

# FAFSA 101: Paying for College



\*Based on figures from 2013-2014 school year

## Ladder Up: Free Services

- **Tax Assistance Program**
  - Family < \$50,000
  - Individual < \$25,000
  - Free tax preparations at over 20 locations
- **Financial Literacy Program**
  - Provides education in: budgeting, credit building and repair, banking & saving, and consumer rights
  - One-on-one coaching for individuals and families looking to improve their financial situation
- **Financial Aid Program**
  - FAFSA assistance at schools and organizations
  - Individual help (hotline, appointments by request and one-on-one coaching)
  - Post-FAFSA workshops to provide an easier transition to college



[www.goladderup.org](http://www.goladderup.org)

# Financing College

The Financial Aid Process:  
Prepare....Apply....Receive...Repay

## The FAFSA:

Who can apply? What type of aid is available?

When do I apply? Where can I apply?

Why should I apply?

## Free Application for Federal Student Aid

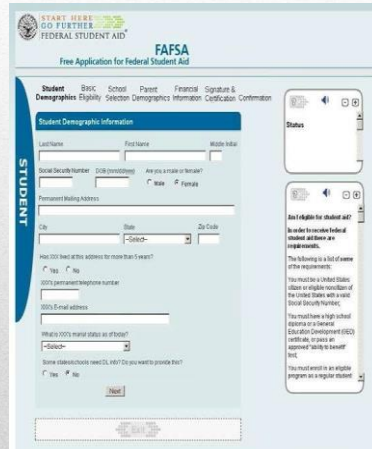
- FAFSA.GOV - IT'S FREE!
- Apply early – Starts January 1<sup>st</sup>!
- Federal, State, Institutional Aid
- Fill out the FAFSA every year you wish to receive aid



**NOTE:** Communicate with each college to inquire about steps to a complete application and any additional forms or applications.

# FAFSA on the Web (FOTW)

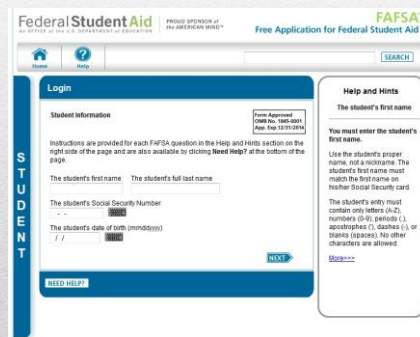
- It's Quick.** Results are sent to the student via e-mail by the next business day.
- It's Easy.** Help screens guide the student through every question. Skip logic is used to reduce unnecessary questions.
- It's Accurate.** Inconsistent answers are flagged so the student can correct mistakes before submitting the application.
- It's Safe.** Encryption keeps the student's information safe.



# FAFSA on the Web (FOTW)

When completing a FAFSA , there is basic information that is mandatory for each applicant:

- Section 1 Student Demographics
- Section 2 School Selection
- Section 3 Dependency Status
- Section 4 Parent Information
- Section 5 Financial Information
- Section 6 Sign and Submit
- Section 7 Confirmation





## Required Documents for FAFSA

Be prepared! Fill out the FAFSA Ready Worksheet now with 2014 information, ask questions, make sure everything is right!

Social Security Numbers

Birthdates

Student Alien Registration Card

2013 W2 Forms

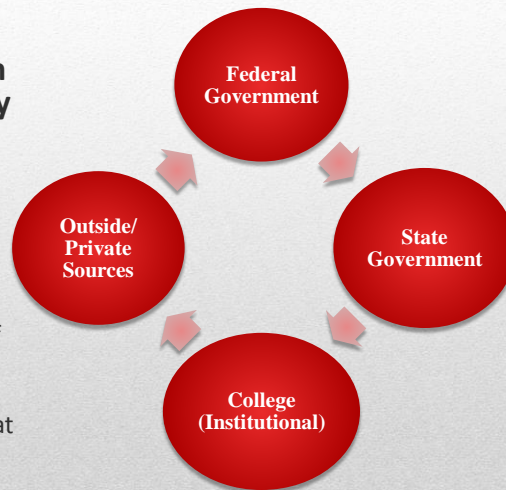
2014 Federal Income Tax

Asset Information

## What is Financial Aid?

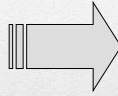
Financial Aid helps make up the difference between what you can afford to pay and the actual cost of college.

