Financial Aid for College
2012 - 2013
Scope of this Workshop

• What is financial aid
• College costs
• Determination of eligibility
• Need-based programs
• Alternatives
• How to complete a FAFSA
Types of Student Financial Aid

- Grants
- Scholarships
- Loans
- Employment
Student Financial Aid

• Merit-based
  – academics
  – talent
  – athletic
  – others

• Need-based
  – financial considerations
Student Financial Aid

Need-based aid ...

• Family is responsible for costs to the extent of its ability to pay college costs

• Provides access and choice

• Annual determination of eligibility
College Costs

- Direct
- Indirect
- Vary widely from college to college
Direct College Costs

- Tuition
- Required fees
- Room
- Meals
- Books and Supplies
Indirect College Costs

- Transportation and miscellaneous personal expenses, including documented costs for a personal computer
- Loan fees
Indirect College Costs

- Study abroad costs
- Dependent care expenses
- Disability-related expenses
- Cooperative education program costs
Applying for Federal Financial Aid

• Free Application for Federal Student Aid (FAFSA)
  – Required for all types of federal aid
  – Download the FAFSA on the Web Worksheet via www.fafsa.gov to prepare your form
    • 99% of forms are filed online!
    • Sign the form with a Personal Identification Number (PIN)
  – Paper form can be obtained by calling 800-4-FED-AID (1-800-433-3243)
  – Complete FAFSA at www.fafsa.gov after January 1st, preceding the academic year
  – Results available online in 48 hours and to the institutions you list on the FAFSA
What is a PIN?

What is a Personal Identification Number (PIN)?

- Issued to an individual and is a “signature” for Federal Student Aid purposes
- Faster than using paper signature
- PIN is valid for years
- Parent’s PIN may be used for multiple children
- Each student must have own PIN
- Obtain PIN from [www.pin.ed.gov](http://www.pin.ed.gov)
Applying for State Financial Aid

• The FAFSA is also the application for most major state programs:
  – NC Education Lottery Scholarship
  – UNC Need-Based Grant
  – NC Community College Grant
  – New NC Need-Based Scholarship
  – And others

• Other state programs may require additional forms. See CFNC.org for details by program.
Applying for Financial Aid

• Other forms ???
  – Institutional application
  – College Scholarship Service PROFILE
  – State applications
  – Outside scholarship applications
• Saturday, February 18, 2012
  – Any time between 9 a.m. and noon in most locations
• Get FREE help completing your FAFSA from college financial aid officers.
• Visit CFNC.org/fafsaday or call toll-free at 866-866-CFNC (2362) to:
  – Learn more
  – Find closest location
  – Register for FAFSA Day
• Sponsored by:
  – College Foundation of North Carolina
  – North Carolina Association of Student Financial Aid Administrators, and
  – State Employees Credit Union
Offers to help get aid are everywhere:

• In the mail
• Over the Internet
• In newspapers
• In magazines
• Over the phone
Offers may be:

• Legitimate offers of information and assistance
  – Example: CFNC.org and FAFSA Day

• Misleading offers from individuals or companies trying to make money off of unsuspecting parents and students
How do you identify offers that should be avoided?

• Organizations that offer to locate more aid and then charge you a fee

• Anyone who charges you a **fee**:  
  • for information about financial aid  
  • to complete the FAFSA  
  • to apply/receive a scholarship

• Organizations that **guarantee** you will get a scholarship or aid.
Where can you find truly free information about financial aid?

• Contact College Foundation of North Carolina at CFNC.org or toll free at 866-866-CFNC
  – Service of the State of North Carolina

• Talk to the financial aid administrator at the college of choice

• Ask your high school counselor or visit the local library

• Apply for federal financial aid at FAFSA.gov
  (notice it is not FAFSA.com!)
Applying for Financial Aid

• Meet **earliest** deadline of colleges in which you are interested

• Complete all questions accurately

• Estimate if necessary to meet early deadlines

• Don’t wait until you are admitted to file the FAFSA

• **Keep a photocopy of all documents for your records**
Applying for Financial Aid

• Additional documentation may be required... for VERIFICATION of information
  
  – Adjusted Gross Income (AGI)
  – U.S. income tax paid
  – Untaxed Income – only if reportable on the 2012-2013 FAFSA

  • Untaxed IRA distributions
  • Untaxed pensions
  • Education credits
  • IRA deductions
  • Tax exempt interest
• Available **February 1, 2012**
  - Within several days for electronic tax filers
  - Within several weeks for paper tax filers

• May use for initial applications & corrections

• Applies to
  - Those who have filed tax returns
  - Those making corrections online after filing tax returns

