



**Decoding Financial Aid Award Letters –
A Guide to Finding the Most Affordable Option**
Wednesday Webinar – April 13, 2016



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for weekly scholarship and financial aid information

Today's Webinar Will Include

- Quick process review
- Verification
- Analysis of Award Offer Parts
- Approaches for comparing award offers
- Next Steps

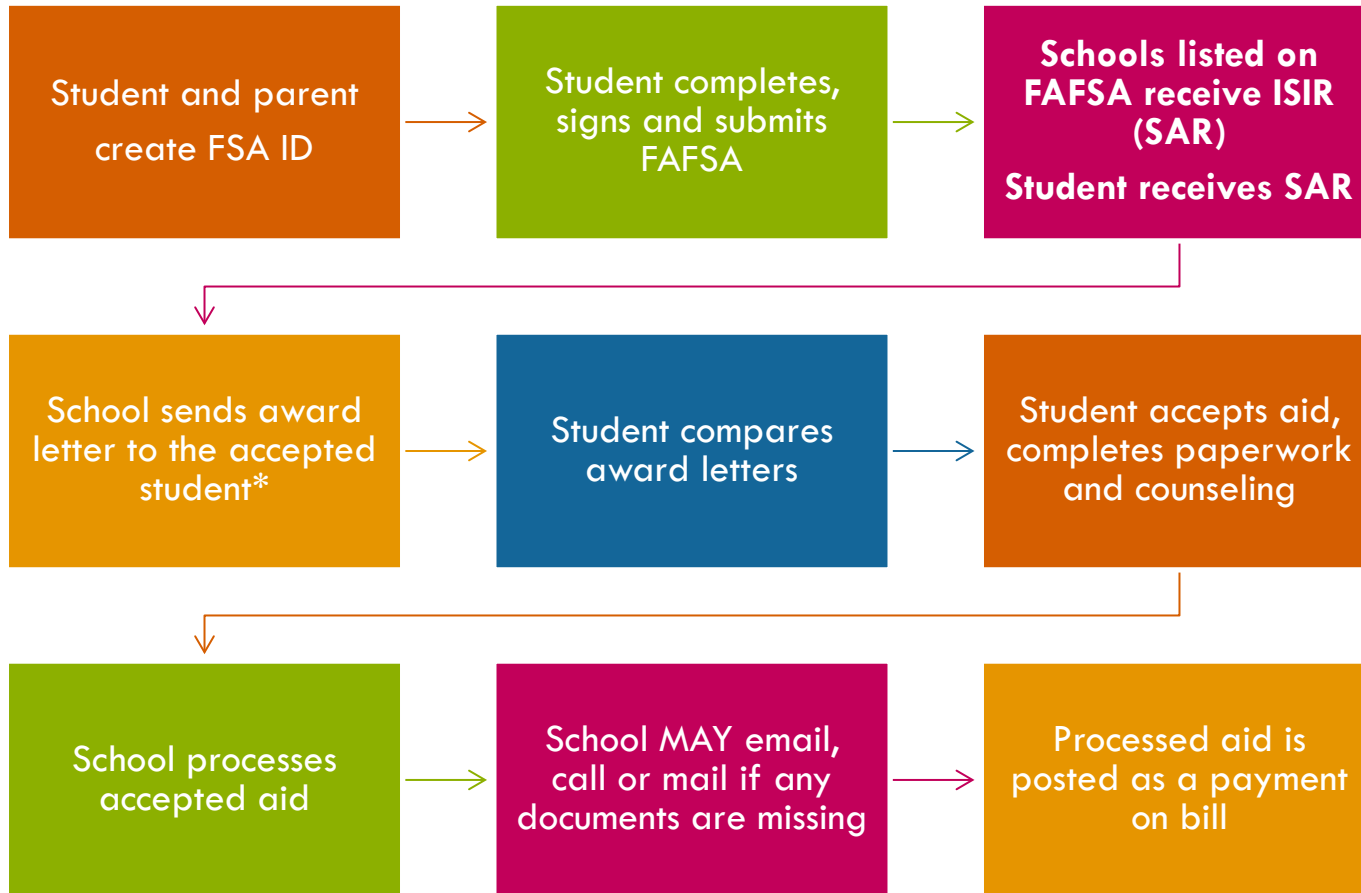


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Financial Aid Process Review



