

FINANCIAL AID OVERVIEW

Minnetonka
High School
2019

Carly Eichhorst
St. Olaf College

Agenda

- ▣ Types of Financial Aid
- ▣ Financial Aid Applications
- ▣ Family Contribution and Financial Need
- ▣ Financial Aid Award Letters
- ▣ Financial Aid Tips
- ▣ Questions

Types of Financial Aid

- Grants

- ▣ Based on financial need

- Scholarships

- ▣ Typically based on merit, academic achievement, talent, etc.

- Employment (Work-Study)

- ▣ Work on campus

- Loans

- ▣ Student loans
 - ▣ Parent loans

Deadlines

- ❑ **Colleges have varying deadlines –check web site**
- ❑ *Rolling Admission vs Single Notification* impacts deadlines and when families hear results
- ❑ Students applying Early Decision, with a Nov 1 or Nov 15 deadline, will need to apply for financial aid at the same time as admission application
- ❑ Students with an Early Action and/or Regular Decision deadline can have varying deadlines.

Financial Aid Forms

□ **The Free Application for Federal Student Aid (FAFSA)**

- **Required** for federal, state and institutional aid programs
- Uses prior year tax information
- 2018 tax info for 20-21 FAFSA

□ **The CSS/Financial Aid PROFILE**

- **Only** required at highly selective colleges
- Has a cost \$25/\$16/fee waiver for students who qualify for free/reduced lunch

FAFSA

<https://studentaid.ed.gov/sa/fafsa>

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

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Types of Aid

Who Gets Aid

FAFSA®: Apply for Aid

How to Repay Your Loans

Home » FAFSA®: Apply for Aid

FAFSA®: Apply for Aid

Use the *Free Application for Federal Student Aid* (FAFSA®) form to apply for financial aid for college or grad school.

NEW TO THE FAFSA® PROCESS?

Completing the FAFSA form is free. Fill it out now.

START HERE >

RETURNING USER?

Correct info • Add a school
View your *Student Aid Report* (SAR)

LOG IN >

Data for FAFSA Filing

For Both Students and Parents

- ❑ Federal Student Aid ID (FSA ID)
- ❑ Social Security number
- ❑ Federal income tax return (2018)
- ❑ W-2 forms (2018)
- ❑ Untaxed income and benefits
- ❑ Savings and checking account balances
- ❑ List of schools you are applying

Note: the IRS Data Retrieval Tool may help to simplify the process!

CSS PROFILE

<https://cssprofile.collegeboard.org>

Secure | <https://cssprofile.collegeboard.org/?excmid=vt-00231/>



CollegeBoard

CSS Profile™

Sign In



Search



Apply for Financial Aid with CSS Profile

Nearly 400 colleges, professional schools, and scholarship programs use CSS Profile to award non federal aid.

[Sign In to Apply](#)

[Before You Apply](#)

[How to Apply](#)

[Fee Waivers](#)

[International Applicants](#)

[Info for Divorced Parents](#)

Expected Family Contribution

“EFC” or “Expected Family Contribution” is calculated from data on FAFSA or CSS Profile

- Index number to measure financial strength of family
- Stays the same regardless of college
- Student and Parent contribution amounts based on:
 - Income
 - Assets

Cost of Attendance

Direct Costs

Tuition & Fees

Room & Board*
(*if on campus)

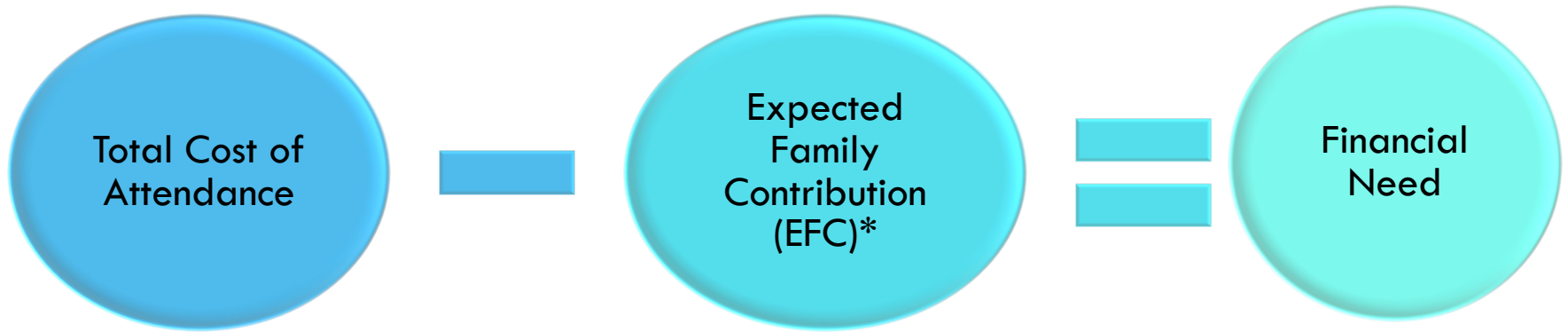
Indirect Costs

Books & Supplies

Transportation

Personal Expenses

“Financial Need”



