

# Financial Aid 101

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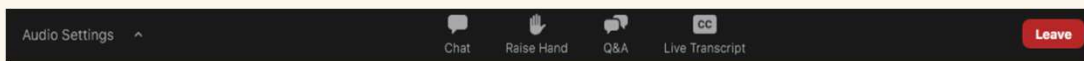


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About MEFA

**State authority created by the Commonwealth of Massachusetts in 1982, helping families plan, save, and pay for college**

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Webinar Topics

- The Application Process
- Types & Sources of Financial Aid
- How Financial Aid Decisions Are Made
- Paying for College
- Free Resources

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# THE APPLICATION PROCESS

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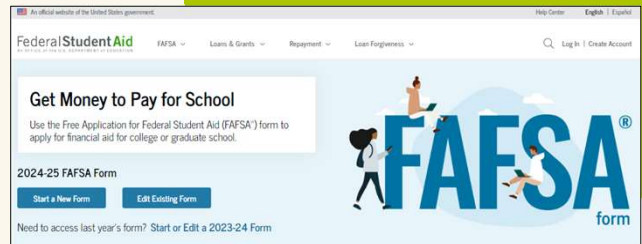
## Financial Aid Timeline

- Check deadlines and required applications on each college's website now
- Early Action/Decision deadlines are often in Oct or Nov
- Standard deadlines are typically in Feb or March
- **MEET APPLICATION DEADLINES!**
- Use MEFA's College Application Manager to stay organized
  - [mefa.org/college-application-manager](https://mefa.org/college-application-manager)

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## FAFSA®

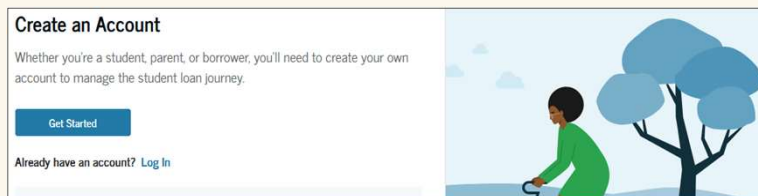
- Free Application for Federal Student Aid (FAFSA)
- Required by all colleges & must complete **every year**
- Available at [fafsa.gov](https://fafsa.gov) in Dec this year (usually Oct 1<sup>st</sup>)
- Contributor = person whose information appears on the FAFSA
- Best if student starts and then invites all other contributors
- Each contributor has a separate section
- Last contributor to complete can submit the FAFSA
- Incomplete FAFSAs are deleted after 45 days (!); reminders are sent every 7 days



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## FSA ID

- FSA ID = username and password
- Must have an FSA ID to log in
- Set up your FSA ID now (must wait 2-4 days to start the FAFSA)
- Must have an email address
- Who needs an FSA ID?
  - Student
  - Student's spouse if filed taxes separately or didn't file
  - Every parent listed on the FAFSA
    - If parents filed taxes jointly, only one parent needs one
- Those without an SSN will answer knowledge-based questions pulled from credit history



## What's Reported on the FAFSA?

### GENERAL INFORMATION

- Student citizenship status
  - All U.S. citizens and eligible non-citizens can receive federal financial aid
  - Some undocumented students are eligible for MA in-state tuition and state aid only
- Colleges where student is applying (each one will receive your FAFSA)
- Parents
  - Married, including same-sex parents, include both
  - All parents who live together, married or not
  - Divorced/Separated: parent who provided more financial support in last 12 months & current spouse
    - If parents provided equal support, use the parent with greater income or assets
    - Use the *Who's My Parent Wizard*
  - Legal guardians are NOT a parent
- # in household: will pull from IRS but family can update
- # of children in college: will not be used in calculation

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## What's Reported on the FAFSA?

