Financial Aid 101

Presented by:

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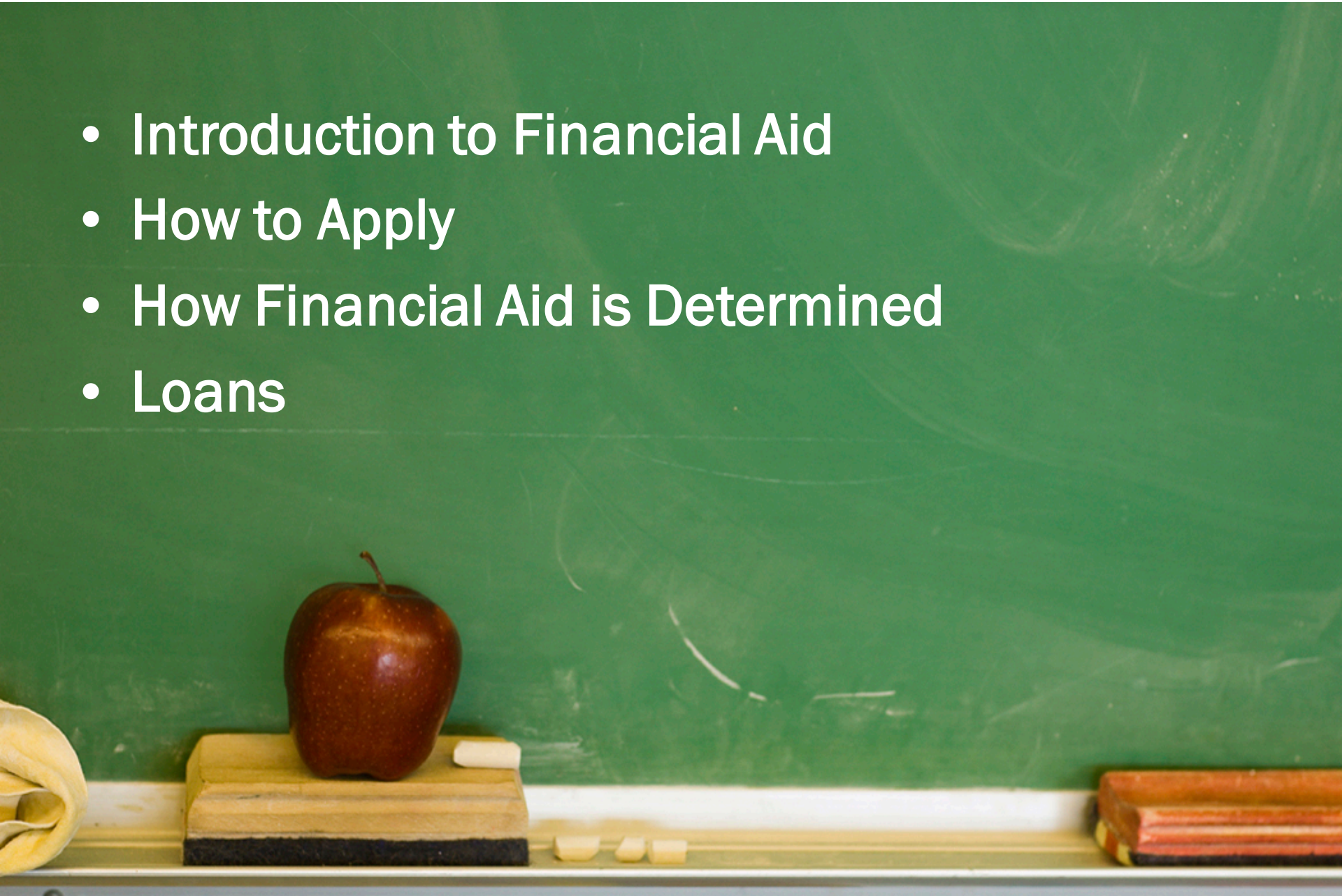
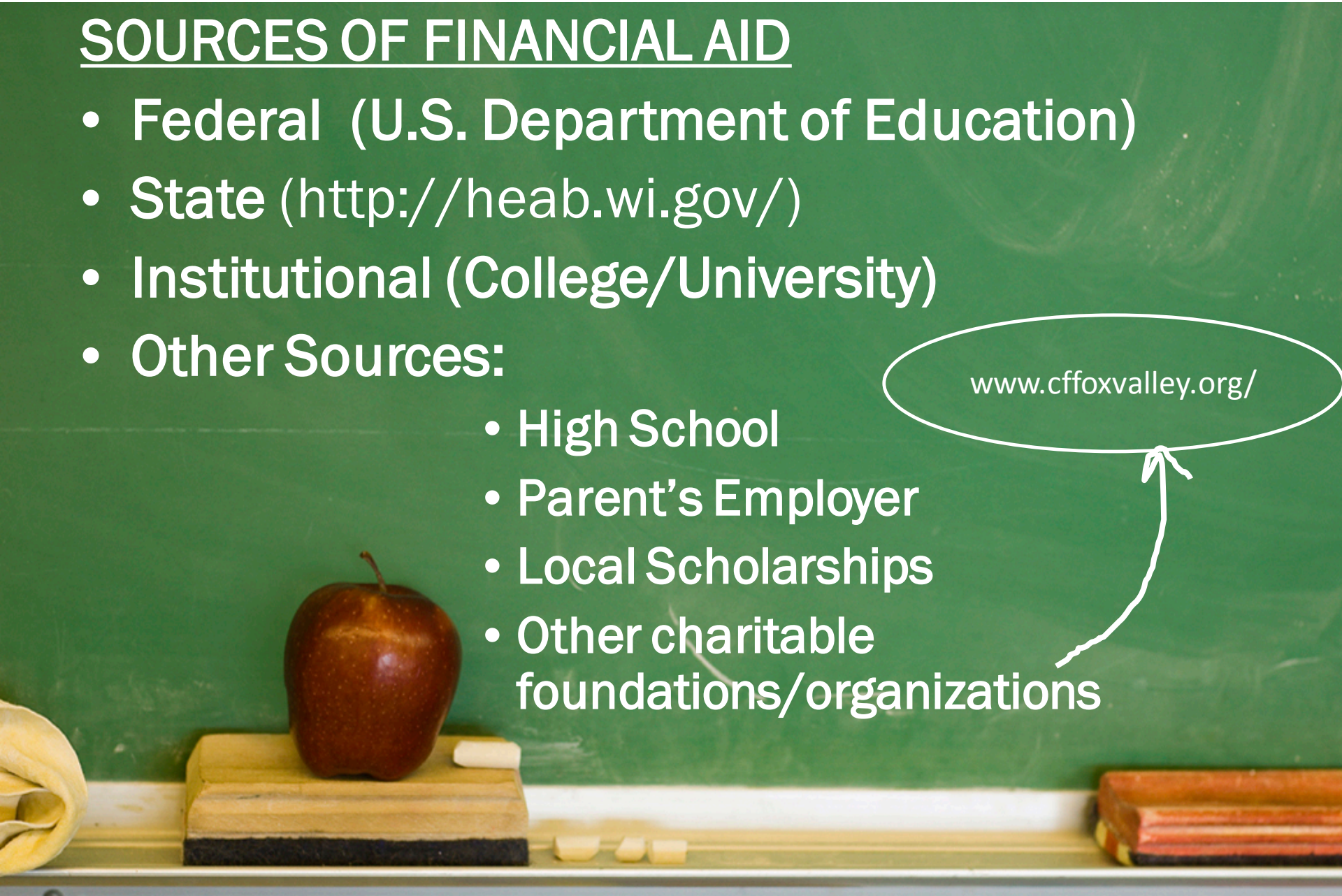
Overview



- Introduction to Financial Aid
- How to Apply
- How Financial Aid is Determined
- Loans

Introduction to Financial Aid

Introduction to Financial Aid



SOURCES OF FINANCIAL AID

- Federal (U.S. Department of Education)
- State (http://heab.wi.gov/)
- Institutional (College/University)
- Other Sources:
  - High School
  - Parent's Employer
  - Local Scholarships
  - Other charitable foundations/organizations

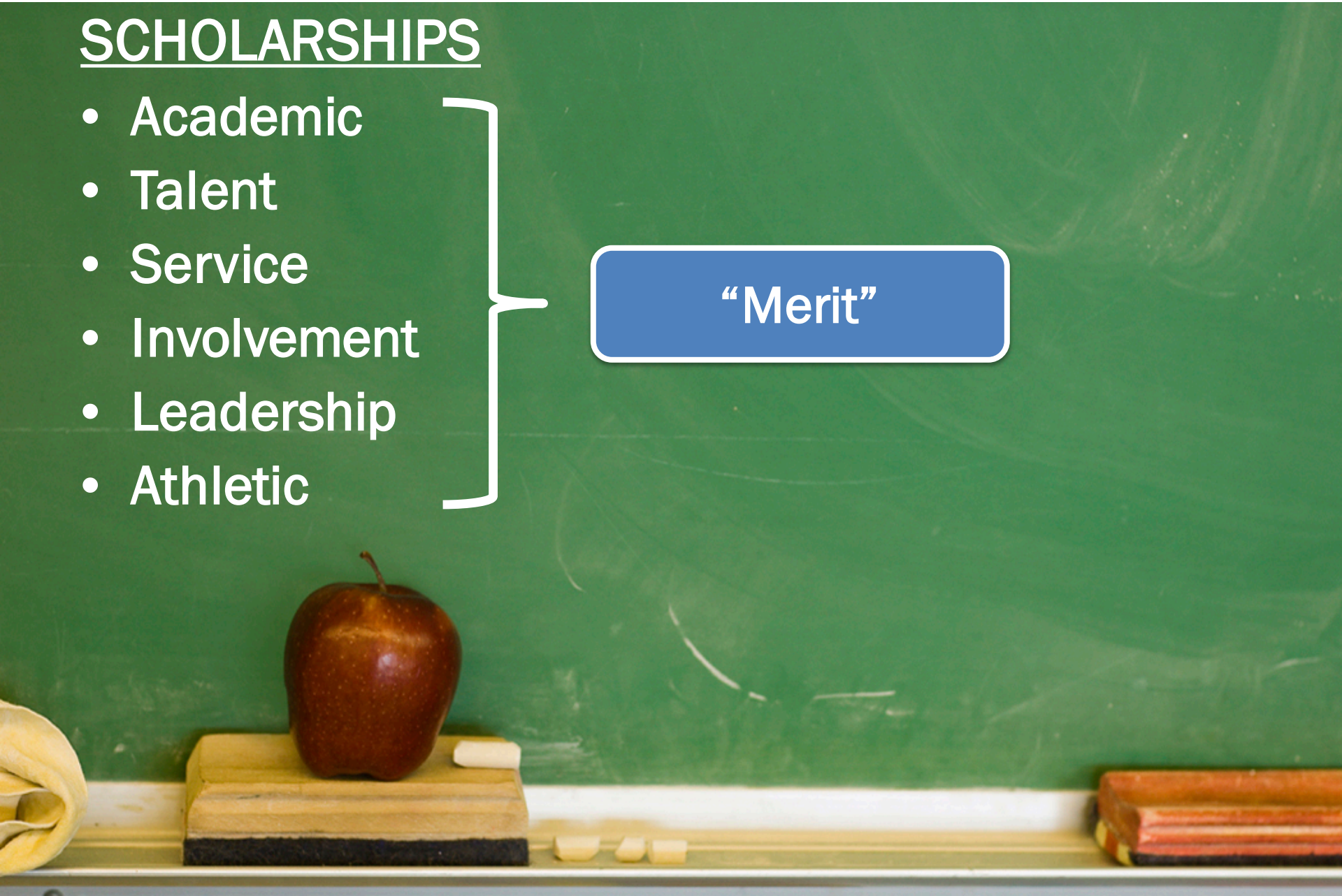
www.cffoxvalley.org/

Introduction to Financial Aid

TYPES OF FINANCIAL AID:

- "Gift Aid"
  - Scholarships
  - Grants
- "Self-Help"
  - Loans
  - Student Employment