*If selected for verification, student may not receive an award letter until process is complete

- Verification is a process used to confirm information a student or prospective student has provided on the FAFSA
- The school will request documentation and correct the FAFSA if necessary.
- If selected by DOE – must be verified before aid is disbursed
- The school has option to verify anyone



FAFSA 2014–2015 Verification Worksheet Dependent Student

Your 2014–2015 Free Application for Federal Student Aid (FAFSA) was selected for review in a process called verification. The law says that before awarding Federal Student Aid, we may ask you to confirm the information you and your parents reported on your FAFSA. To verify that you provided correct information, the financial aid administrator at your school will compare your FAFSA with the information on this worksheet, and with any other required documents. If there are differences, your FAFSA information may need to be corrected. You and at least one parent must complete and sign this worksheet, attach any required documents, and submit the form and other required documents to the financial aid administrator at your school. Your school may ask for additional information. If you have questions about verification, contact your financial aid administrator as soon as possible so that your financial aid will not be delayed.

A. Dependent Student's Information

Student's Last Name	Student's First Name	Student's M.I.	Student's Social Security Number
Student's Street Address (include apt. no.)			Student's Date of Birth
City	State	Zip Code	Student's Email Address
Student's Home Phone Number (include area code)			Student's Alternate or Cell Phone Number

B. Dependent Student's Family Information

List below the people in your parent's household. Include:

- Yourself and your parent(s) (including a stepparent) even if you don't live with your parent(s).
- Your parent(s)' other children if your parent(s) will provide more than half of their support from July 1, 2014, through June 30, 2015, or if the other children would be required to provide parental information if they were completing a FAFSA for 2014–2015. Include children who meet either of these standards, even if they do not live with your parent(s).
- Other people if they now live with your parent(s) and your parent(s) provide more than half of their support and will continue to provide more than half of their support through June 30, 2015.

Include the name of the college for any household member, excluding your parent(s), who will be enrolled at least half-time in a degree, diploma, or certificate program at a postsecondary educational institution at any time between July 1, 2014, and June 30, 2015. If more space is needed, attach a separate page with the student's name and Social Security Number at the top.

Full Name	Age	Relationship	Colleges	Will be Enrolled at Least Half Time
Shary Jones (example)	18	Junior Self	Central Community	Yes

- What may be required:
 - IRS Data Retrieval or Tax RETURN Transcript
 - W-2's
 - Documentation of other income: unemployment, Worker's Comp, etc.
 - School provided forms
 - Copy of SNAP Card
 - Statement of Child Support paid/received
 - Verification of HS completion

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■ Follow up!

- Very often more information is needed after forms are submitted
- Check both emails listed on the FAFSA frequently
- Check all school emails
- Return documentation ASAP



HINT: Students should treat email monitoring like a part time job: every Sunday night at 6 pm check all email accounts.

