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*mefa*<sup>®</sup>

# College Financing

(Seminar slides are available for printing on the sidebar of [mefa.org/events](https://mefa.org/events))



# About MEFA

Not-for-profit state authority created in 1982 helping families plan, save, and pay for college and reach financial goals

Keeping you on track with FREE college planning:

- Visit [mefa.org](https://mefa.org): Information, tools, & resources
- Call us: (800) 449-MEFA (6332) with any questions
- Email us: [collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)
- Follow us: Facebook, Twitter, & LinkedIn
- Get our emails: Sign up on [mefa.org](https://mefa.org)
- Attend a seminar: Details at [mefa.org/events](https://mefa.org/events)
- Attend a webinar: Register at [mefa.org/events](https://mefa.org/events)

The screenshot shows the MEFA website homepage. At the top, the MEFA logo is on the left, and navigation links for 'What We Offer', 'Blog', 'Events', 'About Us', 'For College Administrators', and 'For Counselors' are on the right. Below the navigation is a secondary menu with 'MAKE A PLAN', 'START SAVING', 'PAY FOR COLLEGE', and 'MEFA LOANS'. The main content area features a large image of a woman and a man looking at a computer screen. To the right of the image is a yellow call-to-action box that says 'WE'LL HELP YOU FIND THE RIGHT STUDENT LOAN FOR YOU AND YOUR FAMILY' with a 'GET STARTED' button. Below the image is a section titled 'How can we help you?' with the subtitle 'Welcome to a lifetime of valuable college planning tools and resources.' This section is divided into three columns: 'Plan' (with expert guidance), 'Save' (with affordable, reliable programs), and 'Pay' (with funds from a variety of sources). Each column has a corresponding icon and a brief description of the service.

Plan	Save	Pay
with our expert guidance	with affordable, reliable programs	with funds from a variety of sources
<b>Planning by Grade</b>	<b>U.Plan® Prepaid Tuition Program</b>	<b>MEFA Loans</b>
<a href="#">Pre-K or Elementary School</a>	Lock in today's tuition and mandatory fee costs at a network of colleges and universities in Massachusetts.	Find out about our low-cost college loans, which offer fixed interest rates and several repayment options:
<a href="#">Middle School</a>	<a href="#">Learn More</a>	<a href="#">Undergraduate Loans</a>
<a href="#">High School</a>		<a href="#">Graduate Loans</a>
<a href="#">College or Graduate School</a>		

# Seminar Topics

- Find Out About Types & Sources of Financial Aid
- Review the Application Process
- Understand How Financial Aid Decisions Are Made
- Learn About Paying for College
- Discover Free Resources



# Types and Sources of Financial Aid

# What is Financial Aid?

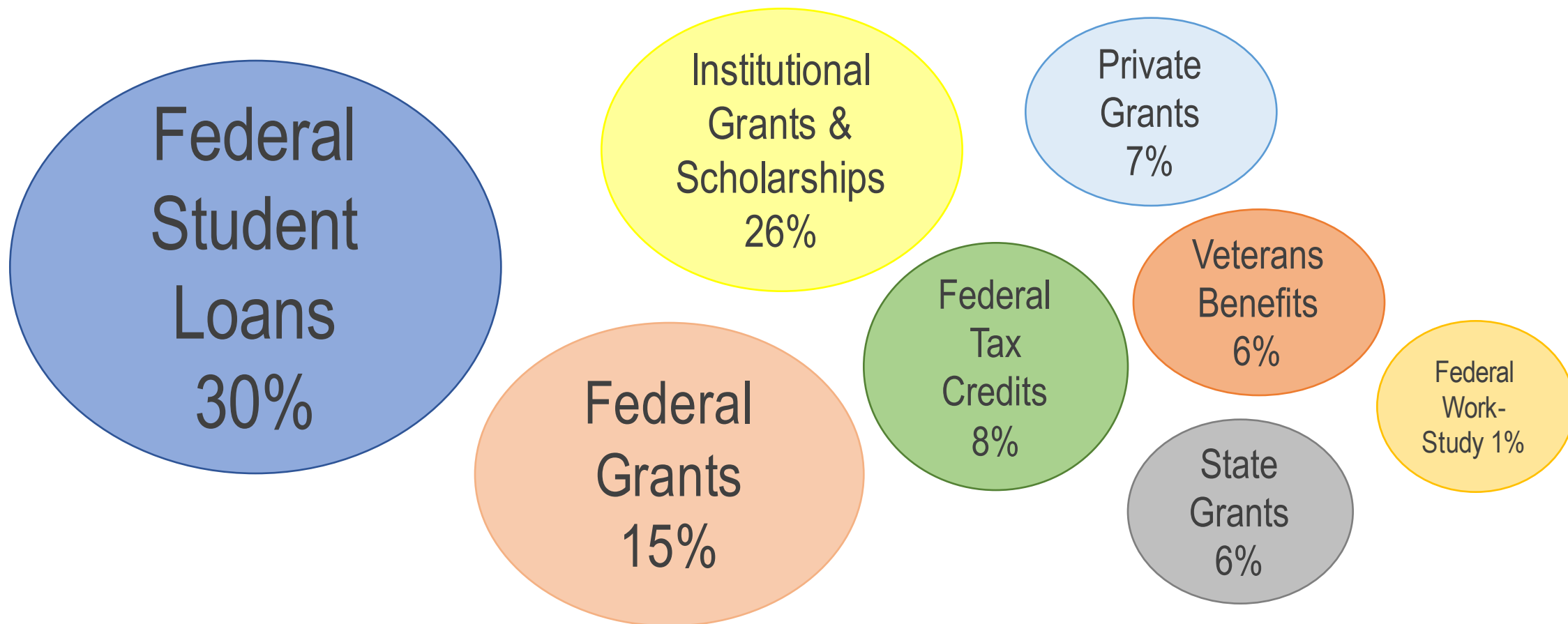
Financial aid is money to help students pay for college