- Don't underestimate your options.
- Never assume your personal finances will limit all types of financial aid.
- Don't get sticker shock - college costs may not be what they seem.



# Types of Financial Aid

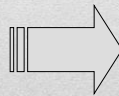
Gift Aid



GRANTS

SCHOLARSHIPS

Self-help  
Aid



WORK-STUDY

LOANS

## GRANTS

A completed FAFSA is required:

- Federal Pell Grant – up to \$5,785
- Federal Supplemental Educational Opportunity Grant (FSEOG) –reduced by 6%
- State of Illinois Monetary Award Program (MAP) Grant – \$4,720\*

\* Maximum awards for 2012-13 school year

# LOANS - Federal Programs

(for Undergraduate Students)

Loan Program	Type	Rate	Freshman Year Max
Perkins	Subsidized	3.86% Fixed	\$5,500
	Unsubsidized	3.86% fixed	Unsub
Stafford	Subsidized	3.86% Fixed	\$3,500
	Unsubsidized	3.86% fixed	\$5,500
PLUS*	Credit-based	4.6% fixed	COA - Aid

\*Repayment starts in 60 days

## Why Federal Student Loans?

- **NEW!** Income-based repayment plans and Public Service Benefits
- **In Progress:** “Pay-as-You-Earn”
- **Lower** interest rates across the board!

**Remember:** you must repay all loans even if you drop out!

DON'T borrow more than you need!!!

Learn more at: [federalstudentaid.ed.gov](http://federalstudentaid.ed.gov)

## Am I Eligible for Federal Financial Aid?

- U.S. citizen or eligible noncitizen
- **Valid** Social Security Number
- High school diploma, GED or equivalent
- Register with Selective Service (**male students only**)
- Seeking a degree or certificate
- Maintain satisfactory academic progress
- Not be in default on a student loan or owe money on a federal student grant



**FAFSA**

## Undocumented Students

- **Status of Parent not important for FAFSA**
- If student does not have SSN:
  - Do NOT complete the FAFSA (we can assist you with finding funding for college)
  - Must rely on private scholarships and institutional aid
  - Apply for as many as you can!
- **Eligible for in-state Illinois resident tuition**
- Resources and private scholarships:
  - [IACAC.org/undocumented](http://IACAC.org/undocumented)
  - [LATINOCOLLEGEDOLLARS.org](http://LATINOCOLLEGEDOLLARS.org)
  - Look in your community! See a Ladder Up representative for more information.



# Completing the FAFSA

## Who Needs Parent Information?

### DEPENDENT

Student must report personal and parental income.

### INDEPENDENT

Student does not need to report parental income, only personal income.

---

## INDEPENDENT

**You are considered independent, only if you fit into at least one of the following categories:**

- Born before January 1, 1990
  - Legally Married
  - Graduate or professional student
  - Veteran or currently serving on active duty
  - Have legal dependents other than a spouse, for whom more than 50% of the support is provided by the student
  - Orphan, ward of the court, or in foster care after the age of 13
  - Emancipated minor or in legal guardianship as determined by a court
  - Unaccompanied youth who is homeless or at risk of being homeless
-



# Who is Considered a “Parent”?

- **BIOLOGICAL** parent(s) with whom you live
  - **STEP-PARENTS** married to your biological parent
  - **ADOPTIVE** Parents (if adopted before age 13)
  - *Grandparents and Legal Guardians are NEVER considered parents - TALK TO YOUR COLLEGE IF YOU BELIEVE YOU HAVE SPECIAL CIRCUMSTANCES.*
  - *FAFSA dependency may not be the same as for taxes (does not matter who parents claim)*
- 

## Homeless and Unaccompanied Youth

---

- **Homeless:** means lacking fixed, regular and adequate housing. Students may be homeless if they are living in shelters, parks, motels or cars, or are temporarily living with other people because they have nowhere else to go. Students may also be homeless if they are living in any of these situations and fleeing an abusive parent.
  - **Unaccompanied:** means student is not living in the physical custody of a parent or guardian.
  - **NOTE:** Homelessness, on its own, does **not** qualify a student as being independent for financial aid purposes.
-

## Special Student Populations

---

**Homeless/At-Risk Students:** No matter who is making a determination of homelessness, remember that dependent students must be homeless *and* unaccompanied. A financial aid administrator may always ask for documentation to verify status.

