

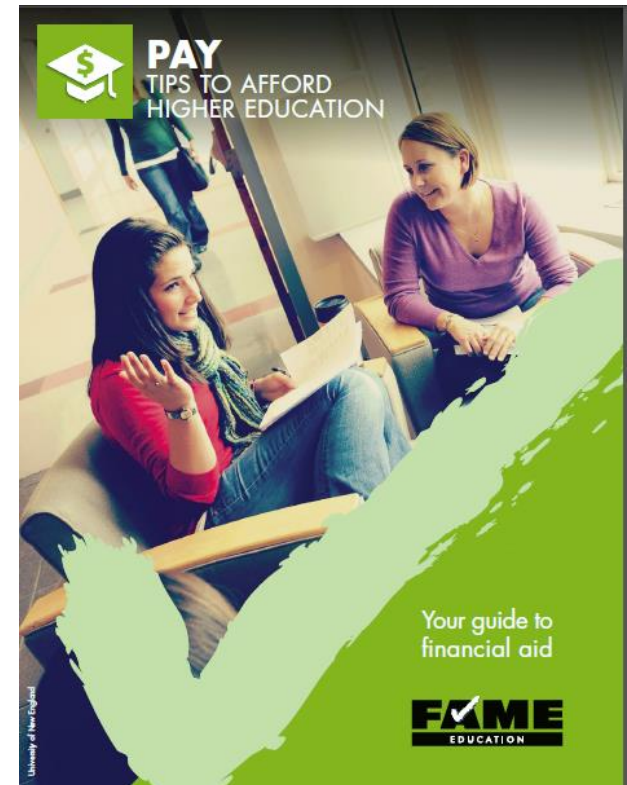


Financial Aid & College Financing Spring 2017



LIKE US ON FACEBOOK: FAME Education
for weekly scholarship and financial aid information

- Financial Aid Overview
- Three Steps to Financial Aid
- Types of Financial Aid
- Your Award Letter
- Reducing Expenses
- When the Award Isn't Enough
- Saving for College
- Education Tax Credits & Deductions
- Additional Resources



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Financial Aid Overview

- Financial aid exists to help students pay for college
- Two categories of aid
 - Need based aid
 - Merit aid
- All schools must use the FAFSA to award federal financial aid
- Everyone should complete the FAFSA
 - Even if you think you won't qualify - FAFSA is required for many scholarships and federal loans

Step 1: Get Ready

- Research college costs and financial aid:
 - Use Net Price Calculator – found on each school’s website
 - Deadlines – they’re critical!
 - Use the School Requirements Tracking Sheet on page 25
 - CSS Profile or Institutional Forms - some schools use other financial aid applications to award institutional aid
 - For more information on the CSS Profile, visit cssprofile.org, where you will find an interactive presentation on the CSS Profile.

Step 1: Get Ready

- Create an FSA ID (username and password) at fsaid.ed.gov.
 - All student applicants need an FSA ID
 - For dependent students, one parent needs an FSA ID to sign the FAFSA
 - Use our FSA ID Information Tracking form to record information
- Research and apply for outside scholarships
 - Use free searches only
 - Links at FAMEmaine.com
- Save as much as possible!



To learn more see pages 7-8 in *Pay: Tips to Afford Higher Education*

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- Complete the FREE Application for Federal Student Aid (FAFSA) at fafsa.gov
 - FAFSA is FREE – do not pay anyone to submit it for you
 - Must be completed every year!



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- File on time – The 2018-2019 FAFSA becomes available on October 1!
 - Submit early to meet deadlines
 - The 2018-2019 FAFSA requires 2016 tax information
 - Use the IRS Data Retrieval Tool in the FAFSA
 - The FAFSA is a student application
 - Parental information – whose information is needed?
 - Asset information

To learn more see page 9 in *Pay: Tips to Afford Higher Education*

Deadlines Matter

In this example, the Expected Family Contribution (EFC) was 0.



