

# Financial aid explained

## What can you afford?



## Financial Aid

### WHAT IS FINANCIAL AID?

Financial aid is help for meeting school costs such as:  
tuition and fees  
books and supplies  
room and board (food/housing)  
transportation

Students at *any* accredited school in-state *or* out-of-state can receive financial aid to pay for their educational expenses!

### Financial aid is offered in these ways:

- grants (free \$)
- work-study (job)
- loans (borrowed \$)
- scholarships (free \$)

Your total financial aid package can be a combination of any or all of these items!  
Financial aid can come from many sources!

The federal government offers several types of financial aid when you submit the FAFSA, plus the state, and your college can offer financial aid. Outside scholarships are also available.

### WHO GETS FINANCIAL AID?

To find out how much financial aid you'll receive from the federal government, you'll need to fill out the FAFSA form, preferably online.

Once the federal government receives your FAFSA, they run a complicated formula to determine your financial need. The FAFSA evaluates the parents' available income and assets, and the student's available income and assets. The FAFSA does not count retirement money.

Here's how they determine financial need:

$$\begin{array}{r} \text{Cost to attend your college (COA)} \\ - \text{Expected family contribution, EFC (what you and your family can afford to pay)} \\ = \text{Financial Need} \end{array}$$

For example:

If it costs \$20,000 a year to attend your chosen college, and the federal government determines your family can pay \$8,000 of those costs, your financial need is \$12,000 a year.

$$\begin{array}{r} \$ 20,000 \text{ COA} \\ - \quad 8,000 \text{ EFC} \\ = \$ 12,000 \text{ financial need} \end{array}$$

Financial need can be satisfied by a combination of grants, work-study, and/or loans through the federal government. Then your college will determine what they can offer you *in addition* to what the federal government offers you.

Check to see if your college is:

**Need Blind**, where they care about the student, not how much money the student will pay to attend

or

**Need Aware**, which means they will consider the student's financial ability to pay during the admissions process.

## WHERE CAN I GET FINANCIAL AID?

The **federal government**, through the FAFSA, will tell you what Grants, Work-Study and Loans you qualify for.

The **state** you live in can offer financial aid through grants and scholarships.

Your **college** can also offer financial aid, including scholarships for need, academic performance, career plans, or special abilities.

Scholarships from other **outside sources** are also offered; you need to apply for these on your own.

## APPLYING FOR FINANCIAL AID - HOW AND WHEN?

Financial aid starts with the FAFSA form. The FAFSA (**Free Application for Financial Aid**) is submitted to the federal government to see what financial aid you qualify for from the federal government. The FAFSA is filled out in January of your Senior year.

**FAFSA4caster**: However, before January of your Senior year, you can get a good idea of your financial aid eligibility by getting a preview from the **FAFSA4caster**.

Fill out the FAFSA4caster online TODAY!

Why? The FAFSA4caster will help you get an early start on the financial aid process by:

- Providing you with an early estimate of your eligibility for federal student aid, which

- includes grants, work-study (job) and loans.
- Allowing you to transfer all of your FAFSA4caster data to *FAFSA on the Web* once you are ready to apply for aid.

Filling out the FAFSA4caster takes less than 30 minutes.

Do it now by going to: [www.fafsa4caster.ed.gov](http://www.fafsa4caster.ed.gov). (Then, in January of your Senior year, you can apply for the FAFSA online on/after January 1<sup>st</sup> of the year you plan to go to school at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).)

The FAFSA4caster will give you a good preview of your federal financial aid assistance for college. Knowing the cost of each college is important in your decision-making process.

## CALCULATORS FOR FINANCIAL AID

NOTE: Many schools also use their own methodology, and the results can sometimes be different from what the federal government shows. You'll need to use a **calculator** to check. Look at the school website for their Net Price Calculator, which estimates your potential financial aid and the actual "net" price your family will be expected to pay at that college. Or use the calculators at [www.finaid.org/calculators](http://www.finaid.org/calculators) or [www.collegeboard.org](http://www.collegeboard.org) (click on *Pay for College* at the top) or [www.salliemae.com/plan](http://www.salliemae.com/plan).

## THE FAFSA PROCESS

The very first step in the financial aid process is to fill out the FAFSA (**Free** Application for Financial Aid) on/after January 1<sup>st</sup> during your **Senior** year at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Watch the deadlines - many schools and states have January-February financial aid deadlines!

