



COLLEGE FINANCING

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

1

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - mefa.org: Information, blog, tools, & resources
 - Facebook, Twitter, & LinkedIn**
 - Emails**: Sign up on mefa.org:
 - Seminars**: Details at mefa.org/events
 - Webinars**: Register at mefa.org/events
 - mefapathway.org

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2

Agenda

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



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3

TYPES AND SOURCES OF FINANCIAL AID

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What is Financial Aid?

- Money to help students pay for college
- 3 main types
 - Grants and scholarships (gift aid)
 - Work-study
 - Student loans



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Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- May or may not be renewable
- Not offered at every school
- Separate application sometimes required
- Application deadline may be as early as November

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6

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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7

Sources of Financial Aid

- Federal
 - Grants, work-study, loans, tax incentives
 - StudentAid.gov
- Massachusetts
 - Grants, scholarships, tuition waivers, loans
 - mass.edu/osfa
- College/University (institutional aid)
 - Grants, scholarships, loans
- Other Agencies
 - Scholarships

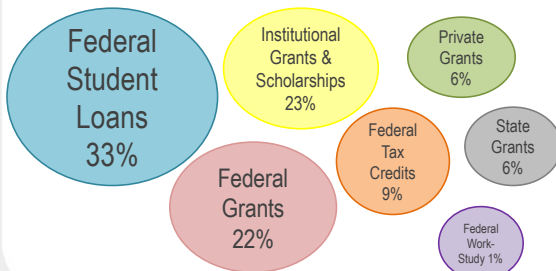


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Financial Aid Breakdown

•Undergraduate Student Aid 2015-16 (\$184.1 Billion)



Source: The College Board, Trends in Student Aid 2016

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9

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**



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FAFSA®

- Free Application for Federal Student Aid (FAFSA)
 - Required by all colleges
 - Becomes available October 1st: FAFSA.gov
 - 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 registration on mefa.org/events

Must be completed every year!



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12

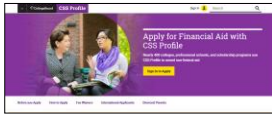
What's Reported on the FAFSA?

- Student citizenship status
- Colleges where student is applying
- Parent and student data
- Parents
 - Married, including same-sex parents
 - All parents who live together, married or not
 - Divorced/Separated: custodial parent & current spouse
- Income (**2016 income** for the 2018-19 FAFSA)
 - Both taxed and untaxed
- Assets
 - Include: savings, checking, investments, other property
 - Do not include: primary home, value of retirement, life insurance, value of small family business
- # in household, # of children in college

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Other Financial Aid Applications

- CSS Profile
 - Required by some colleges and universities
 - \$25 for 1st school, \$16 for each additional
 - Becomes available October 1st: student.collegeboard.org/profile
 - Noncustodial parent will need to submit a separate Profile
 - Profile webinar registration on mefa.org/events



- College Financial Aid Application
 - Required by some colleges and universities

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14

After You Apply

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

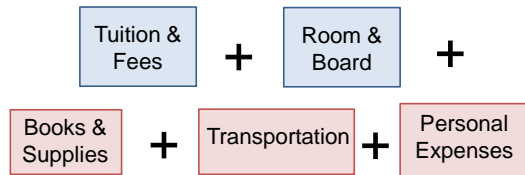
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15

HOW FINANCIAL AID DECISIONS ARE MADE

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Cost of Attendance (COA)

Total expenses for one year of college



 = Billed or Direct Expenses

 = Non-Billed or Indirect Expenses

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Expected Family Contribution (EFC)

- Calculated amount the family has the ability to absorb for one year of college expenses
- 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

EFC calculators:
BigFuture.CollegeBoard.org
FAFSA4caster on FAFSA.gov

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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



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Financial Aid Formula

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

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

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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 | \$7,549 | \$10,434 | \$14,664 |
| Difference | | \$2,885 | \$7,115 |

