

The Financial Aid Application Process

THE FINANCIAL AID APPLICATION PROCESS

Presented by - Sam Veeder
University Senior Director of Enrollment & Financial Aid
University of Rochester

Contact information:
samantha.veeder@rochester.edu
585-275-3226

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Keep Your College Options Open

- ☞ Most important thing we can offer our children.
- ☞ Must prepare financially as well as educationally.
- ☞ Never too late to start.

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The Financial Aid Application Process

Be a College Consumer

Think of yourselves as consumers of higher education for your children. Be informed about college costs, the financial aid process, and alternative financing.



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Principles of Need Analysis

- ☞ To the extent they are able, parents have **primary responsibility** to pay for their dependent children's education.
- ☞ Students also have a responsibility to contribute to their educational costs.
- ☞ Families should be evaluated in their present financial condition.
- ☞ A family's ability to pay for educational costs must be evaluated in an equitable and consistent manner, recognizing that special circumstances can and do affect its ability to pay.

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Free Application for Federal Student Aid (FAFSA)

- Family's personal and financial information required to perform need analysis is collected on FAFSA
- FAFSA on the Web (www.fafsa.ed.gov)
 - FSA ID – username and password
 - FAFSA form
 - Can print a worksheet prior to filing

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Free Application for Federal Student Aid (FAFSA®)

☛ Significant Changes for 2024-25

- Delayed launch – December 2023
- EFC becomes SAI
- # in college adjustment is eliminated
- Family farms and small businesses are now included as assets
- Child support received moves from parent income to parent asset
- MUST authorized Data Exchange with IRS
- Introduces concept of “contributors”

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FSA ID

- ☞ Used for FAFSA completion and allows access to certain U.S. Department of Education websites
- ☞ May be used by students and parents throughout financial aid process, including subsequent school years
- ☞ Only the owner should create an FSA ID

Create an Account (FSA ID)

Parents Students Borrowers

Whether you're a student, parent, or borrower, you'll need to create your own account to complete federal student aid tasks.

What You Can Use Your Account For

- Filling out the Free Application for Federal Student Aid (FAFSA®) form
- Signing your Master Promissory Note (MPN)
- Applying for repayment plans
- Completing loan counseling
- Using the Public Service Loan Forgiveness Help Tool

Items Needed to Create an Account

- Social Security number
- Your own mobile phone number and/or email address

Get Started

or

Log In

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Additional Required Forms From Some Applicants

- **College Scholarship Service (CSS) Profile** - used to determine eligibility for institutional grants/scholarships. Must complete both the registration and application process. Register and apply on-line at <https://student.collegeboard.org/css-financial-aid-profile>. May include Non-Custodial Parent form and/or the Business/Farm Supplement.
 - Some schools may use an institutional application instead.
- **NYS TAP Application (ETA)** - used to award the NYS grant/scholarship programs. The ETA is generated from a completed FAFSA and must be updated if necessary, signed and returned to NYS. Families with a NYS taxable income of \$80,000 or less may qualify for an award ranging from \$500 - \$5,665.
- **Institutional Financial Aid Application** – used by some schools due to FAFSA delay and/or to collect additional information

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Role of the Financial Aid Office

- Determines eligibility for financial aid
- Packages aid
- Sends an award notification which details:
 - Student's cost of attendance
 - How the student's need was determined
 - Amount of student's financial "need"
 - Types and amounts of aid offered

