTTPS://FAFSA.GOV

NOVEMBER 23, 2018

000117C041

F 211 1819

JOHN SMITH
742 EVERGREEN TERRACE
SPRINGFIELD OH 55555

OMB No. 1845-0001

DATA RELEASE NUMBER (DRN): 2245
EXPECTED FAMILY CONTRIBUTION (EFC): 000000 C

Dear JOHN SMITH,

Your Student Aid Report (SAR) Acknowledgement summarizes the information you submitted on your 2018-2019 Free Application for Federal Student Aid (FAFSA).

Application Status (review the checked boxes)

- ☑ Your FAFSA appears to be complete. **Review the data on pages 2 and 3.** We may have assumed certain information to calculate your eligibility for federal student aid. We printed any assumptions we made and the word "assumed" for the items on the back of this page. If you need to make corrections, you can go to https://fafsa.gov and use your FSA ID to access your information or you can contact the financial aid office at one of the schools you listed on your application for assistance. The school(s) listed on your FAFSA will receive your information.

Federal Student Aid Eligibility (review the checked boxes)

The data submitted on your FAFSA is used to calculate your Expected Family Contribution (EFC), which is 000000.

The EFC is **not** the amount of money that your family must provide. Rather, you should think of the EFC as an index that colleges use to determine how much financial aid you would receive if you were to attend their school. Financial aid may include grants (free funds that do not have to be repaid), work-study (paid part-time employment), and/or low-interest loans (borrowed funds that must be repaid). This award information will vary from college to college because the cost of attending each is different. Please note that your EFC is subject to change if you update or correct your FAFSA. For more information about the EFC and other sources of aid, go to StudentAid.gov.

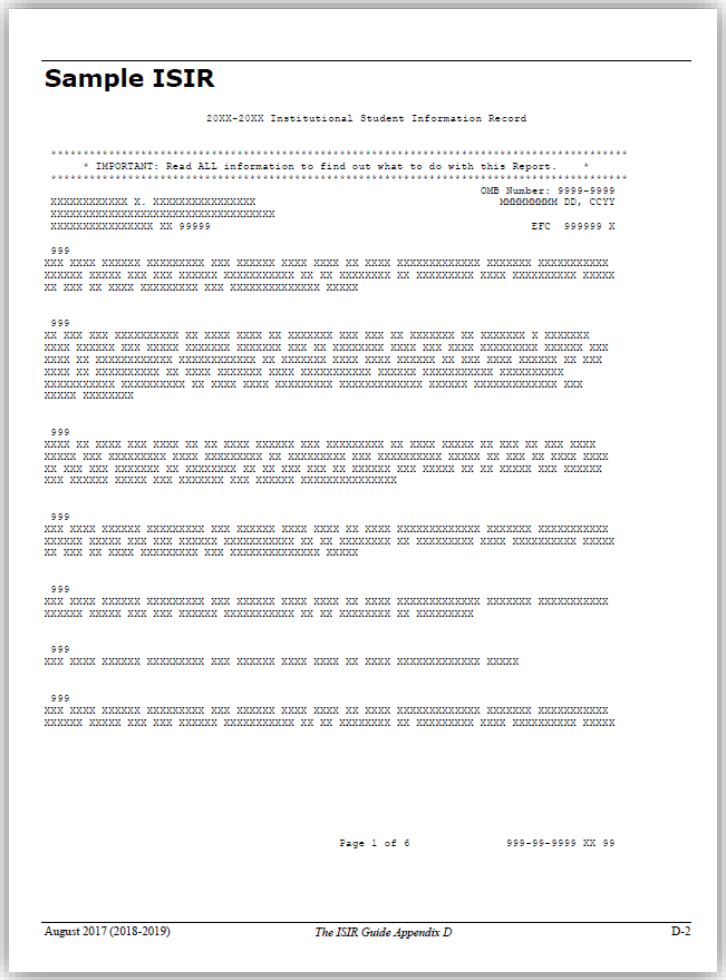
- ☑ Based on your EFC it appears that **you may be eligible** for a Federal Pell Grant of up to $5920, provided you have not met or exceeded the lifetime limit established for the Federal Pell Grant program. You may also be eligible for other grants, work-study opportunities, and low-interest student loans. Your Financial Aid Administrator (FAA) will determine what types of aid and how much you are eligible to receive.
- ☑ We sent your information to other federal agencies through computer matching programs to verify your eligibility for federal student aid and there appears to be an issue with the information provided on your application. You can review information about these issues by going to https://fafsa.gov and selecting "View or Print your Student Aid Report (SAR)" after logging in. You must work with your financial aid office to resolve any data matching issues before we can determine if you are eligible to receive federal student aid.
- ☑ Unless you are completing the verification process, it may be too late for you to make corrections or give us any more information this year. If you are completing verification and you need to correct your information, contact the Financial Aid Administrator (FAA) at your school for assistance. We must have your corrections no later than September 14, 2019.

You should keep this SAR Acknowledgement for your records!

