



College Financing

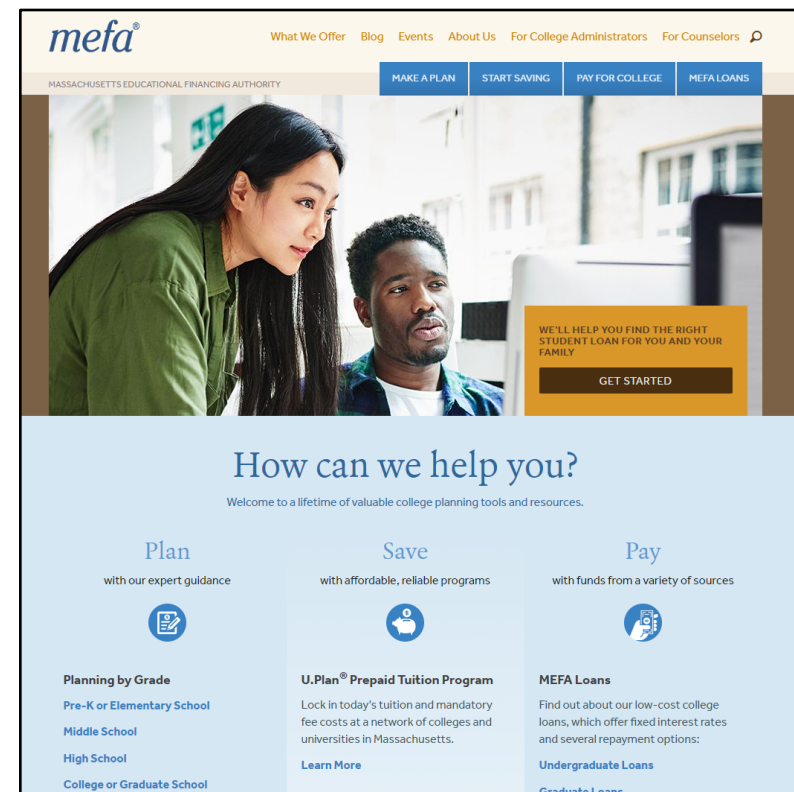
(Seminar slides are available for printing on the sidebar of mefa.org/events)

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



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?

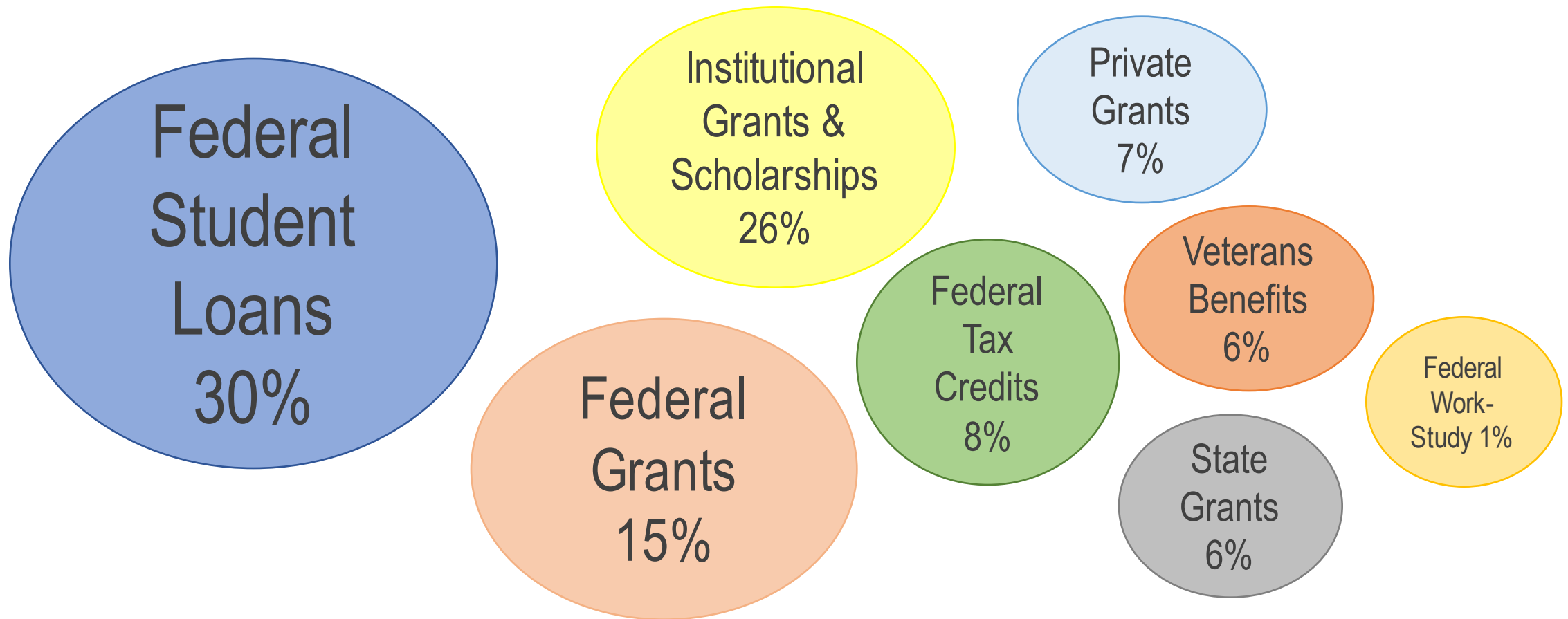
Financial aid is money to help students pay for college