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

# Financial Aid Breakdown

- Undergraduate Student Aid 2017-18 (\$184.1 Billion)



# Sources of Financial Aid

## Federal

- Grants, work-study, loans, tax incentives
- [StudentAid.gov](https://studentaid.gov)

## Massachusetts

- Grants, scholarships, tuition waivers, loans
- [mass.edu/osfa](https://mass.edu/osfa)

## College/University (institutional aid)

- Grants, scholarships, loans

## Other Agencies

- Scholarships: Search through [mefapathway.org](https://mefapathway.org), [fastweb.com](https://fastweb.com), and your school counselor

# Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- 4.529% fixed interest rate for 2019-20
- Repayment:
  - No payments due while enrolled
  - Multiple options (many tied to income)
  - Approximately \$300/month for 10 years for \$27,000 debt
  - Deferment, forbearance, and forgiveness opportunities

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

The screenshot shows the StudentLoans.gov website. At the top, there is a navigation bar with the text "Federal Student Aid" and "StudentLoans.gov" on the left, and "Log In | Español" and a "MENU" icon on the right. Below the navigation bar is a large banner image featuring four diverse students. Overlaid on the right side of the banner is a "Log In" button and a link to "Create an FSA ID Natural Disasters". Below the banner, there is a section titled "Find out your student loan repayment options here" with a right-pointing arrow. Underneath this are four main navigation categories: "Undergraduate Students", "Graduate/Professional Students", "Parent Borrowers", and "Repayment & Consolidation". Each category has a dropdown arrow. The "Undergraduate Students" section contains text about the FAFSA application. The "Graduate/Professional Students" section contains a list of tasks such as "Complete Entrance Counseling", "Complete Loan Agreement for a Subsidized/Unsubsidized Loan (MPN)", and "Complete Financial Awareness Counseling". The "Repayment & Consolidation" section features a video player with the title "How To Create An FSA ID".



# 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

# 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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# The Application Process

