

mefa[®]

COLLEGE FINANCING



About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - mefa.org: Information, tools, & resources
 - Emails: Sign up tonight!
 - Facebook, Twitter, & LinkedIn
 - Webinars: Register online at mefa.org/events
 - YourPlanForTheFuture.org

YOU CAN DO THIS

Agenda

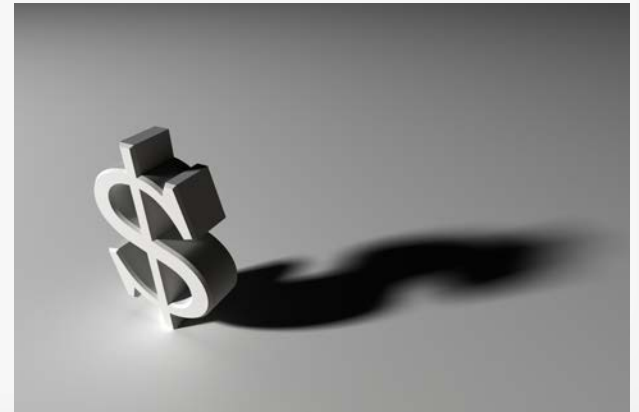
- Types and Sources of Financial Aid
- The Application Process
- How Financial Aid Decisions Are Made
- Paying for College
- Free Resources



TYPES AND SOURCES OF FINANCIAL AID

What is Financial Aid?

- Money to help students pay for college
- 3 main types
 - Grants and scholarships (gift aid)
 - Work-Study
 - Student Loans



Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Applicants often compared against one another
- May or may not be renewable
- Not offered at every school



Need-Based Aid

- Based on family's financial eligibility (“need”)
- Eligibility determined by a standardized formula
- Includes grants, loans, and work-study
- Most financial aid is need-based
- Must be making satisfactory academic progress