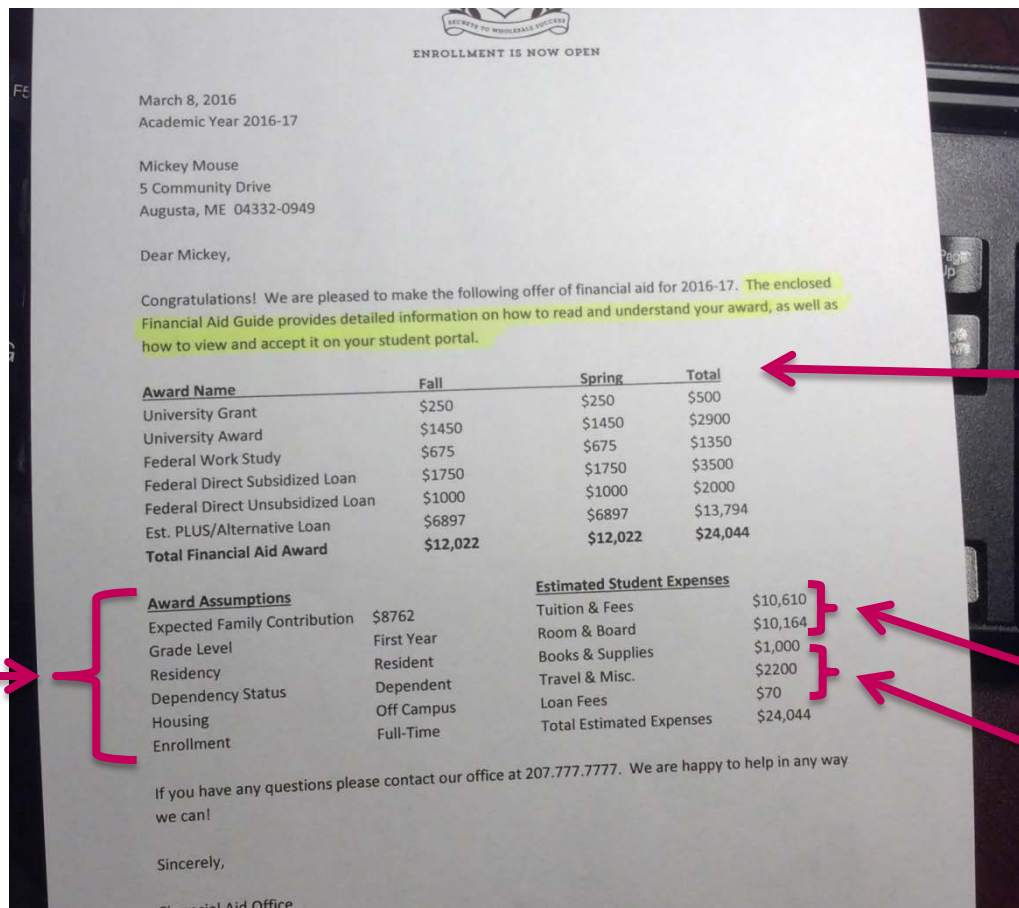
Compare to Understand

- After the student is accepted, offer of financial aid issued
- If selected for verification, award may not be issued until process is complete
- Compare offers to understand which is most affordable



Understanding the Parts

The award letter will have some combination of the following:



- When the aid is applied to your student account

- Cost of Attendance

- Direct (billed)

- Indirect (discretionary)

- What your award is based on

- Is this accurate?