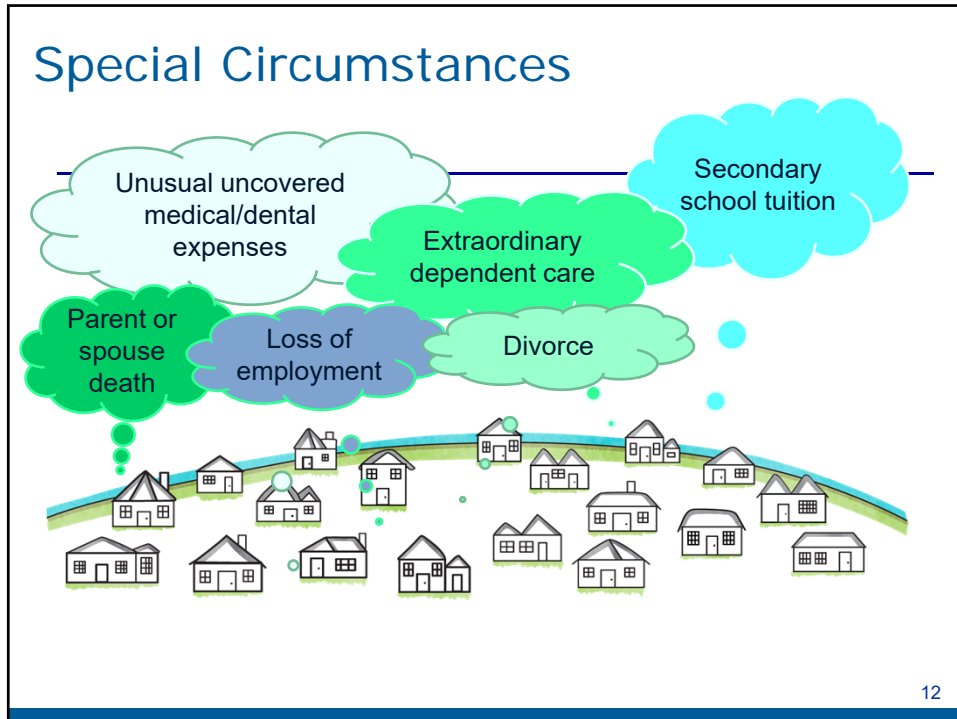
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Special Circumstances

- Cannot be documented using FAFSA
 - Although there is space provided on the CSS Profile
- Send written explanation and documentation to financial aid office at each college
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education

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Unusual Circumstances

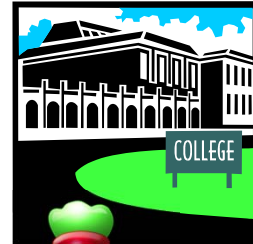
- Conditions leading to changes to student's dependency status (a.k.a. dependency override)
 - Human trafficking
 - Refugee or asylee status
 - Parental abandonment, incarceration, abuse, etc.

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What is Financial Aid?

- Scholarships
 - Grants
- } Gift Aid
- Loans
 - Work Study
- } Self-Help Aid



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Categories of Aid

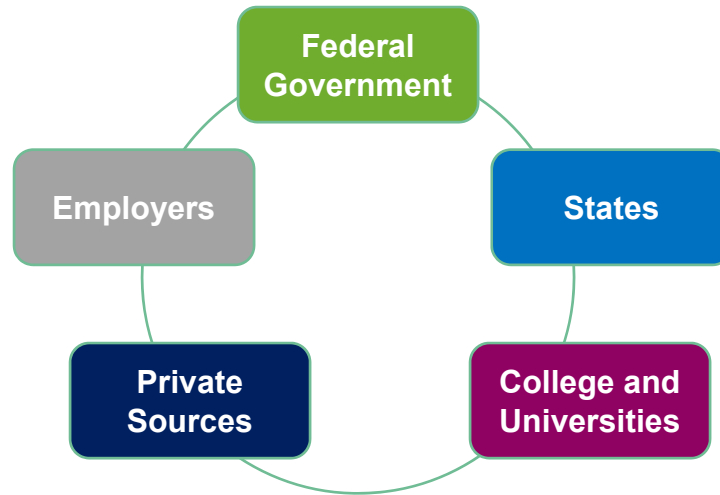
- Need-based
- Non-need-based
 - Merit
 - Talent
 - Leadership
 - Denominational



