



The Financial Aid Tool Kit

Maine's Guide to Applying for Financial Aid



2011-2012

College Goal Maine

FREE assistance for Maine students and families needing to complete the Free Application for Federal Student Aid (FAFSA).



College Goal Maine
Sunday, January 29, 2012
2:00 p.m.



College Goal Maine will be held on Sunday, January 29, 2012 at 2:00 p.m. in various locations. Financial aid professionals will be available to help students and their families complete the FAFSA.

For more information on College Goal Maine, see a high school guidance counselor, financial aid administrator, or contact FAME at 1-800-228-3734. Visit the College Goal Maine Web site at www.collegegoalsundaymaine.com.

Pictured on Cover:

Harry Lanphear, 2011 graduate of Maranacook High School, with his mother Jennifer Lanphear, FAME Customer Service Team Leader. Harry will be pursuing a degree in Mechanical Engineering in the fall at Worcester Polytechnic Institute.

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Four Steps to Financial Aid

Financial aid exists to help students pay for college expenses, such as tuition, room, board and fees. Financial aid comes in the form of grants, scholarships, student employment and/or loans. There are a variety of sources, including the federal government, individual states, colleges and private funds.

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Step One – Prepare ✓

- Know (and meet) the financial aid deadlines at the colleges you are interested in attending. Financial aid funds are limited, so be sure to **file your FAFSA on time!**
- Use www.fafsa4caster.ed.gov to get an early estimate of your federal student aid.
- To determine your estimated cost, use the Net Price Calculator at the schools you are applying to.
- Many colleges require additional forms such as the CSS Profile, institutional forms, tax returns and W-2's. **Be sure to respond quickly to all requests for information.**
- For a month-by-month planning calendar, see page 16.

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Step Two - Apply ✓

- Complete the FAFSA online at www.fafsa.gov.
- Submit the FAFSA as soon after January 1 as possible.
- **FILE ON TIME!!**
- Don't wait until your taxes are completed; use estimated tax information and make changes later.
- Print and save your confirmation page.
- The FAFSA is **free**. Don't pay anyone to complete or submit your FAFSA.

To get an *estimate* of your cost to attend a particular school, use your school's "Net Price Calculator (NPC)." The NPC is available on all school Web sites and can help you to determine your net cost – the cost *after* grants and scholarships have been awarded.

Everyone should apply for financial aid, even if you think you or your parents earn too much money. You may be required to complete the FAFSA to receive certain types of scholarships, grants and loans.

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Step Three - Follow-Up ✓

- After filing your FAFSA, you will receive your Student Aid Report (SAR). This report summarizes all of the information you provided on the FAFSA.
- Review your SAR for accuracy. If you used estimated tax information, verify the figures and make corrections at www.fafsa.gov.
- The colleges you list on your FAFSA will receive your information electronically.
- Your Expected Family Contribution (EFC) is calculated based on the information you provide on the FAFSA and will be listed on your SAR. **The EFC is not necessarily** the amount that you can expect to pay for college.

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Step Four – Receive & Respond ✓

- You will receive a financial aid award from the colleges where you have been accepted. Many colleges begin sending (or e-mailing) financial aid awards in mid-March. **Contact the financial aid office if you have questions.**
- Carefully review your award, including the types of aid that you are offered. In many cases, you will need to respond to the college or provide additional information.
- Contact the financial aid office at your college if there are **changes to your family's financial circumstances**, such as unemployment.

Sample Financial Aid Award

If you file your FAFSA after the college's deadline, your financial aid award may be drastically reduced (as demonstrated below). **Don't assume the most expensive college will cost the most money.** Sometimes, high-cost schools have lots of financial aid to give, but you will need to apply on time!

In this example, the school's
priority FAFSA deadline was
March 1st



FAFSA Submitted:
January 15

Award Amount:

Pell Grant	\$ 5,550
State Grant	\$ 1,000
SEOG Grant	\$ 2,000
University Grant	\$ 5,500
Work-Study	\$ 1,600
Perkins Loan	\$ 1,000
Stafford Loan	\$ 5,500
Total:	\$ 22,150



FAFSA Submitted:
March 15

Award Amount:

Pell Grant	\$ 5,550
State Grant	\$ 1,000
Perkins Loan	\$ 2,000
Stafford Loan	\$ 5,500
Total:	\$ 14,050



FAFSA Submitted:
June 15

Award Amount:

Pell Grant	\$ 5,550
Stafford Loan	\$ 5,500
Total:	\$ 11,050

Federal Grants and Work-Study

Federal Grants are considered “gift aid” and do not need to be repaid under normal circumstances. The most common types of federal grants are:

- **Federal Pell Grant** - a grant awarded to students with significant financial need. The amount of the grant is based on the EFC.
- **Federal Supplemental Educational Opportunity Grant (SEOG)** - a grant awarded to students with financial need. The amount of the grant is determined by the college. Funds are limited and not available at all colleges.