Based on 2018-19 Federal Methodology

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Income Impact on EFC

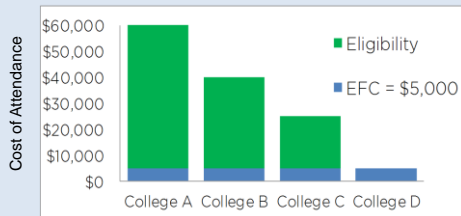
An example: 4 in the family, 1 child in college

| | 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 | \$9,024 | \$17,485 | \$33,099 |
| Difference | | \$8,461 | \$24,075 |

Based on 2018-19 Federal Methodology

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22

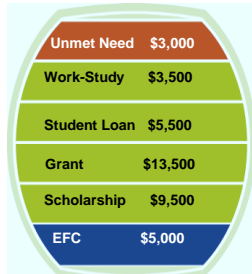
How the Formula Works



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Financial Aid Awarding

College COA = \$40,000



Unmet need is the FAMILY's responsibility

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Award Letters: Totals Can Vary

COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000

| | College A | College B | College C |
|---------------------|-----------------|-----------------|-----------------|
| Grants/Scholarships | \$26,000 | \$23,000 | \$18,000 |
| Student Loans | \$5,500 | \$5,500 | \$5,500 |
| Work-Study | \$3,500 | \$3,500 | \$3,500 |
| Total | \$35,000 | \$32,000 | \$27,000 |
| Unmet Need | \$0 | \$3,000 | \$8,000 |

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Award Letters: Types Can Vary

COA: \$40,000 EFC: \$5,000 Total Eligibility: \$35,000

| | College A | College B | College C |
|---------------------|-----------------|-----------------|-----------------|
| Grants/Scholarships | \$23,000 | \$13,000 | \$0 |
| Student Loans | \$5,500 | \$5,500 | \$5,500 |
| Parent Loan | \$0 | \$10,000 | \$26,500 |
| Work-Study | \$3,500 | \$3,500 | \$0 |
| Total | \$32,000 | \$32,000 | \$32,000 |
| Unmet Need | \$3,000 | \$3,000 | \$3,000 |

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PAYING FOR COLLEGE

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Filling the EFC and Unmet Need: An Example

| | Source | Favorite College |
|--------------------|-------------------------------------|------------------|
| Balance Due | | \$20,000 |
| Past Income | Student Savings and Summer Earnings | -\$1,500 |
| | Parent Savings | -\$4,000 |
| Present Income | Parent Contribution to Payment Plan | -\$4,500 |
| Future Income | Private Education Loan | -\$10,000 |
| | | \$0 |

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28

Federal Direct Student Loans

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 4.45% fixed interest rate for 2017-18
- 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



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Paying for College in MA: You Have Options

- **Tuition Break**
 - Reduction on out-of-state tuition costs at New England schools
 - For programs not offered in your home state
- **MassTransfer: Gen Ed Foundation**
 - Guaranteed credit transfer from community college to 4-yr public MA school
- **MassTransfer: A2B Degree**
 - Guaranteed credit transfer from community college to 4-yr public MA school
 - No application fee or essay
 - Guaranteed admission and tuition credit based on GPA
- **MassTransfer: A2B & Commonwealth Commitment**
 - Guaranteed credit transfer from community college to 4-yr public MA school
 - No application fee or essay
 - Guaranteed admission and tuition credit based on GPA
 - Receive 10% off and then a freeze on tuition & fees if 3.00 GPA maintained

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30

FREE RESOURCES

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National and Community Resources

- FAFSA Day
 - Free assistance completing the FAFSA: FAFSADay.org
 - October 2017 through February 2018
- Educational Opportunity Centers
 - Free financial aid help
 - MassEdCO.org
- Scholarships:
 - Fastweb.com
 - GoodCall.com
 - mefapathway.org



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32

Understanding Your Financial Aid & Paying for College Seminars

- Provides assistance and clarity on:
 - Financial aid awards
 - College bill
 - Payment plans
 - College loans
 - What to ask the Financial Aid Office
- Locations across MA in March and April
- Register for MEFA emails to receive location details
- Webinars also offered

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33

What You Can Do Now

- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications



Questions or Comments?

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(800) 449-MEFA (6332)