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Understanding the Parts

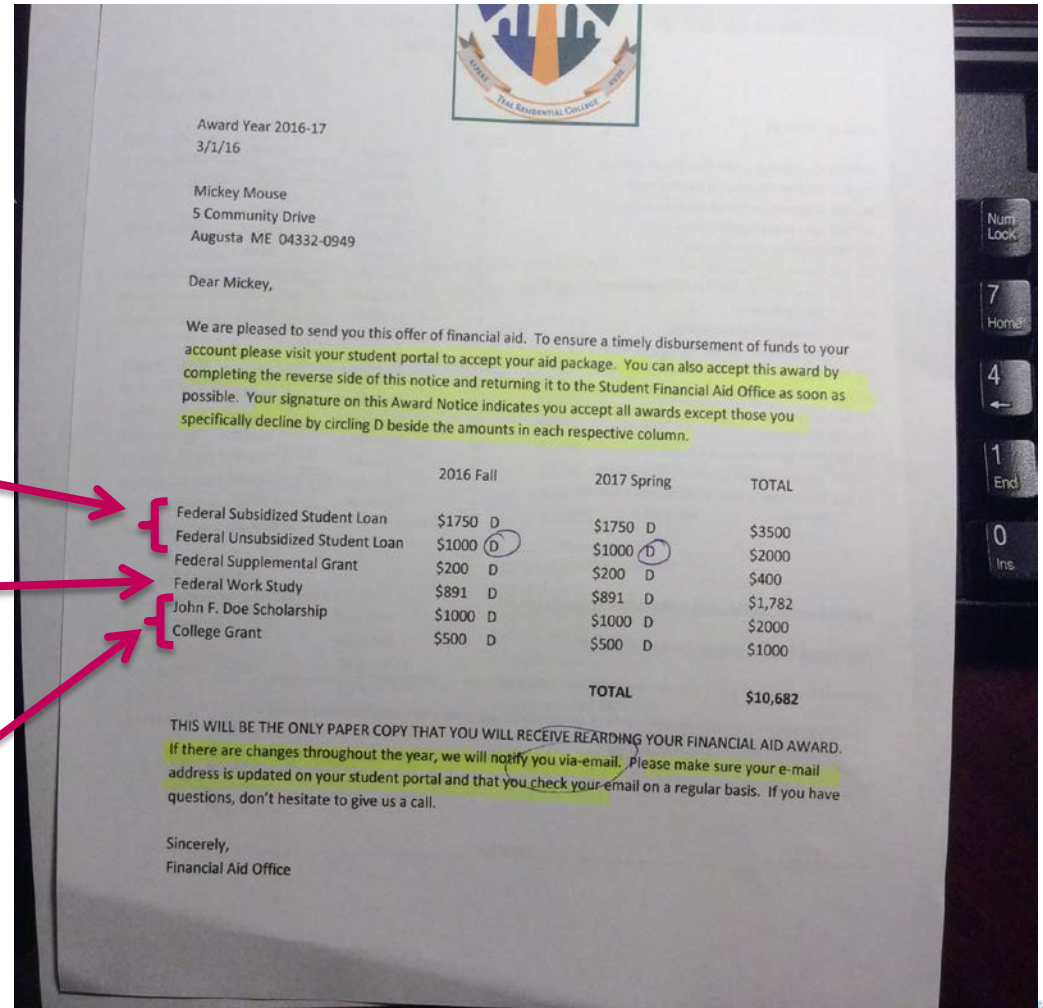
The award letter will have some combination of the following:

■ Self Help Aid

- Conversion Scholarship/Loans (EFM; TEACH Grant)
- Loans funded by Federal and/or School
- Work-study funded by Federal and/or School

■ Gift Aid

- Grants funded by Federal, State and/or School
- Scholarships funded by Federal, State and/or School
- Tuition Waivers or Housing Waivers



Award Year 2016-17
3/1/16

Mickey Mouse
5 Community Drive
Augusta ME 04332-0949

Dear Mickey,

We are pleased to send you this offer of financial aid. To ensure a timely disbursement of funds to your account please visit your student portal to accept your aid package. You can also accept this award by completing the reverse side of this notice and returning it to the Student Financial Aid Office as soon as possible. Your signature on this Award Notice indicates you accept all awards except those you specifically decline by circling D beside the amounts in each respective column.

	2016 Fall	2017 Spring	TOTAL
Federal Subsidized Student Loan	\$1750 D	\$1750 D	\$3500
Federal Unsubsidized Student Loan	\$1000 D	\$1000 D	\$2000
Federal Supplemental Grant	\$200 D	\$200 D	\$400
Federal Work Study	\$891 D	\$891 D	\$1,782
John F. Doe Scholarship	\$1000 D	\$1000 D	\$2000
College Grant	\$500 D	\$500 D	\$1000
TOTAL			\$10,682

THIS WILL BE THE ONLY PAPER COPY THAT YOU WILL RECEIVE REGARDING YOUR FINANCIAL AID AWARD. If there are changes throughout the year, we will notify you via-email. Please make sure your e-mail address is updated on your student portal and that you check your email on a regular basis. If you have questions, don't hesitate to give us a call.

Sincerely,
Financial Aid Office

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Understanding the Parts

Office of Financial Aid Student ID: 0115555

Estimated 2016-17 Cost of Attendance

Estimated Cost of Attendance**	\$29,275/year
Tuition & Fees (billed per credit hour)	\$17,085
Room and Board (billed only if living on campus)	\$9,240
Transportation (out of pocket)	\$550
Books & Supplies (out of pocket)	\$1,150
Other Educational Expenses	\$1,250

**Estimated total direct & indirect costs: Additional expenses that may contribute to a student's cost of attendance, but are not charged to the student.