### FINANCIAL INFORMATION

- Parent and student income (2022 income for the 2024-25 FAFSA)
  - Will pull in federal tax data from the IRS (must give consent)
  - Both taxed and untaxed income that appears on the tax return
- Parent and student assets
  - Include value of savings, checking, investments, all businesses/farms, other property
  - Include 529 accounts (only those for the student) as a parent asset
  - Do not include primary home, value of retirement, life insurance, 529s for other children
  - Child support received is considered an asset
- Debt is not reported except debt on reported assets

**Attend our *Understanding the FAFSA* webinar on Dec 4th**

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## Other Financial Aid Applications

### CSS Profile™

- [cssprofile.org](https://cssprofile.org)
- Required by some colleges and universities
- \$25 for 1st school, \$16 for each additional
- Fee waivers if parent income is \$100k or less or family meets certain other criteria
- Available October 1st
- Noncustodial parent submits a separate profile
- *What to Know About the CSS Profile* webinar



### College Financial Aid Application

- Required by some colleges and universities

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## After You Apply

- Colleges and the state receive data electronically
- Student will receive a FAFSA Submission Summary (FSS) by email
- Colleges may request (**mandatory**) Federal Verification documents.
- Colleges review applications and determine the financial aid offer
- Some schools may release estimated offers based only on the Profile
- Some schools may release different types of financial aid in stages
- Review college websites to learn about each school's timing
- You will not have to commit to a school without a financial aid offer

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## Verification

- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- Families must submit additional documentation:
  - Tax Return Transcript
  - Verification Worksheet
  - Asset Account Statements
- Review all correspondence from colleges
- Log into college web portal for communications
- Create a family email address for the financial aid process so no requests are overlooked



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## Financial Aid Office

<p><b>Learn About Your Financial Aid</b></p>	<ul style="list-style-type: none"> <li>• Financial aid renewability criteria (financial, academic)</li> <li>• How will a private scholarship affect my financial aid?</li> </ul>
<p><b>Ask About Special Considerations</b></p>	<ul style="list-style-type: none"> <li>• Changes in family circumstances</li> <li>• Can I appeal my offer? How?</li> </ul>
<p><b>How to Contact the Financial Aid Office</b></p>	<ul style="list-style-type: none"> <li>• Phone call</li> <li>• Email</li> <li>• Chat (if offered)</li> </ul>

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**What is Financial Aid?**

Financial aid is money to help students pay for college

- 3 main types:
  - Grants and scholarships (gift aid)
  - Federal work-study
  - Federal student loans

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## Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- 5.5% fixed interest rate for 2023-24
- Repayment:
  - No payments due while enrolled
  - Multiple options (many tied to income)
  - Total borrowed for 4 years: \$27,000 max
  - Estimated payment: \$300/month for 10 years
  - Estimated total debt: \$32,000-\$34,000
  - Deferment, forbearance, and forgiveness opportunities

Annual Loan Limits	
Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500

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## Sources of Financial Aid

<p><b>Federal</b></p> <ul style="list-style-type: none"> <li>• Grants, work-study, loans, tax incentives</li> <li>• <a href="https://studentaid.gov">StudentAid.gov</a></li> </ul>	<p><b>Massachusetts</b></p> <ul style="list-style-type: none"> <li>• Grants, scholarships, tuition waivers, loans</li> <li>• <a href="https://mass.edu/osfa">mass.edu/osfa</a></li> </ul>
<p><b>College/University (institutional aid)</b></p> <ul style="list-style-type: none"> <li>• Grants, scholarships, loans</li> </ul>	<p><b>Other Agencies</b></p> <ul style="list-style-type: none"> <li>• Scholarships: Search through <a href="https://mefapathway.org">mefapathway.org</a> and <a href="https://fastweb.com">fastweb.com</a>, and check with your school counselor</li> </ul>

**\$174.4 billion\*: The total amount of aid students received in 2021-22**

\*Trends in Student Aid 2022, The College Board  
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## Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Might have renewable requirements or not be renewable
- Not offered at every college; check each college's website for details
- Separate application sometimes required (check deadlines!)
- Application deadline may be as early as November

