
UNDERSTANDING THE FINANCIAL AID PROCESS

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DO YOU FEEL THIS WAY NOW?



TYPES OF FINANCIAL AID

- Free money
 - Scholarships – typically merit based
 - Grants – typically need based
- Self-help
 - Student loans
 - Parent loans
 - Employment (Work Study)



HOW IS ELIGIBILITY DETERMINED?

- Aid is awarded based on financial need, merit, or a combination of both...*He who gives out the money makes the rules*
 - Filing the FAFSA determines how much a family can contribute (in theory)
 - NYS a bit simpler – based on income and enrollment status
 - Institutional – could be need-based, merit based or both, athletic, academic major, etc.

PHILOSOPHY OF NEED-BASED AID

- Paying for college is a partnership between the student, family and awarding agencies
 - First responsibility of student and family
 - Aid is a supplement to family resources



WHO PROVIDES INFORMATION ON THE APPLICATION?

- The student is the applicant
- Is considered dependent and must provide parental information unless:

Federal

- Veteran or active duty
- Married
- Have children or dependents they support
- They are an orphan, ward of the court, in foster care or legal guardianship
- They are 24 years of age as of 1/1/18
- They are designated as homeless by a high school or other government agency

State

- Married
- 35 years of age or older
- 22 years or older and: does not reside with parents, does not more than \$750 in financial support, has not and will not be claimed as depended on taxes
- Under 22 same as above plus other special conditions (ward of court, orphan, parental rights relinquished, etc.)

WHO IS A PARENT ON THE APPLICATION?

- Biological or adoptive parent(s)
- If parents are divorced or separated, the custodial parent (where the student lives, not who claims them on taxes)
 - If custodial parent is remarried, step-parent is included on the application
 - If biological parents live in the same house, they both must be on the application

No one else is the parent!

HOW TO APPLY

- Deadline Dates - Admission & Financial Aid deadlines are usually different
- Each school may require different forms
 - FAFSA – Free Application for Federal Student Aid (*federal*)
 - CSS Profile – College Scholarship Service Profile (*private institutions*)
 - State Aid applications – TAP, Excelsior, STEM, etc.
 - Institutional forms



HOW TO APPLY – FEDERAL AID

www.fafsa.ed.gov

- Need FSA ID and password for both student and parent
 - Do not use same email address!

The screenshot shows the FAFSA website homepage. At the top, the logo for 'Federal Student Aid' is displayed, along with the text 'An OFFICE of the U.S. DEPARTMENT of EDUCATION' and 'PROUD SPONSOR of the AMERICAN MIND®'. To the right, the 'FAFSA®' logo is shown above the text 'Free Application for Federal Student Aid'. Below this is a navigation bar with icons for 'Home', 'About Us', 'FSA ID' (circled in red), 'StudentAid.gov', and 'Help'. A search bar is located to the right of the navigation bar, with 'English' and 'Español' language options. Below the navigation bar is a large blue banner with the text 'Get help paying for college' and 'Submit a Free Application for Federal Student Aid (FAFSA)'. Underneath the banner is a row of four photos of diverse students. At the bottom, there are two columns of options: 'New to the FAFSA?' with a 'Start A New FAFSA' button (circled in red), 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.

Federal Student Aid
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Get help paying for college
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Returning User?
• Make a correction
• Add a school
• View your Student Aid Report (SAR), and more...
Login

HOW TO APPLY – FEDERAL AID

- Available October 1st each year
- Beginning with 2017-2018 and beyond, use prior-prior year tax info
 - 2018-2019 based on 2016 tax information
- Can use IRS data retrieval tool
 - Imported data is masked and cannot be changed
- Can list up to 10 schools – don't need to wait until they are accepted

HOW TO APPLY – STATE AID (TAP)

- Small link on confirmation page of FAFSA, *or*
- HESC will send email when ETA is available to complete
- NY residents attending NY school
- Income limit of \$80,000 NTI
- Awards range from \$500 to \$5,165



The screenshot shows the HESC website header. The navigation bar includes 'New York State', 'State Agencies', and a search bar. The HESC logo is prominently displayed with the tagline 'We Help People Pay For College'. Below the logo, the text reads 'New York State Higher Education Services Corporation, Andrew M. Cuomo, Governor, Elsa Magee, Acting President'. A yellow button labeled 'My HESC Account Access' is circled in red. Other navigation options include 'Partner Access', 'Prepare', 'Pay', 'Repay', and 'Contact'. The main banner features a woman smiling and the text 'Paying for College Make Your College Dreams a Reality' along with a 'TAP 40 YEARS' logo.