FAFSA Submitted:
October 1

Award Amount:

| | |
|------------------|------------------|
| Pell Grant | \$ 5,920 |
| State Grant | \$ 1,500 |
| SEOG Grant | \$ 2,000 |
| University Grant | \$ 3,500 |
| Work-Study | \$ 1,600 |
| Perkins Loan | \$ 1,000 |
| Direct Loan | \$ 5,500 |
| Total: | \$ 21,020 |



FAFSA Submitted:
after school's priority deadline

Award Amount:

| | |
|---------------|------------------|
| Pell Grant | \$ 5,920 |
| State Grant | \$ 1,500 |
| Perkins Loan | \$ 1,000 |
| Direct Loan | \$ 5,500 |
| Total: | \$ 13,920 |



FAFSA Submitted:
during summer

Award Amount:

| | |
|---------------|------------------|
| Pell Grant | \$ 5,920 |
| Direct Loan | \$ 5,500 |
| Total: | \$ 11,420 |

- Student Aid Report (SAR)
 - Summary of FAFSA information
 - Review and correct errors at fafsa.gov
 - FAFSA information and changes will be sent to the colleges electronically

■ Verification

- Students randomly selected....
 - However, using the IRS Data Retrieval Tool will reduce the likelihood of being selected
 - Consider filing a federal tax return, even if not required
- School is responsible for verifying information
- Schools may send requests for information by mail or email
- Be sure to meet your verification deadlines!

To learn more, see page 11 in *Pay: Tips to Afford Higher Education*

- Your Expected Family Contribution (EFC) is calculated when you submit the FAFSA
 - Your EFC is...
 - Used as a measure of your family's financial strength
 - Used by your school to calculate your financial aid
 - The same at each school that you apply to
 - Your EFC is not...
 - The amount of money your family will have to pay for school
 - The amount of financial aid you will receive

To learn more, see page 11 in Pay: Tips to Afford Higher Education

Examples of How Need is Determined

| | Low-Cost School EFC = \$2,000 | Mid-Cost School EFC = \$2,000 | High-Cost School EFC = \$2,000 |
|------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| Annual Cost of Attendance | \$ 8,600 | \$ 22,500 | \$ 58,000 |
| - EFC | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| = NEED | \$ 6,600 | \$ 20,500 | \$ 56,000 |

Types of Financial Aid

- Scholarships/Grants
 - Federal
 - State (State of Maine Grant – May 1 deadline!)
 - Institutional (colleges and universities)
 - Private

- Work-study
 - Federal
 - Institutional

To learn more, see pages 13-14 in *Pay: Tips to Afford Higher Education*

Types of Financial Aid

- Student Loans
 - Federal Student Loans (Direct Stafford)
 - Federal Perkins Loans
 - Institutional Loans
- Be sure to understand the differences with all the various loan programs!

Visit FAMEmaine.com for more information about programs for Maine residents.

To learn more, see page 13 in *Pay: Tips to Afford Higher Education*

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- The financial aid office will send or email you an award notification
 - You must be accepted for admission
 - Many schools may not be able to send awards until at least February
 - Be sure to check student e-mail account regularly

- Review your award
 - Each financial aid package will be different
 - Compare types and amount of aid offered

To learn more, see page 15 in *Pay: Tips to Afford Higher Education*

FAME EDUCATION **COMPARING COSTS & FINANCIAL AID AWARDS**

Use this worksheet to compare estimated college costs and financial aid awards. Find the information you need to complete this worksheet 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.