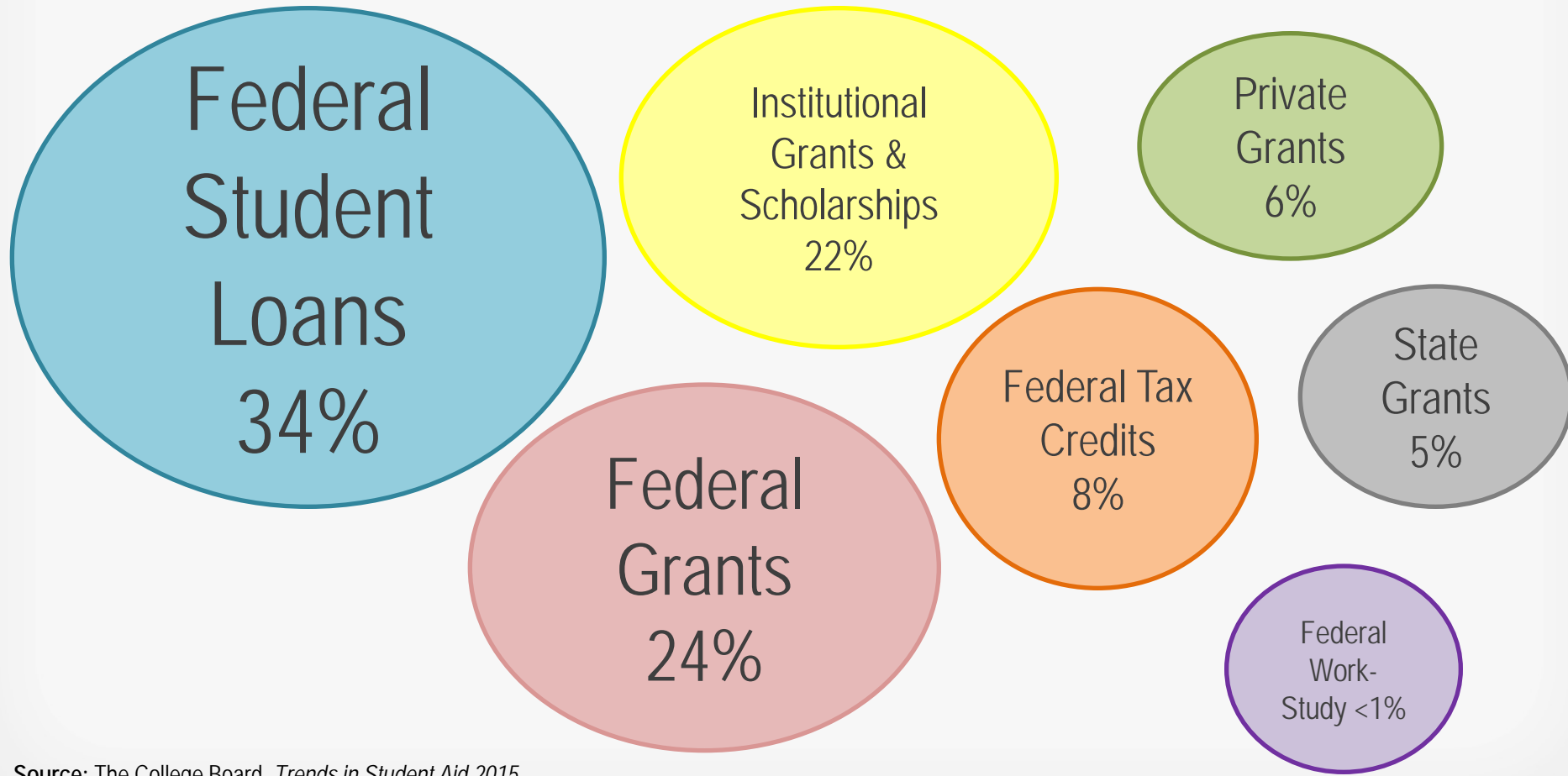
Sources of Financial Aid

- Federal
 - Grants, work-study, loans, tax incentives
 - StudentAid.gov
- Massachusetts
 - Grants, scholarships, tuition waivers, loans
 - osfa.mass.edu
- College/University (institutional aid)
 - Grants, scholarships, loans
- Other Agencies
 - Scholarships



Financial Aid Breakdown

- Undergraduate Student Aid 2014-15 (\$183.9 Billion)



Source: The College Board, *Trends in Student Aid 2015*

APPLICATION PROCESS

FAFSA

- Free Application for Federal Student Aid (FAFSA)
 - Required by all colleges for federal and MA state aid
 - Opens October 1st: FAFSA.gov
 - Log in with an FSA ID: FSAID.ed.gov (get one now)
 - IRS Data Retrieval Tool: Pull in 2015 federal tax data

**Must be
completed
every year!**



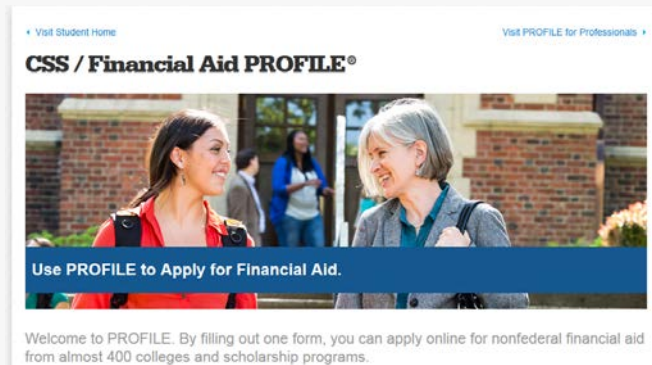
The screenshot shows the FAFSA website homepage. At the top, it features the 'Federal Student Aid' logo with the tagline 'An OFFICE of the U.S. DEPARTMENT of EDUCATION' and 'PROUD SPONSOR of the AMERICAN MIND®'. To the right, it says 'FAFSA® Free Application for Federal Student Aid'. Below the logo is a navigation bar with icons for Home, About Us, FSA ID, StudentAid.gov, and Help, along with a search bar and language options for English and Español. The main heading is 'Get help paying for college' with the subtext 'Submit a Free Application for Federal Student Aid (FAFSA)'. Below this is a banner image of diverse students. The page is divided into two columns: 'New to the FAFSA?' with a 'Start A New FAFSA' button, and 'Returning User?' with a list of actions (Make a correction, Add a school, View your Student Aid Report (SAR), and more...) and a 'Login' button.