Grants and Scholarships (no repayment needed)

Institutional Grant(s)	Fall 16	Spring 17	Total
On-Campus Housing Grant	\$625	\$625	\$1,250
Scholar Grant	\$2,500	\$2,500	\$5,000
Federal Supplemental Opportunity Grant (FSEOG)	\$500	\$500	\$1,000
Doe Family Scholarship*	\$550	\$550	\$1,100
Smith Family Scholarship*	\$1,500	\$1,500	\$3,000
Federal Grant(s)			
Pell Grant	\$2,908	\$2,908	\$5,816
State Grant(s)			
Maine State Grant Program	\$750	\$750	\$1,500
Total	\$9,333	\$9,333	\$18,666

Loan Options (to be repaid back by borrower)

	Fall 16	Spring 17	Total
Federal Direct Subsidized Loan	\$1,750	\$1,750	\$3,500
Federal Direct Unsubsidized Loan	\$1,000	\$1,000	\$2,000
Total loans:	\$2,750	\$2,750	\$5,500

Work Options ** (not to be applied to student account)

	Total
Federal Work-Study	\$600
Total	\$600

**If no amount appears above you are not eligible for federal work-study; however you may be eligible to apply for a job on campus. Please see Student Employment for more info about on-campus jobs at 100 Main Hall

YOUR FINANCIAL AID AWARD IS BASED ON YOUR:

Expected Family Contribution: \$0
 Housing Plan: Living on campus
 Enrollment status: Full Time
 Should your enrollment or housing plans change, please notify our office so that we can update your financial aid award.

Your Total Financial Aid Award is: \$24,765

This award represents the maximum amount of institutional, federal, and state awards for which you are eligible.

Other Financing Options

- *Payment plans offered through the Student Accounts Office
- *Military and/or National Service Benefits
- *Private Student Loans

Should you have any questions about your financial aid please contact us at: 207-777-7777 email FinAid@edu

*As a recipient of an endowed scholarship, you will be invited and encouraged to attend our scholarship appreciation luncheon on Oct 3, 2016. This is a great opportunity to thank the donors who made this scholarship possible

Information about your awards:

- *Your Maine State Grant is an estimate. Actual confirmation will be sent to you by the Finance Authority of Maine (FAME)
- *The On-Campus Residential grant is for students living in the Residence Halls

The award letter will have some combination of the following:

- Your Expected Family Contribution
- Other funding options
- Notices about your awards

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Comparing Costs & Financial Aid Awards

Use this worksheet to compare estimated college costs and financial aid awards. The information you need to complete this worksheet can be found on your financial aid award notice or your school's website. Costs and financial aid offers can vary significantly from one college or university to another.

	Example <i>In State School X</i>	School Name	School Name	School Name
Tuition & Mandatory Fees	\$10,600	\$	\$	\$
Room & Board	+ \$9,297	+	+	+
DIRECT COSTS (Billed by School)	= \$19,897	=	=	=
Grants & Scholarships	- 8,730	-	-	-
COSTS BEFORE LOANS	= 11,167	=	=	=
Direct Subsidized Loan	\$3,500	\$	\$	\$
Institutional Loan	+ \$1,200	+	+	+
Direct Unsubsidized Loan	+ \$2,000	+	+	+
TOTAL LOAN AMOUNT	= \$6,700	=	=	=
Balance Due (Direct Costs minus grants, scholarships, & loans)	= \$4,467	=	=	=
Indirect Costs (Books, supplies, travel)	+ \$1,500	+	+	+
ESTIMATED TOTAL COST* (Out-of-pocket cost)	= \$5,967	=	=	=
WORK STUDY OFFERED	\$900	\$	\$	\$

*Estimated Total Cost could be the amount paid by the student or their family using savings, outside scholarships or loans.

