



**Please silence your cell phones!**

Thank you for being considerate to the people around you.



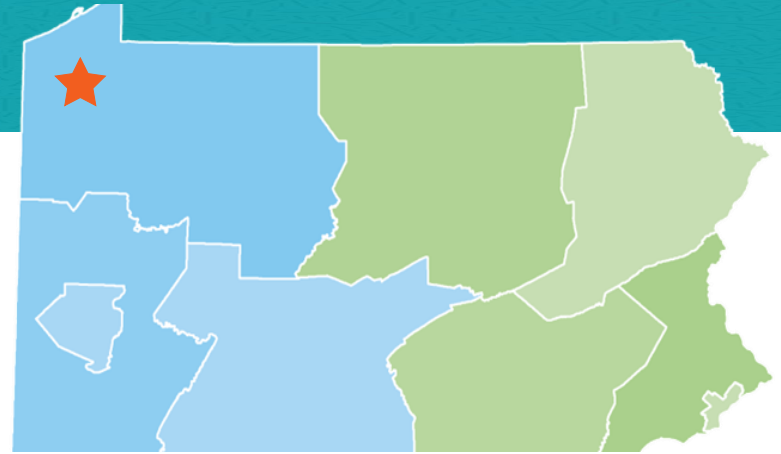
Pennsylvania Higher Education Assistance Agency

LET'S MAKE  
**CENTS**  
OF PAYING FOR COLLEGE



**Financial Aid 101**

# Your Presenter



**Amy Sloan**

**Higher Education Access Partner**

**NW Region**

**PA Higher Education Assistance Agency  
(PHEAA)**

**724-977-3662**

**[asloan@pheaa.org](mailto:asloan@pheaa.org)**



# Topics



- **Necessary Things to Consider**
- **BE A SMART CONSUMER**
- **Financial Aid Made Simple – 5 Steps**
- **Federal and State Aid**
- **Scholarships**
- **The Free Application for Federal Student Aid (FAFSA)**
- **Financial Aid Award Letters**
- **Loans**
- **Web Resources**

# Necessary Things to Consider

## Students - *Return On Investment*

- Your Academic Major Choice, Academic Demands
- What will be your Expected Salary?
  - » Versus the Cost of the Education?
- What are the Employment Demands? Now/Future?
- Where are your best Employment Options?
  - » Big city? Rural location? Cost of Living where you work?



# Necessary Things to Consider

## Parents – Affordability

- College Costs - Tuition, Housing, Food, Books, Fee
- Out of pocket costs beyond just the first year
- Cost of Transportation - logistics between semesters, breaks
- Are you willing to seek loans for your student's education?
- Do you know your best parent loan options?
  - » Federal Parent (PLUS) Loans, Private Loans

# Be a Smart Consumer



## DO YOUR RESEARCH

What is the net price you will pay?

What is the graduation rate?

What is the average debt of graduates?

Employment outcome for recent grads?




# Net Price Calculator

**NET PRICE CALCULATOR**

Estimate the cost of your education using our Net Price Calculator.

[Click Here](#)

A silver and black calculator is shown at an angle, positioned to the right of the text. The calculator has a digital display showing '00000000' and various function keys like 'AC', 'CE', 'MC', 'M+', 'M-', 'I', 'II', '+', and '='.

# MySmartBorrowing.org

- An interactive, online tool created by PHEAA that helps students and families:
  - » Estimate career salaries & college tuition
  - » View the impact of savings on overall cost
  - » Calculate loan repayment
  - » Avoid overborrowing



# The Rule

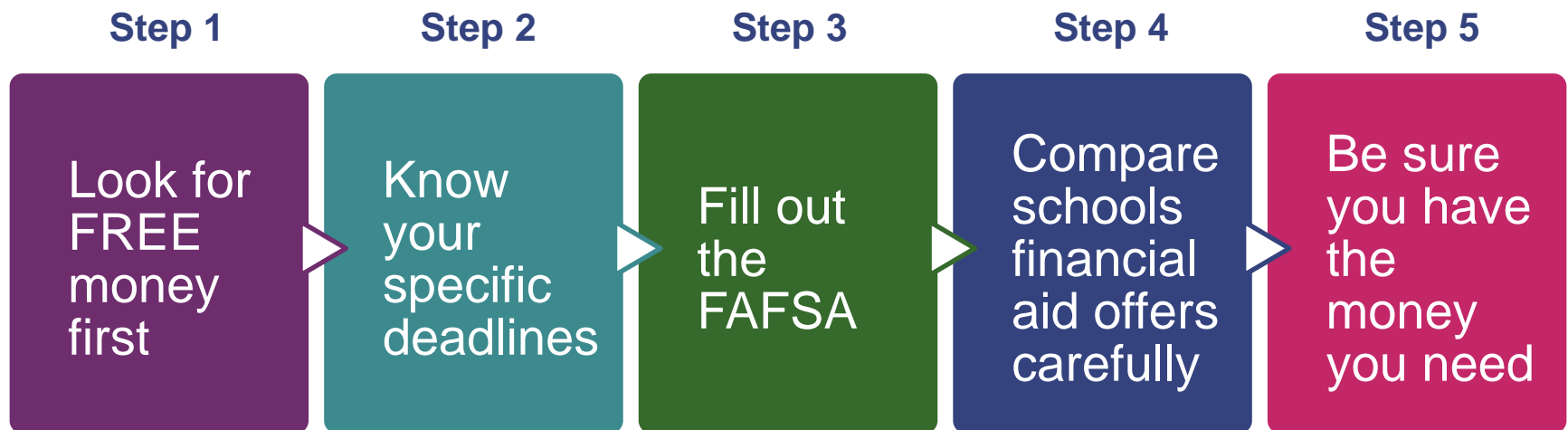
Don't borrow more to get your education than you can reasonably expect to make during your very first year in the workforce.

- This keeps your loan payment  $<12\%$  of gross earnings
- (Recommendation from the National Endowment for Financial Education, [nefe.org](http://nefe.org))



# Financial Aid Made Simple

## 5 Steps to Financial Aid



# What Is Financial Aid?



Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses.