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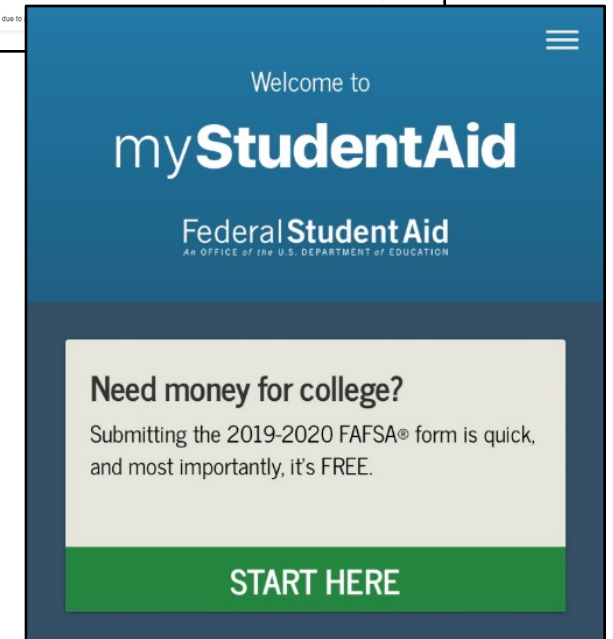
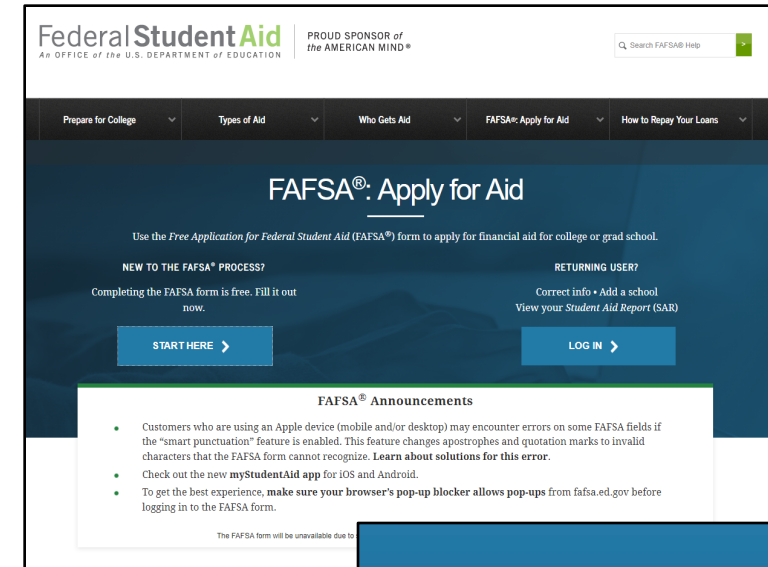
# Financial Aid Timeline

- Check deadlines and required applications on each college's website now
- Early action/decision deadlines are often in October or November
- Standard deadlines are typically in February or March
- **DON'T SUBMIT APPLICATIONS LATE**
- Use MEFA's College Application Manager to stay organized
  - [mefa.org/college-application-manager](https://mefa.org/college-application-manager)



# FAFSA®

- Free Application for Federal Student Aid (FAFSA)
- Required by all colleges
- Becomes available October 1st: [fafsa.gov](https://fafsa.gov)
- Easy completion on myStudentAid mobile app
- Log in with an FSA ID: [fsaid.ed.gov](https://fsaid.ed.gov)
  - Both student and parent need one!
- IRS Data Retrieval Tool: Pull in federal tax data
- FAFSA webinar recording on [mefa.org/events](https://mefa.org/events)
- **MUST BE COMPLETED EVERY YEAR**



# What's Reported on the FAFSA?

## GENERAL INFORMATION

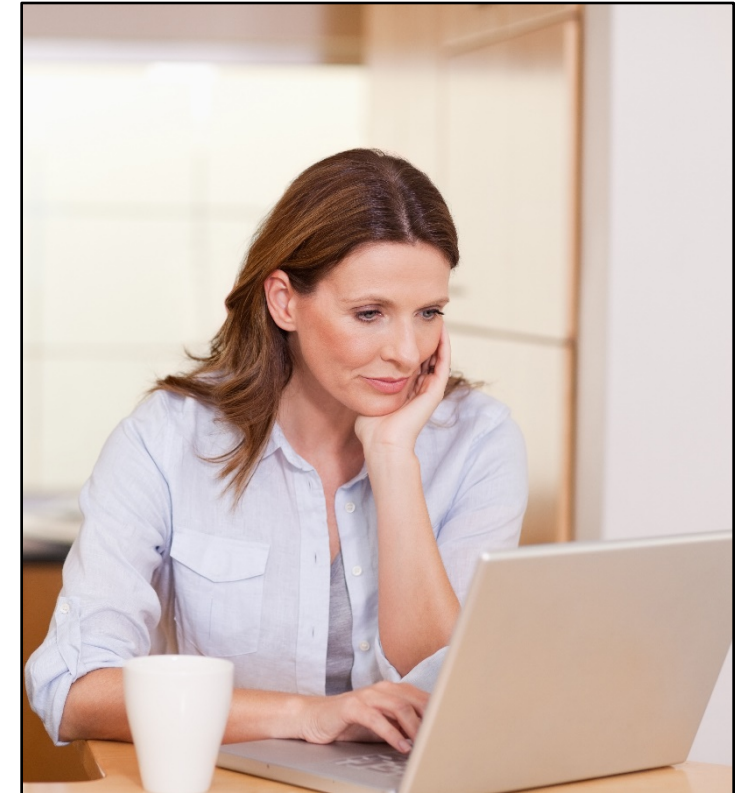
- Student citizenship status
  - Non-citizen parents:
    - Use zeros for SSN
    - Print signature page to sign (cannot get FSA ID)
- Colleges where student is applying (each one will receive your FAFSA)
- Parents
  - Married, including same-sex parents
  - All parents who live together, married or not
  - Divorced/Separated: custodial parent & current spouse
  - Legal guardians are NOT a parent
- # in household, # of children in college