My HESC Account Access



On right side
of screen

Tuition Assistance Program

APPLY FOR TAP
NOW

WHAT ABOUT THE NY FREE TUITION???

EXCELSIOR SCHOLARSHIP

- Program started Fall 2017
- Full-time at CUNY/SUNY colleges may qualify
- Program covers up to **full tuition or \$5,500** (less other grants/scholarships), does not cover fees, room or board
- AGI limits for family:
 - \$110,000 for 2018-2019
 - \$125,000 for 2019-2020 and beyond



EXCELSIOR SCHOLARSHIP



EXCELSIOR SCHOLARSHIP

- Short window of opportunity to apply (Fall 2017 available form 6/7-7/21)
- Designed for on-time completion
 - Must take 12 college level credits per semester and complete 30 credits per year to maintain eligibility
 - If a recipient transfers, they must transfer the equivalent of 30 credits per year applicable to their new program
 - Gap in enrollment/change of major could jeopardize meeting annual credit requirements
- If decertified for not meeting credit requirement/good academic standing, scholarship lost forever
- 5 page contract must be signed – residency requirement equal to length of receipt of award or converts to a loan (limited exceptions apply)

ENHANCED TUITION AWARD

- For full-time students attending **participating** independent institutions
- Can receive up to \$6,000 annually with a combination of TAP, ETA and match from institution
- Same enrollment and residency requirements as Excelsior

OTHER STATE GRANTS/SCHOLARSHIPS

www.hesc.ny.gov

**Higher Education
Services Corporation**

Andrew M Cuomo, Governor Dr. Guillermo Linares - Acting President

[Partner Access](#)

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Grants, Scholarships and Loan Programs

[Federal Grants
& NYS TAP](#)

[Other NYS Grants,
Scholarships & Awards](#)

[Federal
Work-Study](#)

[Other
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Need help?
CHAT NOW ▶

DETERMINING FEDERAL AID AWARDS

- Completion of the FAFSA results in an Expected Family Contribution (EFC)

Need analysis measures *ability* to pay not *willingness* to pay.

EQUITY APPROACH TO RATION LIMITED FUNDS

- Equitable doesn't mean equal!
 - Horizontal Equity – consistent treatment of people in similar circumstances
 - Vertical Equity – appropriately differing treatment of people in different circumstances
 - Assumption that as financial strength increases, more flexibility in how income and assets can be used (larger % of finances are discretionary)

DETERMINING FEDERAL AID AWARDS

- EFC is subtracted from the cost of attendance (sticker price) of the college, any difference is “financial need”

<u>School ABC</u>		<u>School XYZ</u>	
COA	\$32,000	COA	\$14,000
— EFC	\$15,000	— EFC	\$15,000
<hr/>		<hr/>	
Need	\$17,000	Need	\$0

HOW EFC IS CALCULATED (DEPENDENT STUDENTS)

- 4 components
 1. Contribution from parent(s) income
 2. Contribution from parent(s) assets
 3. Contribution from student's income
 4. Contribution from student's assets



PARENT CONTRIBUTION FROM INCOME

- Calculates “discretionary income” – Total income from 2016, taxable and most forms of untaxed income **less** certain adjustments
 - Federal income tax paid
 - FICA
 - Employment Expense Allowance
 - State and local tax allowance
 - Income protection allowance (to cover basic needs)



PARENT CONTRIBUTION FROM ASSETS

- What assets are considered?
 - Cash, savings and checking accounts
 - Net value of business if equivalent of 100 FT employees
 - Net value of any real estate (not including primary residence)
 - Stocks, bonds, mutual funds, 529 Plans, trusts, other investments
 - **NOT** retirement plans
- Total value of assets **less** an “asset protection allowance” assessed at 12% rate
 - Example of APA: 2 parents, age 40 = \$16,800; 2 parents, age 50 \$21,200



DEPENDENT STUDENT CONTRIBUTION FROM INCOME & ASSETS

- Income after threshold amount (currently \$6,420) is assessed at a 50%
- Income above threshold may be viewed as contributing to the household if parents are very low income
- No asset protection allowance, total value assessed at 20%



REALITY AND THE EFC

- Federal Government's definition of discretionary income may not coincide with yours
 - NY high cost of living area
 - Some spend more \$ on discretionary items than gov't considers necessary
- You may have \$0 contribution from assets but use assets for your family contribution
 - Ex. home equity not part of formula, but many families use home equity to help finance



FAFSA TIPS

- If you do not use the IRS DRT to complete the FAFSA, get a copy of your federal TAX RETURN TRANSCRIPT (irs.gov or call 1-800-908-9946).
- Keep all W2 forms issued from employers, including your student's
- If you did not file a tax return in 2016, obtain a “non-filing status” letter from the IRS.