- 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

College/University (institutional aid)

- Grants, scholarships, loans

Other Agencies

- Scholarships: Search through mefapathway.org, 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's a header with the Federal Student Aid logo, the text 'StudentLoans.gov', and links for 'Log In' and 'Español'. A 'MENU' icon is on the right. Below the header is a large banner image of four diverse students. Overlaid on the right side of the banner is a 'Log In' button and a link to 'Create an FSA ID' with a note about 'Natural Disasters'. Below the banner, there's a section titled 'Find out your student loan repayment options here' with a right-pointing arrow. Underneath this are four main navigation categories, each with a dropdown arrow: 'Undergraduate Students', 'Graduate/Professional Students', 'Parent Borrowers', and 'Repayment & Consolidation'. The 'Undergraduate Students' section is expanded, showing a list of steps: 'Complete Entrance Counseling', 'Complete Loan Agreement for a Subsidized/Unsubsidized Loan (MPN)', 'Complete Financial Awareness Counseling', 'Complete Exit Counseling', 'Use the Repayment Estimator', 'Complete TEACH Grant Initial and Subsequent Counseling', 'Complete TEACH Grant Agreement to Serve', and 'Complete TEACH Grant Exit Counseling'. To the right of this list is a video player with a play button and 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

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- 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

The Application Process

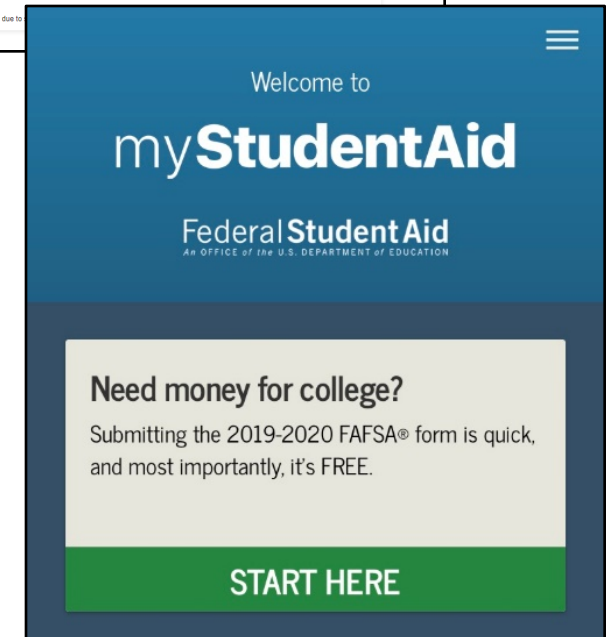
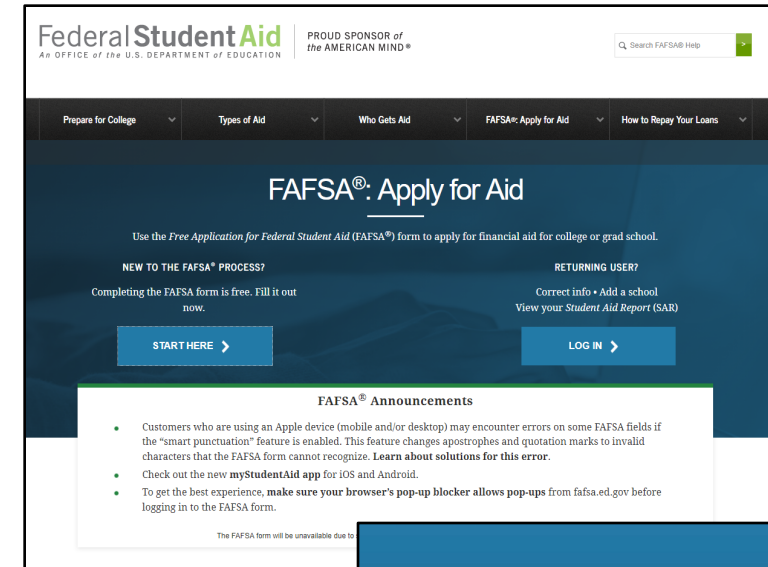
Financial Aid Timeline