* Family share

Note: *This is not the same as the student's bill or the amount a family will actually pay for the student to attend college*

Financial Need at Three Schools

	School A	School B	School C
Cost of Attendance	\$50,000	\$20,000	\$12,000
(-) EFC	\$2,000	\$2,000	\$2,000
Financial Need	\$48,000	\$18,000	\$10,000

Federal & MN State Grants



- ❑ Federal Pell Grant
- ❑ Federal SEOG
- ❑ State MN Grant
- ❑ State Dream Grant

Institutional Aid

- ▣ Need-based grants
- ▣ Merit-based scholarships
 - (i.e., academic, leadership, athletics, etc.)
- Very selective schools offer no merit aid and lots of need-based aid
- Less selective schools offer lots of merit aid but very little need-based aid

Private Scholarships

- Scholarships the student receives from private organizations (high school, church, service organizations, companies, foundations, etc.)
- Outside scholarships must be considered as a financial resource in the aid package
- Each school determines their policy

Student Employment/Work-Study



- Paid hourly, at variable wage rate, work around class schedule
- Ask about average earnings for 1st year students
- How do students get jobs? Competitively? Are they placed in jobs?
- Typically students work no more than 20 hours per week while enrolled

Loans



- ❑ Student or parent debt
- ❑ Must be repaid
- ❑ Payments can be deferred while enrolled
- ❑ Repayment typically 10 years
- ❑ Students don't need to borrow every dollar in their financial aid package
- ❑ Estimate repayment using a repayment calculator

Federal Direct Student Loans

- Loan in student name. No cosigner needed.
- 6 month grace period
 - ▣ \$5,500 1st year max
 - ▣ \$6,500 2nd year max
 - ▣ \$7,500 3rd and 4th year max

2019-20	
Interest Rate	4.53%
Origination Fee	1.06%

Federal Direct PLUS Loans



- ❑ Parent loan for a dependent undergraduate
- ❑ Interest accrues right away
- ❑ 7.08% fixed interest rate
- ❑ 4.2% origination fee
 - ❑ No grace period
 - ❑ Not need-based
 - ❑ Must file FAFSA
 - ❑ Credit worthiness (credit check)

Private/Alternative Loans

- ❑ Not a federal loan
- ❑ Direct from banks, lenders
- ❑ Cosigner required
- ❑ Interest rate is based on credit score

How Much Is Too Much?

- For national **College grads** of 2018, 65% borrowed. Of those who borrowed, average indebtedness was \$29,200.
 - *Source: The Project on Student Debt*
- Translates into a monthly payment of approximately \$320/month for 10 years.
 - *Source: Finaid.org*
- One rule of thumb: Student's total borrowing shouldn't exceed 1st year earnings.
- This is a family discussion and decision – how much should/can the student or parent borrow?

Special Circumstances



Aid adjustments may be made on a case-by-case basis for:

- Change in employment status
- One-time income
- Medical expenses not covered by insurance
- Change in parents' marital status
- Unusual dependent or elder care expenses

Reviewing Award Letters

Compare:

- ✓ Direct charges
- ✓ Total amount of aid
- ✓ Types of aid offered
- ✓ Amount of gift aid (grant/scholarship)
- ✓ Amount of loan (interest rate, repayment terms, etc.)

Reviewing Award Letters

Ask Questions:

- ✓ Is the grant and/or scholarship renewable?
- ✓ What are the terms for renewing? (GPA, number of credits, course of study, etc.)
- ✓ Is the amount of work-study realistic?
- ✓ Will aid change from year to year?
- ✓ Will aid increase if costs increases?

Research Tips

- Estimate costs using a Net Price Calculator
- Metrics can be complicated but some show outcomes well:
 - ▣ Loan borrowing or default rates – high ones are warning signs
 - ▣ Starting salaries- indicate students are finding work
 - ▣ College Scorecard is a place to start
- Organize your data