Introduction to Financial Aid

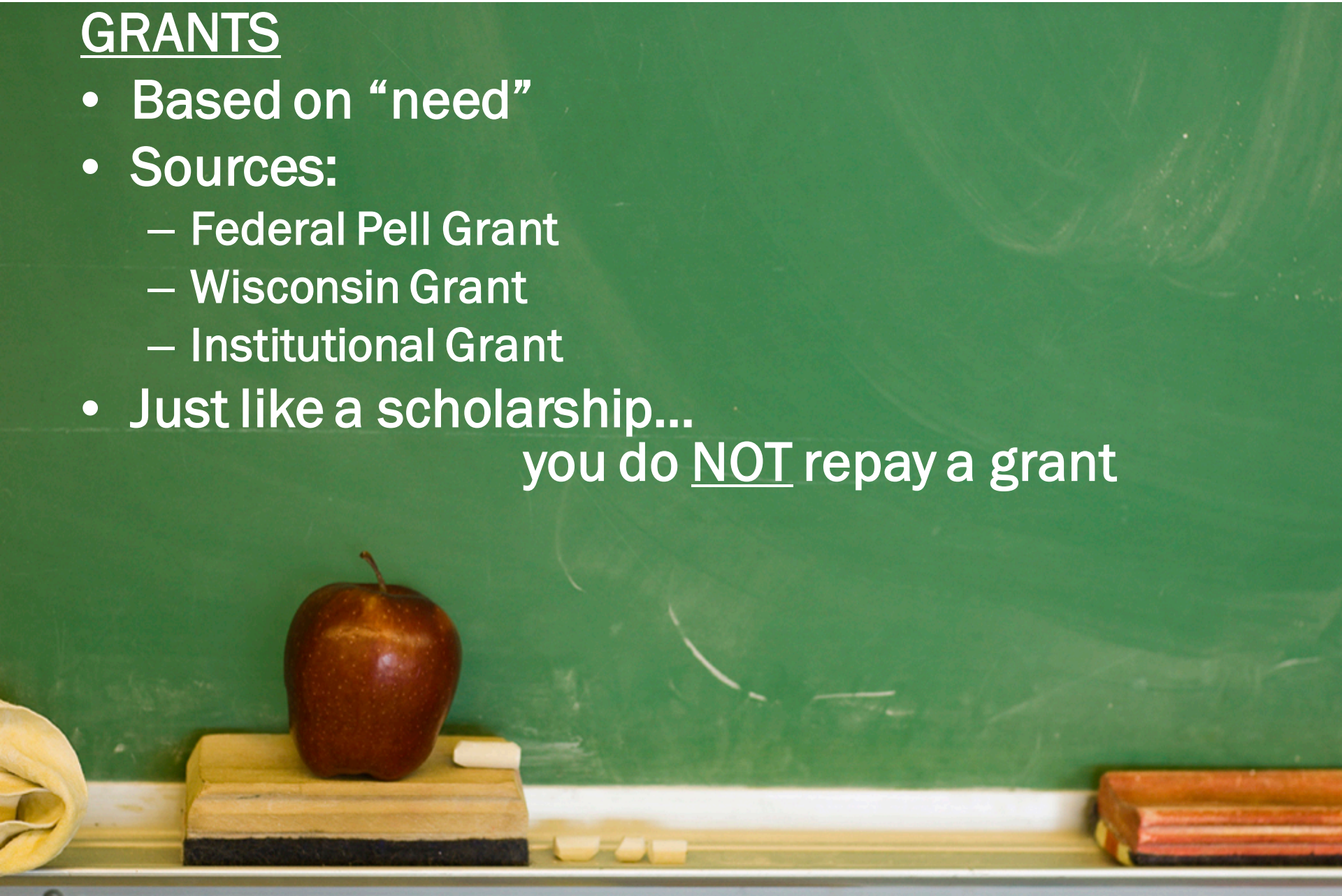


SCHOLARSHIPS

- Academic
- Talent
- Service
- Involvement
- Leadership
- Athletic

"Merit"

Introduction to Financial Aid

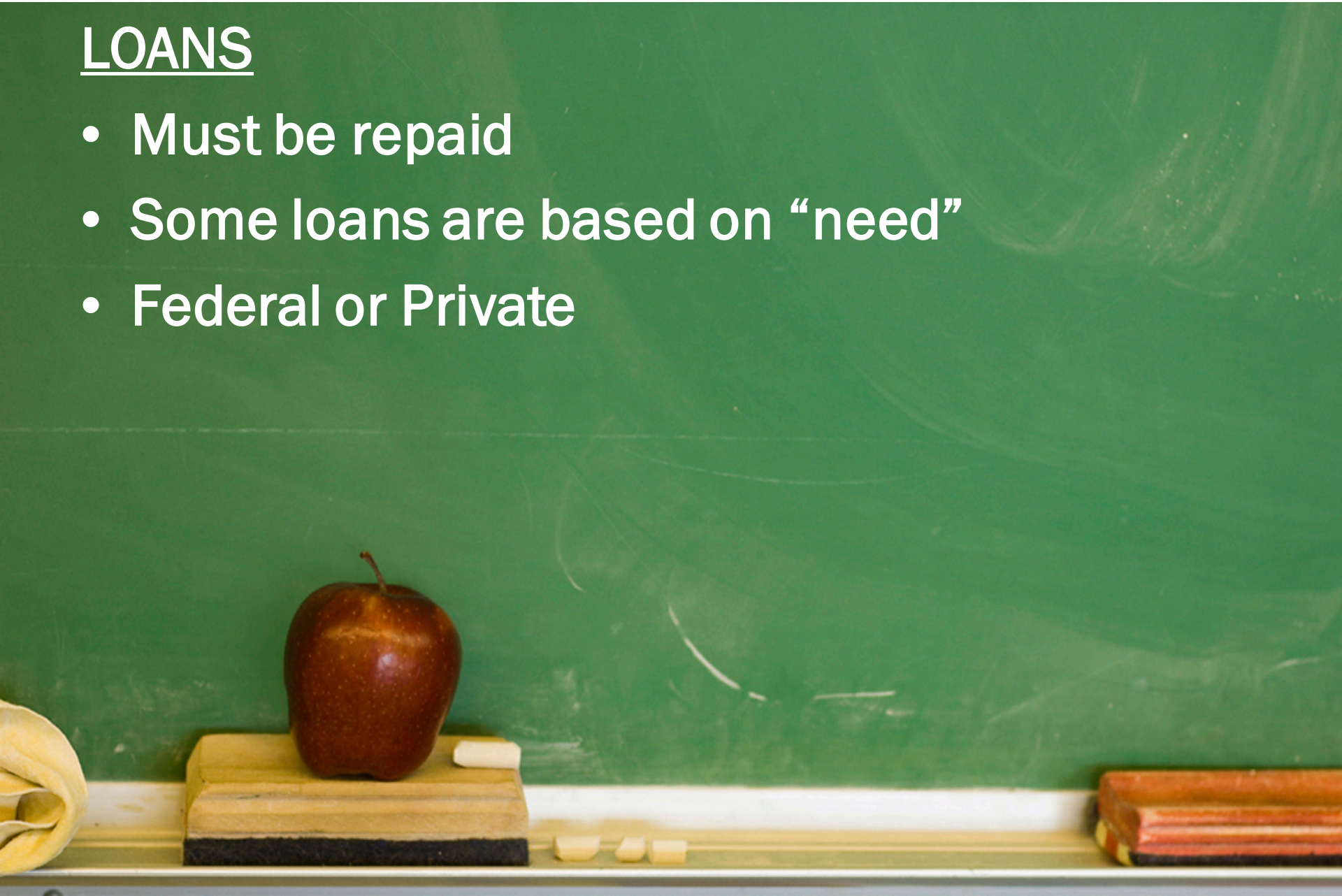


GRANTS

- Based on “need”
- Sources:
  - Federal Pell Grant
  - Wisconsin Grant
  - Institutional Grant
- Just like a scholarship…