What's Reported on the FAFSA?

- Citizenship status
- Colleges where student is applying
- Parent and student data
- Parents
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
- Income (**2015 income** for the 2017-18 FAFSA)
 - Both taxed and untaxed
- Assets
 - Include: savings, checking, investments, other property
 - Do not include: primary home, retirement, life insurance, value of small family business
- # in household, # of children in college

Other Financial Aid Applications

- CSS/Financial Aid PROFILE®
 - Required by some colleges
 - \$25 for 1st school, \$16 for each additional
 - Online application: student.collegeboard.org/profile
 - Noncustodial Parent PROFILE often required
 - PROFILE webinar registration on mefa.org/events



- College Financial Aid Application
 - Required by some colleges

**Financial aid
deadlines are
so important!**

After You Apply

1. Colleges & state receive data electronically
2. Student will receive (electronically or by mail):
 - Student Aid Report (SAR)
 - CSS/Financial Aid PROFILE® Acknowledgement
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Verification documents. The financial aid application is incomplete until you submit these documents.
5. Colleges review applications and determine the financial aid award

HOW FINANCIAL AID DECISIONS ARE MADE

Cost of Attendance

Total expenses for one year of college



Tuition & Fees



Expected Family Contribution

- Calculated amount the family has the ability to absorb for one year of college expenses
- Same federal formula used for every family
- Some colleges also use an institutional formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay

**EFC calculators:
BigFuture.CollegeBoard.org
FAFSA4caster on FAFSA.gov**

Net Price Calculators

- Online tool found on each institution's website
- Asks questions about family finances & student academics
- Provides personal, estimated net college price
- Displays federal & institutional aid
- Merit-based aid may also be calculated



Financial Aid Formula

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)
-

= Financial Aid Eligibility

**Colleges fill in Financial Aid Eligibility
with financial aid from all sources**

Asset Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$0	\$75,000	\$150,000
EFC	\$7,925	\$10,963	\$15,193
Difference		\$3,038	\$7,268