Net Price Calculator

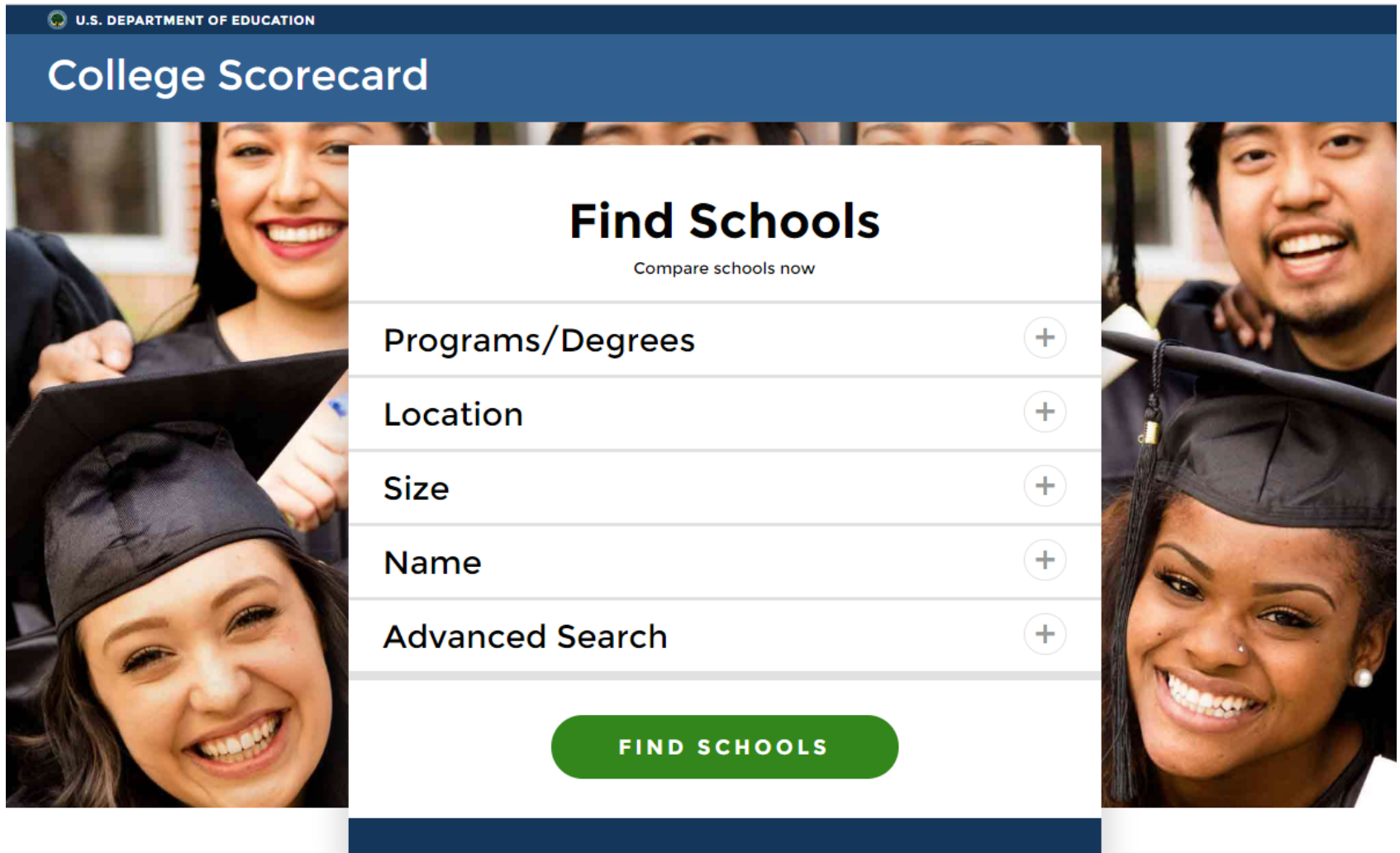
Colleges are required to have a Net Price Calculator:

- Net price = cost of attendance minus scholarship/grant aid
- Estimate of a family's net price based on data students can input into calculator

Some colleges have a quick cost calculator too:

- www.myintuition.org

College Scorecard

The image shows a digital interface for the College Scorecard tool. It is overlaid on a background photograph of four diverse college graduates in black caps and gowns, smiling. The interface has a dark blue header with the U.S. Department of Education logo and the text 'College Scorecard'. The main content area is white and features a 'Find Schools' section with a subtext 'Compare schools now'. Below this are five filter categories: 'Programs/Degrees', 'Location', 'Size', 'Name', and 'Advanced Search', each with a plus icon in a circle. At the bottom is a green button with the text 'FIND SCHOOLS' in white capital letters.

U.S. DEPARTMENT OF EDUCATION

College Scorecard

Find Schools

Compare schools now

- Programs/Degrees +
- Location +
- Size +
- Name +
- Advanced Search +

FIND SCHOOLS

Organizing Data

School	Deadlines: Application Financial Aid	Results of Net Price Calculator	Net Price from Award Letter	Positive things	Negative things
School 1	Jan. 15	\$26,500	\$27,000	Greek life	Lower grad rates
School 2	March 1	\$33,000	\$35,000	Everyone gets internship High grad rates	Doesn't offer intended major
School 3	Dec. 15 th	\$36,000	\$35,500	Close to home Sister attending	Too many high school friends? Costly

Financial Aid Tips

- ❑ Don't rule out a college because of its published price
 - ❑ Use the Net Price Calculator as a research tool
- ❑ Understand the types of aid offered
- ❑ Borrow wisely
- ❑ Inform the financial aid office if your situation changes



Questions ?

Carly Eichhorst
Director of Financial Aid
St. Olaf College
eichho1@stolaf.edu



thank you!