- 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



FAFSA®

- Free Application for Federal Student Aid (FAFSA)
- Required by all colleges
- Becomes available October 1st: fafsa.gov
- Easy completion on myStudentAid mobile app
- Log in with an FSA ID: 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
- **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



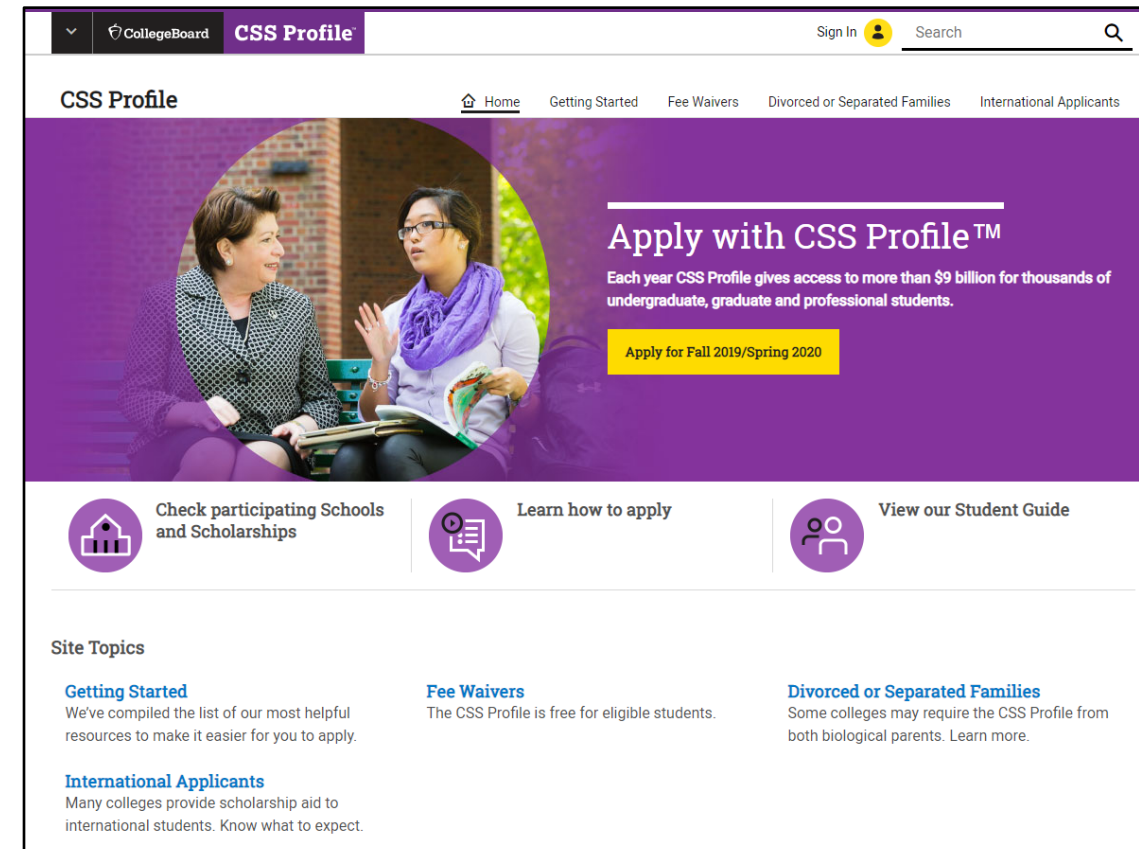
Other Financial Aid Applications

CSS Profile™

- cssprofile.org
- 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

College Financial Aid Application

- Required by some colleges and universities



After You Apply

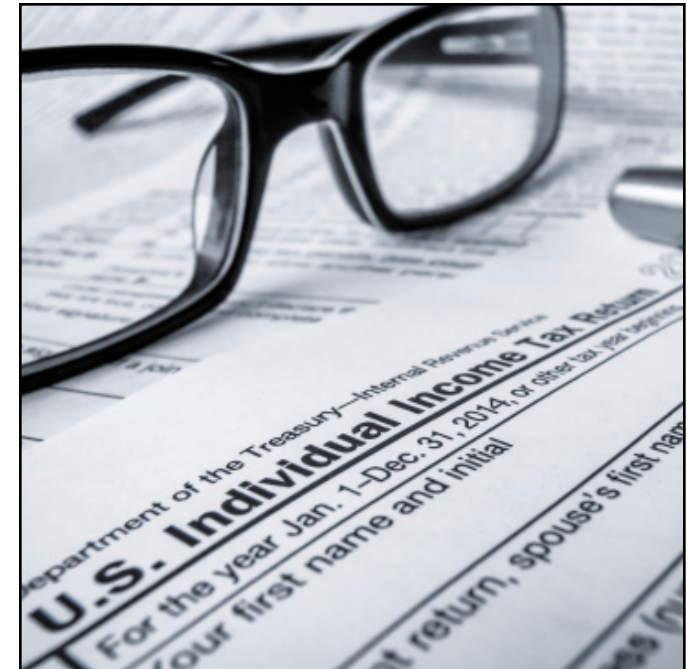