# What's Reported on the FAFSA?

## FINANCIAL INFORMATION

- Parent and student income (2018 income for the 2020-21 FAFSA)
  - Both taxed and untaxed
- Parent and student assets
  - Include: savings, checking, investments, other property
  - Include: all 529 accounts as a parent asset
  - Do not include: primary home, value of retirement, life insurance, value of small family business
- Debt is not reported except debt on reported assets



# 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
- Becomes available October 1st
- Noncustodial parent will need to submit a separate Profile
- Profile webinar recording on [mefa.org/events](https://mefa.org/events)

## College Financial Aid Application

- Required by some colleges and universities

The screenshot shows the CSS Profile website homepage. At the top, there is a navigation bar with the CollegeBoard logo, the text 'CSS Profile', a 'Sign In' button with a user icon, and a search bar. Below the navigation bar, there is a main banner area with a purple background. On the left side of the banner is a circular image of a woman and a young woman sitting together, looking at a book. On the right side of the banner, the text reads 'Apply with CSS Profile™' followed by 'Each year CSS Profile gives access to more than \$9 billion for thousands of undergraduate, graduate and professional students.' Below this text is a yellow button that says 'Apply for Fall 2019/Spring 2020'. Below the banner, there are three columns of content. The first column has a purple icon of a building and the text 'Check participating Schools and Scholarships'. The second column has a purple icon of a speech bubble and the text 'Learn how to apply'. The third column has a purple icon of a person and the text 'View our Student Guide'. Below these columns is a section titled 'Site Topics' with three sub-sections: 'Getting Started' (We've compiled the list of our most helpful resources to make it easier for you to apply.), 'Fee Waivers' (The CSS Profile is free for eligible students.), and 'Divorced or Separated Families' (Some colleges may require the CSS Profile from both biological parents. Learn more.). There is also a sub-section for 'International Applicants' (Many colleges provide scholarship aid to international students. Know what to expect.).



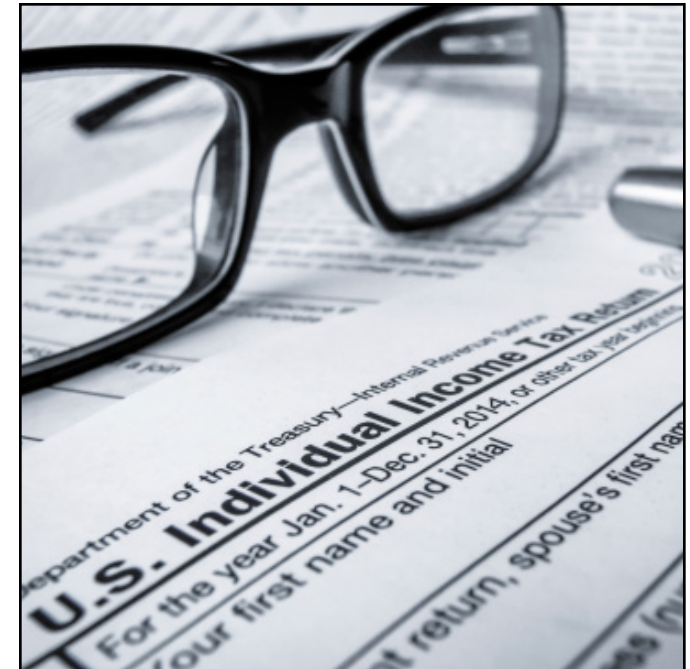
# After You Apply



1. Colleges & state receive data electronically
2. Student will receive Student Aid Report (SAR) by mail or email
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Federal Verification documents. The financial aid application is incomplete until you submit these documents.
5. Colleges review applications and determine the financial aid award