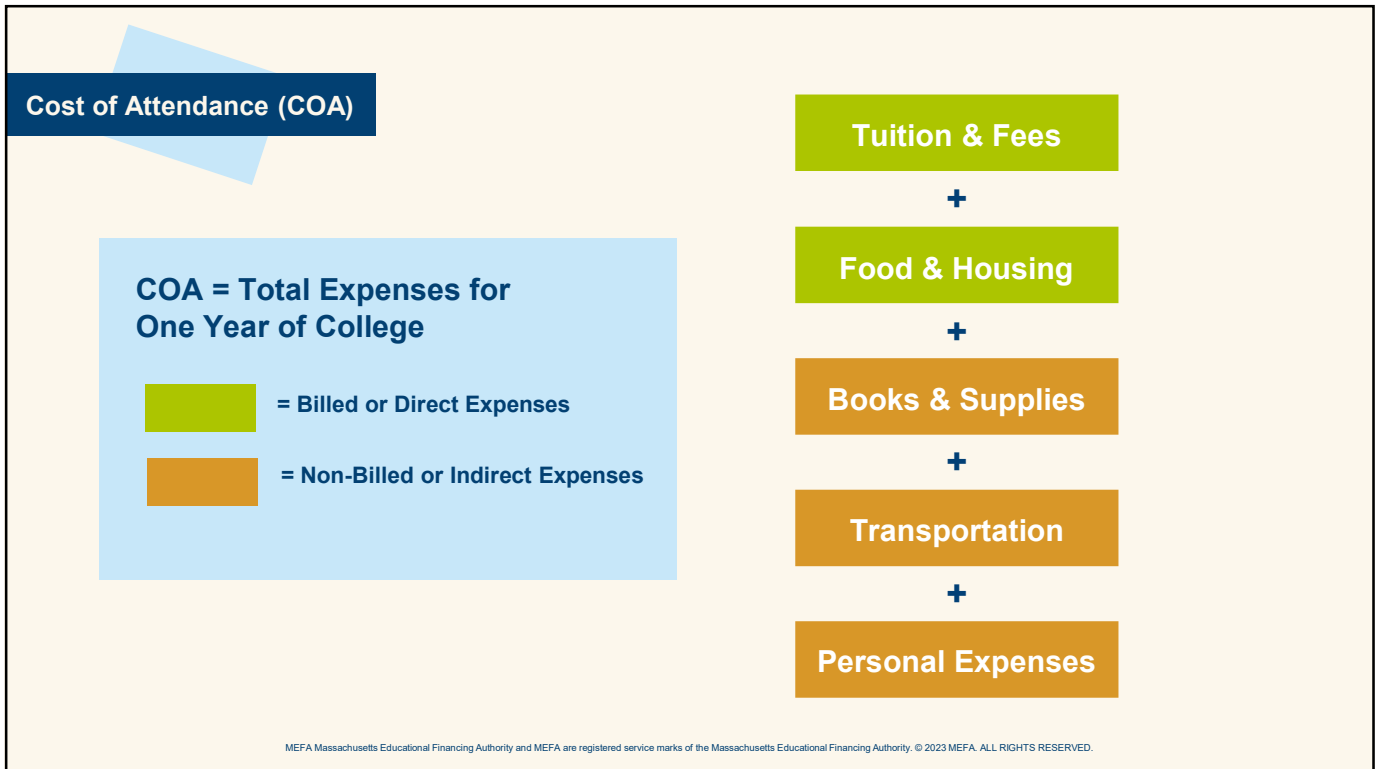
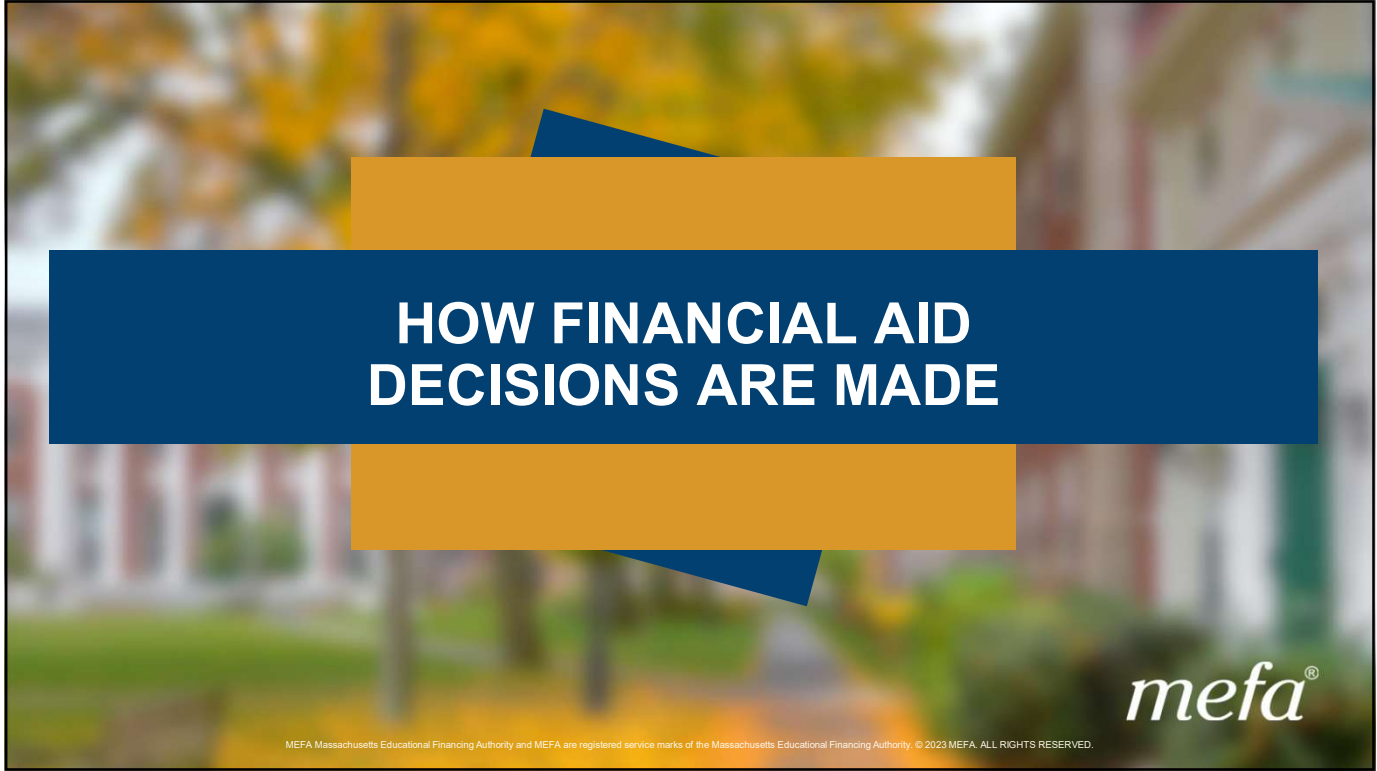