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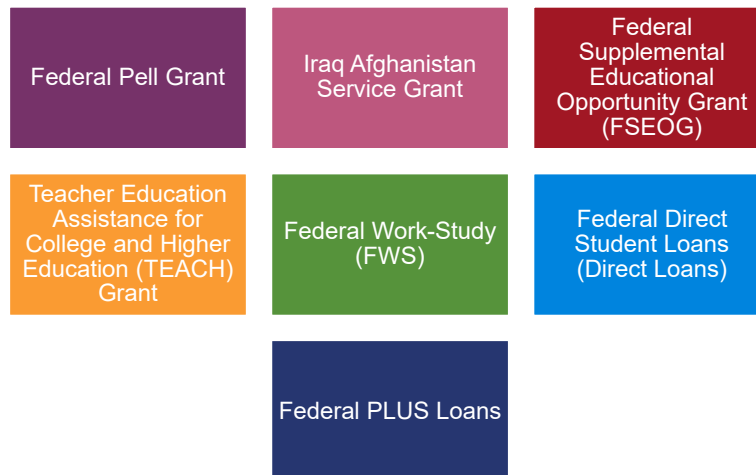
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Sources of Financial Aid



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Federal Student Aid Programs



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States

Residency requirements usually apply

Award aid on the basis of both merit and need

Use information from the FAFSA
and/or state aid applications

Deadlines vary by state

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Colleges and Universities

Award aid on the basis of both merit and need

Aid may be gift aid or self-help aid

Use information from the FAFSA
and/or CSS Profile/institutional applications

Deadlines and application requirements
vary by institution

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Private Sources

Foundations, businesses, churches, civic, and charitable organizations

Deadlines and applications procedures vary

Begin researching private sources early

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Employers

May have scholarships available to the children of employees

May have educational benefits for their employees

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Definition of Need

Cost of Attendance (COA)

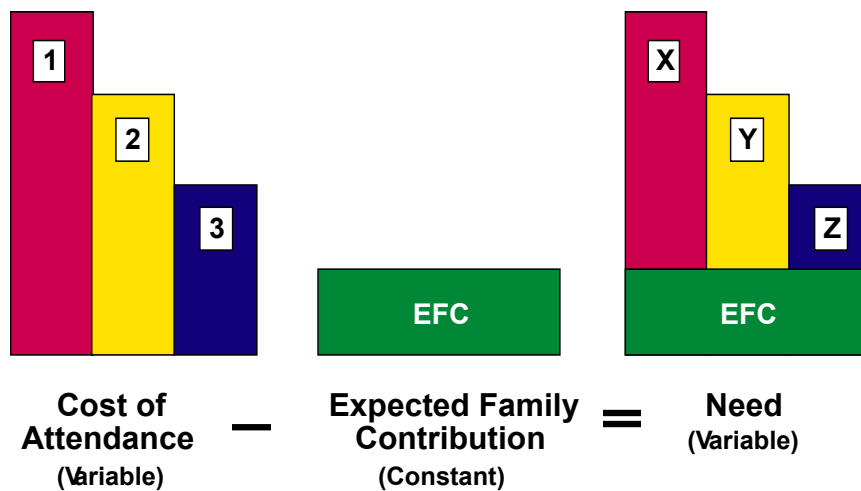
– Student Aid Index(SAI)

= Financial Need



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Need Varies Based on Cost



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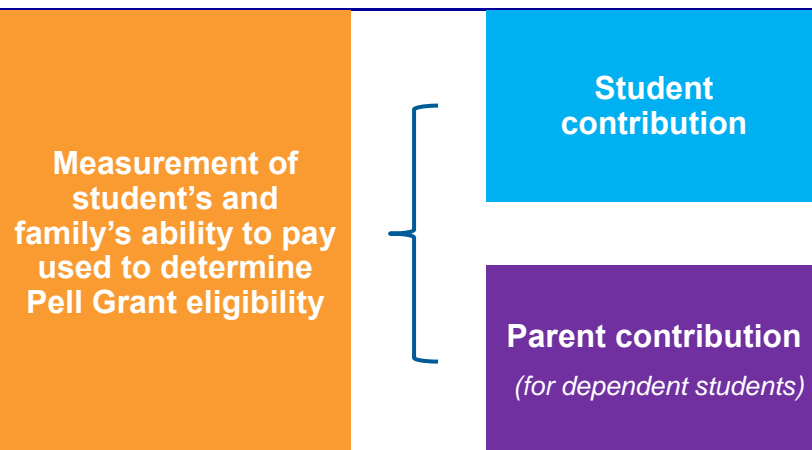
Cost of Attendance

- Tuition and fees
- Housing and food
- Books and supplies
- Transportation
- Miscellaneous and personal



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What is Student Aid Index (SAI)?