- Grants/Scholarships (free money)
- Self-Help (work, savings, etc.)
- Loans

# Funding Sources



**Federal Government**



**State Government**



**School or College**



**Scholarships**

# Step 1: Look for Free Money First



**Family  
resources**



**Private  
scholarships  
or grants**



**Educational  
Loans**



**Money from  
colleges**



**Federal or  
State  
financial aid**

# Step 1: Look For Free Money First

- Scholarships ARE obtainable – Effort pays off!
- Start Searching Early
- Use FREE scholarship search sites
- Don't miss deadlines
- AVAILABLE beyond the first year
- Wide VARIETY of criteria –
  - » Community Service, Unique Achievements, Grades, Sports, Ethnicity, Religion, Heritage, Parent Occupations, High School Location, Students Major Selection
- Check corporate websites such as Target, Walmart, Kentucky Fried Chicken
  - » All have scholarships programs and you do not have to work there to be eligible.



***(Scholarships WILL reduce your debt and need to borrow with loans!)***



# SCHOLARSHIPS – FREE MONEY

**High School Seniors  
apply for an  
average of  
0  
scholarships**

- ❖ **Don't leave free money on the table**
  - ❖ **Employers, bank, credit union, church**
- ❖ **Larger scholarships due in the fall**
  - ❖ **Intel Science Talent Search, Burger King Scholars Program, Live Mas Scholarship- Taco Bell, Cameron Impact Scholarship (juniors), AXA Achievement Scholarship, Coca Cola Scholars, ThanksUSA**
- ❖ **Local, smaller scholarships in spring**
- ❖ **Apply to many – set a goal!**

# Fastweb.com

- Largest, most accurate and most frequently updated scholarship database
- Matches scholarships to specific student criteria
- Sends email message when students qualify for a scholarship



# Federal Programs

- Pell Grant - max award \$6,195\*
- Max EFC is 5486
- Campus-based aid (amounts determined by Financial Aid Office at each potential school)
  - » FSEOG.....up to \$4,000
  - » Federal Work-Study...FAO determines

For most programs, student must be enrolled at least half-time.

\* **Goes to most financially needy students**

# Pennsylvania State Grant\*



- In-state (PA) - Full-time: up to \$4,123
  - In-state (PA) – Full-time Distance Education: up to \$3,092
  - In-state (PA) – Part-time: 1/2 of the FT award
  - Out-of-state - Up to \$526 in DC, DE, MA, OH, VT, WV. \$702 for veterans.
  - Amount determined in part by the cost of the school.
- \* Must be at least half-time to be eligible**

# 2019-20 Maximum Awards



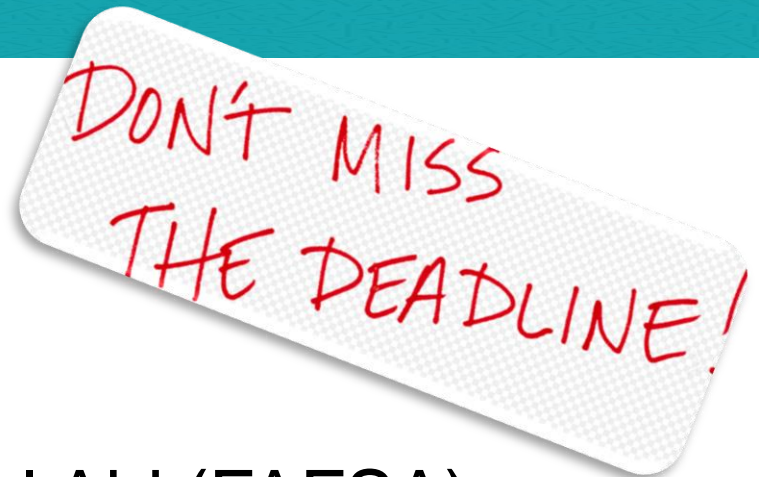
The maximum award for student attending an approved school in a reciprocal state is \$526, and \$702

**\* Must be at least half-time to be eligible**

Cost Tier	Final Maximum Award	Final DE Award
\$0 - \$12,000	\$2,193	\$1,645
\$12,001 - \$19,000	\$3,509	\$2,631
\$19,001 - \$29,000	\$3,772	\$2,829
\$29,001 - \$32,000	\$4,123	\$3,092

# Step 2: Know Your Deadlines

- Applications for Admission
- Deadlines for Scholarships
  - » Institutions, Outside Sources
- Free Application for Financial Aid (FAFSA)
  - » Available October 1 of Senior Year
  - » Schools have Priority Deadlines



# PA State Grant Deadlines

- **May 1, 2020** - If you plan to enroll in a degree program or a college transferable program at a junior college or other college or university (excludes community colleges)
- **August 1, 2020** - If you plan to enroll in a community college; a business, trade, or technical school; a hospital school of nursing; or a 2-year program that is not transferable to another institution



# Deadlines Are Crucial



- Make sure you know the priority FAFSA filing deadlines for the schools you are researching
- File your FAFSA prior to the earliest deadline of your school possibilities
- Students do not have to be accepted to list schools on the FAFSA



# Step 3: Fill Out the FAFSA

## (The FAFSA is your Connection to Funding)

The FAFSA is a federal form used to determine student eligibility for the following:

- Federal programs, such as Pell Grants, work-study, and student loans
- State programs, such as Pennsylvania State Grant, and other special programs
- School programs, such as need-based grants and scholarships