Comparing Award Letters

Find a favorite tool and use as an in class activity

- FAME's [Comparing Award Letters worksheet](#)
- Mini Webinar: Financial Aid Award Letters – A guide to Comparing Costs and Awards
- Online tools
 - [Finaid.org: Advanced Award Letter Comparison Tool](#)
 - [College Board's: Compare Your Aid Awards](#)
 - [Consumer Financial Protection Bureau's: Compare college costs and financial aid offers](#)
- Smart gadget "App"
 - [College Board's tool is mobile friendly](#)



Cost of Attendance - Billed

- Figure out the direct or billed expenses
 - Tuition and mandatory fees
 - Room and board (if living on campus)
 - Health insurance

HINT: Frequently the costs outlined on the award letter do not equal the amount on the bill. Visit the school's website to identify the best estimate and then contact the billing office with questions.

Cost of Attendance - Unbilled

- Figure out the indirect or discretionary expenses (these are not billed by the college)
 - Books and supplies
 - Transportation
 - Personal expenses
 - Living expenses, if not living on campus

HINT: Know what each college used for a budget figure and then identify your own budget for indirect costs.

Identify Gift Aid



- All parts are not free money
 - Gift aid
 - Self help aid
- Add up the gift aid or “free” money
 - Federal Grants
 - State Grants
 - Institutional Grants

HINT: Print the award letters and use different colors to highlight different categories of aid then you can easily “SEE” the difference. For example, use “green” for grants and scholarships, then “pink” for loans, and “blue” for work study. (firstgenerationstudent.com)

Net Price

- Subtract the total grants/scholarships (gift aid) from the total cost of attendance to calculate the net price
- Gives rough idea of what resources are needed to pay

HINT: Calculating this net price for each school will give students a more accurate comparison of the costs (apples to apples and not apples to strawberries) and how much is really needed to cover the gap.

Self-Help Aid

- Carefully consider the need for all Self help aid
- Self help aid:
 - Conversion Scholarship/
Loans (EFM; TEACH Grant)
 - Loans funded by Federal and/or School
 - Work-study funded by Federal and/or School



Self-help Aid Federal Loans

NEED-BASED:

- Direct Subsidized:
 - Government covers interest
 - 1.051% Origination Fee
 - The amount borrowed is not the amount credited against the bill
 - 6 month grace
 - Available at all Title IV schools

NOT NEED-BASED:

- Direct Unsubsidized
 - Government does not cover interest
 - 1.051% Origination Fee
 - The amount borrowed is not the amount credited against the bill
 - 6 month grace
 - Available at all Title IV schools

Borrow no more than your 1st year salary

- Research high demand jobs in Maine: Nextstepmaine.org
- Research careers and salaries: Onetonline.org:

Self-Help Aid Work Study

- Schools that participate in the Federal Work-Study Program award funds on a first-come, first-served basis.
- Not a done deal:
 - Student needs to secure a job
 - Work the hours
 - Earn a paycheck
 - Save funds earned for education expenses
- Refusing the award will not generate a different financial aid award

Other Financial Considerations

- Awards may not be renewable
 - Amounts may differ in subsequent years
- Multiply the first year gap by the length of the program
- Costs could increase each year
 - Tuition guarantee?
 - Tuition freeze?
 - Historical increases
 - % increase in tuition per year over the last few years
 - % increase in housing costs per year over the last few years



Comparing Costs & Financial Aid Awards

Use this worksheet to compare estimated college costs and financial aid awards. The information you need to complete this worksheet can be found on your financial aid award notice or your school's website. Costs and financial aid offers can vary significantly from one college or university to another.