Based on 2017-18 Federal Methodology

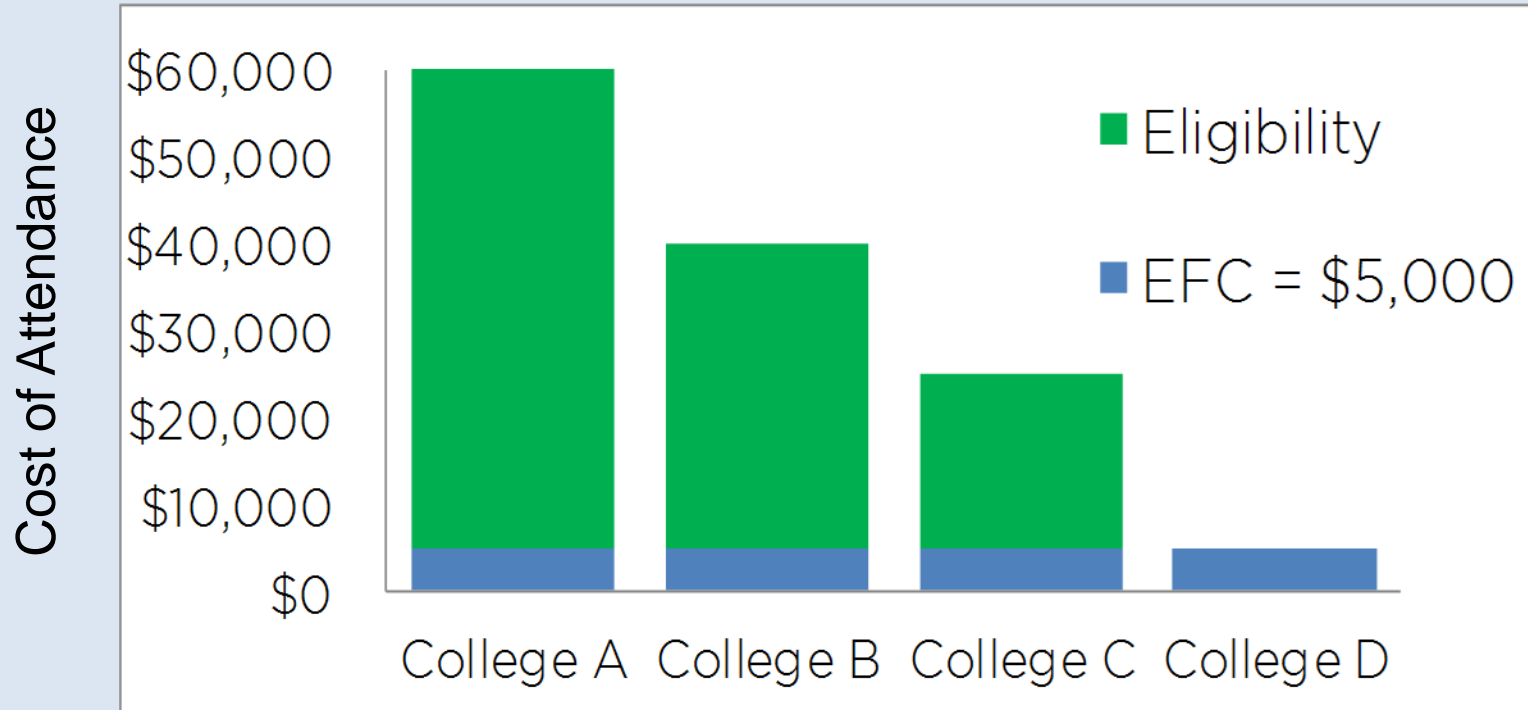
Income Impact on EFC

An example: 4 in the family, 1 child in college:

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$100,000	\$150,000
Combined Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$9,553	\$18,126	\$33,962
Difference		\$8,573	\$24,409