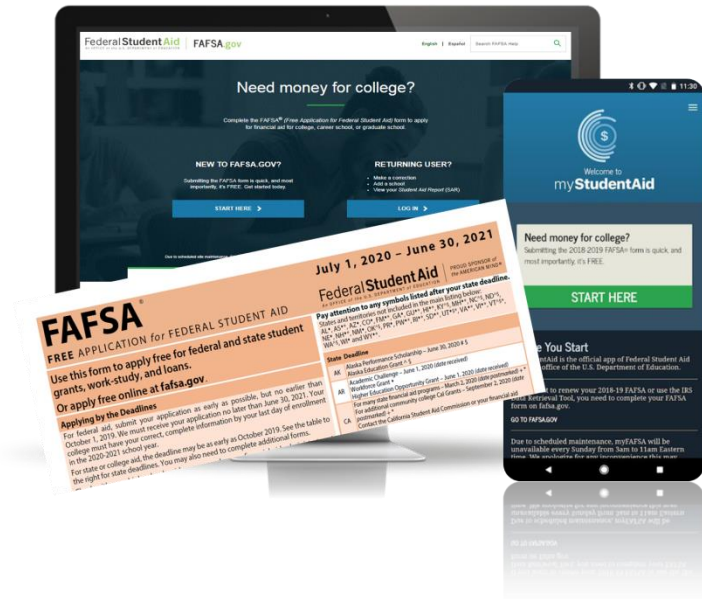
# Free Application for Federal Student Aid (FAFSA)

FAFSA.gov

myStudentAid app

PDF at studentaid.gov  
or 1-800-433-3243.

FAFSA available  
October 1 of  
student's senior  
year of high school



# Create Your FSA ID's

- The student applying for aid and one parent providing information on the FAFSA need to create an FSA ID at [fsaid.ed.gov](https://fsaid.ed.gov)
- Create prior to completing the FAFSA
- Provides access to FAFSA and Federal Student Aid online systems
- Legal Signature for student and parent

**After verifying, the mobile phone number can be used as the username to login**

Username

Password

Email Address

Mobile Phone

Security Questions

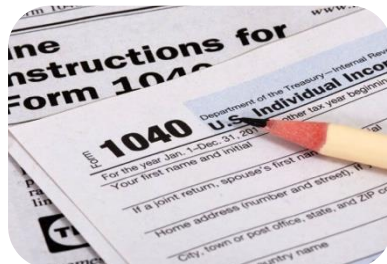
Social Security Number

# 2020-2021 FAFSA Prep

## Information Needed for FAFSA



Social Security Numbers



Federal Tax Returns and W-2's (2018)