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SAI - Parent's Income

➤ Determine available parent income:

- Total income (taxable and untaxed)
- Income exclusions (e.g. child support paid)
- Taxes (federal, payroll tax)
- Income protection allowance for basic living expenses (food, shelter, etc.)
- Employment expense allowance (if eligible)
- = Available income

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SAI - Parent's Assets

✧ Determine available parental assets:

- Cash, savings, checking accounts
- + Annual child support received for the last complete calendar year
- + Adjusted Farm/business net worth
- + Real estate/investment equity (not including primary residence)
- Asset protection allowance
- x Asset conversion rate (12%)
- = Contribution from assets

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SAI – Parent’s Contribution

✘ Determine parental contribution:

Available income
+ Contribution from Assets
= Adjusted Available Income – placed in calculation table to determine PC

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SAI - Student’s Income

✘ Determine available student income:

Student AGI
- Income exclusions (e.g. FWS and education credits)
- Taxes (federal, payroll)
- Income protection allowance (\$9,410)
- Allowance for parents’ negative AAI
x 50% assessment rate
= Income contribution from student

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SAI - Student's Assets

☒ Determine available assets:

Cash, savings, checking accounts
+ Farm/business net worth
+ Net worth of investments/real estate

x Asset conversion rate (20%)
= Student's Contribution from assets

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Student Aid Index (SAI)

Parents' contribution
+ Student's contribution from income
+ Student's contribution from assets

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Student Aid Index (Continued)

- Family choices:
 - Saving
 - Borrowing
 - Using current income
 - Combining all three



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Meet Dirty Harry!



PC	\$71,400
SC	<u>\$641</u>
SAI	\$72,041

- 4 in family/2 in college
- \$256,082 total income
- \$4,569 parent's assets
- Mom's wages - \$4,548
- Dad's wages - \$212,635
- Student's wages - \$758
- Student's savings - \$3,207

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Meet Snow White!

- 4 in family/1 in college
- \$81,098 total income
- \$213,000 net worth
- Mom's wages - \$93,777
- Dad's wages - \$4,601
- Student's income - \$0
- Student's assets - \$1,260



PC	\$17,435
SC	<u>\$252</u>
SAI	\$17,687

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Meet Annie Apple



PC	\$0
SC	<u>\$100</u>
SAI	\$100

- 2 in family/1 in college
- single parent
- \$11,440 AGI
- \$2,000 net worth
- Mom's wages - \$11,440
- Student's wages - \$0
- Student's savings - \$500

Automatic Zero EFC if eligible to file 1040A or EZ, dislocated worker, or recipient of a federal benefit program

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Myths & Misconceptions

- Saving for a college education will hurt you in the long run
- Families are expected to drain their assets
- Outside scholarships will automatically reduce the family contribution

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Benefits of Early Planning & Saving

- Student has all educational options open regardless of college costs
- If the student is eligible for financial aid, parent's savings are not counted dollar for dollar (only approximately 4-6%)
- Student may have to borrow less
- Spreading out the cost of college will lessen the impact on your lifestyle during the years you pay for college

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Other Financing Options

- Federal Parent Loan for Undergraduate Students (FPLUS) – 8.05% fixed rate, repayable over ten years
- Interest Free Payment Plans - interest free, small enrollment fee, spreads payment over 10-12 months
- Other Alternative Loan - in student's name, credit-worthy co-signer required, interest based on credit score, 10-15 year repayment

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Things to Remember

- File all required applications on time!!!! Different institutions may have different deadlines.
- Inform the Office of Financial Aid directly if you have special circumstances/concerns.
- Use **ACTUAL 2022 INCOME (for 2024-25) through automatic data exchange.**

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Net Price Calculator

- ☞ Authorized in 2008 as part of the Higher Education Opportunity Act (HEOA).
 - Requires that all Federal Title IV Eligible institutions have a NPC on their website.
- ☞ Deadline for compliance was October 29, 2011.
- ☞ Purpose is to provide the student and family with a tool to estimate the true net cost (COA minus total grant) and compare colleges using institutional specific data and student's individual circumstances.

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