You will receive a report - called a SAR, Student Aid Report - within 2-3 weeks.

If you apply for the FAFSA online, you'll receive an email with a link to your SAR. Otherwise, you'll receive a letter.

The SAR will tell you what Grants, Work-Study and Loans you qualify for.

**Grants** are gift aid because they do not have to be repaid. Grants are usually based on need.

**Work-study** is a guaranteed job where a student works to "earn" their aid, usually 10- 15 hours a week.

**Loans** have to be paid back, but are at a lower interest rate than a bank/credit union might charge. Loans can be subsidized loans, based on need, and repayment is usually deferred until a student graduates, leaves the school or drops to part-time status. Unsubsidized loans are from a bank/credit union, and interest rates are higher than government loans, and repayment begins immediately.

Also, check with your chosen colleges to see if they require any *additional* financial aid documents:

the Financial Aid Data Sheet

OR

the CSS/Financial Aid Profile Form (found at the College Board website:

<http://www.collegeboard.com/student/pay/scholarships-and-aid/8374.html> )

Your college can also offer financial aid, including scholarships for need, academic performance, career plans, or special abilities.

The college will send you a Financial Aid Package in March or April, showing all the sources of financial help you will receive if you choose to go to their college. Compare the financial aid awards (see below). Be sure to reply by the college deadline.

### **COMPARING FINANCIAL AID AWARDS**

The colleges will send you a Financial Aid Package in March or April, showing all the sources of financial help you will receive if you choose to go to their college. Be sure to reply by the deadline.

An online **Award Letter Comparison Tool** helps you compare and contrast the financial aid packages from the colleges that have admitted you. In particular, it highlights differences in the cost of attending each school.

Several websites offer an online way to compare the financial aid packages sent to you from the colleges. To compare apples to apples, enter the information from your financial award letters at one of these websites:

[www.finaid.org/calculators/awardletter.phtml](http://www.finaid.org/calculators/awardletter.phtml)

[www.collegeboard.com/parents/pay/scholarships-aid/21409.html](http://www.collegeboard.com/parents/pay/scholarships-aid/21409.html)

[www.collegegold.com/applydecide/lettercomparison](http://www.collegegold.com/applydecide/lettercomparison)

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### **SCHOLARSHIPS**

Scholarships are gift money given to assist students in paying for their education, and do not have to be repaid. There are literally thousands of scholarships you might qualify because of: community service, academic achievement, ethnic or racial heritage, artistic talent, leadership potential, financial hardship, and/or your field of study/major.

Finding scholarship dollars require time and effort on your part. You will need to be dedicated and willing to exhaust all possible scholarship sources within your college and outside your college.

Where do you find scholarships? There are a variety of resources available:

- Websites (pick-up the Scholarship Handout in the Career Center)
- Check with your college's Financial Aid Office for other scholarships.
- Local scholarships. The Local Scholarship Packet is given out at the Senior Meeting in March each year; the only competition is the other Seniors in your class who apply for these forty local scholarships. Over \$40,000 is awarded in local scholarships to graduating seniors!
- Other sources such as employers, unions/professional organizations, etc.

### **Watch out for SCAMS!**

Do not pay an online service or any person to fill out the FAFSA form or a scholarship application! There is never a reason to give someone else money to fill in the blanks for you.

If you hear:

- "This scholarship is guaranteed or your money back."
- "May I have your credit card or bank account number to hold this scholarship?"
- "You've been selected by a national foundation to receive a scholarship," or
- "You're a finalist in a contest" that you never entered.

**STOP** if you hear any of these statements, because it could be a scholarship scam!

Scholarship scam information: Federal Trade Commission 877-382-4357 [www.ftc.gov/scholarshipscams](http://www.ftc.gov/scholarshipscams)

**SELECTIVE SERVICE REMINDER for males only!**

Within 30 days (before/after) their 18<sup>th</sup> birthday, all males must register with the  
Selective Service at: [\*\*www.sss.gov\*\*](http://www.sss.gov).

Why is it so important for young men to register with Selective Service?

By complying with this **federal law**, they stay eligible for federally funded financial aid,  
such as grants, work study and college loan programs, federal employment, job training, and  
driver's license eligibility in most states.