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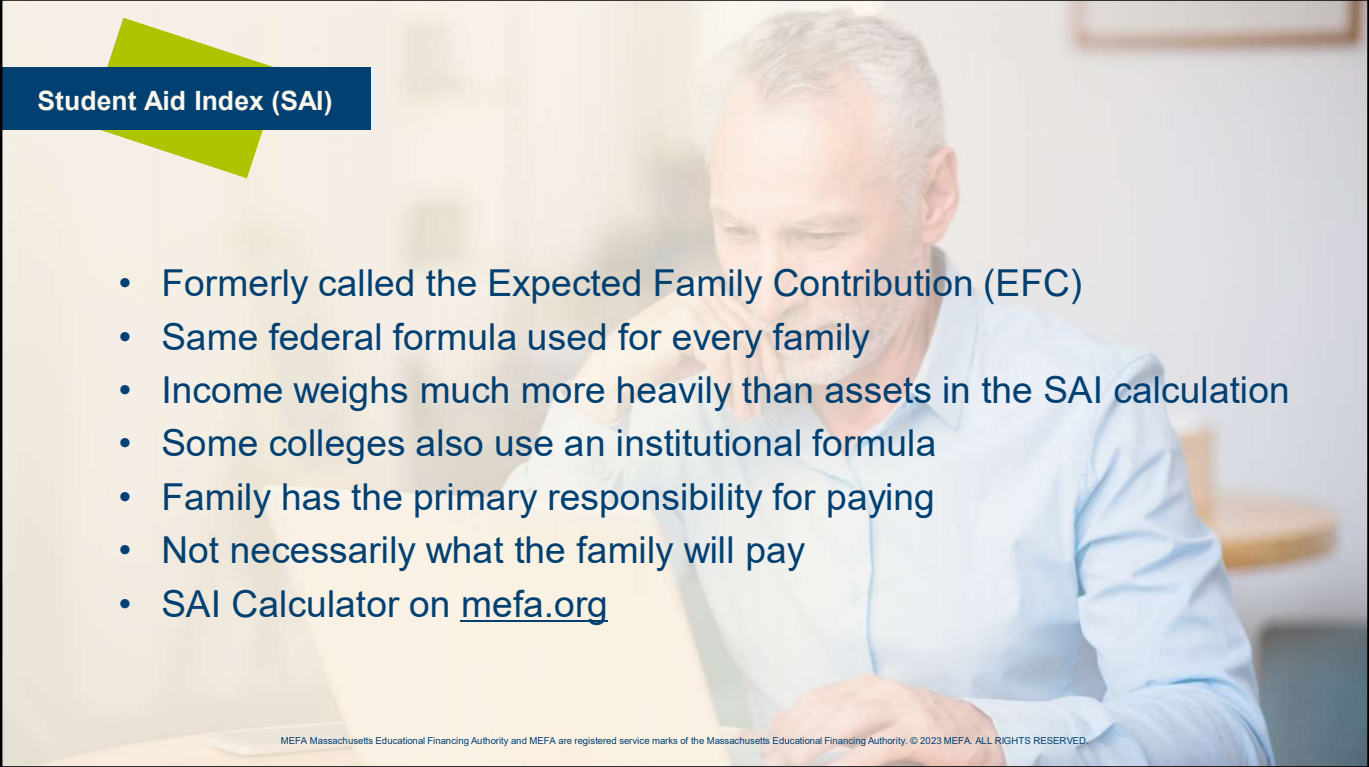


