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COLLEGE FINANCING



MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

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


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YOU CAN DO THIS

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Agenda

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




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TYPES AND SOURCES OF FINANCIAL AID

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What is Financial Aid?

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



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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



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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



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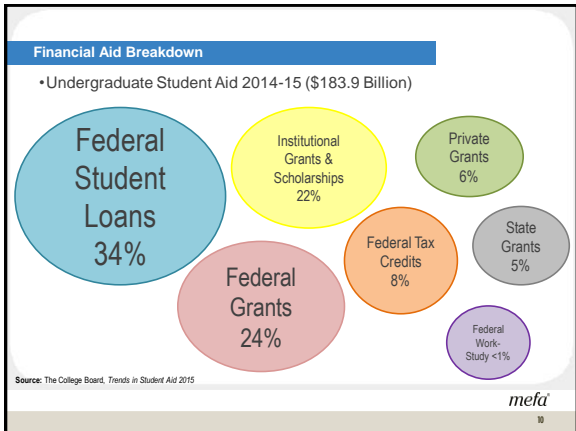
Sources of Financial Aid

- 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



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APPLICATION PROCESS

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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!

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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

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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



Financial aid deadlines are so important!

- College Financial Aid Application
 - Required by some colleges

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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

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HOW FINANCIAL AID DECISIONS ARE MADE

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Cost of Attendance

Total expenses for one year of college



Tuition & Fees



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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](http://FAFSA4caster.on.FAFSA.gov)

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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



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Financial Aid Formula

$$\begin{aligned} &\text{Cost of Attendance (COA)} \\ - &\text{Expected Family Contribution (EFC)} \\ \hline &= \text{Financial Aid Eligibility} \end{aligned}$$

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

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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

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Income Impact on EFC

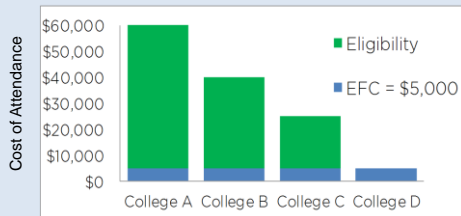
An example: 4 in the family, 1 child in college:

	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

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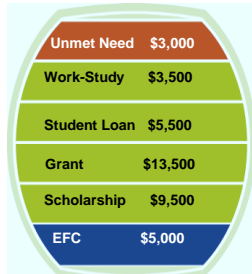
How the Formula Works



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Financial Aid Awarding

College COA = \$40,000



Unmet need is the FAMILY's responsibility

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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

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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

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PAYING FOR COLLEGE

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Filling the EFC and Unmet Need: An Example

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

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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



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FREE RESOURCES

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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



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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 |

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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

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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




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Questions or Comments?

Please take a moment to complete the seminar evaluation
 Presenter: _____

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