# Verification

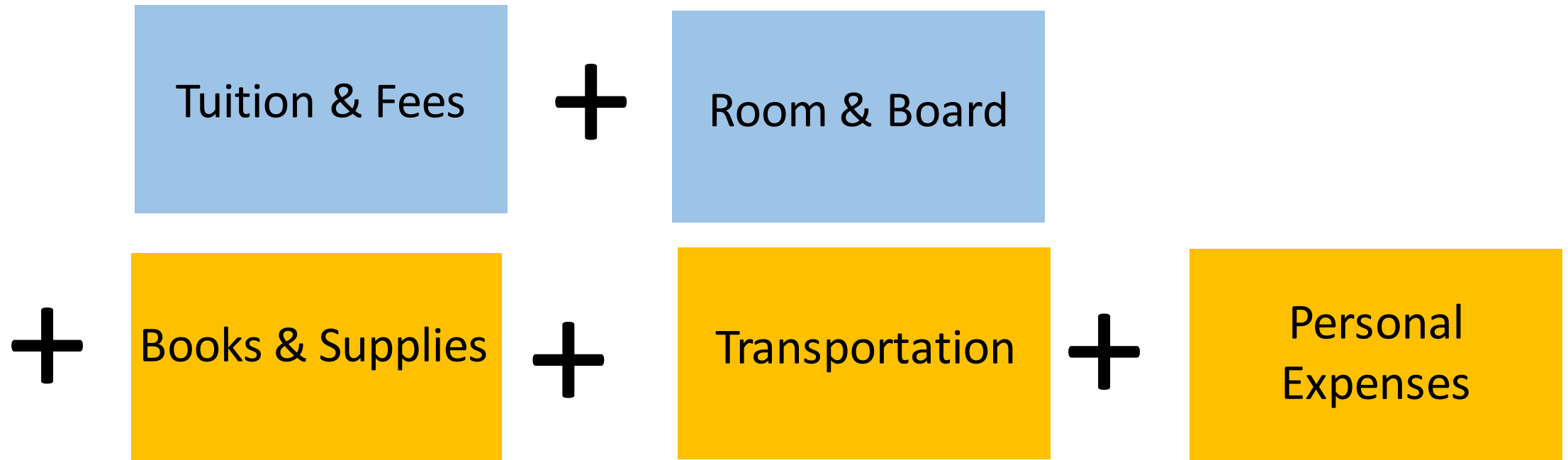
- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- Families must submit additional documentation:
  - Tax Return
  - Verification Worksheet
  - Asset Account Statements
- Review all correspondence from colleges
- Log into college web portal for communications



# How Financial Aid Decisions Are Made

# Cost of Attendance (COA)

COA = Total Expenses for One Year of College



 = Billed or Direct Expenses

 = Non-Billed or Indirect Expenses

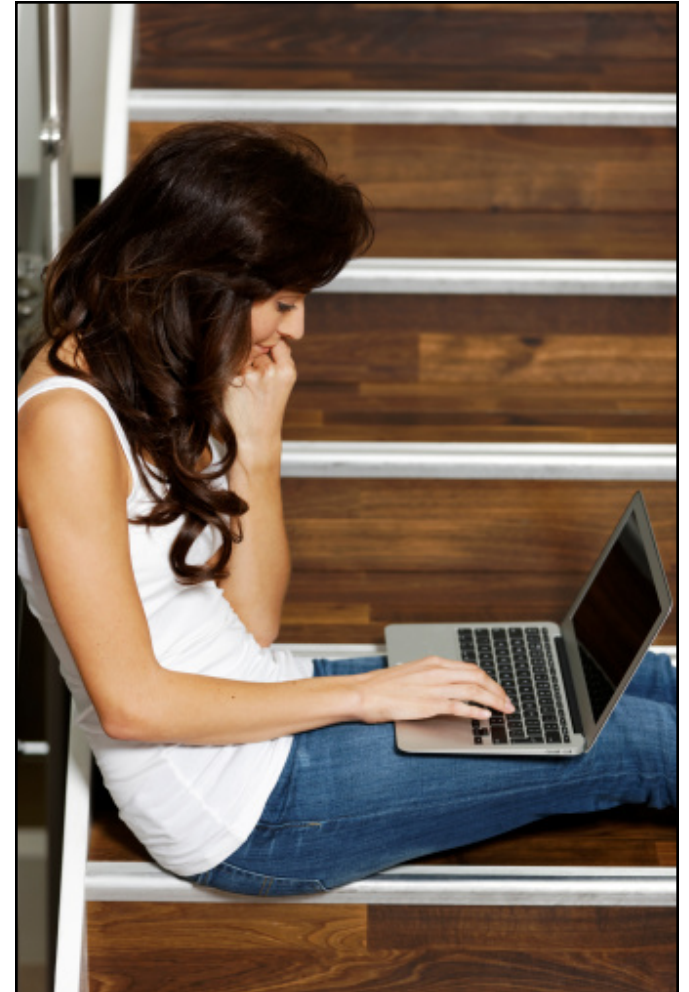
# Expected Family Contribution (EFC)