| College Name | Example School X | School 1 | School 2 | School 3 |
|--|-------------------|----------|----------|----------|
| Direct Costs to Attend | | | | |
| Tuition & Mandatory Fees | \$10,600 | | | |
| Room & Board | + \$9,277 | | | |
| Direct Costs (Billed by School) | - \$19,877 | | | |
| Financial Aid - Grants & Scholarships | | | | |
| Grants & Scholarships | - \$8,750 | | | |
| Net Cost Before Loans | - \$11,167 | | | |
| Financial Aid - Loans | | | | |
| Federal Direct Subsidized Loan | \$3,500 | | | |
| Federal Direct Unsubsidized Loan | + \$2,000 | | | |
| Federal Perkins Loan | + \$0 | | | |
| Total Loan Amount | - \$5,500 | | | |
| Estimated Total Cost | | | | |
| Balance Due (Direct Costs minus grants, scholarships, & loans) | - \$667 | | | |
| Indirect Costs (Books, supplies, travel) | + \$1,500 | | | |
| Estimated Total Cost* (Out-of-pocket cost) | - \$7,167 | | | |
| Financial Aid - Work Study | | | | |
| Work Study† | \$1,500 | | | |

* Most schools do not list Federal PLUS or private loan eligibility on the award, as these loans are credit-based and may not be approved for everyone. If PLUS or private loan eligibility is listed, please exclude for the purposes of comparing awards.
† Estimated Total Cost would be the amount paid by the student and/or the student's family using savings, outside scholarships and/or loans.
‡ Federal Work Study funds are earned throughout the year so not available to help pay the fall balance.

Comparing Award Letters

Find a tool that works for you

- FAME’s Comparing Award Letters worksheet
- Online tools
 - Finaid.org’s *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

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- Respond to colleges as necessary
 - Some types of aid require additional steps, such as entrance counseling and promissory notes – be sure to follow up!
 - Inform colleges of your final decision
 - Notify financial aid offices of outside scholarships as soon as possible

To learn more, see page 15 in *Pay: Tips to Afford Higher Education*

Special Circumstances

- The Financial Aid Office only has the information that was provided on the FAFSA.
- If that information no longer reflects your current situation, contact them directly to discuss changes.
- Examples of changes may include:
 - Unemployment
 - Divorce or separation
 - Loss of income
 - Unusual medical expenses
 - Parent(s) attending college

Reducing Expenses

- Enrollment charges
 - Can you save on tuition?
 - Transfer and AP credits
- Living & other expenses
 - On-campus or living at home?
 - Meal plans
 - Travel expenses
 - Health insurance
- Books and supplies
 - Buy used books or rent
 - Need a computer - look for student discounts

Popular Online Textbook Sites

www.amazon.com

www.barnesandnoble.com

www.chegg.com

www.half.com

www.textbooks.com

To learn more, see pages 17-18 in *Pay: Tips to Afford Higher Education* or check out FAME's *Manage: Making Your Money Work*.

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When the Award Isn't Enough

- Savings
 - Work and save during the summer to cover expenses

- Tuition Payment Plan
 - Make monthly payments to the college

- Federal Parent PLUS Loan
 - Credit based, fixed interest rate

- Private Loans
 - Credit based and typically require co-signer
 - Learn more about Private Loans at [TheLoanforME.com](https://www.theloanforme.com)

To learn more, see pages 19-21 in *Pay: Tips to Afford Higher Education*

Saving For College

- Section 529 Plan
- Coverdell Education Savings Accounts (ESA)
- Traditional and Roth IRA withdrawals

To learn more, see page 22 in *Pay: Tips to Afford Higher Education*

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Education Tax Credits & Deductions

- State Tax Credit (maine.gov/revenue – credit for educational opportunity)
 - Educational Opportunity Tax Credit

- Federal Tax Credits and Deductions (see IRS Publication 970)
 - American Opportunity Tax Credit

 - Lifetime Learning Tax Credit

 - Student Loan Interest Deduction

To learn more, see page 22 in *Pay: Tips to Afford Higher Education*

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- Numerous web-based resources exist
- Talk with your school counselor & financial aid office
- FAME – FAMEmaine.com
- FAME's FAFSA Completion Help
 - FAFSA labs throughout Maine in the Fall of 2017
 - Line by line FAFSA completion with help from experts -
for more info, visit FAMEmaine.com/FAFSA

FAME Financial Aid Hotline

1-800-228-3734



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Questions?

Finance Authority of Maine

5 Community Drive

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Augusta, ME 04332

1-800-228-3734

TTY: 207-626-2717

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