2018 Untaxed Income



Checking and Savings Account Statement Balances as of FAFSA Filing Date



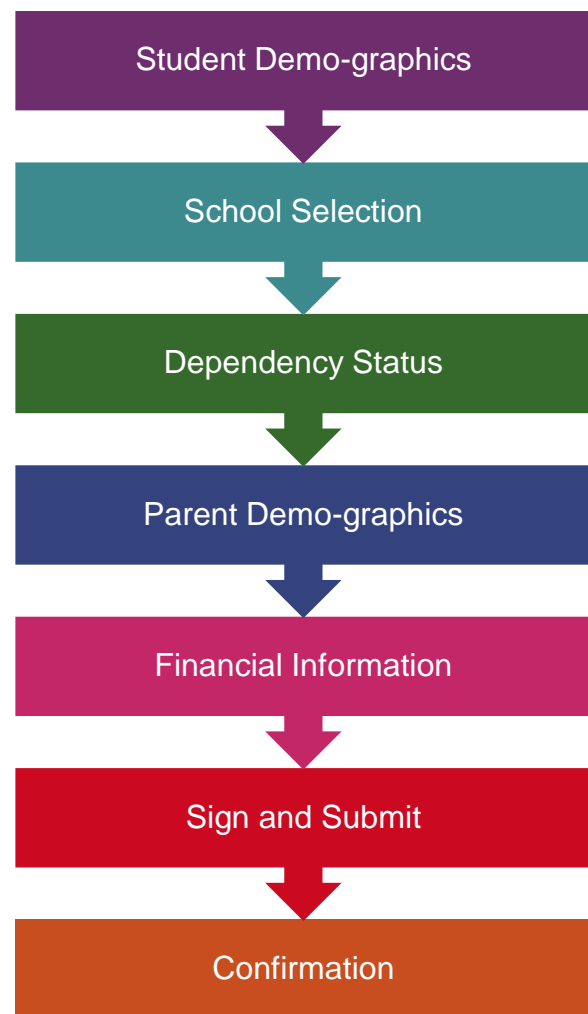
Investment Records



Email Addresses

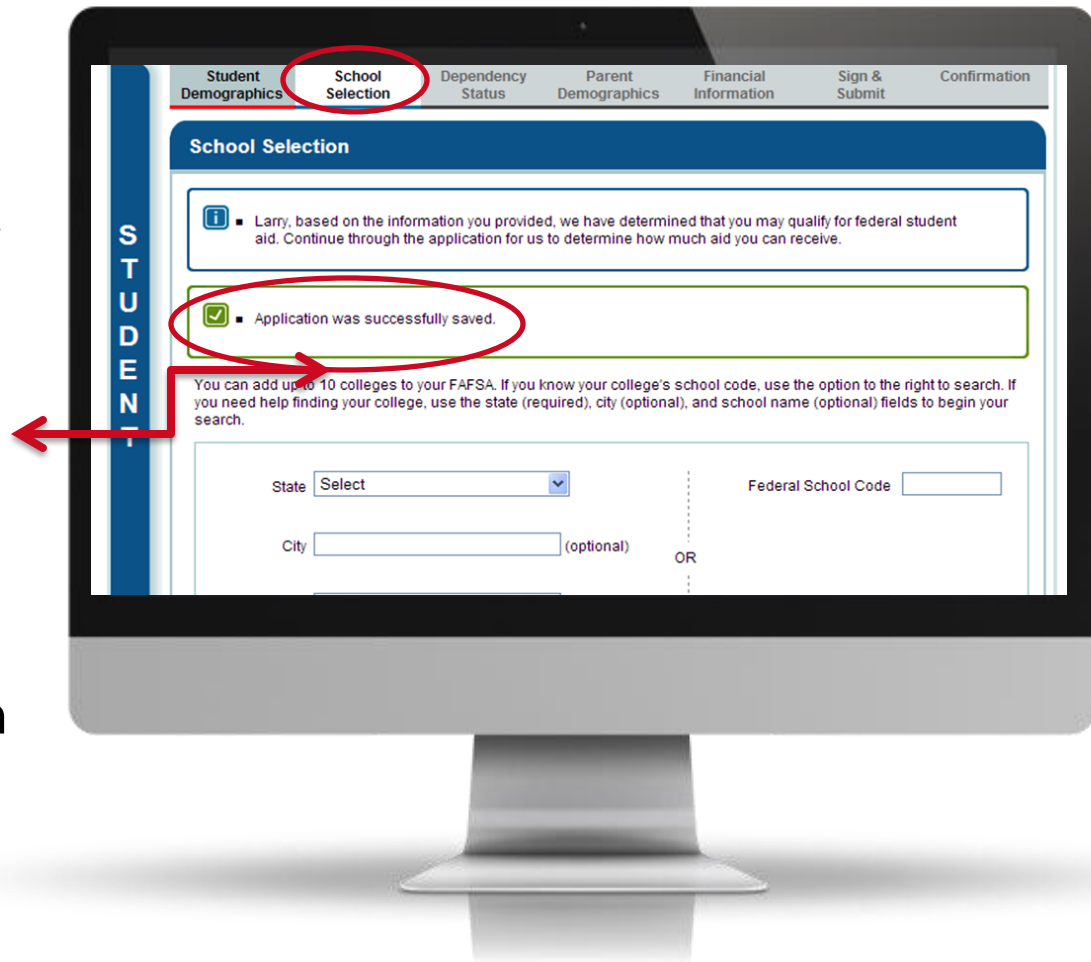
# FAFSA Steps

- ✓ Login – student or parent
- ✓ Disclaimer – select accept
- ✓ Application Year
- ✓ Save Key
- ✓ Introduction



# FAFSA - School Selection

- Look at more than one!
- Schools will only be allowed to see your financial information when you list them on the FAFSA
- **You can add up to 10 colleges at a time**
- Student does not need to be accepted by school
- **NOTE:** Once your final decision is made, update your PA Grant information with the school you **WILL** attend.



# Whose information is included on the FAFSA?

## YES

- **Married parents living together**
- **Biological parents living together**
- **Divorced or separated parents**
  - » **The parent the student lived with most over the past 12 months. If equal, then the parent who provides more than 50% of student's support**
- **Stepparents – If part of student's household**
- **Adoptive parents**

## NO

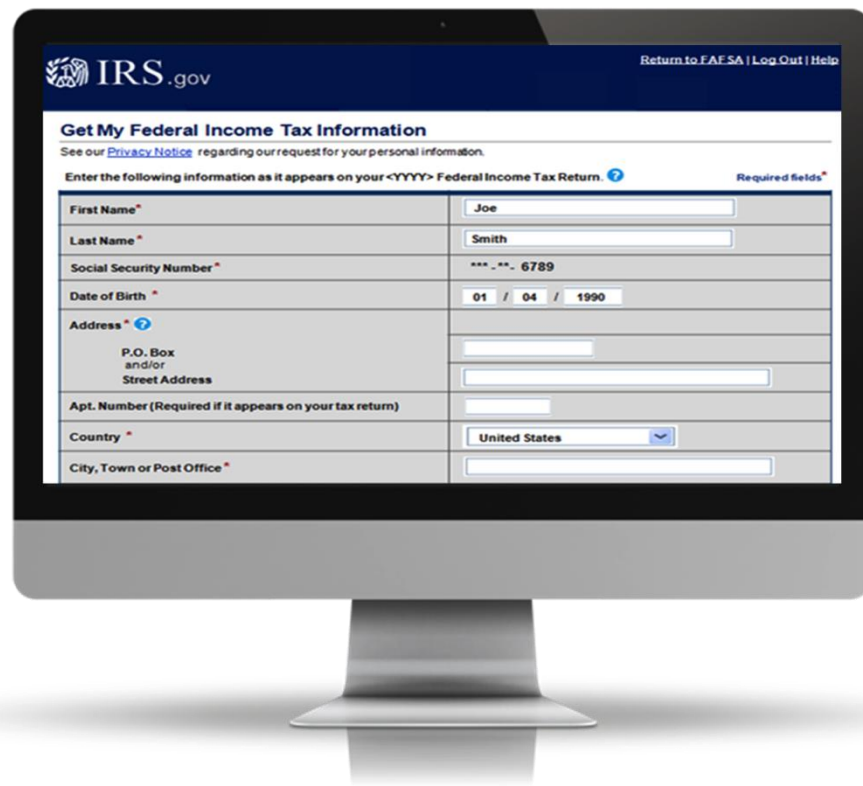
- **Foster Parents**
- **Legal Guardians**
- **Anyone else the student is living with**



# IRS Data Retrieval Tool

After taxes are filed:

- Automatically pulls in IRS Tax info for parents and students and places data into the FAFSA
- **REQUIRED!**
- ALSO in Student Section, if student is filing taxes
- If estimated income is used to complete the FAFSA, go back later and use IRS Data Retrieval Tool



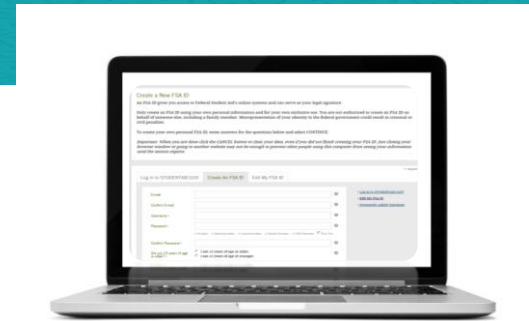
The image shows a computer monitor displaying the IRS Data Retrieval Tool form. The form is titled "Get My Federal Income Tax Information" and includes a privacy notice. It asks for the following information as it appears on the user's federal income tax return:

Enter the following information as it appears on your <YYYY> Federal Income Tax Return. <small>Required fields*</small>	
First Name*	Joe
Last Name*	Smith
Social Security Number*	***-**-6789
Date of Birth*	01 / 04 / 1990
Address* <small>P.O. Box and/or Street Address</small>	
Apt. Number (Required if it appears on your tax return)	
Country*	United States
City, Town or Post Office*	



# Signing with the FSA ID

- **A FAFSA IS NOT COMPLETE UNTIL SIGNED!**
- You'll use it again for:
  - » Renewal FAFSA
  - » FAFSA status and corrections
  - » Signing a Direct Loan Master Promissory Note (MPN)
  - » Complete required entrance and exit loan counseling
  - » Review loan history at [NSLDS.ed.gov](https://www.nsls.ed.gov)

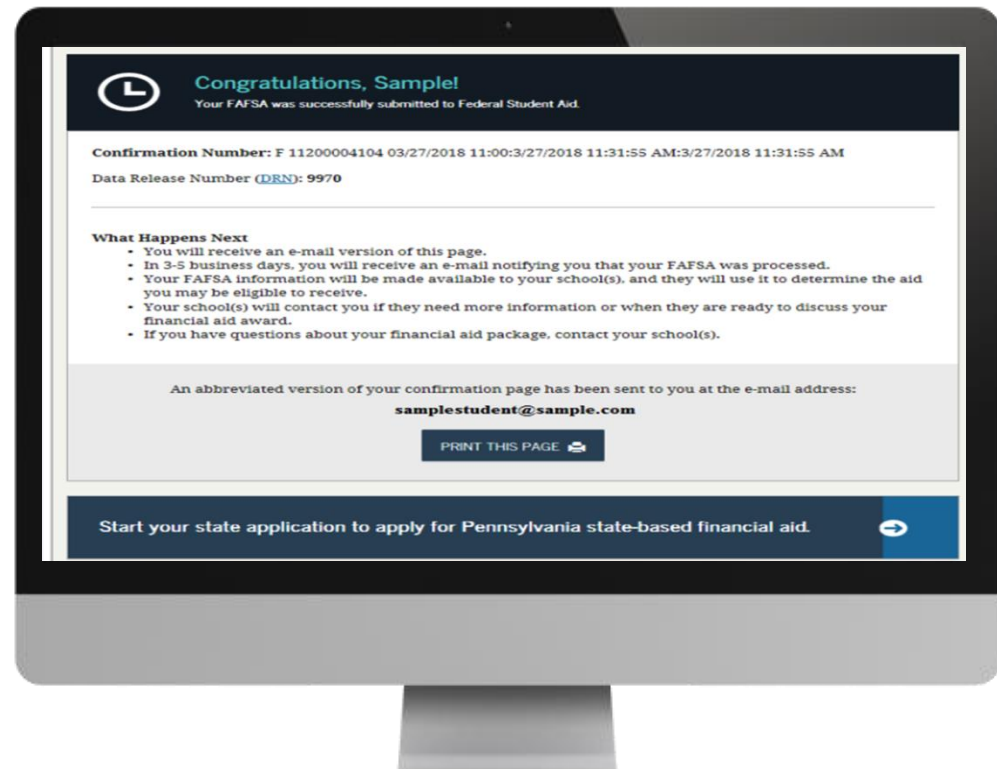


[fsaid.ed.gov](https://fsaid.ed.gov)

# Pennsylvania State Grant Form



Link directly to the State Grant Form from the **FAFSA Confirmation Page** of your FAFSA!



# PA State Grant Form (SGF)

- ✓ Check Rights and Responsibilities Box to electronically sign SGF

**Rights and Responsibilities**

After reviewing your Rights and Responsibilities you must check the box at the bottom to confirm that you have read and agree to the Rights and Responsibilities.

[View Rights and Responsibilities](#) [? Can't open document?](#)

By submitting this electronic Pennsylvania State Grant Form, I/we hereby affirm acceptance of the Statement of Certification and Authorization found in the Applicant's Rights, Responsibilities, Use of Social Security Number, and Certification for the Pennsylvania State Grant Program, which is incorporated herein by reference and which I/we have read, agree to, and certify. I/we further understand that if I/we provide an email address, communications regarding the State Grant Program may be sent to me/us through electronic communications methods. Additional certification and verification may be required following review of this application.

\*  I have read and agree to the Rights and Responsibilities of this application.

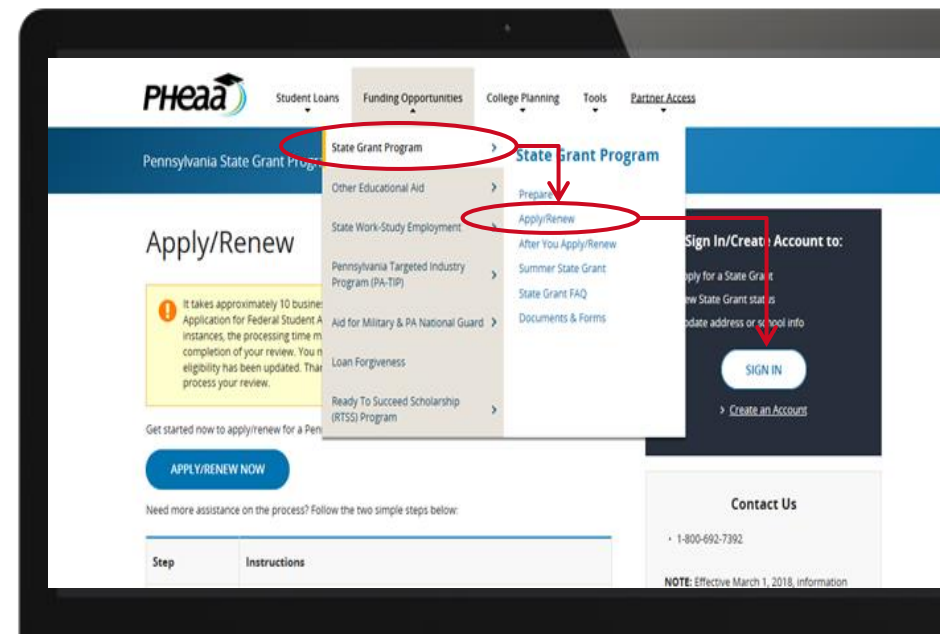
[Exit Application](#) [Submit My Info >>](#)