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1. Colleges & state receive data electronically
2. Student will receive Student Aid Report (SAR) by mail or email
3. Contact the Financial Aid Office with any special circumstances
4. Colleges may request Federal Verification documents. The financial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

Verification

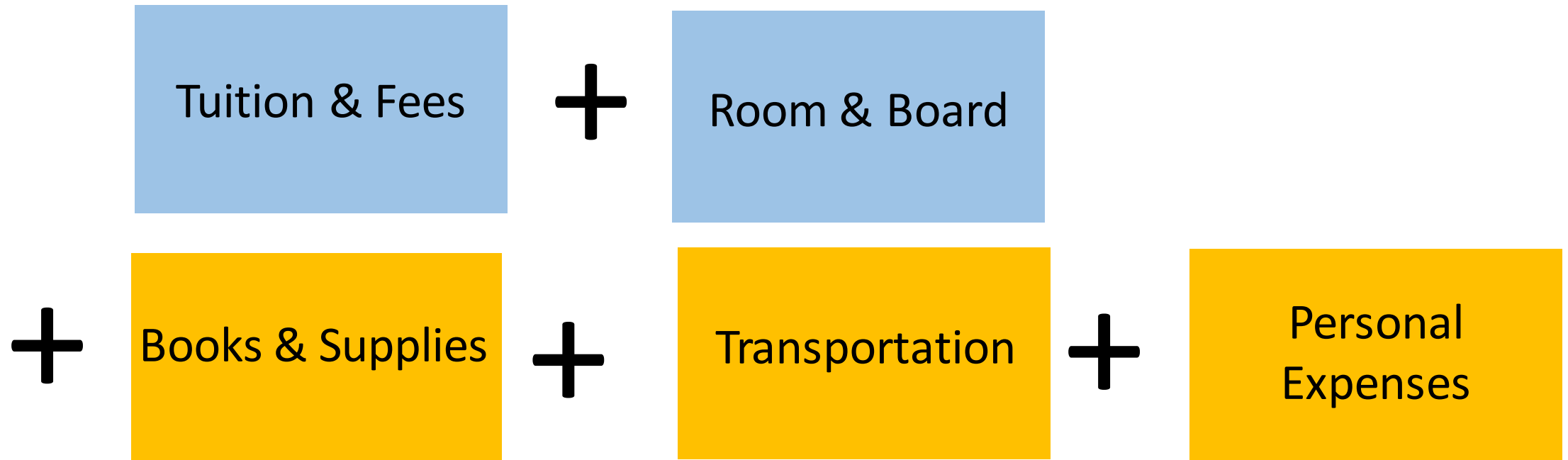
- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- Must comply with all requests to receive financial aid
- Families must submit additional documentation:
 - Tax Return
 - Verification Worksheet
 - Asset Account Statements
- Review all correspondence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