• Does Not apply to
  - Married but are filing separately
  - Filing status is Head of Household
  - Marital status changed after 12/31/11
  - Those filing amended or foreign tax returns
To use the Tool, must have:
  • A valid Social Security Number and
  • Filed a 2011 federal tax return and
  • Same marital status as 12/31/2011

Filtering question helps applicant know whether to use Tool

IRS Data Retrieval Process meets verification requirements
  • Secure and FAST option

Students (and parents) not using the “Tool” and selected for verification:
  • In most cases, must submit an IRS Tax Return Transcript rather than a Tax Return
Determination of Expected Family Contribution

Parents’ Contribution + Student’s Contribution = Expected Family Contribution (EFC)
Determination of Parents’ Contribution

Parents’ total income for calendar year
(Taxable + Non-taxable)

minus

- Federal Tax Paid (not withheld)
- State Tax Paid
- Social Security Withholding
- Living Allowance
- Child Support paid by parents
- Employment allowance

= Available Parent Income
Determination of Parents’ Contribution

Total net assets (excluding home equity and retirement accounts)

- Protection allowance (varies by age of parent)

= Net Worth

x 12%

= Amount of assets used in determining EFC
Determination of Parents’ Contribution

Available Income

+ Asset Contribution

______________________________

= Adjusted Available Income

x Percentage

______________________________

= Parent Contribution

Parent contribution will be divided by the number of family members in college, not including parents.
Determination of Student’s Contribution

Student’s total income for calendar year (taxable and non-taxable)

- Federal tax paid (not amount withheld)
- State tax paid
- Social Security withholding
- Income protection allowance ($6,000)

= Student’s Available Income

x 50%

= Student’s Contribution from Income
Determination of Student’s Contribution

Total net assets

\[ \times 20\% \]

= Student’s Contribution from assets
Determination of Student’s Contribution

Student contribution from income

\[+\] Student contribution from assets

\[=\] Total Student Contribution
Determination of EFC

Parents’ contribution

+ Student’s contribution

= Expected Family Contribution
Basic Formula for Aid

Cost of Attendance

- Expected Family Contribution

= Eligibility for Need-Based Funds
Potential Institutional Adjustments to EFC for Institutional Funds

• Expect students to contribute a certain minimum amount to their educational costs (summer earnings)

• Use home equity in determination of net assets

• Make adjustments for medical/dental expenses

• Make adjustments in the losses/depreciation claimed for business/farm operations
Special Circumstances

• **Significant change** in your family...
  
  – Unemployment of a parent
  
  – Death in the family
  
  – Change in parents’ marital status
  
  – Medical expenses not covered by insurance
  
  – Student cannot obtain parent information

Notify the financial aid office at your college of any special circumstances. Be prepared to provide documentation of any change, including the financial impact of the change.
Sources of Financial Aid

• Federal Government
• State Programs
• Institutional funds
• Outside agencies
Types of Financial Aid

**Gift**
- Scholarships
- Grants

**Self-help**
- Loans
- Employment
Federal Aid Programs

• Federal Pell Grant
• Federal Supplemental Educational Opportunity Grant
• Federal Work-Study
• Federal Perkins Loan
• Ford Federal Direct Loan
• Federal TEACH Grant (loan)
North Carolina Aid Programs
(partial listing)

• NC Community College Grant
• UNC Need-Based Grant
• NC Education Lottery Scholarship
• NC Need-Based Scholarship
• Forgivable Education Loan for Service (NC FELS)
NC Reach
(program for foster youth)

- Funding for college students who:
  - Age(d) out of NC public foster care at age 18
  - Were adopted from foster care after age 12

- Eligibility requirements
  - Age 18 – 25 and meet above criteria
  - Enroll at NC Community College or one of UNC System’s 16 campuses
  - Enroll on half-time basis or more
  - Seek undergraduate degree/certificate /diploma

- Program is designed to be combined with other aid and cover the full cost of attendance

- Applications and additional information
  - www.ncreach.org
Institutional Aid

Grants & Scholarships

Loan Programs

Student Employment

Outside Agencies

Local organizations

Churches

Civic Groups

Parents’ employers

Veterans Administration

Vocational Rehabilitation Services
What about Federal Loans?

• Federal Direct Subsidized and Unsubsidized Loans
• Federal Perkins Loans
• Federal Direct PLUS Loans for:
  – Parents of dependent students
  – Graduate or professional students
Is that all there is?

• Private alternative loans for students or parents
  – Last resort--Always apply for federal loans first!

• College payment plans

• Outside scholarships

• Tax credits—American Opportunity (formerly Hope Tax Credit) & Lifetime Learning
Tax Credits - American Opportunity Tax Credit

• Available for the **first four years** of college to assist with tuition, fees and required books.

• **Up to $2500 tax credit** – reduces amount of taxes owed; up to 40% refunded when no income tax due.
  