	Example In State School X	School Name Community College	School Name In State Public	School Name In State Private
Tuition & Mandatory Fees	\$10,600	\$3,644.00	\$10,610.00	\$46,808.00
Room & Board	+ \$9,297	+0	+\$9,576.00	+\$12,760.00
DIRECT COSTS (Billed by School)	= \$19,897	=\$3,644.00	=\$20,186.00	=\$59,568.00
Grants & Scholarships	- 8,730	\$7,315.00	\$15,315.00	\$49,315.00
COSTS BEFORE LOANS	= 11,167	=\$-3,671.00	=\$4,871.00	=\$10,253.00
Direct Subsidized Loan	\$3,500	\$3,500.00	\$3,500.00	\$3,500.00
Institutional Loan	+ \$1,200	+0	+0	+\$2,000.00
Direct Unsubsidized Loan	+ \$2,000	+0	+\$2,000.00	+\$2,000.00
TOTAL LOAN AMOUNT	= \$6,700	=\$3,500.00	=\$5,500.00	=\$7,500.00
Balance Due (Direct Costs minus grants, scholarships, & loans)	= \$4,467	=\$-7,171.00	=-629.00	=2,753.00
Indirect Costs (Books, supplies, travel)	+ \$1,500	<i>True cost of living:</i> +\$7,171.00	<i>2282</i> +\$3,200.00	+\$2,282.00
ESTIMATED TOTAL COST* (Out-of-pocket cost)	= \$5,967	=\$0	=\$2,571.00	=\$5,035.00
WORK STUDY OFFERED	\$900	\$0	\$1,000.00	\$2,000.00

*Estimated Total Cost could be the amount paid by the student or their family using savings, outside scholarships or loans.

Health insurance ??

- Indirect Costs – Reduce?
- Costs per length of program
 - Community College
 - Out of pocket times program length (0*2)
 - Plus loans times program length (3500*2)
 - Plus cost to finish at In State Public (half of ISP cost)
 - Minimum Program Cost = \$21,306
 - In State Public
 - Out of pocket times program length (1653*4)
 - Plus loans times program length (5500*4)
 - Minimum Program Cost = \$28,612
 - In State Private
 - Out of pocket times program length (2282*4)
 - Plus loans times program length (7500*4)
 - Minimum Program Cost = \$39,128

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Award Offer Isn't Final Until...

- Tax information is notated as “already filed” within the FAFSA preferably with IRS DRT
- Student responds to all information requests and/or verification requests
- Student accepts the award and completes loan documents, if applicable.

This doesn't look right ...

- Go back to the Student Aid Report and review.
Is all info correct?
- Contact Financial Aid Office to have them review
- Do you have special circumstances that the FAFSA does not take into account?

Treatment of outside scholarships

- Concern: “If I get outside scholarships will I lose my financial aid?”
- Answer: Understanding each school’s outside scholarship policy is an important consideration.