Federal Work-Study is a program that provides part-time employment for students to work and earn funds either on or off-campus to help pay for college expenses. Some colleges also have institutional work-study funds available for students who do not qualify for federal work-study.

Remember!
Federal Funds First -
Grants Then Loans!



Federal Loans

Federal Loans are available to students and parents to help finance college education. Loans must be repaid, usually with interest. **It is important to evaluate each loan program carefully.**

Direct Stafford Loan - the most common educational loan program available to students. **Loan limits range from \$5,500 to \$20,500** per year depending on certain factors, including your grade level in college. There are two types of Stafford Loans:

- **Direct Subsidized Stafford Loan** - a fixed rate loan that is need-based. The federal government pays the interest that accrues while you are enrolled in college and during your 6-month grace period.
- **Direct Unsubsidized Stafford Loan** - a fixed rate loan that is not based on need. Interest accrues while you are enrolled in college.

Perkins Loan - a fixed rate, need-based loan awarded by the financial aid office. Interest does not accrue while you are enrolled or during your 9-month grace period. Funds are limited and not available at all colleges.

Direct PLUS Loan for Parents and Graduate Students - a fixed rate, credit-based loan, available to parents of dependent students and to graduate students. **Borrowers can request up to the cost of education minus any financial aid.** Repayment generally begins while the student is in college, although in-school deferments are available.



For more information
on the types of federal
grants and loans, visit:
www.studentaid.ed.gov.

Programs for Maine Residents

The State of Maine offers several programs available to Maine residents. All programs require that you file a FAFSA and for many, a separate application is also required.

State of Maine Grant Program - a need-based program that provides grants to undergraduate students attending an eligible institution in Maine, Connecticut, Massachusetts, Pennsylvania, Rhode Island, Vermont or the District of Columbia. General eligibility requirements:

- Must file a FAFSA on or before May 1.
- College determines eligibility based on the EFC.

Educators for Maine Program - a renewable, merit-based loan program for students pursuing careers in teaching, including speech pathology and child development, who intend to work in Maine after completing their education. Recipients may have their loans forgiven in exchange for eligible work in Maine. General eligibility requirements:

- Must complete a FAME application by May 1.
- Must have a minimum GPA of 3.0.
- Must be planning to perform return service in the State of Maine upon receipt of certification or degree.
- Must file a FAFSA on or before May 1.

For more information about State of Maine programs, visit the FAME Web site at www.famemaine.com/education, or call 1-800-228-3734.

Programs for Maine Residents (continued)



Tuition Waiver Programs - are available to students attending the University of Maine System, the Maine Community College System, or Maine Maritime Academy. General eligibility requirements:

- Must complete a FAME application
- Student must be:
 - a child or spouse of a firefighter, law enforcement officer or emergency medical services person killed in the line of duty; or
 - a foster child under the custody of Maine DHHS when graduated from high school or equivalent, or an adopted person or minor ward of a permanency guardian whose adoptive parent or guardian receives a subsidy from Maine DHHS.

Doctors For Maine's Future Scholarship - provides a tuition subsidy of up to 50% of the cost of education annually, up to a maximum of \$25,000 annually, for eligible students who enter qualifying Maine-based medical school programs. Interested students should contact the Maine-based medical school program they are applying to for requirements.

Maine Health Professions Loan Program - provides need-based loans to students attending professional schools in order to become a physician, dentist or veterinarian. Students must complete the FAFSA and a FAME application.

Maine Dental Education Loan Program - provides need-based loans to students attending dental school. The loan may be forgiven in exchange for eligible work in Maine. Students must complete the FAFSA and a FAME application.

Maine Veterinary Medicine Loan Program - need-based loan to help students attending veterinary school. The loan may be forgiven in exchange for eligible work in Maine. Students must complete the FAFSA and a FAME application.

