

mefa[®]

COLLEGE FINANCING

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - mefa.org: Information, blog, tools, & resources
 - **Facebook, Twitter, & LinkedIn**
 - **Emails**: Sign up on mefa.org:

Receive tips and updates by e-mail.

SIGN UP

- **Seminars**: Details at mefa.org/events
- **Webinars**: Register at mefa.org/events
- mefapathway.org

Agenda

- Types and Sources of Financial Aid
- The Application Process
- How Financial Aid Decisions Are Made
- Paying for College
- Free Resources



TYPES AND SOURCES OF FINANCIAL AID

What is Financial Aid?

- Money to help students pay for college
- 3 main types
 - Grants and scholarships (gift aid)
 - Work-study
 - Student loans



Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- May or may not be renewable
- Not offered at every school
- Separate application sometimes required
- Application deadline may be as early as November

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 be making satisfactory academic progress



Sources of Financial Aid

- Federal
 - Grants, work-study, loans, tax incentives
 - StudentAid.gov
- Massachusetts
 - Grants, scholarships, tuition waivers, loans
 - mass.edu/osfa
- College/University (institutional aid)
 - Grants, scholarships, loans
- Other Agencies
 - Scholarships



Financial Aid Breakdown

• Undergraduate Student Aid 2015-16 (\$184.1 Billion)

Federal
Student
Loans
33%

Institutional
Grants &
Scholarships
23%

Private
Grants
6%

Federal
Grants
22%

Federal
Tax
Credits
9%

State
Grants
6%

Federal
Work-Stu
dy
1%

Source: The College Board, *Trends in Student Aid 2016*

THE APPLICATION PROCESS

Financial Aid Timeline

- Check deadlines and required applications on each college's website now
- Early action/decision deadlines are often in October or November
- Standard deadlines are typically in February or March
- **DON'T SUBMIT APPLICATIONS LATE**



- Free Application for Federal Student Aid (FAFSA)
 - Required by all colleges
 - Becomes available October 1st: [FAFSA.gov](https://fafsa.gov)
 - Log in with an FSA ID: [FSAID.ed.gov](https://fsaid.ed.gov) (both student and parent need one!)
 - IRS Data Retrieval Tool: Pull in federal tax data
 - FAFSA webinar registration on mefa.org/events

**Must be
completed
every year!**



The screenshot shows the FAFSA website homepage. At the top, it features the 'Federal Student Aid' logo with the tagline 'An OFFICE of the U.S. DEPARTMENT of EDUCATION' and 'PROUD SPONSOR of the AMERICAN MIND®'. To the right, it says 'Free Application for Federal Student Aid' and 'FAFSA®'. Below the logo is a navigation bar with icons for Home, About Us, FSA ID, StudentAid.gov, and Help. A search bar is also present. The main heading is 'Get help paying for college' with the subtext 'Submit a Free Application for Federal Student Aid (FAFSA)'. Below this is a banner image of four diverse students. The page is divided into two columns: 'New to the FAFSA?' with a 'Start A New FAFSA' button, and 'Returning User?' with a list of options (Make a correction, Add a school, View your Student Aid Report (SAR), and more...) and a 'Login' button.

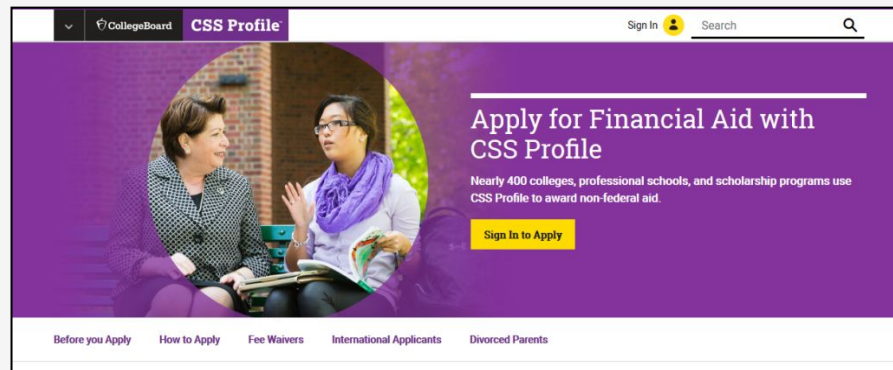
What's Reported on the FAFSA?