- Amount family has ability to absorb for 1 year of college costs
- Same federal formula used for every family
- Some colleges also use an institutional formula
- Family has the primary responsibility for paying
- Not necessarily what the family will pay
- Lowered if family has more than 1 child in college
- EFC Calculator on [mefa.org](https://mefa.org)



# 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



# Financial Aid Formula

$$\begin{aligned} & \text{Cost of Attendance (COA)} \\ - & \text{Expected Family Contribution (EFC)} \end{aligned}$$

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$$= \text{Financial Aid Eligibility}$$

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

# Asset Impact on EFC

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

	Family A	Family B	Family C
<b>Combined Parent Income</b>	\$75,000	\$75,000	\$75,000
<b>Combined Parent Assets</b>	\$0	\$75,000	\$150,000
<b>EFC</b>	<b>\$7,223</b>	<b>\$10,422</b>	<b>\$14,652</b>
<b>Difference</b>		\$3,199	\$7,429

Based on 2020-21 Federal Methodology



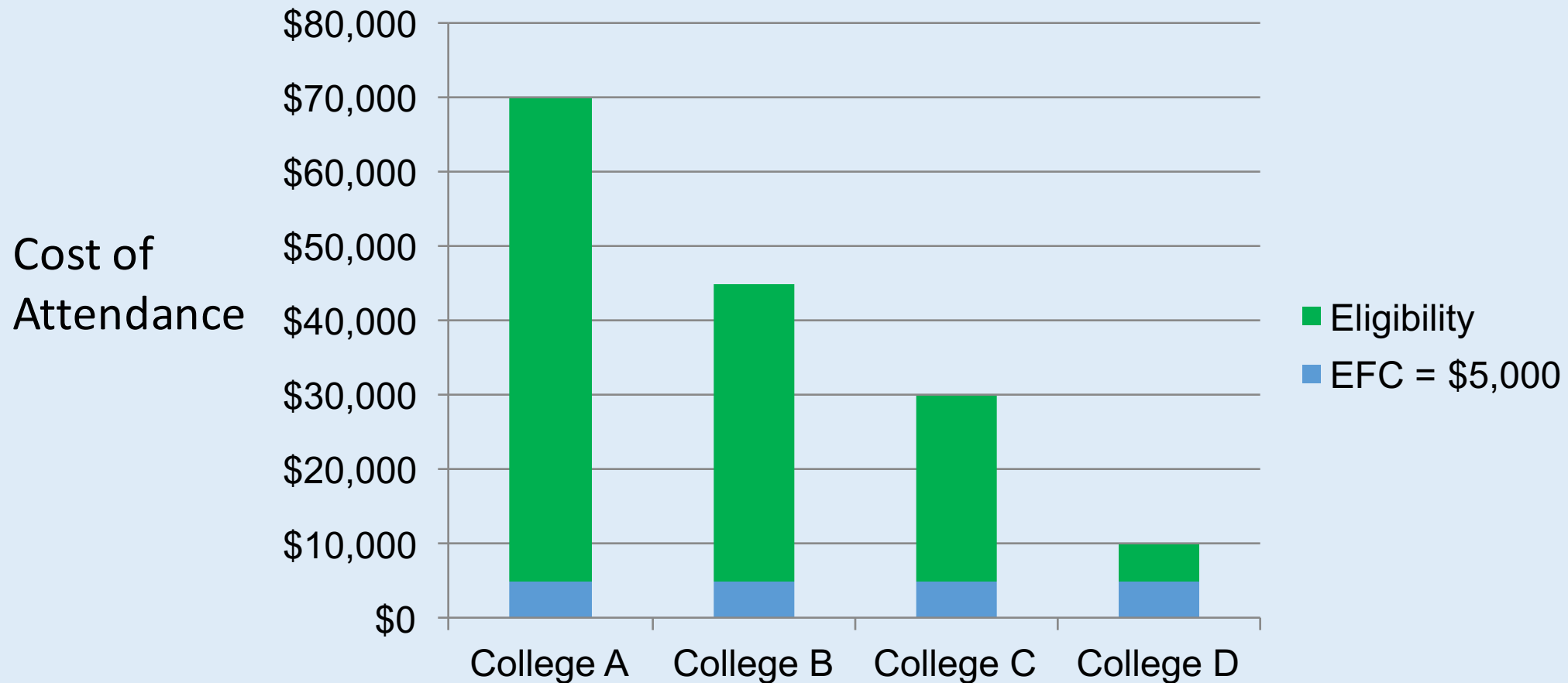
# Income Impact on EFC

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

	Family A	Family B	Family C
<b>Combined Parent Income</b>	\$75,000	\$100,000	\$150,000
<b>Combined Parent Assets</b>	\$50,000	\$50,000	\$50,000
<b>EFC</b>	<b>\$9,025</b>	<b>\$17,531</b>	<b>\$33,053</b>
<b>Difference</b>		\$8,506	\$24,028