you do NOT repay a grant

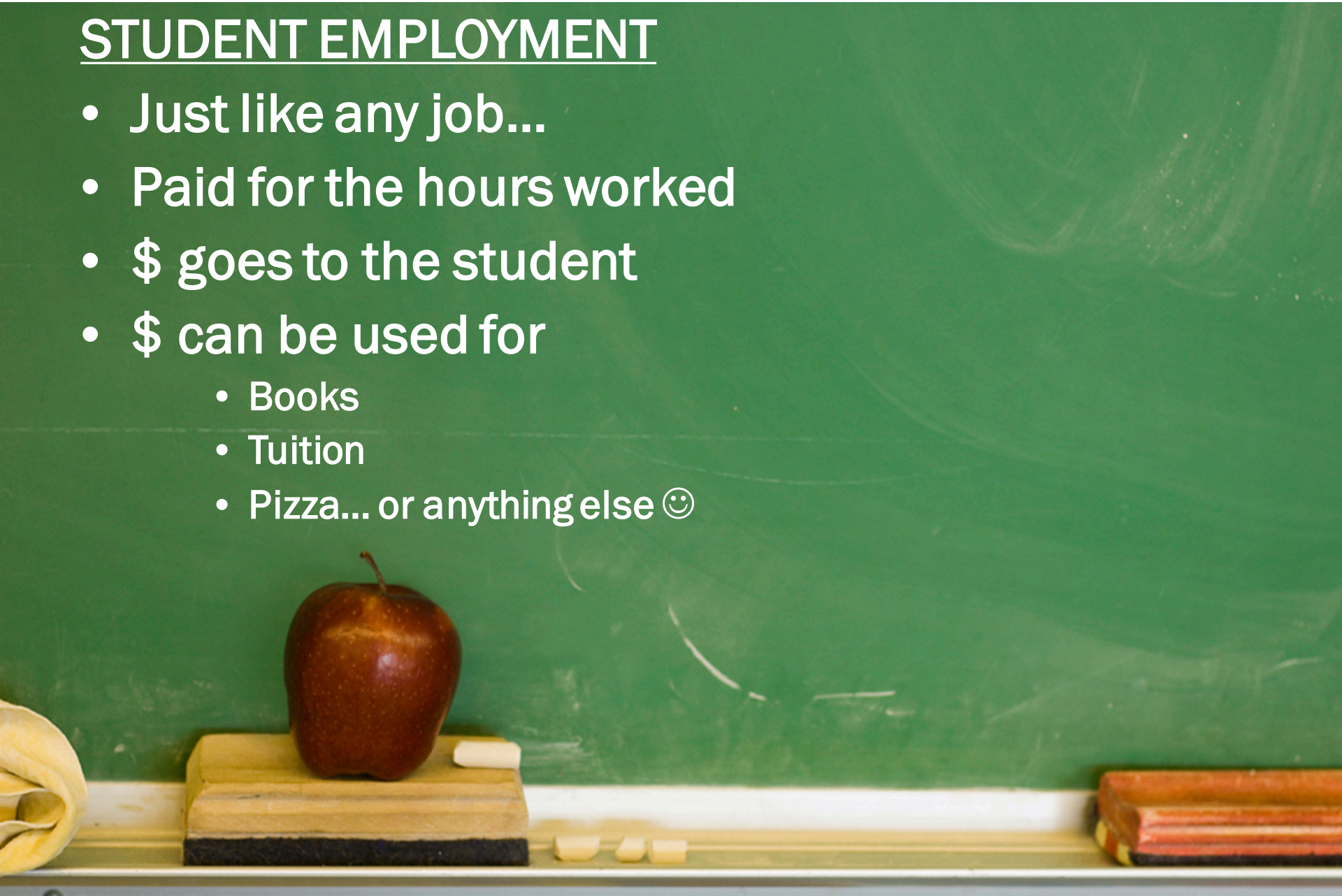
Introduction to Financial Aid



LOANS

- Must be repaid
- Some loans are based on “need”
- Federal or Private

Introduction to Financial Aid



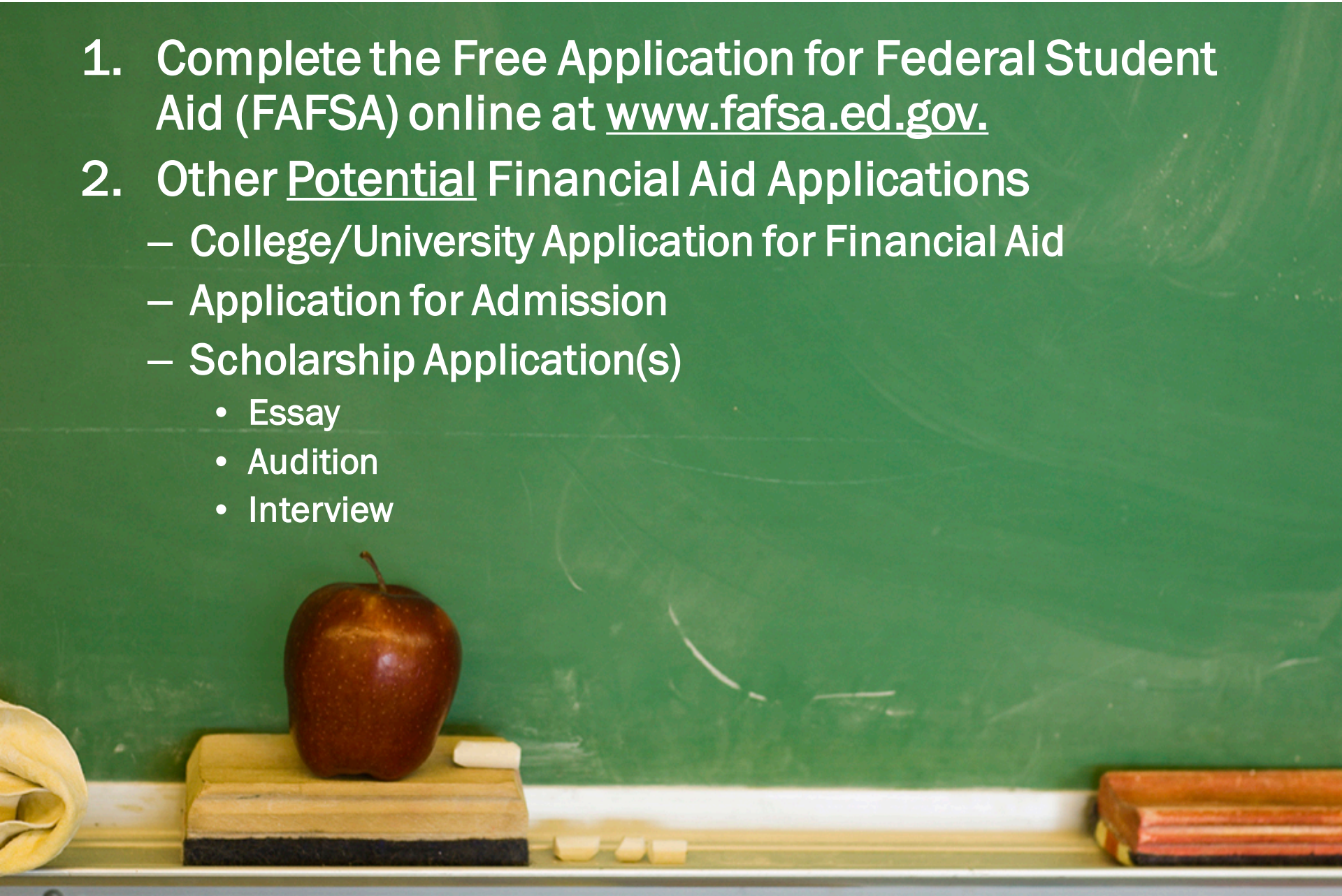
STUDENT EMPLOYMENT

- Just like any job…
- Paid for the hours worked
- $ goes to the student
- $ can be used for
  - Books
  - Tuition
  - Pizza… or anything else ☺

How to Apply

How to Apply

1. Complete the Free Application for Federal Student Aid (FAFSA) online at www.fafsa.ed.gov.
2. Other Potential Financial Aid Applications
   - College/University Application for Financial Aid
   - Application for Admission
   - Scholarship Application(s)
     - Essay
     - Audition
     - Interview

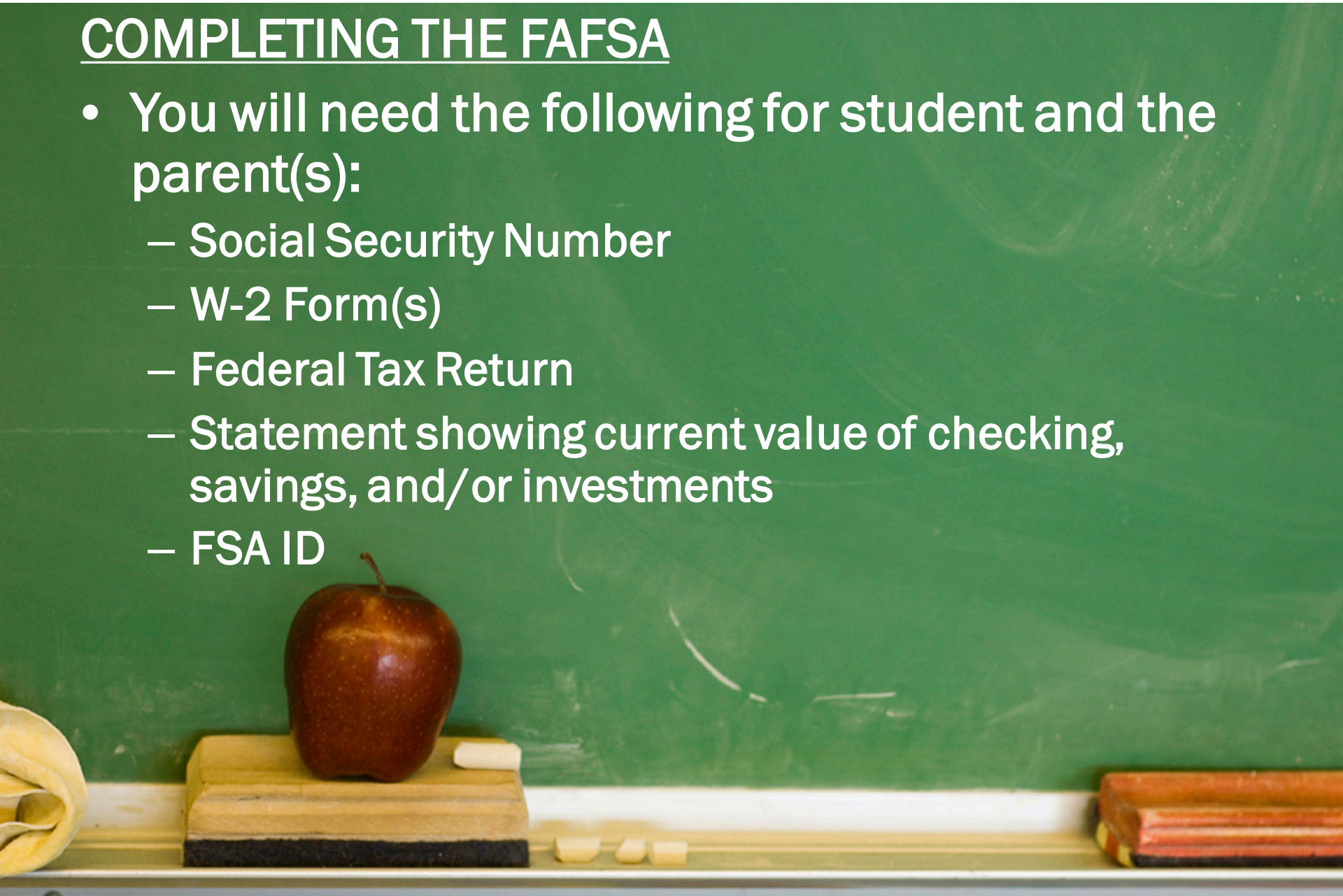


How to Apply

COMPLETING THE FAFSA

www.fafsa.ed.gov

How to Apply



COMPLETING THE FAFSA

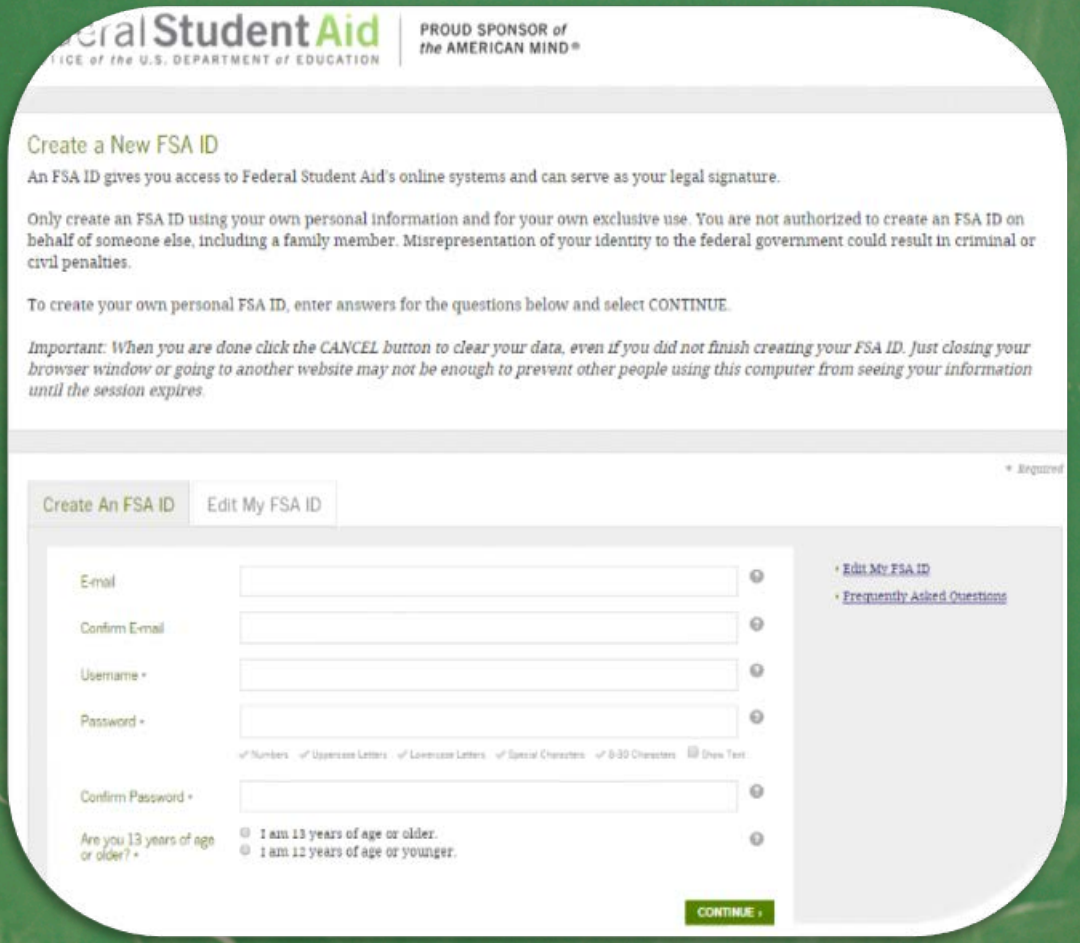
- You will need the following for student and the parent(s):
  - Social Security Number
  - W-2 Form(s)
  - Federal Tax Return
  - Statement showing current value of checking, savings, and/or investments
  - FSA ID