You may not be asked to submit these documents, but get them anyway!



FEDERAL AID PROGRAMS

- Grants
 - Federal Pell Grant – Award amounts range from \$606 to \$5,920 (EFC \$0 to \$5,328)
 - Supplemental Educational Opportunity Grant (SEOG) – typically have to be Pell eligible & award amounts vary at each school (campus based program)
- Loans
 - Direct Subsidized Loan – interest does not accrue while in-school and in-grace
 - Direct Unsubsidized Loan – responsible for interest over life of loan
 - Direct Parent PLUS – credit based loan in parent's name
- Employment
 - Federal Work Study (campus based program)

MORE ABOUT LOANS...

- Federal Direct Subsidized and Unsubsidized
 - \$5,500 annual max for freshman (\$3,500 sub / \$2,000 unsub)
 - \$6,500 annual max for sophomores (\$4,500 sub / \$2,000 unsub)
 - \$7,500 annual max for juniors & seniors (\$5,500 sub / \$2,000 unsub)
 - \$20,500 annual max for graduate students (unsub only)
- 2017-2018 interest rates 3.76% fixed UG, 5.31% fixed for GRAD
- 6 month grace period before repayment
- Flexible repayment terms & sometimes options for forgiveness

More info at www.studentaid.gov

MORE ABOUT LOANS...

- Parent Loan for Undergraduate Students (PLUS)
 - Annual amount up to full Cost of Attendance less other financial aid
 - Can be used to replace Expected Family Contribution
 - 2017-2018 interest rate 6.31% fixed with origination fee of 4.264%
 - Based on parent's creditworthiness – **not guaranteed for all students!**
 - Typically repay while student is enrolled, but there is an option to defer
 - If parent is denied, student can access additional Unsubsidized loan (\$4,000 U1 & U2/\$5,000 U3 & U4)

MORE ABOUT LOANS...

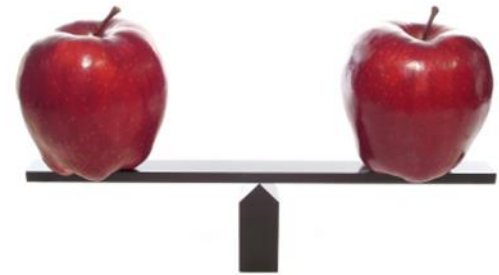
- Private Education Loans
 - Credit based loans with student as the borrower
 - Likely will need credit worthy co-signer
 - Interest rates and loan terms vary by lender
 - Fixed vs. variable rates
 - Repayment while in school vs. interest only payments vs. deferment until graduation

INSTITUTIONAL AID

- *Again...He who gives out the money makes the rules*
 - Need-based, merit-based, skill-based, etc.
- **Know the terms of the award!**
 - 1 year recruitment vs. renewable
 - GPA requirements
 - Program requirements (i.e. ineligible if change in major?)

COMPARE AID OFFERS

- Need to look at the total cost
 - Consider transportation, books, and other misc. expenses
- Evaluate the awards that make up the award package
 - Amount of gift aid
 - Amount of self-help (loans and employment)
 - Terms and conditions of institutional aid
 - Campus based awards – FWS, SEOG
- Compare the annual net cost
- Utilize federal loan calculators to understand what loan repayment will look like after graduation



OTHER MISC. INFO

- Education tax credits
 - School issues 1098-T
 - Credits described in IRS Publication 970
 - Talk to your accountant to see if you qualify
- Parents should speak to employers for scholarships/benefits for their student
- Look for scholarships
 - Outside of school
 - Community based
 - National scholarship searches
 - Scholarships that require a separate application
- AmeriCorps
 - National & community service
 - Provides funding for education in exchange for service
 - Education award up to \$5,550
 - Can be used to pay current or future education expenses *or* repay federal student loans



IMPORTANT WEBSITES

- FAFSA
 - www.fafsa.ed.gov
 - 1-800-433-3243
- HESC
 - www.hesc.ny.gov
 - 1-888-NYS-HESC (697-4372)
- Federal Student Aid
 - www.studentaid.gov



HOPEFULLY HOW YOU FEEL NOW...



QUESTIONS