Searching for Scholarships

Applying for scholarships is an important piece of the financial aid process. We recommend that you begin the process early in order to meet any required deadlines. **You don't have to pay anyone for scholarship search services - there are many FREE online searches available.**

Maine-Based Scholarship Searches

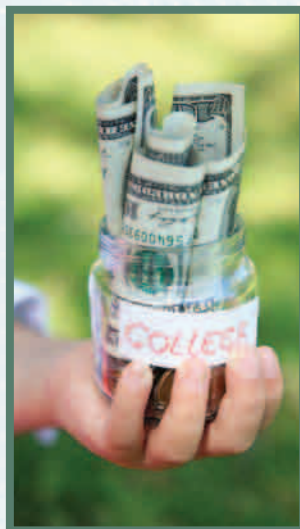
- **Finance Authority of Maine**
www.famemaine.com/education
- **The Maine Community Foundation**
www.mainecef.org

Nationwide Scholarship Searches

- www.collegeboard.com
- www.collegetoolkit.com
- www.fastweb.com
- www.petersons.com

Other Places to Consider

- Local high school guidance office
- College financial aid office
- Place of employment
- Faith-based institutions
- Local service organizations or town offices



Beware of any organization that charges a fee for assisting families with the financial aid process. FAME, college financial aid offices and high school guidance offices are available for FREE!

Saving for College

Reduce Debt by Saving – It's Never Too Late To Start!

Creating a savings or investment plan for higher education can help reduce the need to borrow.

Families who save for college are always in a better position when it comes to paying for college costs.

Section 529 Plan - a state-sponsored investment plan to **help students and families prepare for college expenses**. For information on Maine's Section 529 Plan, the NextGen College Investing Plan®, visit the FAME Web site.



Coverdell Education Savings Accounts (ESA) -

formerly known as Education IRAs, allow contributions of up to \$2,000 annually on behalf of a designated beneficiary who is younger than age 18, to pay qualified education expenses. Although these contributions are not tax-deductible, **qualified distributions are exempt from federal income tax**. The earnings, if any, will grow tax-free.

Traditional and Roth IRA withdrawals - early IRA withdrawals, before age 59 1/2, are allowed without the 10% early withdrawal penalty if funds are used for qualified education expenses. These withdrawals may still be taxed as ordinary income.

No matter how few years remain before a student enters college, savings can help to replace student loan debt with savings.

Reducing Your Expenses

For most students, the financial aid award does not cover the entire cost of education. **Before borrowing any type of loan, consider the following cost-cutting measures.**

Enrollment Costs

- Consider attending a less expensive college or university.
- Attending a college in your state may provide you with significant savings.
- Some states have reciprocity or exchange agreements that can save you money. Visit www.nebhe.org for more information.
- If tuition is charged per credit, you may be able to save money by taking fewer credits. If your college charges a flat tuition rate, you may be able to accelerate your courses at no extra charge.
- If you received a high score on your AP exams, ask about course credits or the option of classes being waived.
- If you completed college coursework during your junior or senior year in high school, be sure to send a copy of the transcripts to the college you attend.
- You may be able to enroll in summer courses at your local community college to fulfill general education requirements.



Reducing Your Expenses (continued)

Living Expenses

- Consider living at home and commuting to college.
- If you live off-campus, get a roommate. If you live on-campus, skip the single room and get a roommate.
- If you live on-campus, choose a meal plan that works for you. Use your meal plan instead of going off-campus for meals.



Travel Expenses

- Save in travel costs - leave your car at home!
- Consider commuting with another student or take advantage of public transportation.
- Take advantage of student discounts on travel and insurance.

Books and Supplies

- Buy your books early and get them used or online.
- Rent your books instead of buying them.
- Use a campus computer instead of buying your own.

Popular Online Textbook Sites

www.amazon.com

www.half.com

www.barnesandnoble.com

www.textbooks.com

Financing Options

If you have a balance owed on your college account, contact the financial aid office to discuss financing options and ways to receive more financial aid in the future. **Also, be sure to report any special financial circumstances or changes in your financial situation.** In addition to your financial aid award, consider the financing options listed below.

Apply for Scholarships

- **Apply early!** Ask about scholarship opportunities from your school counselor's office.
- Talk to your academic department and/or financial aid office.
- Research scholarships offered by private foundations, civic organizations and/or parents' employers.

Use Your Summer Earnings

- Many students are able to earn and save several thousand dollars during the summer. You should be working and **saving** for college during any free time that you have.
- You should earn **at least enough money to buy your textbooks** (costs vary, but can be as high as \$1,500 for the year).

Tuition Payment Plans

- Pay your tuition monthly over the course of a semester or year. These interest-free plans are typically offered through the college.

Direct PLUS Loan for Parents and Graduate Students

- A fixed rate, credit-based loan, available to parents of dependent students and to graduate students.
- Borrowers can request up to the cost of education minus any financial aid.

