

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, tools, & resources
 - Emails: sign up tonight!
 - Facebook, Twitter, & LinkedIn
 - Webinars: Register online
 - YourPlanForTheFuture.org



You Can Do This

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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

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What is Financial Aid?

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



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Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- · Applicants often compared against one another
- · May or may not be renewable
- · Not offered at every school



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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



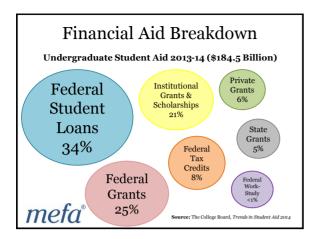
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Sources of Financial Aid

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







The Application **Process**

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FAFSA

- Free Application for Federal Student Aid (FAFSA)
 - Required by all colleges for federal and MA state aid

 - Open January 1, 2016: FAFSA.gov
 Log in with an FSA ID: FSAID.ed.gov
 IRS Data Retrieval Tool available February 1st

Must be completed every year!





What's on the FAFSA?

- · The colleges where you're 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 (2015 income for the 2016-17 FAFSA)
- - Include: savings, checking, investments, other property Do not include: primary home, retirement, life insurance, small family business
- # in household, # of children in college



Other Financial Aid Applications ${\rm CSS/Financial\,Aid\,PROFILE}^{\circledast}$

- - Required by some colleges
 - \$25 for 1st school, \$16 for each additional
 - Online application: student.collegeboard.org/profile
 - Noncustodial Parent PROFILE often required
 - MEFA PROFILE webinar recording on mefa.org



- **College Financial Aid Application**
 - Required by some colleges



Financial Aid deadlines are so important!

After You Apply

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



How Financial Aid Decisions Are Made

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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

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Cost of Attendance Total expenses for one year of college Tuition & Fees

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
- · 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 calculated



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Asset Impact on EFC

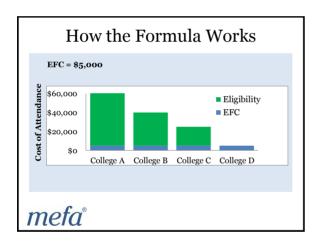
An example: 4 in the family, 1 child in college:

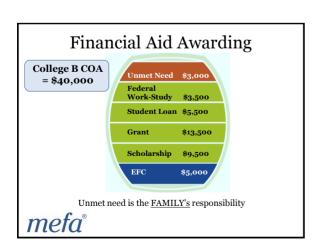
	Family A	Family B	Family C
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$o	\$75,000	\$150,000
EFC	\$7,819	\$10,208	\$14,438
Difference		\$2,389	\$6,619

Based on 2016-17 Federal Methodology



Income Impact on EFC An example: 4 in the family, 1 child in college: Family A Family B Family C Combined \$75,000 \$100,000 \$150,000 **Parent Income** Combined \$50,000 \$50,000 \$50,000 Parent Assets \$8,798 \$17,245 \$32,803 Difference \$8,447 \$24,005 Based on 2016-17 Federal Methodology mefa®





Award Letters: Totals Can Vary COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000 College A 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** \$8,000 \$3,000 mefa®

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	\$o	
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	
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Paying for College

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Filling the EFC and Unmet Need Favorite **EXAMPLE** College **Balance Due** \$20,000 Student Savings and Past Income -\$1,500 Summer Earnings Parent Savings -\$4,000 Parent Contribution Present Income -\$4,500 to Payment Plan Private Education Future Income -\$10,000 **\$0** mefa®

Federal Direct Student Loans

- · Student is the sole borrower
- · No credit check
- · Subsidized and Unsubsidized
- · Annual limits
- · 4.29% fixed interest rate for 2015-16
- Repayment:

 No payments due while enrolled

 Approximately \$300/month for 10 years for \$27,000 debt



Free Resources

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Community Resources

- · FAFSA Day
 - Free assistance completing the FAFSA
 - January & February 2016
 - FAFSADay.org for all dates and times
- Educational Opportunity Centers
 - Free financial aid help
 - MassEdCo.org
- IRS Free Tax Preparation Centers
 - IRS.gov to find a site near you



Paying the College Bill 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 late March/April
- · Register for MEFA emails to receive location details
- · Webinars also offered



What You Can Do Now

- Research financial aid deadlines and required applications
- · Talk with your child about paying for college
- Use Net Price Calculators
- · Sign up for MEFA emails



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Questions or Comments?	
Please take a moment to complete the seminar evaluation.	
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