How to Apply

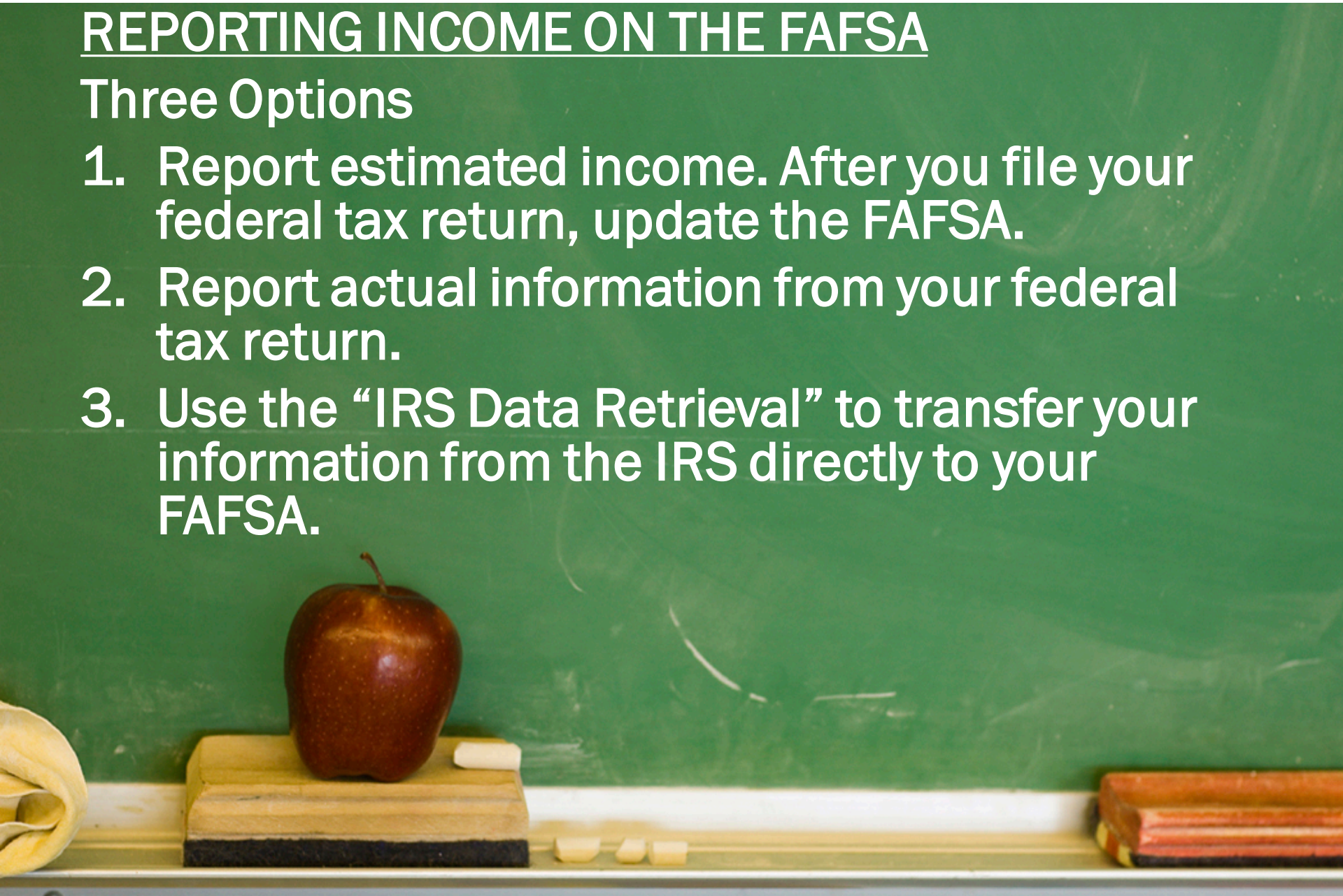
What is an FSA ID?

https://fsaid.ed.gov

- Used to login to the FAFSA.
- Student needs one
- Parent needs one
- Used to sign the FAFSA.



How to Apply



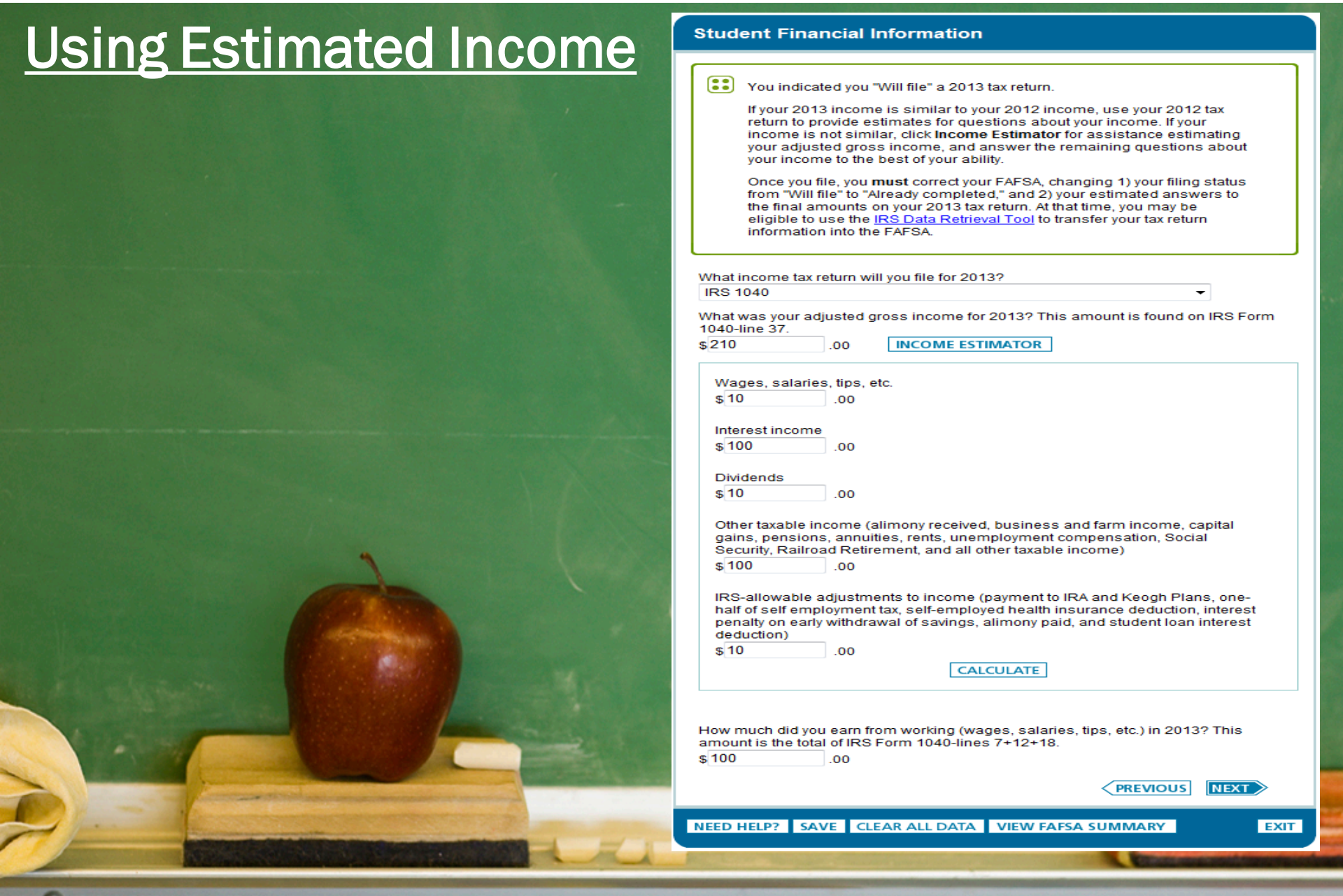
REPORTING INCOME ON THE FAFSA

Three Options

1. Report estimated income. After you file your federal tax return, update the FAFSA.
2. Report actual information from your federal tax return.
3. Use the “IRS Data Retrieval” to transfer your information from the IRS directly to your FAFSA.

How to Apply

Using Estimated Income



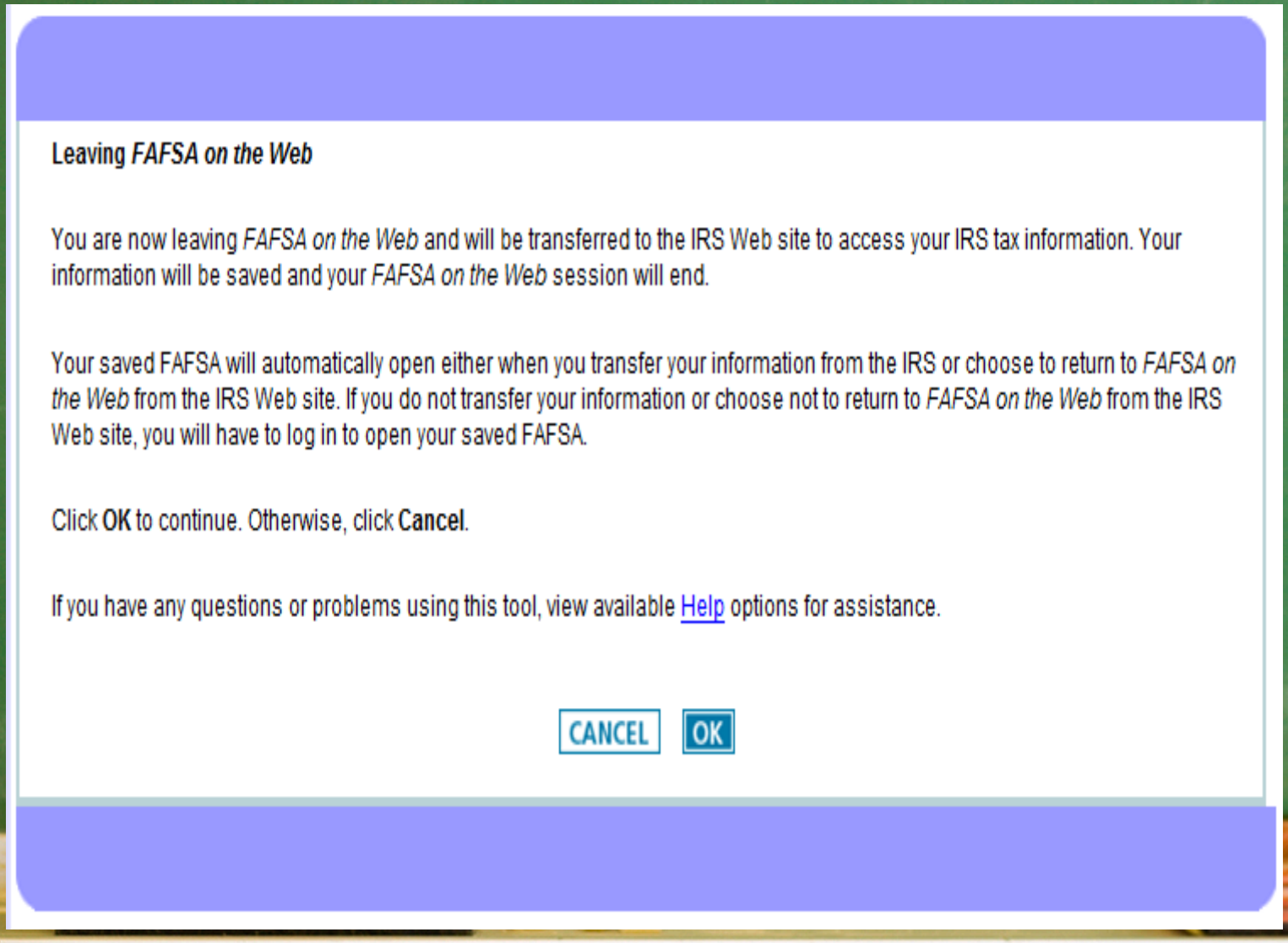
How to Apply

IRS Data Retrieval

- Transfers your tax information from the IRS to your FAFSA!

How to Apply

IRS Data Retrieval



Leaving *FAFSA on the Web*

You are now leaving *FAFSA on the Web* and will be transferred to the IRS Web site to access your IRS tax information. Your information will be saved and your *FAFSA on the Web* session will end.

Your saved FAFSA will automatically open either when you transfer your information from the IRS or choose to return to *FAFSA on the Web* from the IRS Web site. If you do not transfer your information or choose not to return to *FAFSA on the Web* from the IRS Web site, you will have to log in to open your saved FAFSA.

Click **OK** to continue. Otherwise, click **Cancel**.

If you have any questions or problems using this tool, view available Help options for assistance.

CANCEL OK

How to Apply

IRS Data Retrieval

IRS.gov

Return to FAFSA | Log Out | Help

Español

Get My Federal Income Tax Information

See our Privacy Notice regarding our request for your personal information.

Enter the following information as it appears on your 2013 Federal Income Tax Return. Required fields *

First Name *	COPPER
Last Name *	C.Dog
Social Security Number *	*** - ** - 8046
Date of Birth *	01 / 01 / 1959
Filing Status *	Head of Household
Address - Must match your **2013** Federal Income Tax Return.	
Street Address *	DOE Testing
P.O. Box (Required if entered on your tax return)	
Apt. Number (Required if entered on your tax return)	
Country *	United States
City, Town or Post Office *	FSA
State/U.S. Territory *	Massachusetts (MA)
ZIP Code *	23456

Select the button below to exit the IRS system and return to your FAFSA.