**DCFS/Foster Care:** Students in or who were in DCFS or Foster Care may be eligible for a number of special assistance programs for college. Students need to meet with their case-worker to discuss post-secondary educational options.

**Professional Judgment:** Students with unique circumstances can request a financial aid administrator make adjustments to their FAFSA or Cost of Attendance. Students always need adequate documentation.

---

## What if the Student Can't Get Parental Information?

**Under very limited circumstances, a dependent student can submit a FAFSA without parental information.**

Unacceptable Reasons to Not Provide Parental Information:

- parents do not want to provide their information
- parents refuse to contribute to college expenses
- parents do not claim student on their income taxes

Acceptable Reasons to Not Provide Parental Information:

- Parents are incarcerated
  - Student left home due to an abusive family environment
  - Student does not know where parents are/has no contact
-

## What does the FAFSA calculate?

- Used to determine a student's eligibility for most federal and state assistance, and some private scholarships.
  - It is required by all schools, for all students (excluding *foreign students*), who apply for need-based financial aid.
  - The FAFSA collects information about citizenship status, dependency status, income, assets, family size, number of family members in college, and provides the student with their expected family contribution (EFC).
- 

## Expected Family Contribution (EFC)

- The EFC is a need analysis formula that determines how much a family can be expected to contribute to a student's education each year.
  - Expected Family Contribution will automatically appear on your FAFSA confirmation page.
  - This number is generated automatically by the system, based on the information provided, and is representative of a category, not the actual amount each family is expected to contribute
-



## IRS Data Retrieval Tool



Question	Answer
<b>What is it?</b>	Federal Student Aid (FSA) and the Internal Revenue Service (IRS) collaborated to develop a quick, easy way for students and parents to import tax data from the IRS to the online FAFSA application
<b>When will it become available?</b>	<b>Estimated February 1, 2014.</b>  <b>Data available in English and Spanish</b>  FAFSA relevant information will become available within 1-2 weeks if IRS forms are filed electronically; 6-8 weeks if filed in paper form.
<b>Who can use it?</b>	<ul style="list-style-type: none"> <li>• Filed 2013 tax return</li> <li>• Have a valid Social Security Number (SSN)</li> <li>• Have a Federal Student Aid PIN, or can get one</li> <li>• Have not experienced a change in marital status since December 31, 2013</li> </ul>
<b>Who should <u>not</u> use it?</b>	<i>In instances in which the IRS tax information may not completely reflect what needs to be reported.</i> <ul style="list-style-type: none"> <li>• Have filed an amended Federal tax return for 2013</li> <li>• Did not file a Federal IRS tax return for 2013</li> </ul>

## IRS Tax Return Transcript & IRS Tax

Both are free and can be requested online, via telephone, by mail, or by stopping by an IRS office in-person.

**Tax Return Transcript:** provides most line items from original tax return.

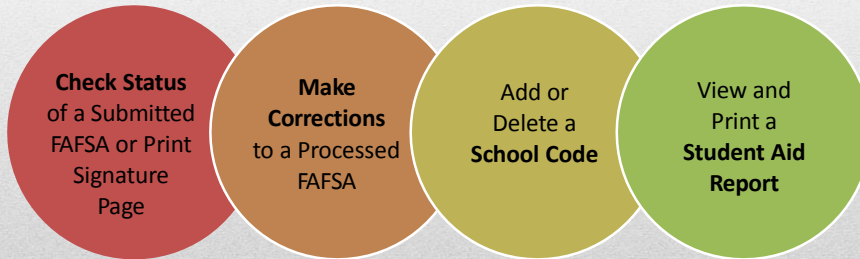
**Tax Account Transcript:** provides basic info, including marital status, type of return filed, AGI, taxable income, and later adjustments, if any.

Applicants should receive the transcript within 5 to 10 calendar days after their request has been received.

Students and parents *eligible* to use the IRS data retrieval process who **do not do so** will likely be verified and will need a tax transcript.