  – 100% of first $2,000 expenses and 25% of the next $2,000.

• Examples:
  
  – Tuition of $4000 paid in 2011—May claim $2500 on the tax return completed for 2011 (filed in 2012).
  
  – Tuition of $1,200—May claim the full $1,200
  
  – Tuition of $3,000—May claim $2,250 (all of the first $2000, and 25% of the remaining tuition...which is $250).
Tax Credits -
Lifetime Learning

• Available for all years

• Can claim for remaining undergraduate years and graduate study as well as professional development classes.

• Can claim credit for 20% of tuition & fees, up to maximum of $2,000.

• Income restrictions on who can claim Lifetime and American Opportunity Tax Credits ..... Consult with your tax advisor!
IRS Deductions and Credits for 2011

• Families with adjusted gross incomes up to $80,000 (single filers) & $160,000 (joint filers) can claim tax credits.

• Certain taxpayers will qualify to take a tax deduction for tuition and fees of up to $4,000 (even if they don’t itemize).

• Cannot claim American Opportunity or Lifetime Learning Credit in the same year as deduction for same student.

• Don’t miss out on the tax credits or deductions! Talk to your tax preparer or do your research.
Additional Information

• College Foundation of North Carolina [www.cfnc.org](http://www.cfnc.org)

• *The Student Guide*

• *Student Financial Aid for North Carolinians*
  – [www.cfnc.org/fabook](http://www.cfnc.org/fabook)

• [www.finaid.org](http://www.finaid.org)

• Publications in local libraries
FAFSA on the Web's Homepage

Get help paying for college
Submit a free application for federal student aid (FAFSA)

- Start or continue your FAFSA
- Correct your FAFSA
- Check the status of your FAFSA, and more...

Start Here

Deadlines
Information about your deadlines.

School Code Search
Find your college's school code. Also find detailed information about your college.

FAFSA Filing Options
Learn about the other options for filing your FAFSA.

Announcements
- The new 2011-2012 FAFSA is here! To begin your application, click Start Here above.

Thinking About College?
Use FAFSA4caster to see how federal student aid can help you pay for college!

Watch real students share why they are going to college.

Site Last Updated: Sunday, May 30, 2010
Before Beginning a FAFSA Overview

- Gather the documents you need
- Print a FAFSA on the Web Worksheet
- Plan how to sign your FAFSA
- Apply for a PIN now!
The questions within FAFSA on the Web are presented in a different order than the questions on the paper FAFSA.

The questions that are included on the Worksheet are ordered as they appear online.

Complete the Worksheet rather than the paper FAFSA if you want to use it to help you complete the Web version.

Worksheet is available in PDF form www.fafsa.gov
Student Information

Instructions are provided for each FAFSA question in the Help and Hints section on the right side of the page and are also available by clicking Need Help? at the bottom of the page.

The student's first name

The student's full last name

The student's Social Security Number

The student's date of birth (mmddyyyy)

NEED HELP?

Help and Hints

The student's first name

You must enter the student's first name.

Use the student's proper name, not a nickname. The student's first name must match the first name on his/her Social Security card.

The student's entry must contain only letters (A-Z), numbers (0-9), periods (.), apostrophes ('), dashes (-), or blanks (spaces). No other characters are allowed.

More>>>
Use the **Next** and **Previous** buttons to move from page to page in the form. If you use your browser's back and forward buttons to move from page to page, you may lose your data.

Additional information about *FAFSA on the Web*:

- [How can I get help completing my FAFSA?](#)
- [How many steps does it take to complete?](#)
- [How long will it take to complete?](#)
- [Can I save my FAFSA if I can't finish it?](#)
- [Documents needed to complete the FAFSA](#)
- [Signing the FAFSA](#)
- [FAFSA on the Web Security and Privacy](#)
Dependency

• Students are independent if:
  – 24 years old or older
  – Orphan, foster child/ward of the State
  – Have children for whom they provide more than 50% support
  – Have a legal guardian
  – Married
  – Veteran or on active duty
  – Graduate students
  – Legally emancipated
  – Homeless or at risk of homelessness

Students not meeting one of the above must include parental information for full aid consideration.
IRS Data Retrieval Tool
Filtering Question

Student Tax Information

Application was successfully saved.

For 2011, have you completed your IRS income tax return or another tax return?
Already completed.

You may be able to use the IRS Data Retrieval Tool to view and transfer your tax information from the IRS.

Check all that apply or check None of the above.
- My tax filing status is Married Filing Separately
- My tax filing status is Head of Household
- I filed an amended tax return
- I filed a Puerto Rican or foreign tax return
- I recently filed my taxes
- None of the above

Based on your response, we recommend that you transfer your information from the IRS into this FAFSA.