By submitting this information, you certify that you are the person identified. Use of this system to access another person's information may result in civil and criminal penalties.

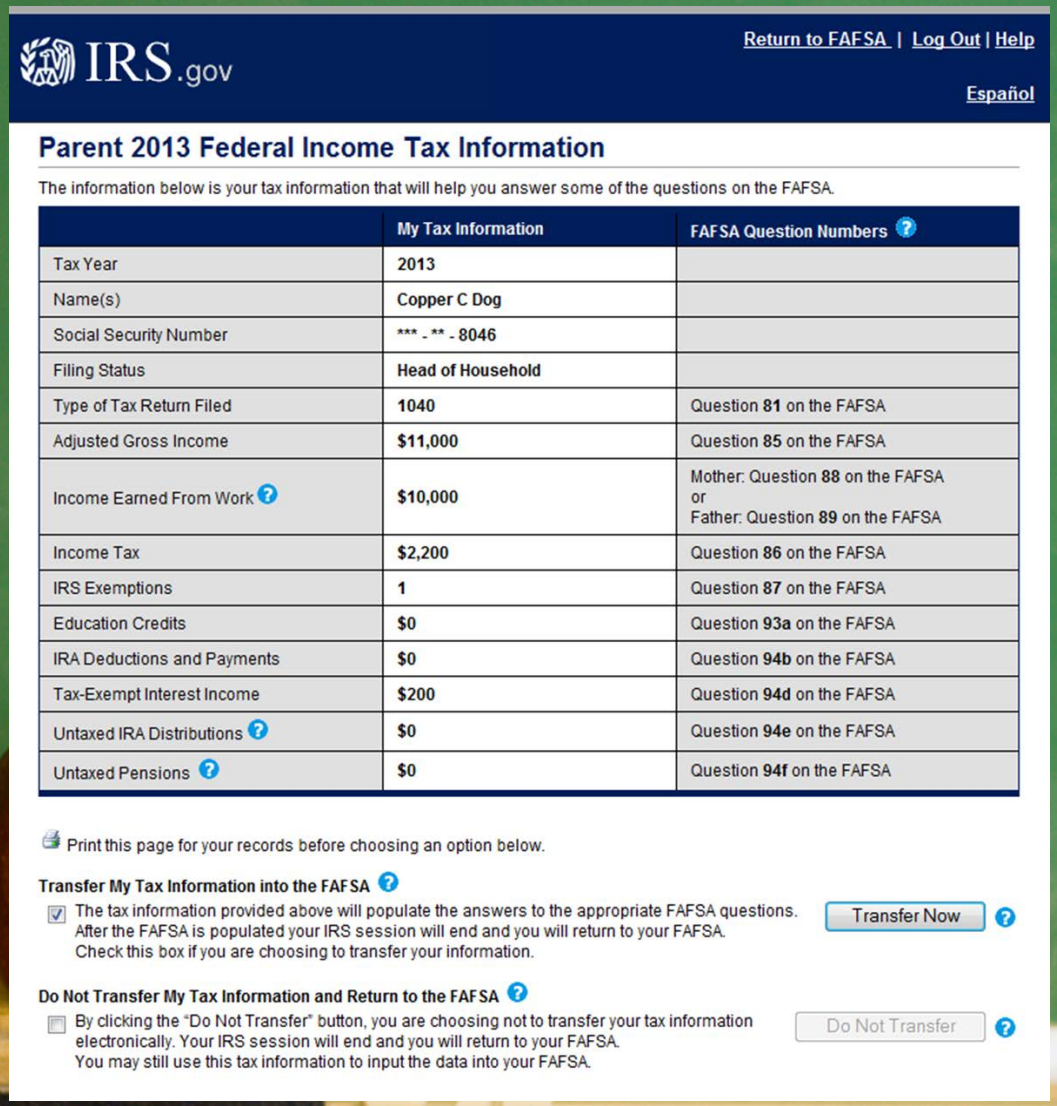
Return to FAFSA

Submit

IRS Privacy Policy

How to Apply

IRS Data Retrieval



IRS.gov

Return to FAFSA | Log Out | Help

Español

Parent 2013 Federal Income Tax Information

The information below is your tax information that will help you answer some of the questions on the FAFSA.

	My Tax Information	FAFSA Question Numbers
Tax Year	2013	
Name(s)	Copper C Dog	
Social Security Number	*** - ** - 8046	
Filing Status	Head of Household	
Type of Tax Return Filed	1040	Question **81** on the FAFSA
Adjusted Gross Income	$11,000	Question **85** on the FAFSA
Income Earned From Work	$10,000	Mother: Question **88** on the FAFSA or Father: Question **89** on the FAFSA
Income Tax	$2,200	Question **86** on the FAFSA
IRS Exemptions	1	Question **87** on the FAFSA
Education Credits	$0	Question **93a** on the FAFSA
IRA Deductions and Payments	$0	Question **94b** on the FAFSA
Tax-Exempt Interest Income	$200	Question **94d** on the FAFSA
Untaxed IRA Distributions	$0	Question **94e** on the FAFSA
Untaxed Pensions	$0	Question **94f** on the FAFSA

Print this page for your records before choosing an option below.

Transfer My Tax Information into the FAFSA

☑ The tax information provided above will populate the answers to the appropriate FAFSA questions. After the FAFSA is populated your IRS session will end and you will return to your FAFSA. Check this box if you are choosing to transfer your information.

Transfer Now

Do Not Transfer My Tax Information and Return to the FAFSA

☐ By clicking the "Do Not Transfer" button, you are choosing not to transfer your tax information electronically. Your IRS session will end and you will return to your FAFSA. You may still use this tax information to input the data into your FAFSA.

Do Not Transfer

How to Apply

IRS Data Retrieval

PARENT

Parent Financial Information

What type of income tax return did your father file for 2013?

Transferred from the IRS

IRS 1040

What was your father's adjusted gross income for 2013? This amount is found on IRS Form 1040-line 37.

$ 11,000 .00 **Transferred from the IRS**

Your father's income earned from working (wages, salaries, tips, etc.) in 2013 was **transferred from the IRS**. This amount is the total of IRS Form 1040-lines 7+12+18.

$ 10,000 .00

Did your father file an IRS Schedule K-1 (Form 1065) for 2013?

○ Yes ◉ No

As of today, is your father a dislocated worker?

No

In 2012 or 2013, did your father receive benefits from any of the federal benefits programs listed below? Check all that apply or check **None of the above**.

- ☐ Supplemental Security Income (SSI)
- ☐ Supplemental Nutrition Assistance Program (SNAP)
- ☐ Free or Reduced Price Lunch
- ☐ Temporary Assistance for Needy Families (TANF)
- ☐ Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- ☑ None of the above

You indicated that your father filed an IRS 1040. Was he eligible to file a 1040A or 1040EZ?

Yes

Do you want to skip the remaining questions about your and your father's income and assets?

○ Yes ◉ No

PARENT

Parent Financial Information continued

Enter the amount of your father's income tax for 2013. This amount is found on IRS Form 1040-line 55.

$ 2,200 .00 **Transferred from the IRS**

Enter your father's exemptions for 2013. This amount is found on IRS Form 1040-line 6d.

1 **Transferred from the IRS**

Did your father have any of the following items in 2013? Check all that apply and provide amounts.

Additional Financial Information

- ☑ *American Opportunity Tax Credit* or *Lifetime Learning Tax Credit*

Education credits (*American Opportunity Tax Credit* or *Lifetime Learning Tax Credit*) from IRS Form 1040-line 49

$ 0 .00 **Transferred from the IRS**

- ☐ Child support paid
- ☐ Taxable earnings from Work-study, Assistantships or Fellowships
- ☐ Grant and scholarship aid reported to the IRS
- ☐ Combat pay or special combat pay
- ☐ Cooperative education program earnings

Untaxed Income

- ☐ Payments to tax-deferred pension and retirement savings plans
- ☑ IRA deductions and payments to self-employed SEP, SIMPLE and Keogh

IRA deductions and payments to self-employed SEP, SIMPLE, Keogh, and other qualified plans from IRS Form 1040-total of lines 28+32

$ 0 .00 **Transferred from the IRS**

- ☐ Child support received
- ☑ Tax exempt interest income

Tax exempt interest income from IRS Form 1040-line 8b

$ 200 .00 **Transferred from the IRS**

How to Apply

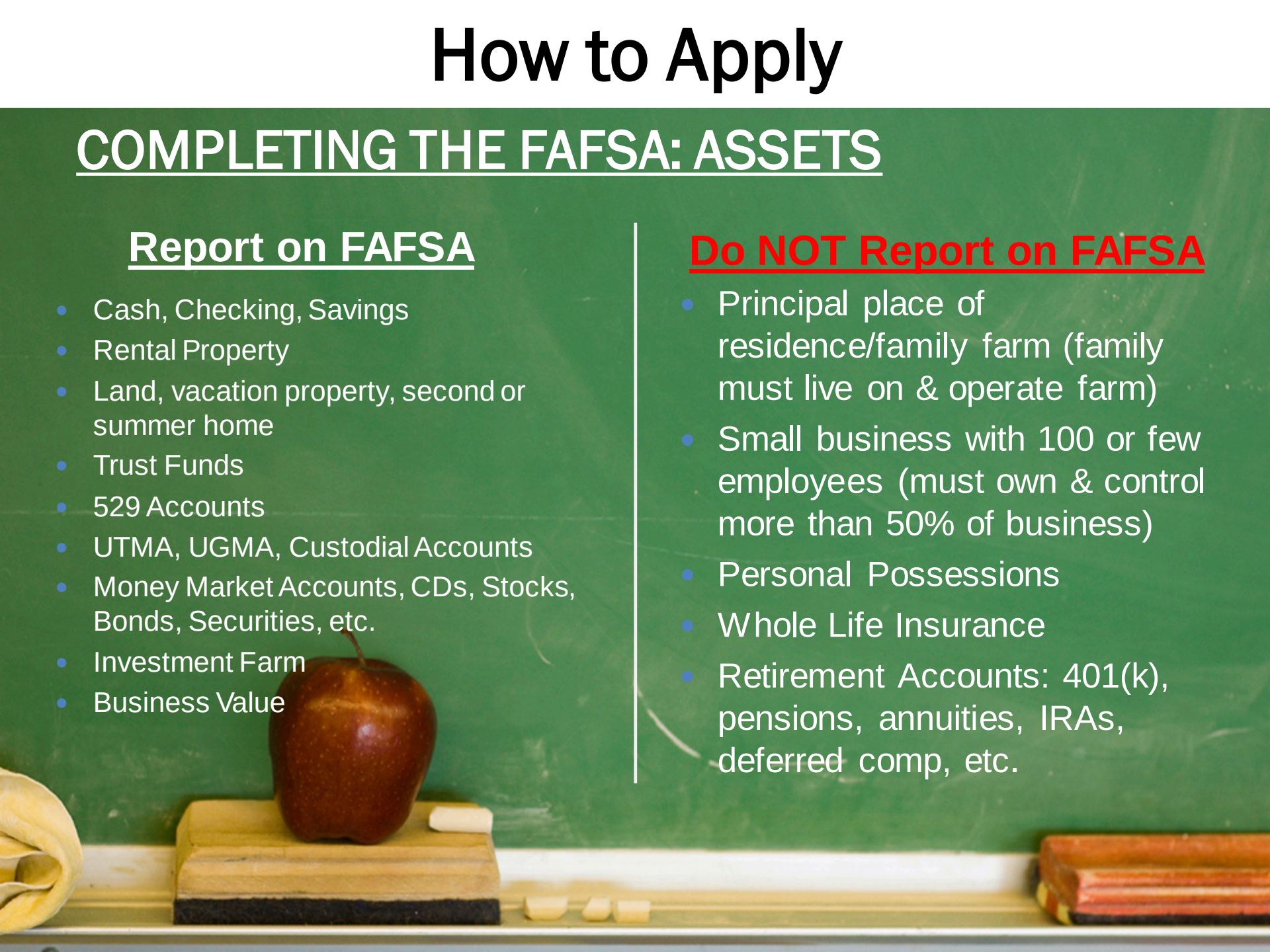
COMPLETING THE FAFSA: ASSETS

Report on FAFSA

- Cash, Checking, Savings
- Rental Property
- Land, vacation property, second or summer home
- Trust Funds
- 529 Accounts
- UTMA, UGMA, Custodial Accounts
- Money Market Accounts, CDs, Stocks, Bonds, Securities, etc.
- Investment Farm
- Business Value

Do NOT Report on FAFSA

- Principal place of residence/family farm (family must live on & operate farm)
- Small business with 100 or few employees (must own & control more than 50% of business)
- Personal Possessions
- Whole Life Insurance
- Retirement Accounts: 401(k), pensions, annuities, IRAs, deferred comp, etc.