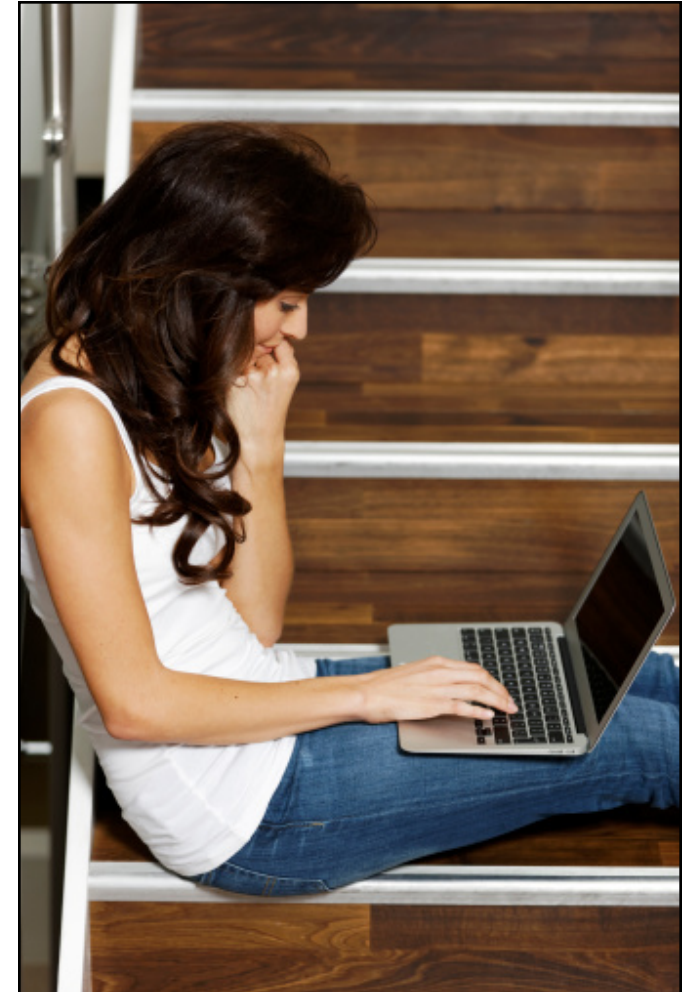
Expected Family Contribution (EFC)

- 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



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



$$\begin{array}{r} \text{Cost of Attendance (COA)} \\ - \text{Expected Family Contribution (EFC)} \\ \hline = \text{Financial Aid Eligibility} \end{array}$$

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
Combined Parent Income	\$75,000	\$75,000	\$75,000
Combined Parent Assets	\$0	\$75,000	\$150,000
EFC	\$7,223	\$10,422	\$14,652
Difference		\$3,199	\$7,429