## Need-Based Aid

- 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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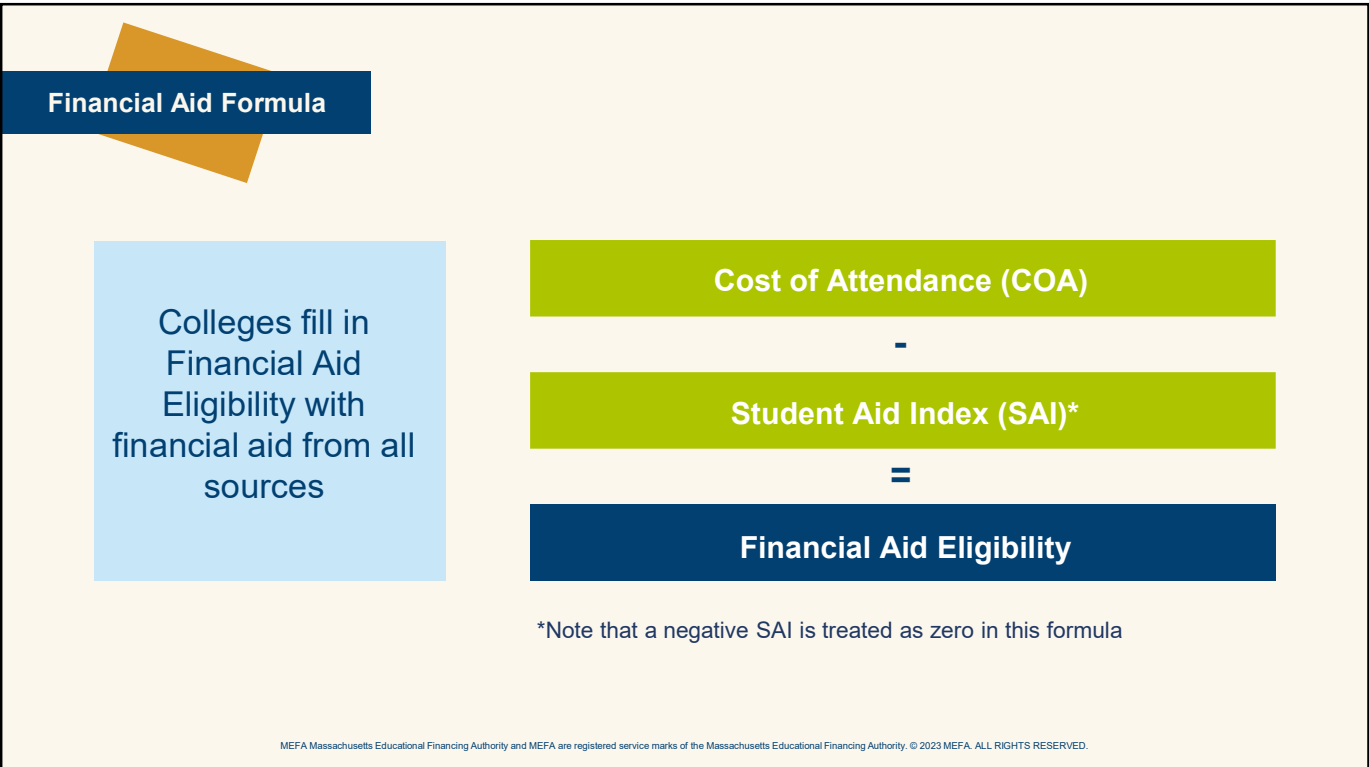