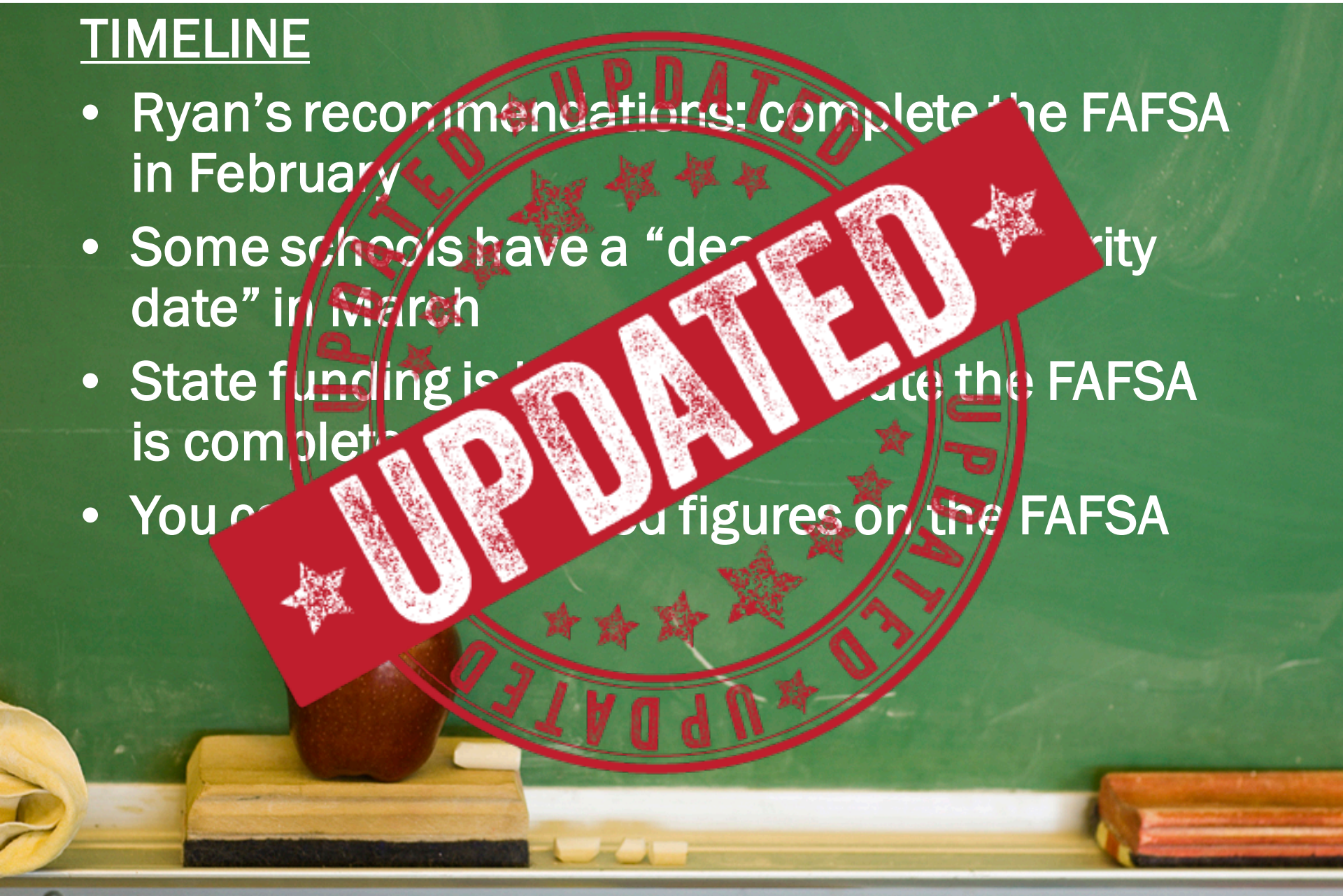


How to Apply

OTHER FINANCIAL AID APPLICATIONS:

- College/University Application for Financial Aid
- Application for Admission
- Scholarship Applications
  - Essay
  - Audition
  - Portfolio Review
  - Interview

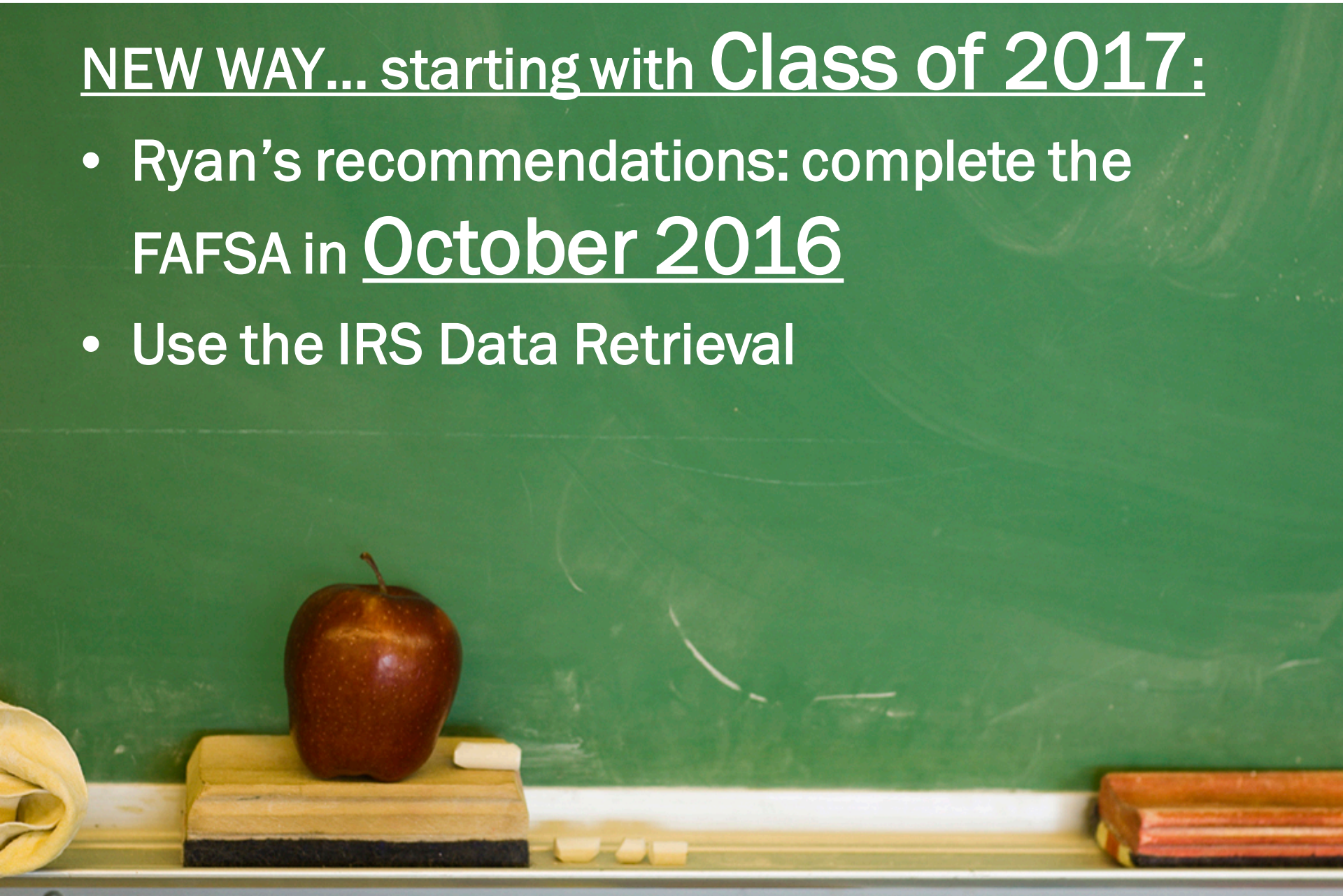
How to Apply



TIMELINE

- Ryan's recommendations: complete the FAFSA in February
- Some schools have a "dea rity date" in March
- State funding is ate the FAFSA is complet
- You c d figures on the FAFSA

How to Apply



NEW WAY… starting with Class of 2017:

- Ryan's recommendations: complete the FAFSA in October 2016
- Use the IRS Data Retrieval

How to Apply

NEW WAY… starting with Class of 2017:

CHANGES TO THE FAFSA® PROCESS FOR 2017-18

SUBMIT A FAFSA EARLIER: Students will be able to file a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit a FAFSA as early as October 1 every year. (There is NO CHANGE to the 2016–17 schedule. The 2016-17 FAFSA will become available January 1, 2016.)

USE EARLIER INCOME INFORMATION: Beginning with the 2017–18 FAFSA, students will report income information from an earlier tax year. For example, on the 2017–18 FAFSA, students (and parents, as appropriate) will report their 2015 income information, rather than their 2016 income information. The following table provides a summary of key dates as we transition to using the early FAFSA submission timeframe and earlier tax information.

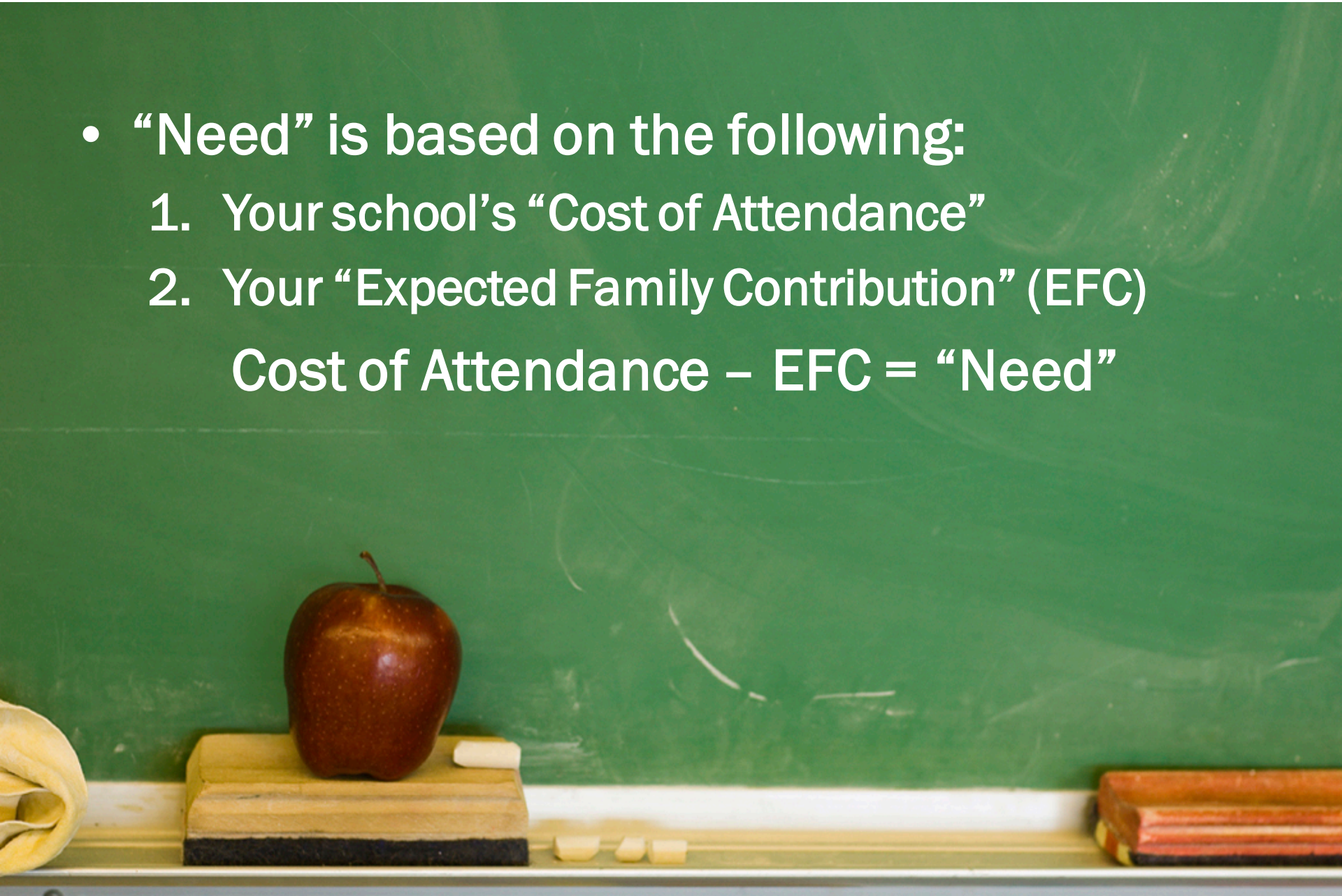
IF YOU PLAN TO ATTEND COLLEGE FROM	YOU CAN SUBMIT THE FAFSA FROM	USING TAX INFORMATION FROM
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	**October 1, 2016–June 30, 2018**	**2015**
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

StudentAid.gov/fafsa-changes

How is “Need” Determined?