Based on 2020-21 Federal Methodology

Income Impact on EFC

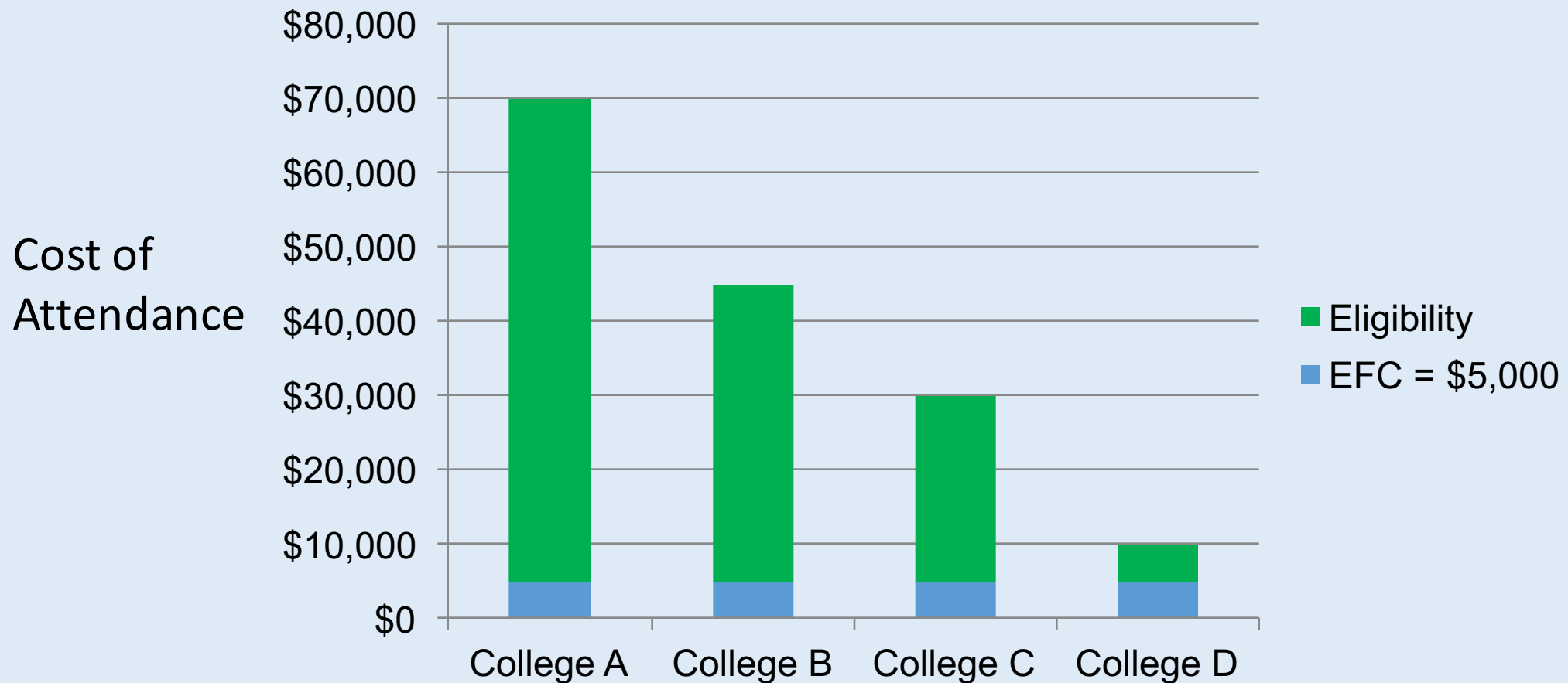
- An example: 4 in the family, 1 child in college