## Student Aid Index (SAI)

- Formerly called the Expected Family Contribution (EFC)
- Same federal formula used for every family
- Income weighs much more heavily than assets in the SAI calculation
- Some colleges also use an institutional formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay
- SAI Calculator on [mefa.org](https://mefa.org)

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## Financial Aid Formula

Colleges fill in  
Financial Aid  
Eligibility with  
financial aid from all  
sources

**Cost of Attendance (COA)**

-

**Student Aid Index (SAI)\***

=

**Financial Aid Eligibility**

\*Note that a negative SAI is treated as zero in this formula

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**Financial Aid Awarding**

**College Cost of Attendance**  
**\$45,000**

Unmet need and SAI are the FAMILY's responsibility

<b>Unmet Need</b>	<b>\$5,000</b>
<b>Work-Study</b>	<b>\$2,000</b>
<b>Student Loans</b>	<b>\$5,500</b>
<b>Grant Scholarship</b>	<b>\$17,500</b> <b>\$10,000</b>
<b>SAI</b>	<b>\$5,000</b>

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**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 included
- Note that calculators may not yet be updated for the 2024-25 year

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**Offer Letters: Totals Can Vary**

**College Cost of Attendance**  
**\$45,000**

**Student Aid Index (SAI)**  
**\$5,000**

**Total Eligibility**  
**\$40,000**

	College A	College B	College C
Grants/Scholarships	\$32,500	\$25,500	\$17,500
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$2,000	\$2,000	\$2,000
<b>Total</b>	<b>\$40,000</b>	<b>\$33,000</b>	<b>\$25,000</b>
Unmet Need	\$0	\$7,000	\$15,000

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**Offer Letters: Types Can Vary**

**College Cost of Attendance**  
**\$45,000**

**Student Aid Index (SAI)**  
**\$5,000**

**Total Eligibility**  
**\$40,000**

	College A	College B	College C
Grants/Scholarships	\$27,500	\$17,500	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loans	\$0	\$10,000	\$29,500
Work-Study	\$2,000	\$2,000	\$0
<b>Total</b>	<b>\$35,000</b>	<b>\$35,000</b>	<b>\$35,000</b>
Unmet Need	\$5,000	\$5,000	\$5,000

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<b>Filling SAI and Unmet Need</b>	<b>Balance Due: \$20,000</b>	
	<b>Past Income (Savings)</b>	
	<b>Student Savings</b>	<b>-\$1,000</b>
	<b>Parent Savings</b>	<b>-\$4,000</b>
	<b>Present Income (Current Wages)</b>	
	<b>Parent Contribution to Payment Plan</b>	<b>-\$5,000</b>
	<b>Future Income (Borrowing College Loans)</b>	
	<b>Education Loan</b>	<b>-\$10,000</b>
		<b>\$0</b>

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**Important Kitchen Table Conversations**