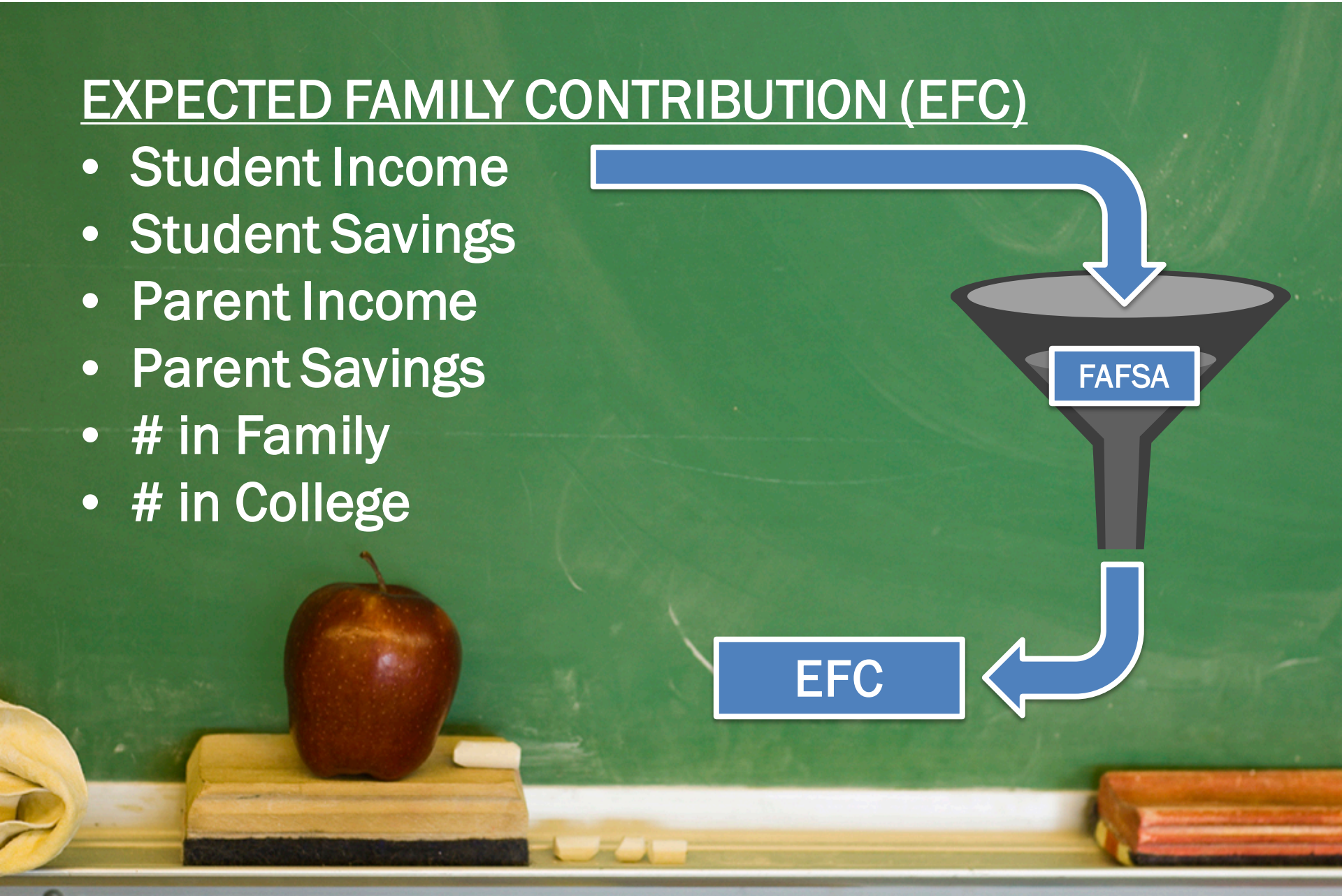
How is “Need” Determined?



- “Need” is based on the following:
  1. Your school’s “Cost of Attendance”
  2. Your “Expected Family Contribution” (EFC)

  Cost of Attendance – EFC = “Need”

How is “Need” Determined?



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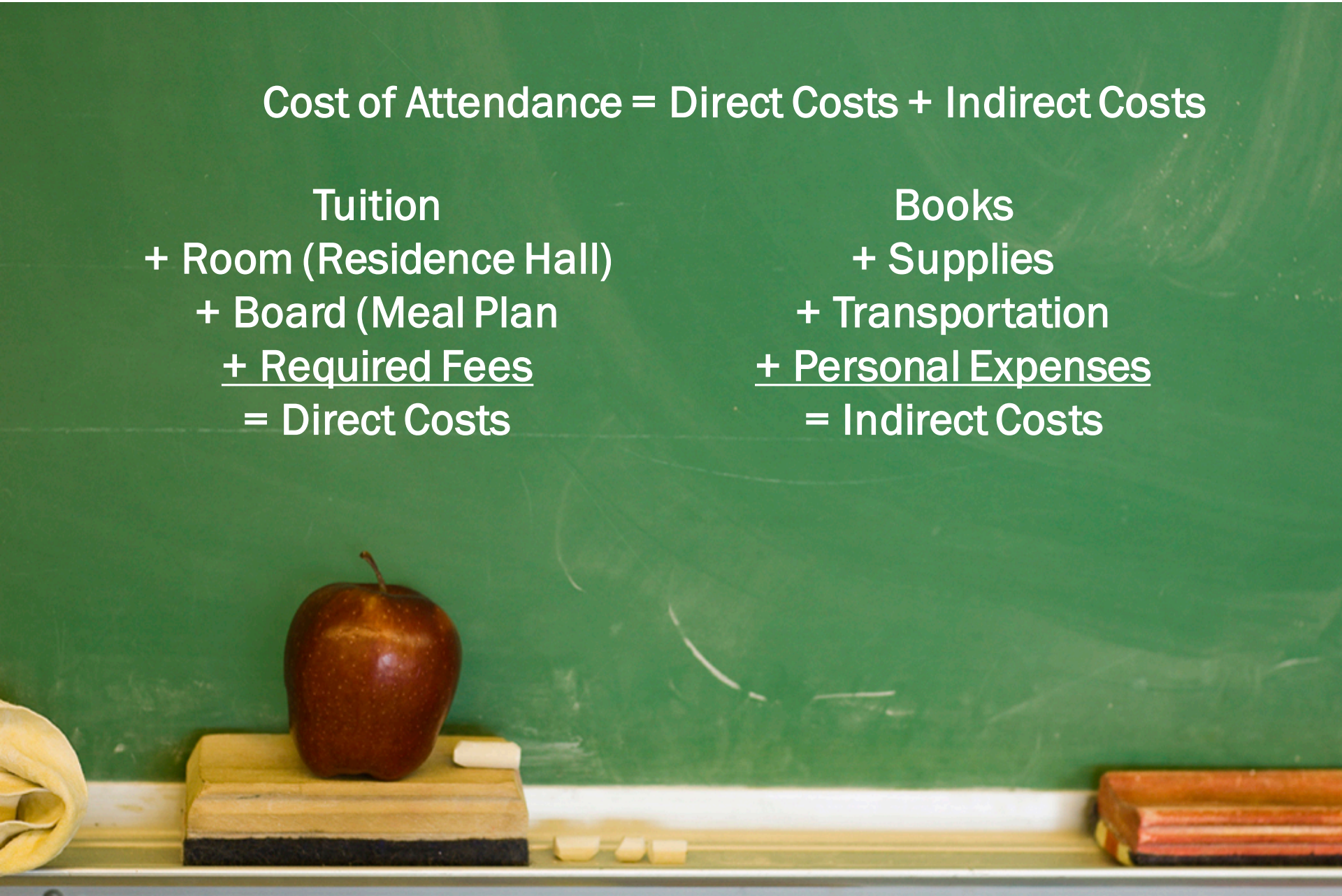


Cost of Attendance = Direct Costs + Indirect Costs

Direct Costs	Indirect Costs
Tuition	Books
+ Room (Residence Hall)	+ Supplies
+ Board (Meal Plan	+ Transportation
+ Required Fees	+ Personal Expenses
= Direct Costs	= Indirect Costs

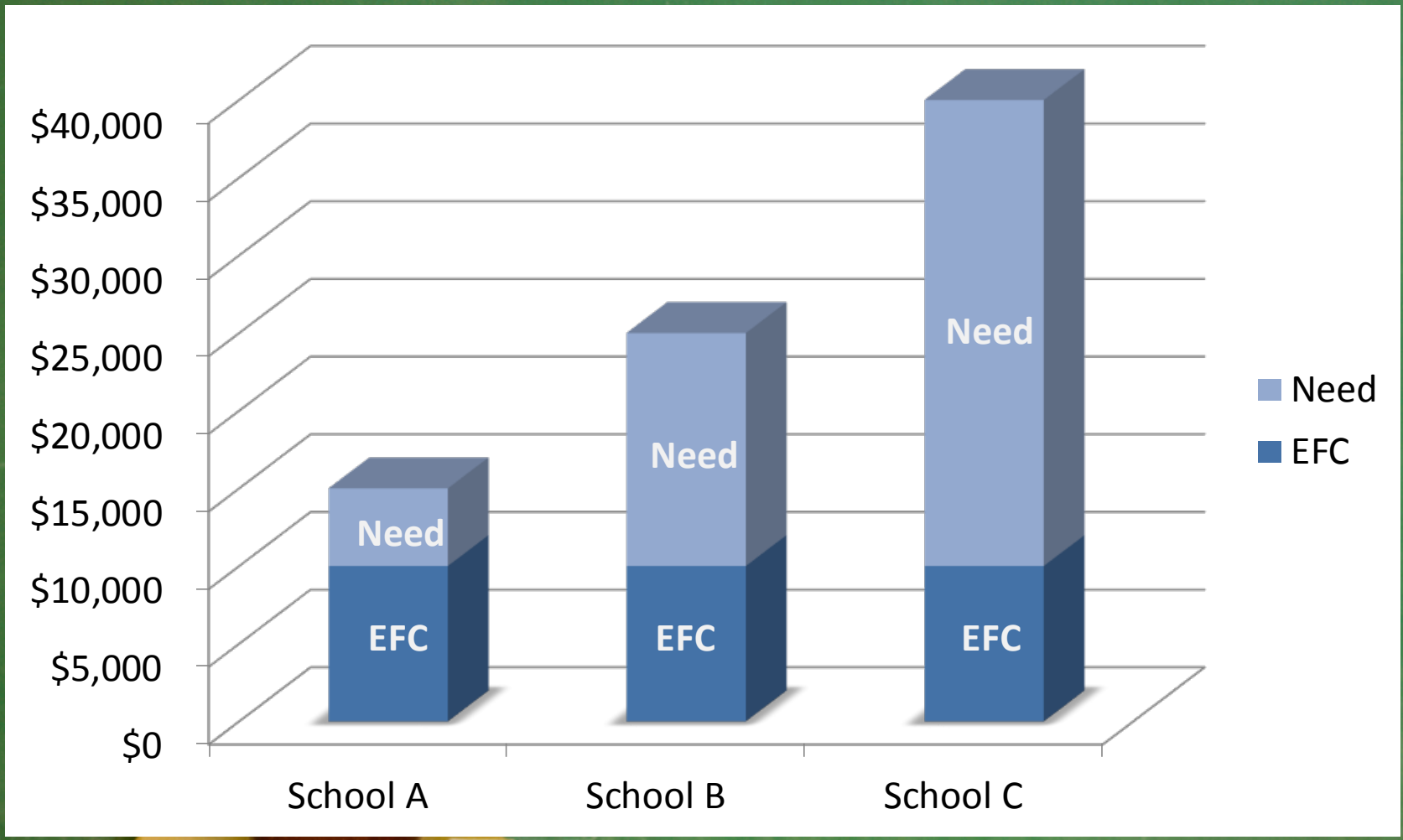
EFC: A Case Study

Family Profile
Oldest Parent's Age: 50
Family Members: 4
Number in College: 1

	Parents' Assets:			
	$15,000	$50,000	$70,000	$100,000
Parents' AGI	**EFC would be:**			
$40,000	546	657	834	1,098
$60,000	4,086	4,384	5,097	6,256
$80,000	10,013	10,594	11,722	13,414
$100,000	17,478	17,991	19,119	20,811

