Financing Your Child’s Education

May 9, 2015
WHAT IS FINANCIAL AID?

Financial Aid is any form of financial assistance provided to help families meet the cost of attending college.
The Goal of Financial Aid is to ensure that students from all economic backgrounds have the opportunity to get a post-secondary education.
Making college a reality requires the coordination of resources

The Student and their Family

*In partnership with*

FEDERAL GOVERNMENT

STATE GOVERNMENT

THE UNIVERSITY

PRIVATE SOURCES
Financial Aid Breakdown
Undergraduate Student Aid 2012-13 ($185.1 Billion)

- Federal Loans ($67.8): 37%
- Federal Pell Grants ($32.3): 17%
- Federal Grant Programs Other Than Pell ($13.0): 7%
- Federal Work-Study ($0.9): <1%
- State Grants ($9.6): 5%
- Private and Employer Grants ($9.8): 5%
- Institutional Grants ($34.9): 19%
- Federal Education Tax Credits and Deductions ($16.9): 9%
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 meet certain GPA for renewal
FAFSA

- **Free Application for Federal Student Aid (FAFSA)**
  - Required by **all** colleges for federal and MA state aid
  - Open January 1\textsuperscript{st}: FAFSA.gov
    - Meet all deadlines!
    - Sign with an FSA ID
    - IRS Data Retrieval Tool – available February 1\textsuperscript{st}

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**Must be completed every year!**
HOW TO APPLY
After You Apply

1. Colleges & state receive data electronically

2. You 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. Your financial aid application may be *incomplete* until you submit these documents.

3. Colleges review applications and determine your financial aid
Cost of Attendance

Total expenses for one year of college

TUITION

- Books
- Bus
- Bed
Expected Family Contribution (EFC)

- Calculated amount the family has the ability to absorb for one year of college expenses
- Same federal formula used for every family
- Not necessarily what the family will pay
## Asset Impact on EFC

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

<table>
<thead>
<tr>
<th></th>
<th>Family A</th>
<th>Family B</th>
<th>Family C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parent Income</strong></td>
<td>$60,000</td>
<td>$60,000</td>
<td>$60,000</td>
</tr>
<tr>
<td><strong>Parent Assets</strong></td>
<td>$0</td>
<td>$75,000</td>
<td>$150,000</td>
</tr>
<tr>
<td><strong>EFC</strong></td>
<td>$5,040</td>
<td>$6,765</td>
<td>$10,635</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td></td>
<td>$1,725</td>
<td>$5,595</td>
</tr>
</tbody>
</table>

*There is a generous parent asset protection allowance factored into the EFC formula*
Income Impact on EFC

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

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<tr>
<td>Parent Assets</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>EFC</td>
<td>$5,745</td>
<td>$16,252</td>
<td>$31,609</td>
</tr>
<tr>
<td>Difference</td>
<td></td>
<td>$10,507</td>
<td>$25,864</td>
</tr>
</tbody>
</table>

*The EFC formula can be heavily income-driven*
How is NEED determined?

Cost of Attendance
– Expected Family Contribution
NEED

Cost of Attendance (COA or Budget)

Tuition and Fees
Room and Board
Books and Supplies
Transportation
Miscellaneous Personal Expenses
Loan Fees
Types of Financial Aid

• Gift Aid
  Grants, Scholarships, Tuition Waivers
  No repayment is required
  – *Most desirable*

• Self Help Aid
  Employment on and off campus
  – *Must be earned*
  Loans
  – *Must be repaid*
Free College Planning Resources

- **Net Price Calculators**
  - Provides a personal net price at each college
  - Found on college and university websites

- **College Navigator** (Department of Education)
  - College search with admissions, academic, and cost info
  - [CollegeNavigator.gov](http://CollegeNavigator.gov)

- **College Scorecard** (White House)
  - College search with average net price, loan default rates, and median loan debt
  - [CollegeCost.ed.gov/Scorecard](http://CollegeCost.ed.gov/Scorecard)
What can you do to maximize your financial aid eligibility?

• Submit a completed FAFSA by the earliest college deadline
• Read *and respond* to requests for information in a timely manner
• Attend high school financial aid programs
• Ask questions!
Helpful Tips

- Become familiar with www.studentaid.gov
- Attend FAFSA DAY Massachusetts www.fafsaday.org
- Visit each colleges’ website. www.umb.edu
- Know the requirements of each school.
- Always be aware of deadlines.
- Make and maintain contact with the Financial Aid Office.
- Never ignore any email or mail notifications.
- KEEP COPIES OF EVERYTHING.