Based on 2020-21 Federal Methodology

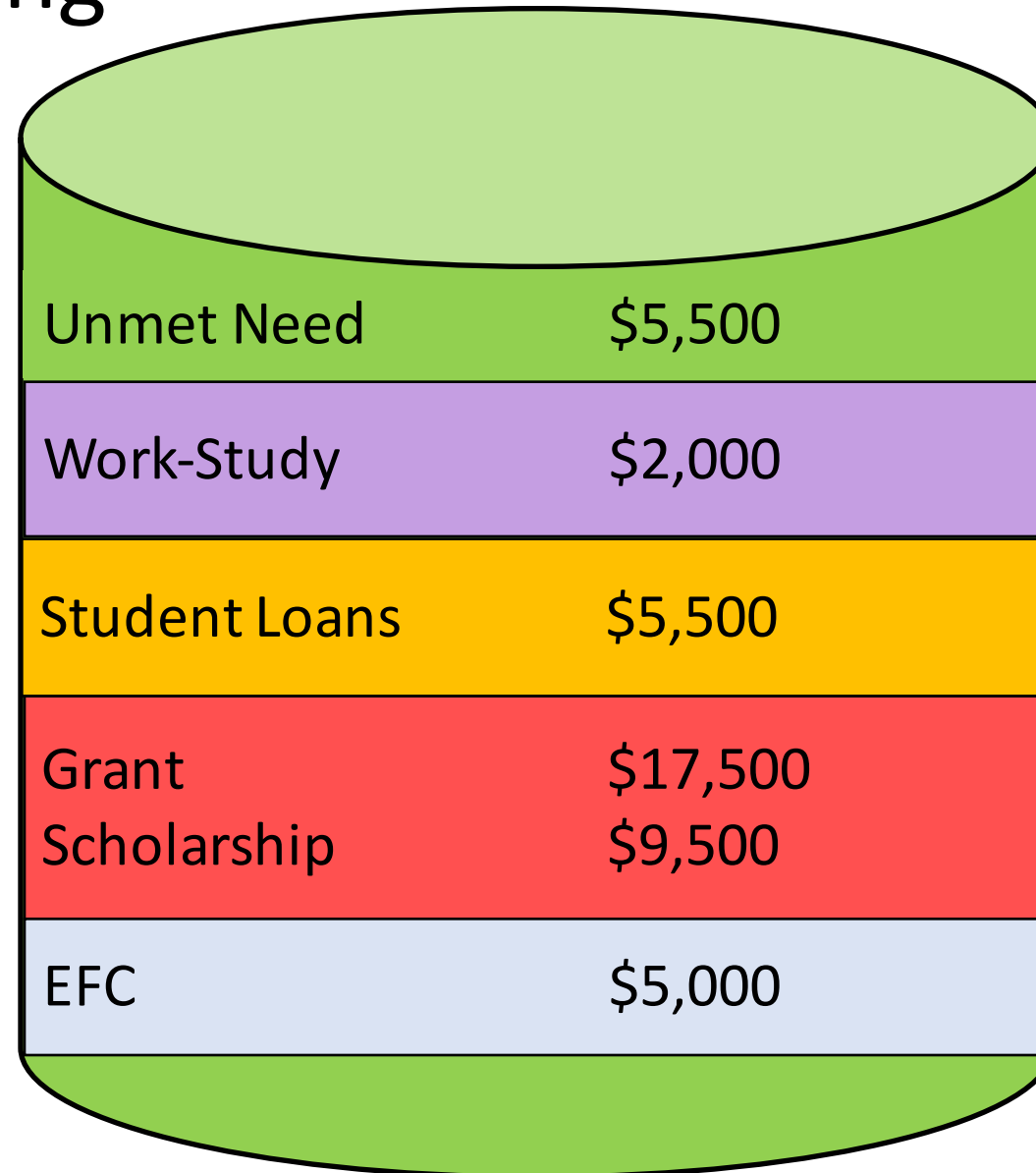
# How the Formula Works



# Financial Aid Awarding

**College COA =  
\$45,000**

Unmet need and EFC is the  
FAMILY's responsibility



# Award Letters: Totals Can Vary

**COA: \$45,000**

**EFC: \$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
Total	\$40,000	\$33,000	\$25,000
Unmet Need	\$0	\$7,000	\$15,000