# Online State Grant Application

- Missed the link or it wasn't available?
  - Link in an email sent to student/parent from PHEAA,

**OR**

  - Go to [PHEAA.org](https://www.pheaa.org); State Grant Program; and complete the form
- Additional questions needed to determine PA State Grant eligibility:
  - » Enrollment status (full-time/part-time)
  - » Value of PA 529 College Savings Program
  - » Program of study for students in vocational programs
  - » Employment status



**? Help screens are available for all questions**

# FAFSA Tips

Ensure SSN accuracy on FSA ID and FAFSA

Gender question is optional – answer it for selective service

Don't mix student and parent information – SSNs, Email addresses, phone numbers

Have federal tax and other related information to use as a reference – w-2's

It's OK to estimate if taxes aren't file yet – update later using IRS DRT

# FAFSA Tips

Review untaxed income questions

Review asset questions

529 Plans must be reported as a parent asset

Assets do NOT include home, retirement or insurance

Do not report a business if it employs less than 100 full-time employees

Do not report farm, if you live on farm

Some can skip asset questions

# FederalStudentAidHelp.gov



Welcome to the Federal Student Aid Information Center.

How may we help you?

## FAFSA

Learn how to complete, sign, correct, and check the status of your application.

## FSA ID

Get help creating, recovering, and managing your FSA ID.

## Loans

View your loan and grant history, find your loan servicer and find who to contact to get out of default.

## Awards & Eligibility

Learn more about receiving your money and how your award was calculated.

Need further assistance? Contact us.

## Chat with Us



Chat with Us  
Your expected wait is 0 seconds.

## Call Us

**1-800-4FED-AID**  
(1-800-433-3243)

International Caller? Can't make a toll-free call?  
1-334-523-2691

Hearing Impaired? — TTY calls only.  
1-800-730-8913

## Hours of Operation

We are currently **Open**.

**Monday – Friday** 8 a.m.–11 p.m. ET  
**Saturday – Sunday**  
11 a.m.–5 p.m. ET

We are closed on federal holidays, the day after Thanksgiving and on December 24th.

## Email Us

For general questions you can **E-mail Us**.

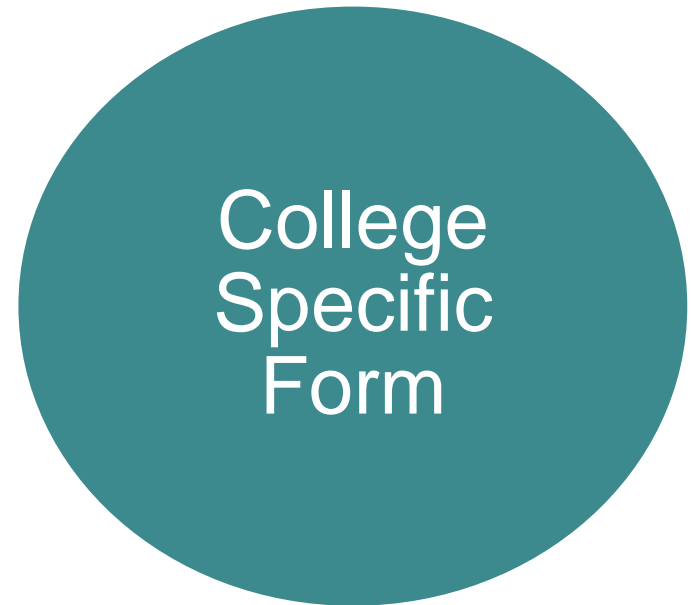
We can not reset FSA ID passwords or provide loan information through E-mail.

For assistance with these issues, please **Chat with Us** or **Call Us**.

# Other Forms You May Need to Complete



✓ **Check with your school**





# What happens after filing your FAFSA?

Information will be shared with PHEAA and all college choices.

In a few days an email will be sent to the student regarding the processing of their FAFSA and their Student Aid Report.

Students should monitor the email account provided on the FAFSA and respond to requests from Federal Student Aid, PHEAA and the colleges.

# Expected Family Contribution (EFC)

The EFC is a number derived from a federal formula which considers a family's income, assets and other factors.

In theory, the EFC is the amount a family can reasonably be expected to pay toward college expenses each year.

In reality, it is not the amount a family is required to pay and it is rarely the amount a family actually pays.

# The EFC and how it is Calculated



- The EFC is a number derived from a federal formula
- Remains the same no matter which school the student attends
- Primarily income-driven
- Parental & student income & assets
- Family size and number of family members in college
- Age of older parent

# Special Circumstances

*\*You're filing the FAFSA based on 2-years prior income. (PPY)*

## **\*If things change...**

- Reduced income
- Divorced or separated parents
- Recent death or disability



**Contact your school and PHEAA!**

# Step 4: Compare Schools Financial Aid Offers Carefully

How much of the financial aid is free money?

Which awards are based on need, and which are based on merit?

Are there any conditions on the free money? GPA requirement?

Will awards increase as tuition increases?

Will awards change from year to year?

Are loans included?

What is the bottom line cost?

# Comparing Packages

<b>Cost</b>	<b>\$20,000</b>	<b>\$30,000</b>	<b>\$50,000</b>
<b>EFC</b>	\$ 3,000	\$ 3,000	\$ 3,000
<b>Need</b>	\$17,000	\$27,000	\$47,000
<b>Free Money</b>	\$ 6,000	\$ 8,000	\$18,000
<b>Loans</b>	\$ 5,500	\$ 7,000	\$ 8,000
<b>Work-Study</b>	\$ 0	\$ 2,000	\$ 3,000
<b>TOTAL AID</b>	<b>\$11,500</b>	<b>\$17,000</b>	<b>\$29,000</b>
<b>Gap = (Cost – Aid)</b>	<b>\$ 8,500</b>	<b>\$13,000</b>	<b>\$21,000</b>
<b>Actual Cont. = (Cost – Free \$)</b>	<b>\$14,000</b>	<b>\$22,000</b>	<b>\$32,000</b>

# Step 5: Be Sure You Have The Money You Need

- Have you made an affordable choice of school?
  - » Do you understand actual costs to you?
- Have you considered annual out of pocket costs beyond the first year?
- What does your financial aid package look like?
- Do you have a strategy for handling out of pocket costs?
- Do you understand loan options and their limitations?