Enter your PIN and click Link To IRS.

What is your PIN?
I Forgot/Don't Know My PIN
LINK TO IRS

Help and Hints
None of the above

Under certain conditions, students are not eligible to use the IRS Data Retrieval Tool, which allows users to link to the IRS Web site and securely transfer IRS tax return information into their FAFSA. If you meet any of these conditions, you will not be presented with the option to link to the IRS.

Select the check boxes that describe your (and if married, your spouse's) tax filing status, or select None of the Above.

Select My tax filing status is Married Filing Separately if you are married, but you and your spouse filed separately for federal income tax.
Displayed only if student is dependent. Student can indicate that they will provide parental information or they can indicate they have a special circumstance.

### Dependency Status Results

- Application was successfully saved.

Based on your answers to the dependency status questions, you are considered a **dependent student**. This means you must provide parental information. Select "I will provide parental information" and click Next to continue to Parent Demographics.

If you have a special circumstance and are unable to provide parental information, under very limited circumstances, you may be able to submit your FAFSA without parental information. Select "I am unable to provide parental information" and click Next to get additional information.

- I will provide parental information
- I am unable to provide parental information

For dependent students, a special circumstance is a situation that exists between the student applicant and his or her parent(s) which prevents the student from providing parental information.

Select I will provide parental information to continue to Parent Demographics.

Select I am unable to provide parental information to get additional information about special circumstances.
If parents refuse to complete FAFSA:

• Talk to financial aid office.

• Student *may* be allowed to submit the FAFSA without parental information.

• Student will only be eligible for an UNSUBSIDIZED Loan.

**Parent section is not optional if the student wants total aid eligibility!!**
Signing the FAFSA

After completing the FAFSA, student and parent (if dependent) must sign by:

- Entering PIN
  - Both student and one parent should each have PINs

OR

- Print signature page, sign and mail to address provided within 7 days
Sign the Application and Submit by clicking “Submit My FAFSA Now”

The Sign & Submit page includes the signature process for the student and parent.
Confirmation Page

- Confirmation Number
- Option for parents to transfer info to another FAFSA for a sibling
- EFC estimate
- Pell Grant and Direct Loan estimates
- College rates for each college on the FAFSA

Confirmation

Confirmation Number:
F01209522304 10/28/2010 16:51:23
Data Release Number (DRN): 10-40

2011-2012

Congratulations, Kim! Your FAFSA was successfully submitted to Federal Student Aid. You should print this page for your records.

Optional Feature - Transfer your parents’ information into another FAFSA - Do your parents need to complete a FAFSA for your brother or sister? Click here and all the information your parents provided in this application will be transferred to a new FAFSA. Your parents will have to provide a signature again, but that’s all.

Eligibility Information

Estimated Expected Family Contribution (EFC) = 04443

The EFC is a number that schools use to determine your eligibility and is not the amount of money that you have to pay. Your schools’ financial aid office will use your EFC to determine the specific types and amounts of student aid you are eligible to receive.

You may be eligible to receive the following:

- Pell Grant Estimate - $1,175
- Direct Stafford Loan Estimate - $6,500

You may also be eligible to receive other federal, state, or institutional grants, scholarships, and/or work-study.

College Rates

The table shows the graduation, retention, and transfer rates for the schools you selected. Go to the College Navigator Website at www.nces.ed.gov/collegenavigator for complete information.

<table>
<thead>
<tr>
<th>School Name</th>
<th>Graduation Rate</th>
<th>Retention Rate</th>
<th>Transfer Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>DUBURN UNIVERSITY</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>ART INSTITUTE OF CHARLOTTE (THE)</td>
<td>49%</td>
<td>47%</td>
<td>8%</td>
</tr>
<tr>
<td>DUKE UNIVERSITY</td>
<td>95%</td>
<td>57%</td>
<td>NA</td>
</tr>
<tr>
<td>BENNETT COLLEGE</td>
<td>48%</td>
<td>76%</td>
<td>NA</td>
</tr>
<tr>
<td>CENTRAL PIEDMONT COMMUNITY COLLEGE</td>
<td>8%</td>
<td>60%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Next Steps

The colleges you listed will have access to your FAFSA information once your application is processed. For more information...
Conclusion

• Respond promptly to colleges if additional information requested
  – Tax return transcripts or other information

• College will notify via email, Web or mail of aid eligibility

• Student should follow colleges’ instructions to accept or decline aid offered.
• Aid available from federal and state governments

• Student and parent should each have a PIN  www.pin.ed.gov

• Get your taxes done before March, if possible!

• Complete forms by deadlines
  – More important now than ever

• Use www.fafsa.gov to complete, sign and submit application.
Questions?