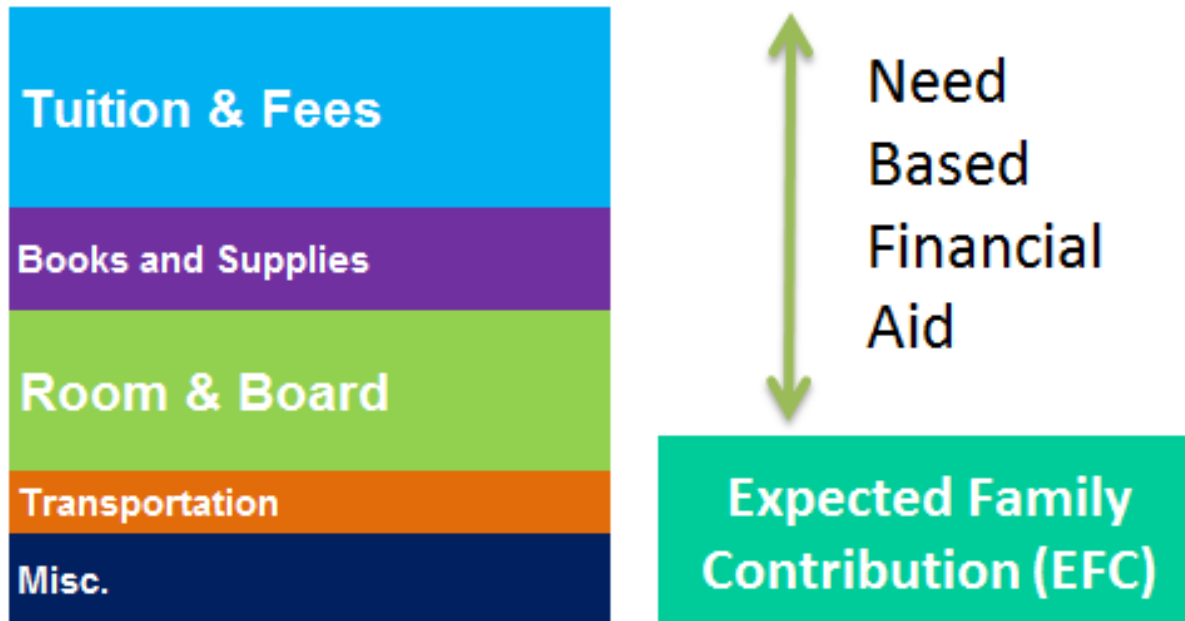
Treatment of outside scholarships

Here's how it works:

$$\begin{aligned} &\text{Cost of Attendance (COA)} \\ &- \underline{\text{EFC (from FAFSA)}} \\ &= \text{Financial Need} \end{aligned}$$

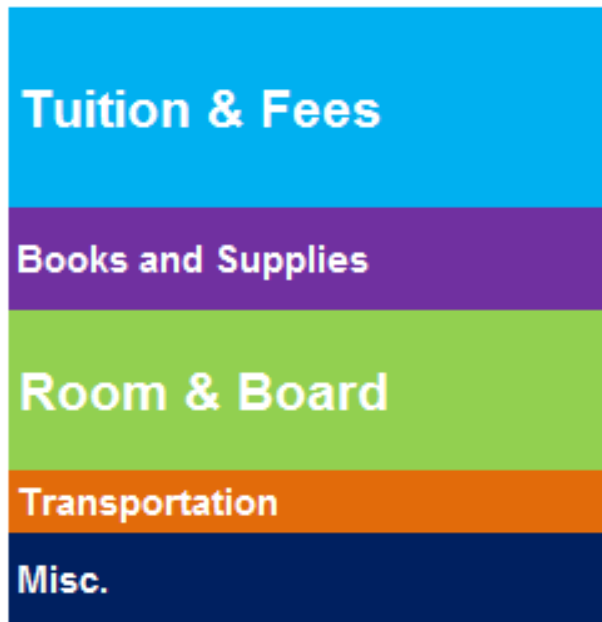
Treatment of outside scholarships

Cost of Attendance (COA)



Treatment of outside scholarships

Cost of Attendance (COA)



Need
Based
Financial
Aid

- Pell Grant
- SEOG Grant
- ME Grant
- Institutional Scholarship
- Subsidized Stafford Loan
- Federal Work Study

Expected Family
Contribution (EFC)

- Next stop: Student Accounts
 - Financial aid funds are not sent directly to the student
 - Funds are sent to the billing office for credit to the bill
 - Students can request a billing estimate to help determine their out of pocket costs after financial aid
 - If balance remains that the student cannot pay:
 - Connect with the Financial Aid Office to request more aid.
 - Analyze the bill for further reductions.
 - Keep hunting for outside scholarships.

- Recognize that each award offer can look very different because schools do not use a standard template
- Calculate the difference between gift aid and self help aid for each school since not all components are “free money”
- Complete all tasks to ensure the offer is final
 - Tax information is notated as “already filed” within the FAFSA preferably with IRS DRT
 - Student responds to all information requests and/or verification requests by the deadline
 - Student accepts the award and completes loan documents, if applicable.
- Understand that awards and costs could fluctuate year after year
- Remember to discuss special circumstances with the financial aid office

**Next month's
Wednesday Webinar:**

Saving for College

May 11, 2016

10:00am – 11:00am

www.FAMEmaine.com



Questions?

Finance Authority of Maine

5 Community Drive

P.O. Box 949

Augusta, ME 04332

1-800-228-3734

TTY: 207-626-2717

education@FAMEmaine.com

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