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

Based on 2020-21 Federal Methodology

How the Formula Works

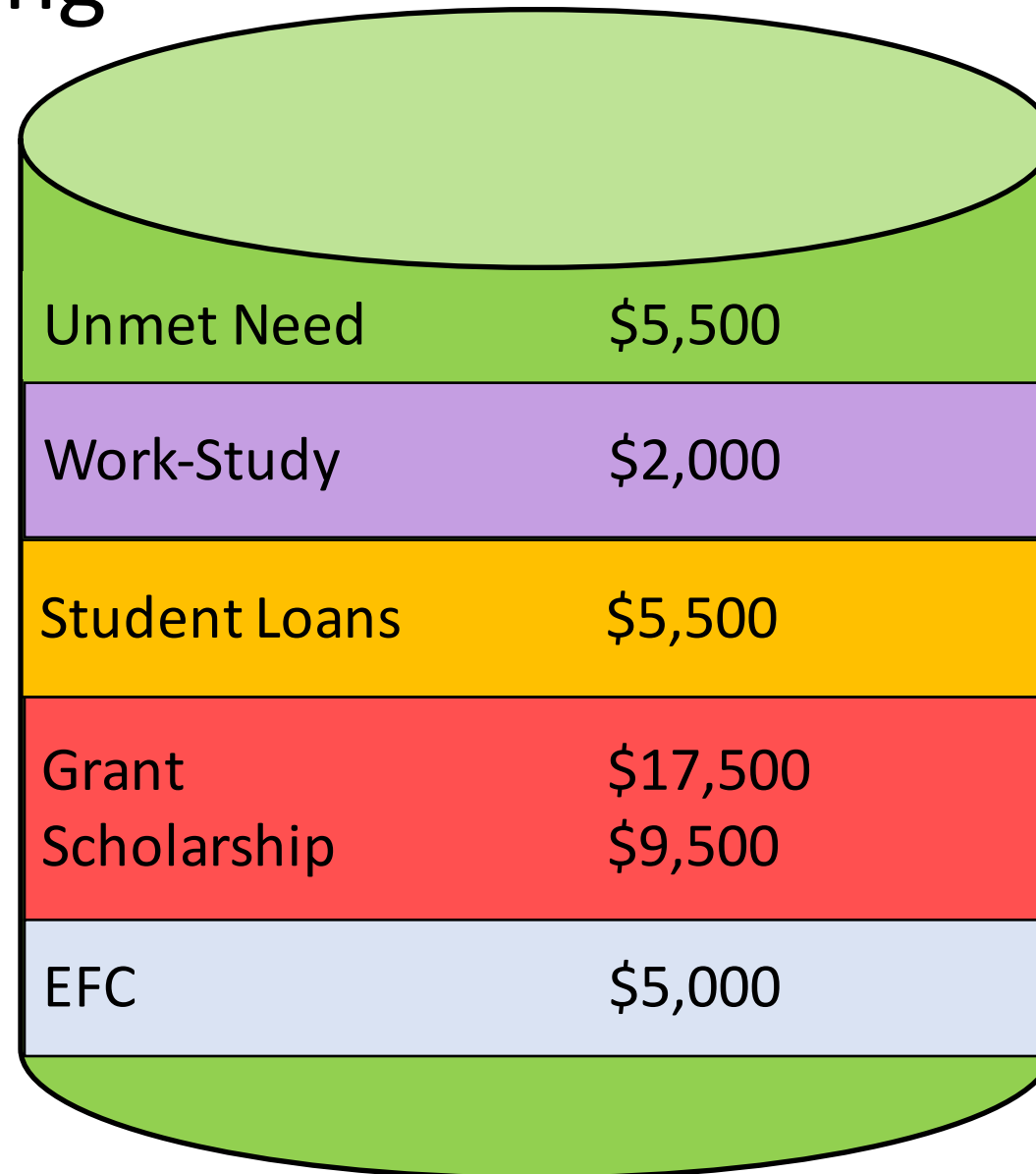
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Financial Aid Awarding

**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
Total	\$35,000	\$35,000	\$35,000
Unmet Need	\$5,000	\$5,000	\$5,000

Paying for College

Filling the EFC and Unmet Need: An Example

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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
		\$0

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



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)



Free Resources

Financial Aid Office

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Learn about Your Financial Aid	• Financial aid renewability criteria (financial, academic) • Treatment of private scholarships
Ask About Special Considerations	• Changes in family circumstances • Can I appeal my award? How?
Find Out Additional Details	• Open House and Orientation programs • Additional financial resources
How to Contact the Financial Aid Office	• Financial aid office website • In-person meeting • Phone call • Email

National and Community Resources

- FAFSA Day
 - Free assistance completing the FAFSA
 - October through February
 - FAFSADay.org
- Educational Opportunity Centers
 - Free financial aid help
 - 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
- Reference MEFA's *College Admissions and Financial Aid Timeline* on 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](#)

[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 Hughes 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](#)

[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



A screenshot of a social media post from MEFA. The post is dated February 22 at 5:30 PM. It contains a list of five questions to ask in the financial aid process, each in a colored box. The questions are: 1. What is the college's total cost of attendance? (blue box), 2. What financial aid applications are required and when are they due? (orange box), 3. What are the college's application requirements for divorced or separated parents? (dark grey box), 4. Does the college offer merit-based scholarships? How do students apply? (green box), and 5. Will my financial aid stay the same every year? (light blue box). The MEFA logo is in the top left and bottom right of the post.

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?

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Thank You

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Questions?

Presenter: Shannon Vasconcelos

(800) 449-MEFA (6332)

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)