# Follow-Up to FAFSA

- Corrections can be made on the Web regardless of how the FAFSA was submitted.
- The IRS Data Retrieval process is available for *Corrections on the Web*.



# Financial Aid Awards

## FINANCIAL AID AWARD LETTER

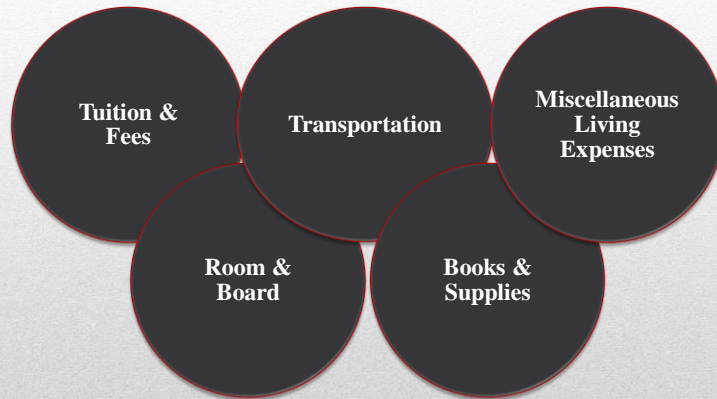
The form is titled "Financial Aid Package Comparison Worksheet" and includes the following sections:

- Name of College:** A table with columns for Name of College, Cost of Attendance, and Financial Aid Package.
- Financial Aid Package:** A table with columns for Name of College, Financial Aid Package, and Financial Need.
- Financial Need:** A table with columns for Name of College, Financial Need, and Financial Aid Package.
- Questions:**
  - Q: What is your financial need being met?
  - Q: Was your financial need met?

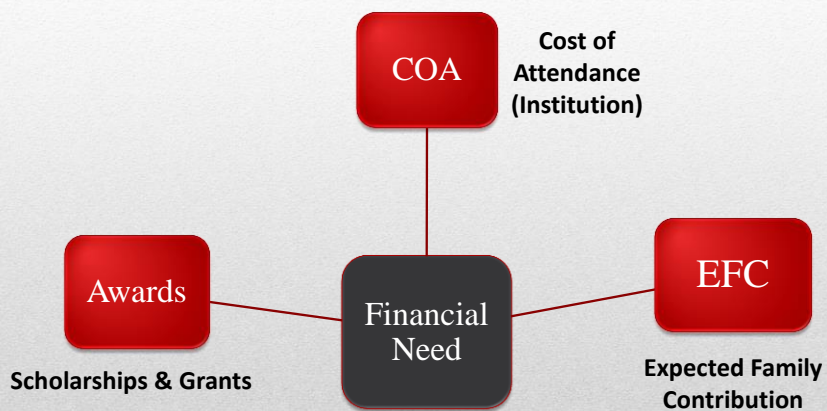
The financial aid administrator at the college will *package* all available aid and send an *award letter* for your consideration. You should make note of:

- What is the total **cost of attendance**?
- What is your **financial aid eligibility**?
- What **types of financial aid** are included?
- Was your **financial need met**?
- What is the **out-of-pocket cost**? NOTE: May not be the same as your EFC!

## Cost of Attendance Includes:



## Calculating Financial Need





# Every School Has a Different Cost:

	COA	Awards	EFC	Financial Need
Option A	\$10,000	\$12,000	\$0	\$0
Option B	\$20,000	\$17,000	\$0	\$3,000
Option C	\$45,000	\$30,000	\$0	\$15,000

## What Should I Be Doing NOW? (pre-January 1<sup>st</sup>)



- 1 • RESEARCH college programs
- 2 • APPLY to Colleges!
- 3 • COLLECT necessary documentation for FAFSA
- 4 • Utilize net price calculators for tuition estimates
- 5 • Research and apply for SCHOLARSHIPS
- 6 • Ask for HELP if you need it!



Illinois Student Assistance Commission  
(800) 899-ISAC (4722)  
[collegezone.com](http://collegezone.com)



U.S. Department of Education  
(800) 4 FED AID  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)



Ladder Up's LIFT Program  
Keisha Heard, Financial Aid Program Manager

[LIFT@goladderup.org](mailto:LIFT@goladderup.org)  
(312) 458-9105

---