Alternative (Private) Education Loans

- Consider carefully the use of credit-based loans offered through a bank or credit union. Usually the student is the borrower and a credit-worthy co-signer is required.
- These loans typically offer a variable interest rate and **lack the benefits of federal student loans.**

Education Tax Benefits

Educational Opportunity Tax Credit (Opportunity Maine) -

is a program that provides a Maine income tax credit for student loan payments made by degree earners who live, work and pay taxes in Maine following graduation. For more information, please visit

www.opportunitymaine.org.

American Opportunity Tax Credit -

currently provides a federal income tax credit of up to \$2,500 per student based on the first \$4,000 in tuition, fees and course materials paid by the taxpayer during the tax year. The tax credit is limited to the first four years of postsecondary education. Certain income and other limitations apply.

Lifetime Learning Credit -

currently provides a federal income tax credit of up to \$2,000 per taxpayer based on the first \$10,000 in tuition and fees paid by the taxpayer during the tax year. The Lifetime Learning Credit may be received for an unlimited number of years. Certain income and other limitations apply.

Student Loan Interest Deduction - currently allows borrowers of federal and qualified private education loans to deduct up to \$2,500 in interest as an adjustment to income. Certain income and other limitations apply.



For additional information on tax credits and deductions, see IRS Publication 970 – Tax Benefits for Education.

Helpful Web Sites

FAFSA4caster

www.fafsa4caster.ed.gov

Get an early estimate of your federal student aid eligibility

Maine Educational Opportunity Center

<http://meoc.maine.edu>

Career, college planning and financial aid application assistance to low income, first generation college students and adults

College.Gov

www.college.gov

Planning and paying for college

College Navigator

www.nces.ed.gov/collegenavigator

College search, costs, and financial aid information



The College Board

www.collegeboard.com

Register for the SAT and search for scholarships or colleges

Mapping Your Future

www.mappingyourfuture.org

Planning a career, selecting a college, and paying for college

National Student Loan Data System

www.nslds.ed.gov

Find information about your student loans

Peterson's

www.petersons.com

College search, costs, and financial aid information

The SmartStudent™ Guide to Financial Aid

www.finaid.org

Loans, scholarships, and calculators

U.S. Department of Education

www.studentaid.ed.gov

Preparing and paying for college

Senior Year Calendar

September

- Research college admission and financial aid requirements.
- Develop a checklist for each college you are interested in attending. Include financial aid deadlines and application information.
- Attend college fairs or open houses.

October

- Begin college essays.
- Ask teachers, coaches or guidance counselors to write letters of recommendation for college applications.
- Begin researching scholarship opportunities using free scholarship searches on the Internet.
- Begin submitting your college admission applications.

November

- Attend a financial aid information session.
- Continue researching scholarship opportunities.
- Submit the CSS Profile form for the colleges that require it.

December

- Become familiar with the FAFSA application. Go online to www.fafsa4caster.ed.gov.
- Begin completing scholarship applications. Be aware of specific deadlines.

January

- Complete and submit your FAFSA form at www.fafsa.gov.
- Keep copies of all documents and forms.
- Attend College Goal Maine.
- Continue completing scholarship applications.

February

- Verify the information on your Student Aid Report (SAR) and make corrections, if necessary.
- Check with financial aid offices to confirm they received your FAFSA information.
- Submit any required documents to the financial aid office by the college's deadline.

March

- Look for your financial aid award letters to arrive in the mail or by e-mail. Respond quickly to all requests for additional information.

April

- Confirm that financial aid offices have received all necessary paperwork.
- Compare financial aid awards.
- Notify all colleges of your plans to attend (or not). Many colleges require an admission deposit and typically have a deadline of May 1.

May

- To be eligible for the State of Maine Grant, you must submit your FAFSA by May 1.
- Line up your summer job to begin earning money for out-of-pocket college expenses such as books and personal expenses.

June - Congratulations on your High School Graduation!

- If you have been awarded private scholarships, send copies of all private scholarship notifications to the college financial aid office.

Summer

- Look for your fall semester tuition bill.
- Make arrangements to pay your balance.

Financial Aid Vocabulary

Award Letter - Sometimes referred to as the financial aid package, this is the notification of the types, terms and requirements of the financial aid funds offered by a college. The award is prepared and sent to the student by the college, either by e-mail or regular mail.

College Scholarship Service (CSS) Profile - In addition to the FAFSA, many private colleges require the CSS Profile form to determine your eligibility for non-federal aid.

Cost of Attendance (COA) - Also known as the Cost of Education; it is the total cost of attending college for one year. It includes tuition, books, fees, room, board, transportation and other education-related expenses. The COA will vary from school to school.