# Ways to Save

## Dual Enrollment

**Commmute!**



**ROTC**



**Plan ahead to graduate on-time!**



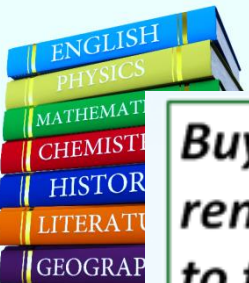
**Ask about a cheaper meal plan.**



**RAs**



**Buy used text books, rent them or go online to find them cheaper!**







How many credits  
should a student  
take to graduate  
on time?

# Meet with your advisor!



# Financial Aid 101

## Federal Loans

# Types of Federal Student Loans

- Undergraduate Students
  - » Subsidized (4.53% interest and 1.059% fee)
  - » Unsubsidized (4.53% interest and 1.059% fee)
- Graduate Students
  - » Unsubsidized (6.08% interest and 1.059% fee)
  - » GradPLUS Loan (7.08% interest and 4.236% fee)
- Parents
  - » PLUS Loan (7.08% and 4.236% fee)

# Subsidized

No interest charged to student while enrolled or in grace

- Based on financial need
- There is a 1.059% fee deducted from loan amount at disbursement

# Unsubsidized

Interest accrues in school and grace

- Any interest not paid during grace will be capitalized at repayment
- There is a 1.059% fee deducted from loan amount at disbursement

**Based on EFC**

# Federal Direct Stafford Loan Borrowing Limits

Undergraduate Students			Graduate Students
Annual Limits	Dependent Students	Independent or dependent students whose parents are unable to borrow a PLUS Loan	Graduate or Professional Studies
<b>1<sup>st</sup> Year</b>	<b>\$5,500</b> Total No more than \$3,500 may be subsidized	<b>\$9,500</b> Total No more than \$3,500 may be subsidized	<b>\$20,500</b> each academic year Graduate / Professional students are no longer eligible for subsidized loans
<b>2<sup>nd</sup> Year</b>	<b>\$6,500</b> Total No more than \$4,500 may be subsidized	<b>\$10,500</b> Total No more than \$4,500 may be subsidized	
<b>3<sup>rd</sup> Year and beyond</b>	<b>\$7,500</b> Total No more than \$5,500 may be subsidized	<b>\$12,500</b> Total No more than \$5,500 may be subsidized	
<b>Aggregate Limits</b>	<b>\$31,000</b> Total No more than \$23,000 may be subsidized	<b>\$57,500</b> Total No more than \$23,000 may be subsidized	<b>\$138,500</b> Total No more than \$65,000 may be subsidized

# Federal Direct PLUS Loan

- For parents of dependent undergraduate or graduate level students
- In parent's name for student costs
- Rates set every July 1st for the life of that year's loan; fees are deducted from disbursement
  - » 7.08 % variable/fixed interest rate; 4.236% fees (AY 19/20)
- Can borrow up to the Cost of Attendance
- MUST apply each year
- No Debt-to-Income test, only lenient credit check
- Can have an endorser (co-signer)
- Principal can be deferred while student is in school; Interest will continue to accrue
- IF denied - student is eligible for an additional \$4,000 unsubsidized loan
- Must file a FAFSA



**ONLY consider private or alternative loans after looking into all other sources of financial aid.**



# Private/Alternative Loans

- From private lenders or financial institutions
  - » In student's name/co-signers usually required
  - » Can borrow up to the Cost of Attendance
  - » Based on credit scores and debt-to-income
  - » Repayment may be deferred until education completed
  - » Terms vary by lender – compare before making choices
  - » Students must sign a “Self Certification Form” per DOE
- **READ THE FINE PRINT**

# [PHEAA.org/PAForward](https://PHEAA.org/PAForward)

PHEAA's new PA Forward Student Loan Program is designed specifically for PA students and families.



# PA Forward Loan Program & Eligibility Requirements

- The PHEAA PA Forward loan program was launched on April 30, 2019
  - » Includes undergraduate, graduate, parent, and refinance programs
- Student
  - » PA Resident attending any Title IV approved school
  - » DE, MD, NJ, NY, OH, and VA resident attending a PA Title IV approved school
  - » Enrolled at least ½ time
  - » Seeking a Degree, Certificate or Diploma
  - » Aggregate limit of \$150,000

# PA Forward Loan – Undergraduate

These loans are designed specifically for students enrolled or who plan to be enrolled at least half time in a Title IV approved degree, certificate, or diploma granting program.

## Loan Benefits

- Low-cost, fixed interest rates (5.01-7.43% APR)<sup>1</sup>
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)<sup>3</sup>
- Low minimum loan amount: \$1,500
- 0.50% interest rate reduction for graduating
- 0.25% interest rate reduction for enrolling in *Direct Debit*<sup>4</sup>
- No pre-payment penalty
- Multiple repayment plans
- Co-signer release option

# PA Forward Loan - Parent

These loans are designed specifically for parents or guardians of dependent undergraduate students enrolled at least half-time in a Title IV approved degree, certificate, or diploma granting program.