- Student citizenship status
- Colleges where student is applying
- Parent and student data
- Parents
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
- Income (**2016 income** for the 2018-19 FAFSA)
 - Both taxed and untaxed
- Assets
 - Include: savings, checking, investments, other property
 - Do not include: primary home, value of retirement, life insurance, value of small family business
- # in household, # of children in college

Other Financial Aid Applications

•CSS Profile

- Required by some colleges and universities
- \$25 for 1st school, \$16 for each additional
- Becomes available October 1st: student.collegeboard.org/profile
- Noncustodial parent will need to submit a separate Profile
- Profile webinar registration on mefa.org/events



•College Financial Aid Application

- Required by some colleges and universities

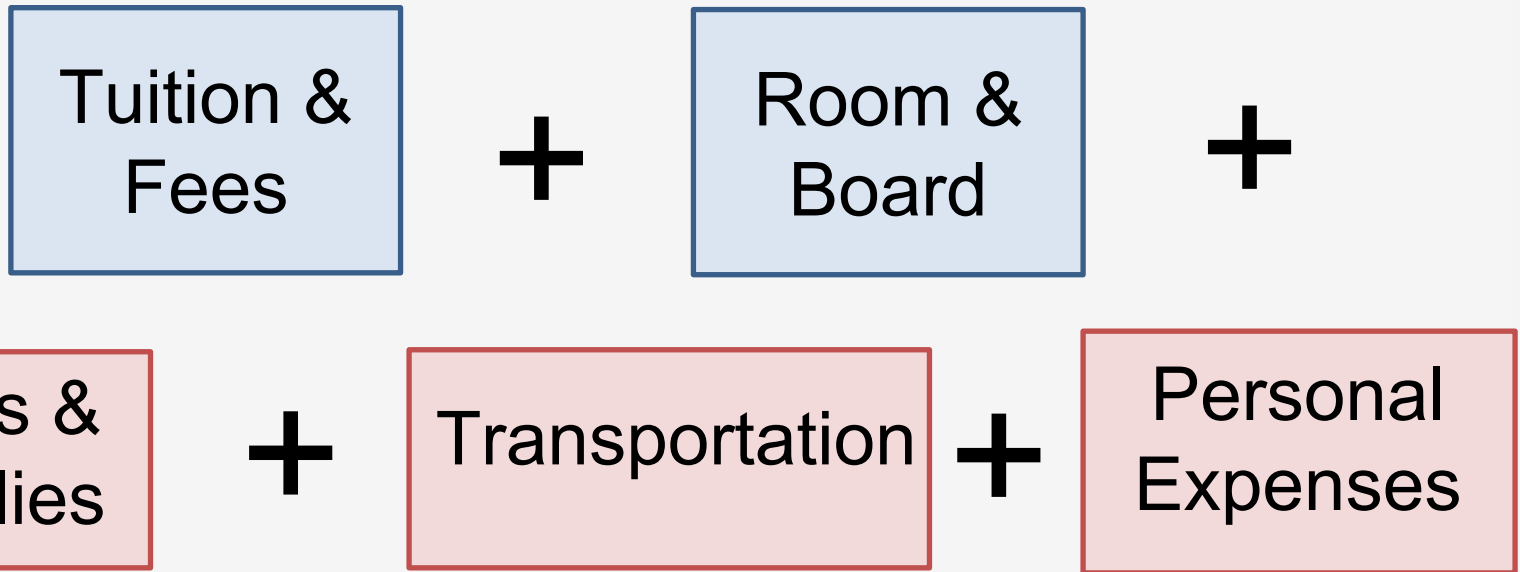
After You Apply

1. Colleges & state receive data electronically
2. Student will receive (electronically or by mail):
 - Student Aid Report (SAR)
 - CSS Profile Acknowledgement
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Verification documents. The financial aid application is incomplete until you submit these documents.
5. Colleges review applications and determine the financial aid award