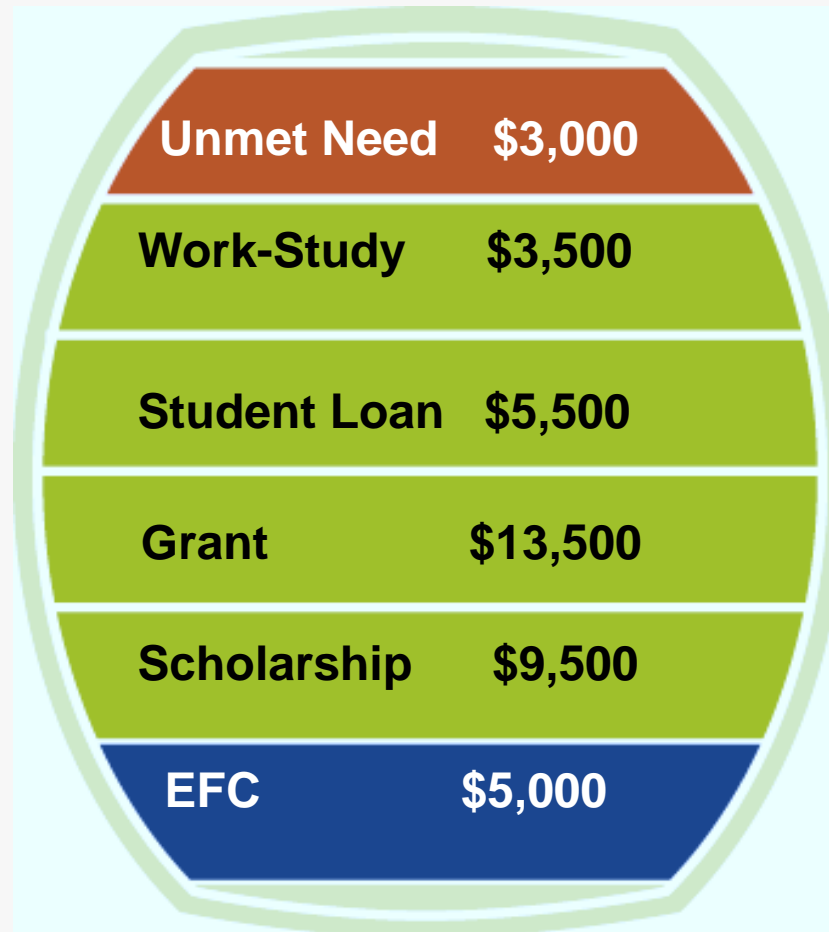
Based on 2017-18 Federal Methodology

How the Formula Works



Financial Aid Awarding

**College COA =
\$40,000**



Unmet need is the FAMILY's responsibility

Award Letters: Totals Can Vary

COA: \$40,000

EFC: \$5,000

Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$26,000	\$23,000	\$18,000
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$3,500	\$3,500	\$3,500
Total	\$35,000	\$32,000	\$27,000
Unmet Need	\$0	\$3,000	\$8,000

Award Letters: Types Can Vary

COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$23,000	\$13,000	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loan	\$0	\$10,000	\$26,500
Work-Study	\$3,500	\$3,500	\$0
Total	\$32,000	\$32,000	\$32,000
Unmet Need	\$3,000	\$3,000	\$3,000

PAYING FOR COLLEGE

Filling the EFC and Unmet Need: An Example

	Source	Favorite College
Balance Due		\$20,000
Past Income	<i>Student Savings and Summer Earnings</i>	-\$1,500
	<i>Parent Savings</i>	-\$4,000
Present Income	<i>Parent Contribution to Payment Plan</i>	-\$4,500
Future Income	<i>Private Education Loan</i>	<u>-\$10,000</u>
		\$0

Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 3.76% fixed interest rate for 2016-17
- Repayment:
 - No payments due while enrolled
 - Multiple options (many tied to income)
 - Approximately \$300/month for 10 years for \$27,000 debt
 - Deferment, forbearance, and forgiveness opportunities



FREE RESOURCES

National and Community Resources

- FAFSA Day
 - Free assistance completing the FAFSA
 - November 6, 2016 and January 29, 2017
 - FAFSADay.org for additional dates and times
- First Lady's *Up Next* Mobile Messaging Tool
 - Text "COLLEGE" to 44044 for tips on all things college
- Educational Opportunity Centers
 - Free financial aid help
 - MassEdCo.org



MEFA Webinars

All webinars begin at 12pm. Register online at mefa.org/events.

Understanding the FAFSA: Tuesday, 9/27/16

Thursday, 1/5/17

CSS/Financial Aid PROFILE: Friday, 9/30/16

Monday, 1/9/17

Paying the College Bill: Friday, 3/3/17

Tuesday, 4/11/17

Comparing College Loan Options: Wednesday, 6/7/17

Tuesday, 7/11/17

Paying the College Bill Seminars

- Provides assistance and clarity on:
 - Financial aid awards
 - College bill
 - Payment plans
 - College loans
 - What to ask the Financial Aid Office
- Locations across MA in March and April
- Register for MEFA emails to receive location details
- Webinars also offered

What You Can Do Now

- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Start completing applications

The screenshot displays the MEFA (Massachusetts Educational Financing Authority) website. At the top left is the MEFA logo with the text 'Massachusetts Educational Financing Authority'. To the right are social media icons for Facebook, Twitter, LinkedIn, and YouTube. The main content area features three blog post previews, each with a title, a small image, a short text summary, and a blue button with a right-pointing arrow.

mefaSM
Massachusetts Educational
Financing Authority

The appeal process
If your child received an acceptance from college choice #1, but didn't receive enough financial aid, there's a few things you can do. Most colleges have an appeal process to request additional funds, and now's the time to get it started. We have the full details in our blog, *Need more financial aid? Learn about the appeal process.*

Read the post >

On the waitlist
The college waitlist has grown in popularity over the past few years, and your son or daughter may have received a waitlist letter from a college of choice. Read our tips on steps to take while you wait for the college's final decision in our post, *What to do if you're on the waitlist.*

Learn about the waitlist >

Understanding your financial aid
As you review your financial aid awards, you may have questions about the different types of aid offered. We have a rundown to describe the most common financial aid awarded, the source of each, and how each kind helps pay for college costs. View our summary online now.

View the details >

Questions or Comments?

Please take a moment to complete the seminar evaluation

Presenter: _____

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