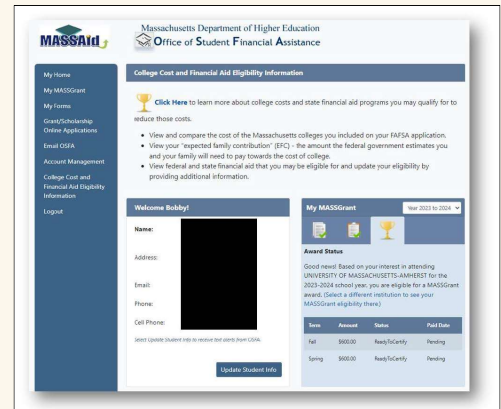
- What is each school's net price?
- Would starting at community college save significant \$?
- Consider the number of children you will send to college
- Think in terms of total debt (4+ years of school) & potential starting salary
- Is the student considering graduate school?

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**MA State Financial Aid**

- States have different instructions for listing colleges on the FAFSA: [studentaid.gov/apply-for-aid/fafsa/filling-out/school-list](https://studentaid.gov/apply-for-aid/fafsa/filling-out/school-list)
- To apply for MA state financial aid, complete the FAFSA by May 1
- In MA, students who submit the FAFSA will receive an email or text from the MA Office of Student Financial Assistance (OSFA) inviting them to log in to the MASSAid Portal to:
  - Access and track state financial aid (NOTE: there may be none)
  - Use the College Cost and Financial Aid Eligibility information tool
- In MA, state financial aid is directed to the school listed first on the FAFSA. However, once students create a MASSAid user account, they can indicate the school they will attend to receive their state aid there

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## Paying for College in MA Options

### MassTransfer

- Makes transfer from community college to a 4-year public MA college more affordable
- Benefits include guaranteed credit transfer, tuition credit, & freeze on tuition
- [mass.edu/masstransfer](https://mass.edu/masstransfer)

### Tuition Break

- Reduction on out-of-state tuition costs at New England schools for certain programs
- [nebhe.org/tuitionbreak](https://nebhe.org/tuitionbreak)

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# FREE RESOURCES

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**National and Community Resources**

**FAFSA Day**

- Free assistance completing the FAFSA
- Events held Feb-June
- Offered in both English and Spanish
- Register at [FAFSADay.org](https://www.fafsaday.org)

**Massachusetts Educational Opportunity Centers**

- Non-profit providing free financial aid help and career readiness services
- Schedule an appointment with an education advisor
- [massedco.org/](https://massedco.org/)

**MEFA Pathway**

- No-cost college and career planning resource for students in grades 6-12
- [mefapathway.org](https://mefapathway.org)

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**Staying on Track Through Senior Year**

**Spring/Summer Junior Year**

- Research colleges
- Visit campuses and college fairs
- Ask teachers for letters of recommendation
- Take the SAT/ACT
- Start writing the college essay

**Fall Senior Year**

- Retake the SAT/ACT
- Secure letters of recommendation
- Finalize the college essay(s)
- Attend MEFA's *Financial Aid 101* webinar
- Complete all admissions applications
- Get an FSA ID
- Submit the CSS Profile if required

**Winter Senior Year**

- Submit admissions applications
- Submit the FAFSA
- Apply for private scholarships
- Send in mid-year grade reports

**Spring Senior Year**

- Receive admissions and financial aid offers
- **Attend MEFA's *Understanding Financial Aid Offers & Paying the College Bill* webinar**
- Attend college open house programs
- Choose your college by May 1<sup>st</sup>

View an extended timeline at: [mefa.org/college-admissions-and-financial-aid-timeline](https://mefa.org/college-admissions-and-financial-aid-timeline)

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### What You Can Do Now

- Get an FSA ID for the student and parent(s)
- Research deadlines and required applications
- Register for other webinars at [mefa.org/events](https://mefa.org/events)
- Read financial aid blog posts at [mefa.org/blog](https://mefa.org/blog)
- Reference MEFA's *Timeline for College Admissions and Financial Aid* on [mefa.org](https://mefa.org)
- Sign up for MEFA's emails on [mefa.org](https://mefa.org)







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## Questions?

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