HOW FINANCIAL AID DECISIONS ARE MADE

Cost of Attendance (COA)

Total expenses for one year of college



 = Billed or Direct Expenses

 = Non-Billed or Indirect Expenses

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
- Some colleges also use an institutional formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay

EFC calculators:
BigFuture.CollegeBoard.org
FAFSA4caster on FAFSA.gov

Net Price Calculators

- Online tool found on each institution's website
- Asks questions about family finances & student academics
- Provides personal, estimated net college price
- Displays federal & institutional aid
- Merit-based aid may also be included



Financial Aid Formula

- Cost of Attendance (COA)
- Expected Family Contribution (EFC)

= Financial Aid Eligibility

**Colleges fill in Financial Aid Eligibility
with financial aid from all sources**

Asset Impact on EFC

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

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$0	\$75,000	\$150,000
EFC	\$7,549	\$10,434	\$14,664
Difference		\$2,885	\$7,115

Based on 2018-19 Federal Methodology

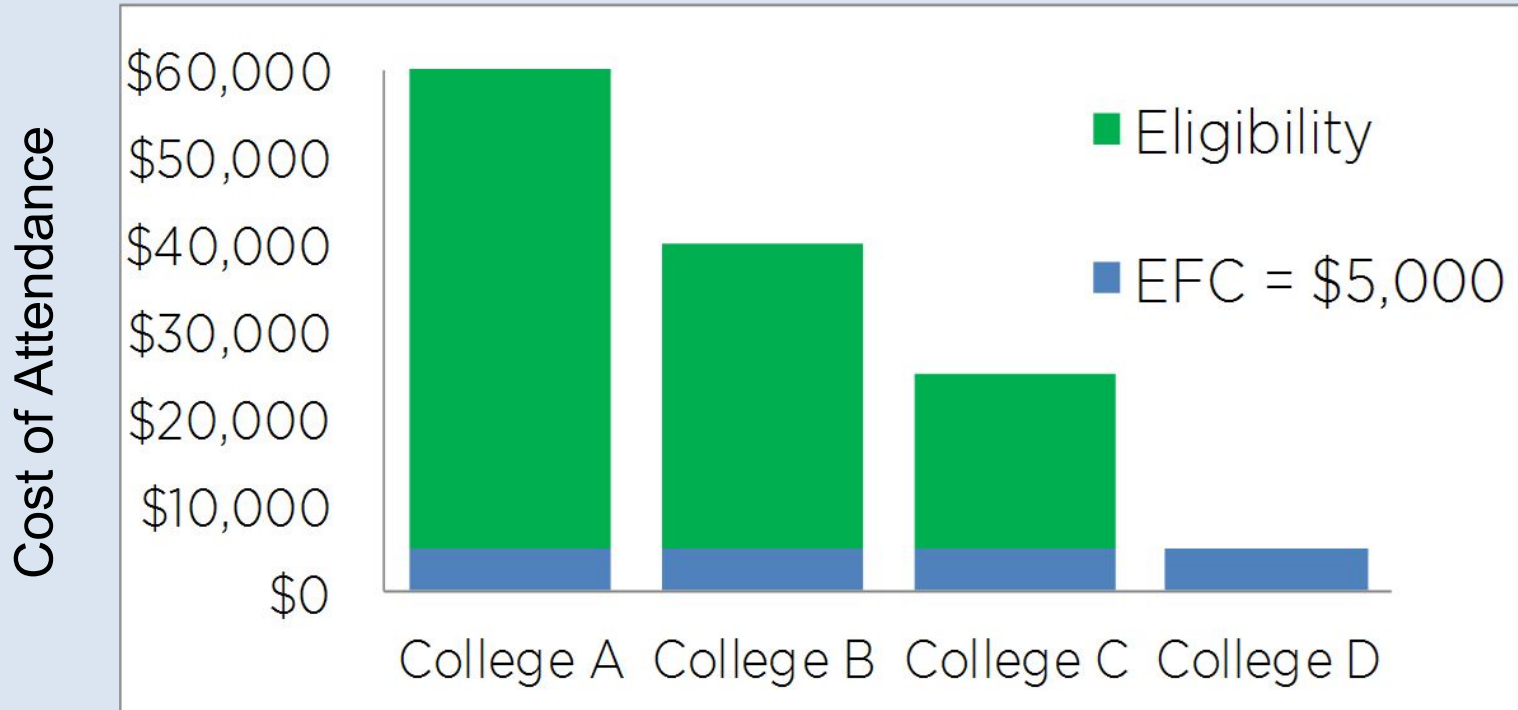
Income Impact on EFC

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

	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$100,000	\$150,000
Combined Parent Assets	\$50,000	\$50,000	\$50,000
EFC	\$9,024	\$17,485	\$33,099
Difference		\$8,461	\$24,075

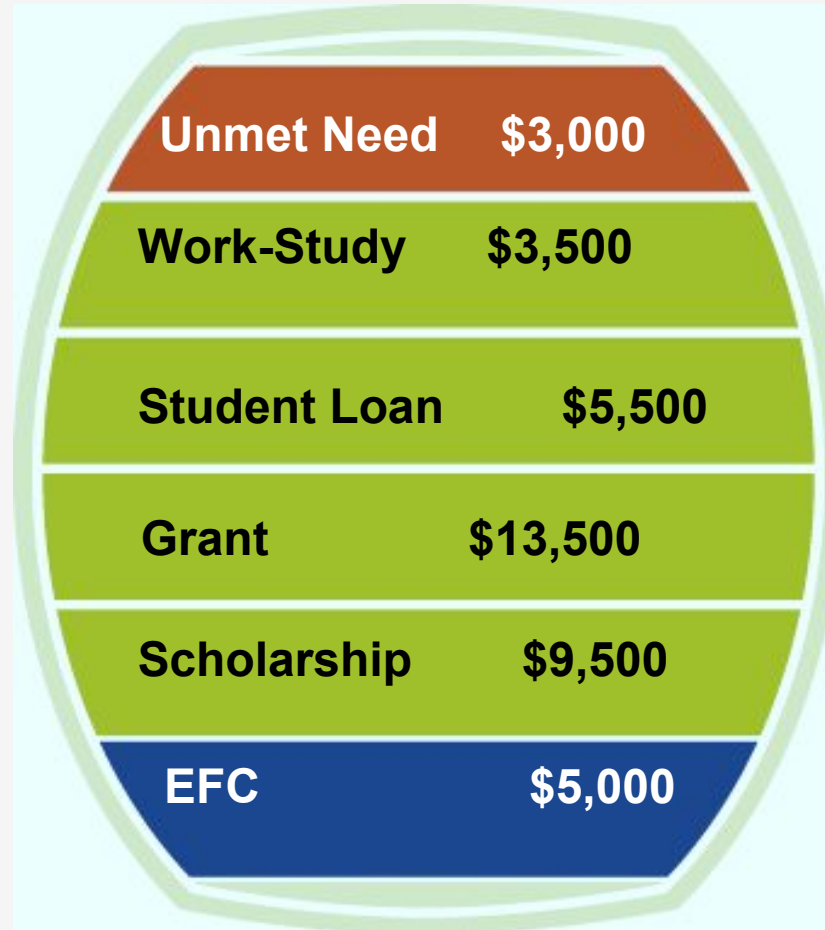
Based on 2018-19 Federal Methodology

How the Formula Works



Financial Aid Awarding

**College COA =
\$40,000**



Unmet need is the FAMILY's responsibility

Award Letters: Totals Can Vary

COA: \$40,000

EFC: \$5,000

Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$26,000	\$23,000	\$18,000
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$3,500	\$3,500	\$3,500
Total	\$35,000	\$32,000	\$27,000
Unmet Need	\$0	\$3,000	\$8,000