999999C999 PAGE 1 OF 3 01234567891SM01

- SAR mailed if paper FAFSA filed without an email address
- SAR Acknowledgement mailed if FOTW filed without an email address

Institutional Student Information Record (ISIR)



Sample ISIR

20XX-20XX Institutional Student Information Record

* IMPORTANT: Read ALL information to find out what to do with this Report. *

OMB Number: 9999-9999

MMDDDDDDDM DD, CCYY

EFC 999999 X

Page 1 of 6 999-99-9999 XX 99

August 2017 (2018-2019) *The ISIR Guide Appendix D* D-2

- CPS sends results to colleges listed on the FAFSA
- College reviews ISIR and may request additional documentation

Making Corrections

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

- FAFSA on the Web, if student has a FSA ID
- Updating paper SAR
- Submitting documentation to college's financial aid office

You can also:

- View or Print your Student Aid Report (SAR)
- Make FAFSA Corrections to make a change, add a school, or transfer IRS data into your FAFSA
- View Correction History to view corrections made to your FAFSA
- Create a shareable file with some of your student information using MyStudentData Download.

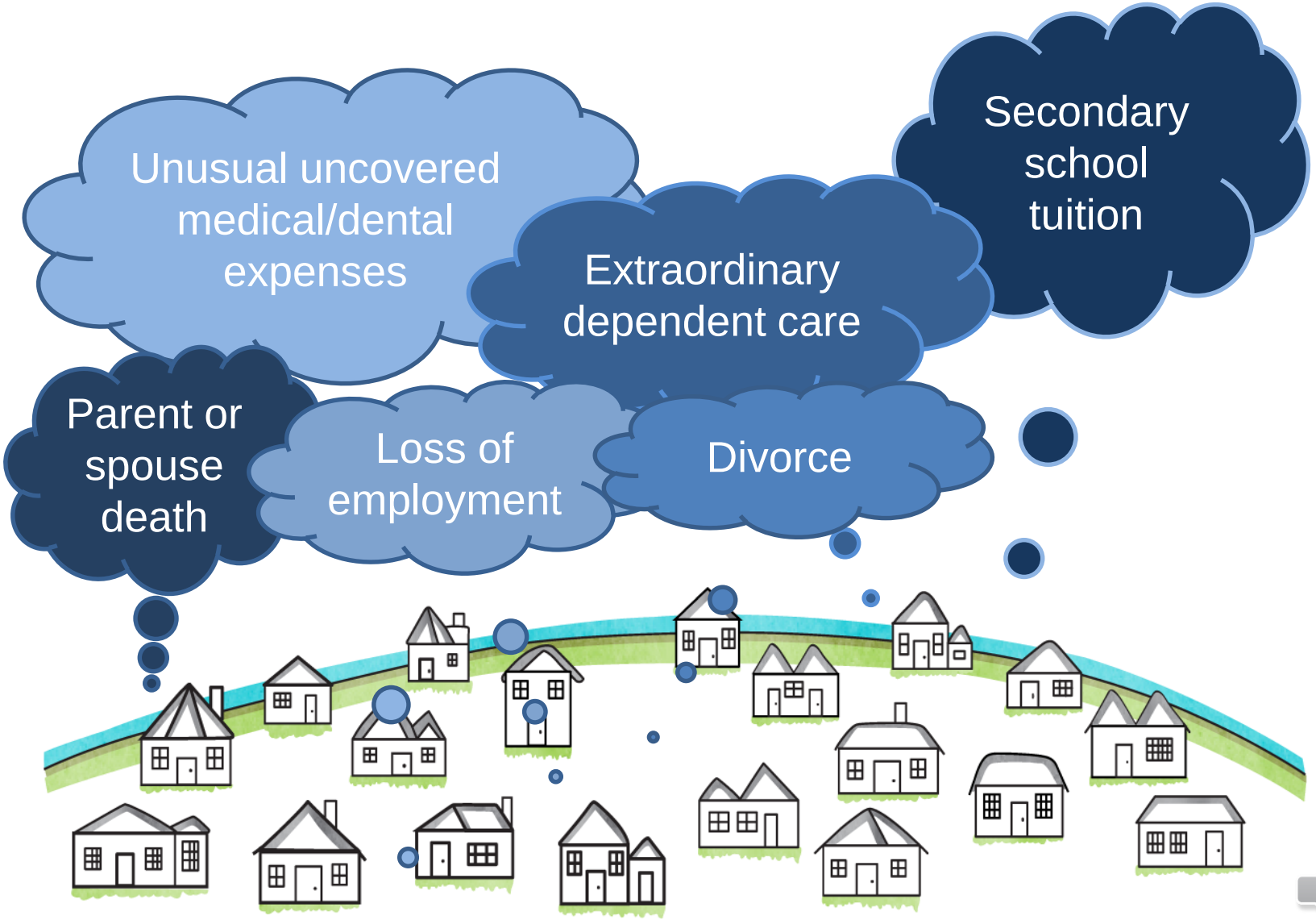


Award Notice

- Each School provides an award notice outlining the following:
  - Cost of Attendance
  - Financial Aid Awards received
  - Options for paying any remaining balance
- Timing and delivery method varies by college
- What you should do:
  - Review Costs and Awards
  - Clearly understand your financial obligations
  - Ask the Financial Aid Office any questions



Special Circumstances



College Goal Sunday

- **FREE** expert advice
- October 25, 2020
- Virtual event
- www.collegegoalsunday.org

Thank you

Thanks for Attending!