Dependent Student - Generally, an unmarried student under the age of 24 who has no dependents and is pursuing an associate or bachelor's degree, is not a veteran of the U.S. Armed Forces, is not and was never a ward of the court, in foster care, an orphan, in legal guardianship, or an emancipated minor or an unaccompanied youth who was homeless.

Entrance & Exit Counseling - Loan repayment and debt management counseling sessions required by federal regulations that are arranged and conducted by a school's financial aid office for student loan borrowers.

Expected Family Contribution (EFC) - This number is a result of the information provided on the FAFSA and represents the amount a student and his or her family may be expected to contribute toward the student's education. The college uses the EFC to determine how much federal, state and institutional aid the student may be eligible to receive.

Federal Methodology - A formula established by Congress that calculates the Expected Family Contribution (EFC) used to determine eligibility for all types of financial aid.

Financial Need - Need is generally calculated by subtracting a family's Expected Family Contribution (EFC) from the Cost of Attendance (COA). Need is used to determine the amount of financial aid a student may qualify to receive. Financial need will vary from school to school.

Gift Aid - Student financial aid, such as scholarships and grants, that do not need to be repaid under normal circumstances.

Independent Student - Generally, a student who is either: married, over the age of 24, has dependents, is pursuing a graduate or professional degree; is a veteran of the U.S. Armed Forces; is a ward of the court; was in foster care or an orphan at anytime after the age of 13; an emancipated minor or in legal guardianship or an unaccompanied youth who is homeless or was at anytime after July 1, 2011.

Institutional Methodology - A formula used by some colleges to determine eligibility for institutional funds.

Master Promissory Note (MPN) - The MPN is a legally binding agreement the student loan borrower signs, in which he or she promises to repay his or her student loan with interest. A borrower may receive loans for multiple periods of enrollment with one MPN.

Merit-Based Aid - Financial aid that is awarded based on academic achievement, artistic ability, athletic merit or some other criteria, and generally does not depend on financial need.

Need-Based Aid - Financial aid that is awarded based on your financial situation. Most government sources of financial aid are need-based.

Self-Help Aid - Student financial aid, such as loans and federal work-study, that require repayment or student employment.

Student Aid Report (SAR) - A report produced by the U.S. Department of Education that is sent to students who have applied for federal student financial aid. The SAR summarizes the information provided on the FAFSA.

Verification - A review process to determine the accuracy of the information on a student's FAFSA. If selected for verification, the student is required to submit documentation (such as federal tax returns and verification worksheets) to the financial aid office in order to complete the financial aid application process.

Verification Worksheet - During the verification process, a student may need to complete this form and return it to the financial aid office for review.



Additional FAME Resources

Visit the FAME Web site to download or order copies of this and other FAME publications and information.

www.famemaine.com/education



Financial Aid

A step-by-step guide on how to apply for and receive financial aid.



Scholarships

Start your search with FAME's Maine-based scholarship search program.



Maine Financial Aid

The State of Maine offers several programs for Maine residents.



Tools & Calculators

Useful tools created to help students plan and pay for college.



About FAME

As Maine's higher education finance agency, **FAME** is committed to providing the tools and resources you need to achieve your educational goals. This guide has been created to provide you with an overview of the financial resources available for Maine residents in the form of student grants and loans to help pay for higher education. In addition, the staff at FAME is a resource to help you navigate the financial aid process.

Please feel free to call us at **1-800-228-3734** if you have any questions about financial aid or would like more information about the programs offered by FAME.

The Finance Authority of Maine (FAME) does not discriminate in the administration of any of its programs or in its employment practices on the basis of race, color, national origin, age, gender, religion, physical or mental disability, political affiliation, marital status or sexual orientation. FAME is an equal opportunity employer, provider and lender.

School Requirements Tracking Sheet

	School Name:	School Name:	School Name:
Admission Deadline	Date Submitted:	Date Submitted:	Date Submitted:
Financial Aid Deadline	Date Submitted:	Date Submitted:	Date Submitted:
Application Requirements (FAFSA, CSS Profile, etc...)	Date Submitted:	Date Submitted:	Date Submitted:
Follow-up Requirements (Tax Return, award letter, loan application, etc...)	Date Submitted:	Date Submitted:	Date Submitted:
Notes: <i>Have you signed up or enrolled to use your college's e-mail system or web portal?</i>			



**Business & Education
at Work for Maine**

5 Community Drive
PO Box 949
Augusta, Maine 04332-0949
www.famemaine.com

207.623.3263
1.800.228.3734

FAX: 207.623.0095
TTY: 207.626.2717

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Questions? Call 1-800-228-3734