Award Letters: Types Can Vary

COA: \$40,000

EFC: \$5,000

Total Eligibility: \$35,000

	College A	College B	College C
Grants/Scholarships	\$23,000	\$13,000	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loan	\$0	\$10,000	\$26,500
Work-Study	\$3,500	\$3,500	\$0
Total	\$32,000	\$32,000	\$32,000
Unmet Need	\$3,000	\$3,000	\$3,000

PAYING FOR COLLEGE

Filling the EFC and Unmet Need: An Example

	Source	Favorite College
Balance Due		\$20,000
Past Income	<i>Student Savings and Summer Earnings</i>	-\$1,500
	<i>Parent Savings</i>	-\$4,000
Present Income	<i>Parent Contribution to Payment Plan</i>	-\$4,500
Future Income	<i>Private Education Loan</i>	<u>-\$10,000</u>
		\$0

Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 4.45% fixed interest rate for 2017-18
- Repayment:
 - No payments due while enrolled
 - Multiple options (many tied to income)
 - Approximately \$300/month for 10 years for \$27,000 debt
 - Deferment, forbearance, and forgiveness opportunities



Paying for College in MA: You Have Options

•Tuition Break

- Reduction on out-of-state tuition costs at New England schools
- For programs not offered in your home state

•MassTransfer: Gen Ed Foundation

- Guaranteed credit transfer from community college to 4-yr public MA school

•MassTransfer: A2B Degree

- Guaranteed credit transfer from community college to 4-yr public MA school
- No application fee or essay
- Guaranteed admission and tuition credit based on GPA

•MassTransfer: A2B & Commonwealth Commitment

- Guaranteed credit transfer from community college to 4-yr public MA school
- No application fee or essay
- Guaranteed admission and tuition credit based on GPA
- Receive 10% off and then a freeze on tuition & fees if 3.00 GPA maintained

FREE RESOURCES

National and Community Resources

- FAFSA Day
 - Free assistance completing the FAFSA: FAFSADay.org
 - October 2017 through February 2018
- Educational Opportunity Centers
 - Free financial aid help
 - MassEdCO.org
- Scholarships:
 - Fastweb.com
 - GoodCall.com
 - mefapathway.org



Understanding Your Financial Aid & Paying for College Seminars


- Provides assistance and clarity on:
 - Financial aid awards
 - College bill
 - Payment plans
 - College loans
 - What to ask the Financial Aid Office
- Locations across MA in March and April
- Register for MEFA emails to receive location details
- Webinars also offered

What You Can Do Now


- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications

mefaSM
Massachusetts Educational
Financing Authority


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 **The appeal process**
If your child received an acceptance from college choice #1, but didn't receive enough financial aid, there's a few things you can do. Most colleges have an appeal process to request additional funds, and now's the time to get it started. We have the full details in our blog, *Need more financial aid? Learn about the appeal process.*

[Read the post >](#)

 **On the waitlist**
The college waitlist has grown in popularity over the past few years, and your son or daughter may have received a waitlist letter from a college of choice. Read our tips on steps to take while you wait for the college's final decision in our post, *What to do if you're on the waitlist.*

[Learn about the waitlist >](#)

 **Understanding your financial aid**
As you review your financial aid awards, you may have questions about the different types of aid offered. We have a rundown to describe the most common financial aid awarded, the source of each, and how each kind helps pay for college costs. View our summary online now.

[View the details >](#)

Questions or Comments?

Presenter: *Deirdre Hurley*

mefa.org

info@mefa.org

(800) 449-MEFA (6332)