# Award Letters: Types Can Vary

**COA: \$45,000**

**EFC: \$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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# Paying for College

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# Filling the EFC and Unmet Need: An Example

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

# Additional Financial Considerations

- Would starting at community college save significant \$?
- Consider the number of children you will send to college
- Think in terms of total enrollment (4+ years) and total debt
- Calculate the post-graduation monthly loan payment
- Research the potential starting salary for the intended career
- Is the student considering graduate school?
- Know your credit score if you plan to borrow a private loan
- Compare each school's net price after financial aid offers are received





# Paying for College in MA: You Have 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/programs-overview/rsp-tuitionbreak/overview](https://Nebhe.org/programs-overview/rsp-tuitionbreak/overview)



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# Free Resources



# Financial Aid Office

Learn about Your Financial Aid	<ul style="list-style-type: none"><li>• Financial aid renewability criteria (financial, academic)</li><li>• Treatment of private scholarships</li></ul>
Ask About Special Considerations	<ul style="list-style-type: none"><li>• Changes in family circumstances</li><li>• Can I appeal my award? How?</li></ul>
Find Out Additional Details	<ul style="list-style-type: none"><li>• Open House and Orientation programs</li><li>• Additional financial resources</li></ul>
How to Contact the Financial Aid Office	<ul style="list-style-type: none"><li>• Financial aid office website</li><li>• In-person meeting</li><li>• Phone call</li><li>• Email</li></ul>

# National and Community Resources

- FAFSA Day
  - Free assistance completing the FAFSA
  - October through February
  - [FAFSADay.org](http://FAFSADay.org)
  
- Educational Opportunity Centers
  - Free financial aid help
  - [MassEdCO.org](http://MassEdCO.org)





# After the College Acceptance Seminars

- Provides assistance and clarity on:
  - Financial aid awards
  - The college bill
  - Payment plans
  - College loans
  - What to ask the Financial Aid Office
- Locations across MA in March and April (regional: not offered at every high school)
- Register for MEFA emails to receive locations
- Webinars also offered



# What You Can Do Now

- Complete the seminar evaluation
- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Sign up for webinars at [mefa.org/events](https://mefa.org/events)
- Reference MEFA's *College Admissions and Financial Aid Timeline* on [mefa.org](https://mefa.org)



**Follow this list**

Don't miss this post. Seasoned guidance counselor Alicia Linsky put together a list of tasks for your rising high school senior to complete this summer. The detailed summary offers plenty of tips and resources for the upcoming college-admissions process, and will help you and your child use the next few months to your advantage as you get ready for fall.

[Read the post](#)

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**Financial aid and admissions guidance**

There's a lot to consider when applying to college and for financial aid, but there's a smart way to tackle the process. MEFA's Jonathan Higgins explains how to navigate the year ahead, and who you can call when you need assistance. Hear his guidance in our short video.


[Watch the video](#)

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**Good news about college costs**

You've heard about the high cost of college, but there's a silver lining that provides some significant relief. Financial aid can drastically reduce the price tag of higher education, and approximately \$180 billion in aid is given out to students across the country every year. Want to hear more? Read our post.

[Learn about college costs](#)



# Connect with MEFA on Social Media



**mefa** MEFA

February 22 at 5:30 PM · 🌐

After you receive your financial aid award from the colleges to which you have been accepted, you may need to gather some additional information. The following are some important questions to ask.

**QUESTIONS TO ASK IN THE FINANCIAL AID PROCESS #FINAID**

- 1 What is the college's total cost of attendance?
- 2 What financial aid applications are required and when are they due?
- 3 What are the college's application requirements for divorced or separated parents?
- 4 Does the college offer merit-based scholarships? How do students apply?
- 5 Will my financial aid stay the same every year?

*mefa*



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[@MEFAtweets](https://twitter.com/MEFAtweets)



[linkedin.com/company/mefa](https://linkedin.com/company/mefa)



[youtube.com/MEFAcounselor](https://youtube.com/MEFAcounselor)

Thank You

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# Questions?

Presenter: Shannon Vasconcelos

(800) 449-MEFA (6332)

[collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)

How was the seminar? We'd love to hear your feedback.  
Leave us a Google review at [Google.com](https://www.google.com)