Based on 2013-2014 Federal Methodology

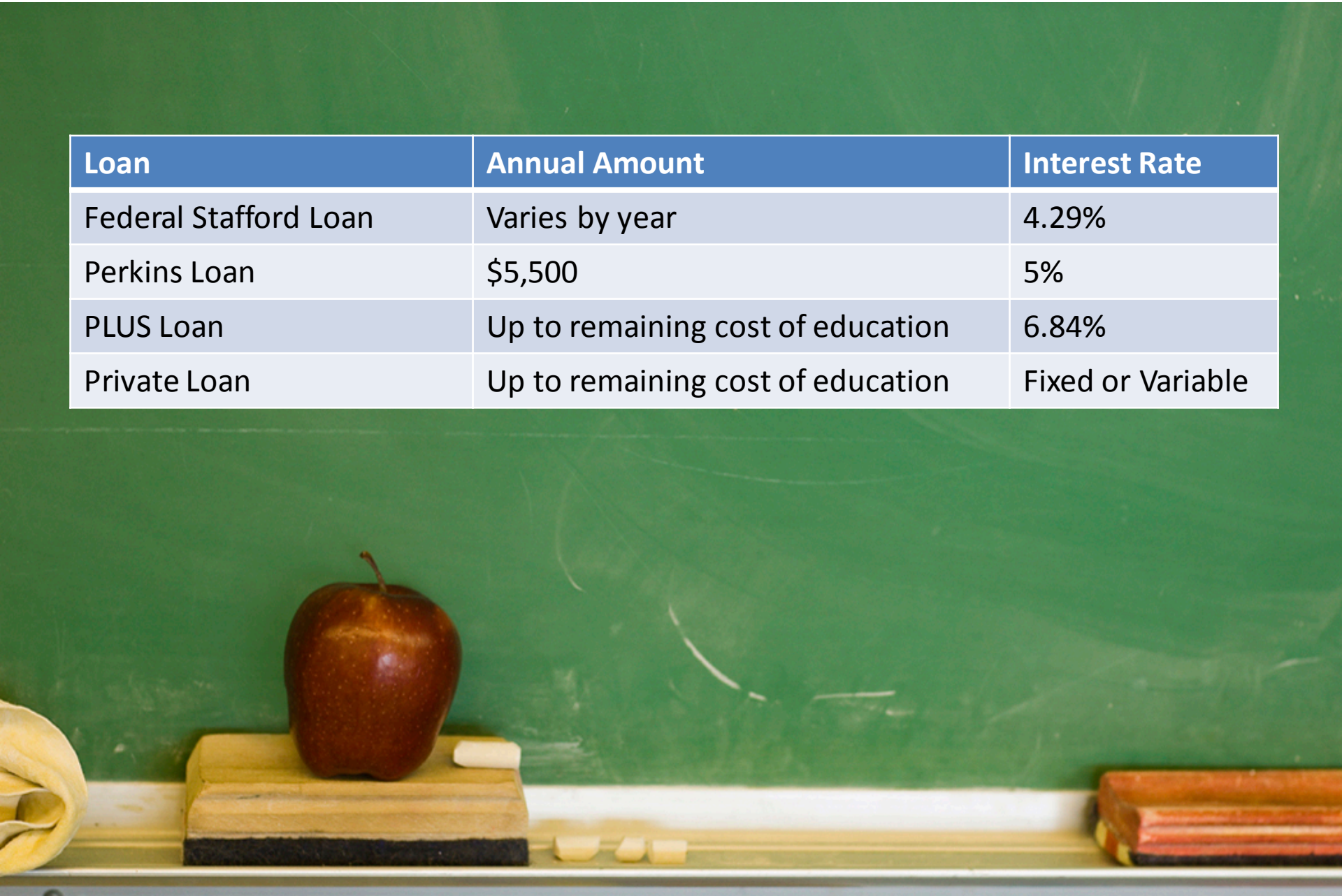
How is “Need” Determined?



Loans

Loans

Loan	Annual Amount	Interest Rate
Federal Stafford Loan	Varies by year	4.29%
Perkins Loan	$5,500	5%
PLUS Loan	Up to remaining cost of education	6.84%
Private Loan	Up to remaining cost of education	Fixed or Variable



Loans

FEDERAL STAFFORD LOAN

TYPE	INTEREST
Subsidized Stafford Loan	Interest is paid by the federal government while a student is in school **at least ½ time**, during grace period, and during authorized periods of deferment
Unsubsidized Stafford Loan	Interest accumulates for the life of the loan. However, interest payments are NOT required while the student is in school **at least ½ time**, during grace period, and during authorized periods of deferment.

Loans

FEDERAL STAFFORD LOAN

Year in School	Annual Limit (Dependent)	Annual Limit (Independent)
1st	$5,500 ($3,500 subsidized)	$9,500 ($3,500 subsidized)
2nd	$6,500 ($4,500 subsidized)	$10,500 ($4,500 subsidized)
3rd or Beyond	$7,500 ($5,500 subsidized)	$12,500 ($5,500 subsidized)
Maximum Amount for Undergraduate Degree	**$31,000**	**$57,500**

Loans

- How to accept your Federal Stafford Loan:
  - Accept through school
  - Complete following requirements online
    - Federal Stafford Loan Entrance Counseling
    - Federal Stafford Loan Master Promissory Note

    www.studentloans.gov
- How do you receive your loan?
  - Loan is paid directly to your student account

Loans

WHAT ABOUT REPAYING MY LOANS?

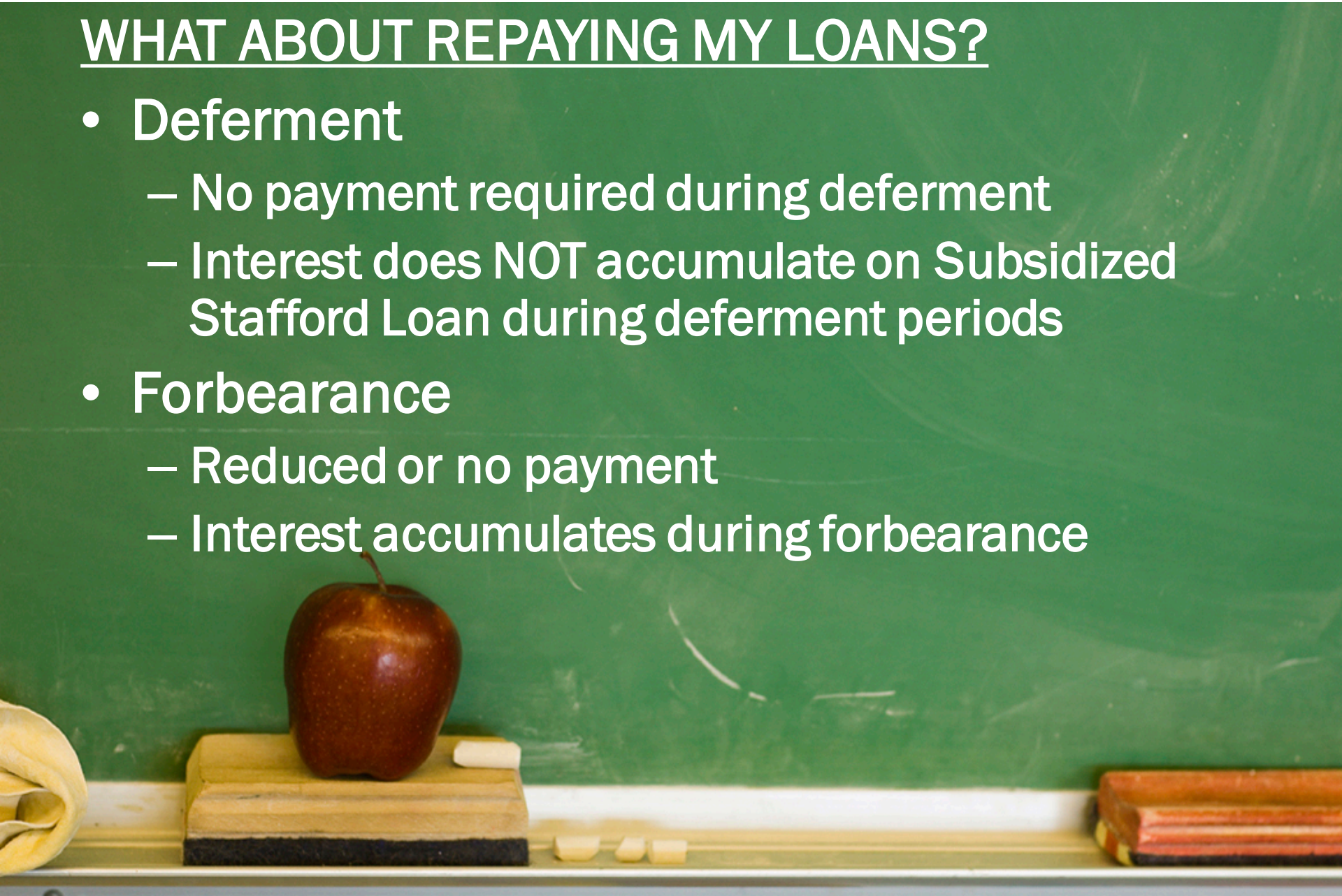
- Repayment starts after Grace Period
- Grace Period
  - 6 month period before repayment starts
- Grace Period starts after you…
  - Graduate
  - Drop below half-time enrollment
- Repayment Options
  - Standard (10 years)
  - Income-Based Repayment

Loans

REPAYMENT SCENARIOS

	Total Subsidized Stafford Loan	Total Unsubsidized Stafford Loan	Total	Standard Monthly Repayment (10 Years)	Income-based Repayment (20 Years, $40,000 AGI)
Student A	$19,000	$8,000	$27,000	$290	$200
Student B	$0	$27,000	$27,000	$330	$200
Student C	$19,000	$0	$19,000	$190	$190

Loans



WHAT ABOUT REPAYING MY LOANS?

- Deferment
  - No payment required during deferment
  - Interest does NOT accumulate on Subsidized Stafford Loan during deferment periods
- Forbearance
  - Reduced or no payment
  - Interest accumulates during forbearance

Loans

WHAT ABOUT REPAYING MY LOANS?

- Deferment
  - Enrolled at least half-time
  - Graduate fellowship
  - Unemployment
  - Peace Corps
  - Active military duty
- Forbearance
  - Financial hardship
  - Illness
  - Medical internship

Loans

PLUS LOAN

- Program for parents of dependent undergrads
- Must pass a basic credit check
- Annual loan limit = COA minus other accepted aid
- Fixed interest rate (6.84% for 2015-16)*
- Origination fee (4.272% for loans first disbursed on or after Dec 1, 2015)
- Repayment begins 60 days after loan is fully disbursed
- “Opt-in” to in-school deferment (payments not required while student is enrolled at least half-time)

* 7.21% for 2014-15

QUESTIONS

QUESTIONS?

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