## Loan Benefits

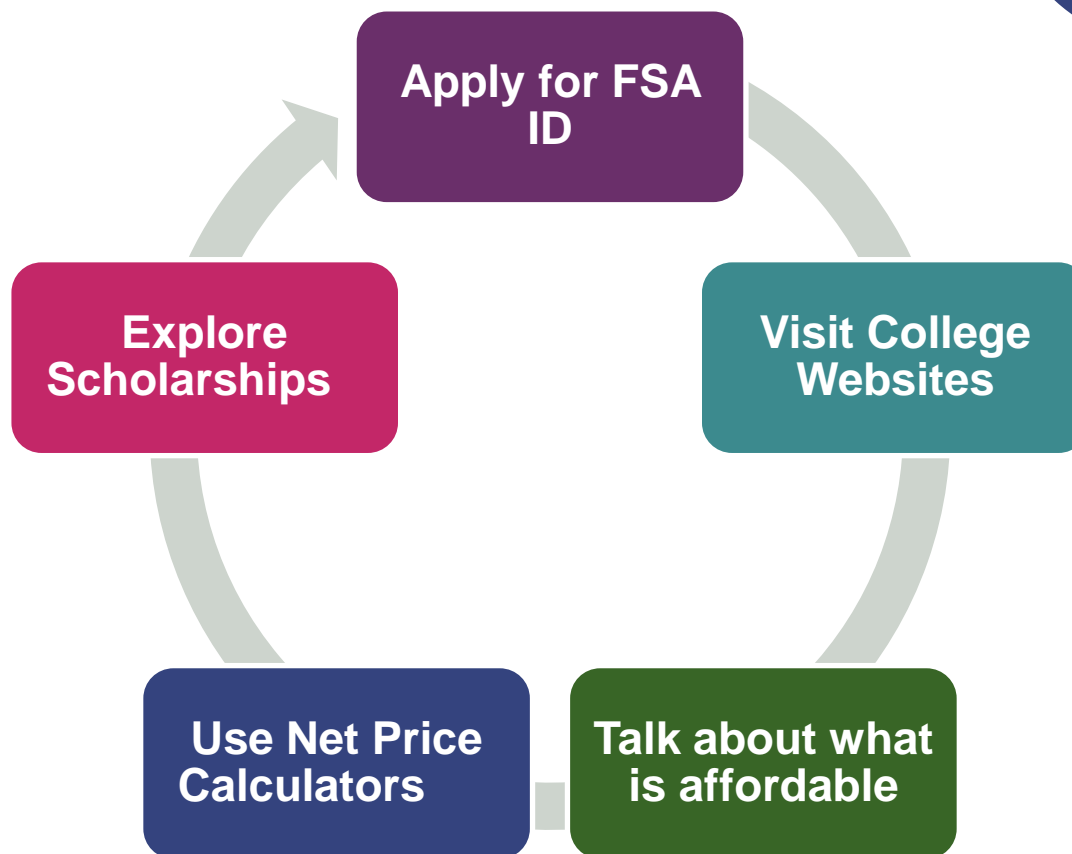
- Low-cost, fixed interest rates (5.19-7.38% APR)<sup>2</sup>
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)<sup>3</sup>
- Low minimum loan amount: \$1,500
- 0.25% interest rate reduction for enrolling in *Direct Debit*<sup>4</sup>
- No pre-payment penalty
- Multiple repayment plans

(Includes in-school interest only option)

# **Financial Aid 101**

**Final Thoughts & Wrap-Up**

# What Can You Do Now?



# Use Your Resources



- **PHEAA.org**
- **EducationPlanner.org & MySmartBorrowing.org**
- **YouCanDealWithIt.com**
- **MyFedLoan.org**
- PHEAA toll free: 800.692.7392
- Federal Student Aid Info Center – 800.433.3243
- **FASFA.gov**
- **StudentAid.gov** – general financial aid info
- **StudentLoans.gov** – information on federal loans



# Ways to Reduce the Need for Financial Aid

- Graduate on Time
- Research and find the right school and major
  - » Minimize transfer and change of major
- Earn College Credits while in High School through AP courses, Vo-Tech, dual enrollment
- Consider Options for Cutting Costs (commute, take summer classes, buy used books, make practical meal plan and housing choices)
- 2 + 2 Strategy (2 years at a Community College then transfer credits to a 4 year school)
- 3 + 2 (Master's Degree)

# FAFSA Renewal, CSS Profile

- **Renew Every Year for Aid Opportunities**
- **Submit Your Renewal *Early* – It Matters!**
- **If Your School Requires the CSS Profile, You Need to Also Renew Every Year for Aid Options at Your School**



**Lucky You!**

You don't get to fill out the FAFSA or the CSS Profile just once! You get to go through this process **every year** you attend college in order to continue receiving aid.

# Social Media Outreach



PHEAA  
American Education Services  
FedLoan Servicing



@PHEAAaid  
@FedLoan Servicing  
@aesSuccessorg

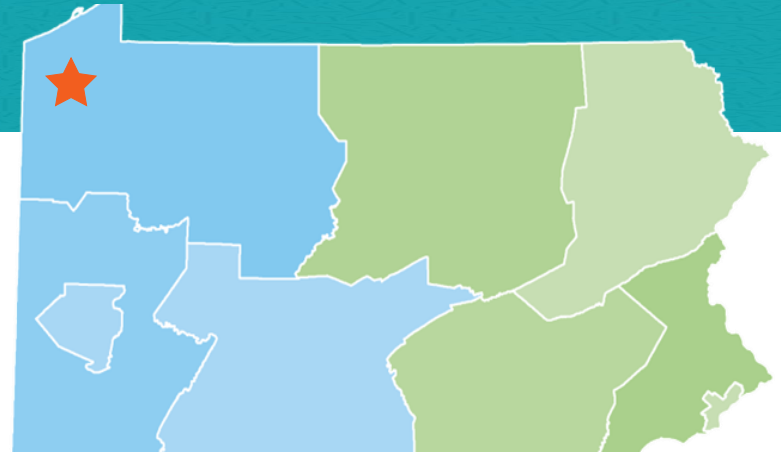


PHEAA

**QUESTIONS?**



# Your Presenter



**Amy Sloan**

**Higher Education Access Partner**

**NW Region**

**PA Higher Education Assistance Agency  
(PHEAA)**

**724-977-3662**

**[asloan@pheaa.org](mailto:asloan@pheaa.org)**