



# COLLEGE FINANCING

MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

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## 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](http://mefa.org): Information, blog, tools, & resources
  - Phone:** (800) 449-MEFA for college planning expertise
  - Facebook, Twitter, & LinkedIn**
  - Emails:** Sign up on [mefa.org](http://mefa.org):
  - Seminars:** Details at [mefa.org/events](http://mefa.org/events)
  - Webinars:** Register at [mefa.org/events](http://mefa.org/events)
  - [mefapathway.org](http://mefapathway.org)



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## 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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# TYPES AND SOURCES OF FINANCIAL AID

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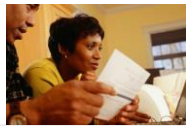
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## What is Financial Aid?

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



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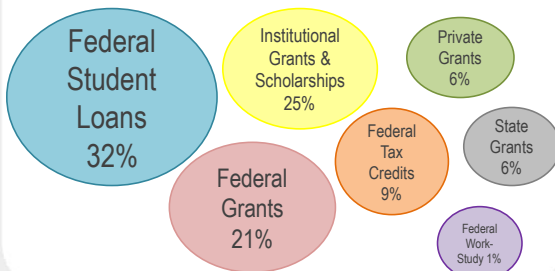
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## Financial Aid Breakdown

• Undergraduate Student Aid 2016-17 (\$181.1 Billion)



Source: The College Board, Trends in Student Aid 2017

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### 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 school
- Separate application sometimes required (check deadlines!)
- Application deadline may be as early as November

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### 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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### Sources of Financial Aid

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



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**Federal Direct Student Loans**

- Student is the sole borrower
- No credit check
- Subsidized and Unsubsidized
- Annual limits
- 5.05% fixed interest rate for 2018-19
- 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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# 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**

College Name	Application Requirements	Early Admission?	Admission Deadline	Financial Aid Application/Required	Notes
1. University of CA	Application: <a href="#">universityofca.edu</a> Review 2018-2019 Student Guide @ Letter of Rec: <a href="#">universityofca.edu</a> @ of Interest: <a href="#">universityofca.edu</a> @ Financial Aid: <a href="#">universityofca.edu</a>	Yes	Early Decision	FAFSA: <a href="#">fafsa.gov</a> CSS Profile: <a href="#">cssprofile.com</a> College Board: <a href="#">collegeboard.com</a>	High school rank 100 top College ranking program through senior year
2.	Application: _____ Review: _____ @ Letter of Rec: _____ @ of Interest: _____ @ Financial: _____	Yes	_____	FAFSA: _____ CSS Profile: _____ College Board: _____	_____

Keep deadlines straight with our College Application Manager @ [mefa.org/applying-to-college](http://mefa.org/applying-to-college)

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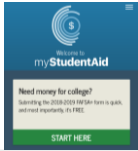
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**FAFSA®**

- **Free** Application for Federal Student Aid (FAFSA)
  - Required by all colleges
  - Becomes available October 1st: [fafsa.gov](http://fafsa.gov)
  - **New!** FAFSA completion on myStudentAid mobile app
  - Log in with an FSA ID: [fsaid.ed.gov](http://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](http://mefa.org/events) reviews all questions

**Must be completed every year!**

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**What's Reported on the FAFSA?**

- Student citizenship status
- Colleges where student is applying
- Parents
  - Married, including same-sex parents
  - All parents who live together, married or not
  - Divorced/Separated: custodial parent & current spouse
- Parent and student income (**2017 income** for the 2019-20 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
- # 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: [cssprofile.org](http://cssprofile.org)
  - Noncustodial parent will need to submit a separate Profile
  - Profile webinar recording on [mefa.org/events](http://mefa.org/events) provides details on questions



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

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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 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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## HOW FINANCIAL AID DECISIONS ARE MADE

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Cost of Attendance (COA)

Total expenses for one year of college

Tuition & Fees + Room & Board +

Books & Supplies + Transportation + Personal Expenses

   = Billed or Direct Expenses

   = Non-Billed or Indirect Expenses

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### 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 calculators:  
[BigFuture.CollegeBoard.org](http://BigFuture.CollegeBoard.org)  
FAFSA4caster on [fafsa.gov](http://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	\$7,415	\$10,173	\$14,403
Difference		\$2,758	\$6,988

Based on 2019-20 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	\$8,793	\$17,342	\$33,224
Difference		\$8,549	\$24,431

Based on 2019-20 Federal Methodology

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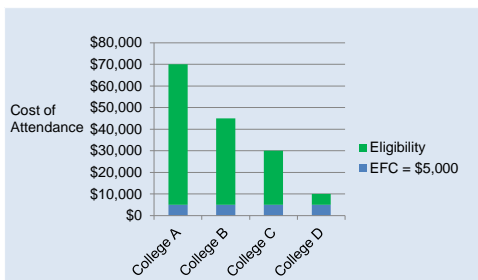
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**How the Formula Works**



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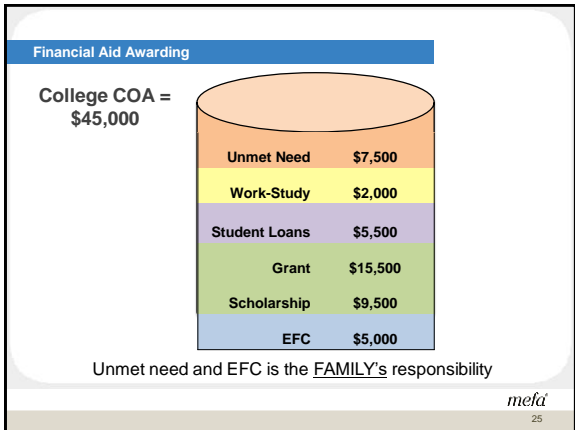
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**Award Letters: Totals Can Vary**

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
<b>Total</b>	<b>\$40,000</b>	<b>\$33,000</b>	<b>\$25,000</b>
Unmet Need	\$0	\$7,000	\$15,000

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**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 Loan	\$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

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

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## Additional Financial Considerations

- Consider the number of children you will send to college
- Think in terms of total enrollment (4+ years) and total debt
- Consider the post-graduation monthly loan payment
- Students should research potential starting salary for 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



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**Paying for College in MA: You Have Options**

**MassTransfer:** [mass.edu/masstransfer](http://mass.edu/masstransfer)

- **Gen Ed Foundation:**
  - Guaranteed credit transfer from community college to 4-yr public MA school
- **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
- **A2B & Commonwealth Commitment**
  - Guaranteed credit transfer from community college to 4-yr public MA school
  - No application fee or essay
  - Guaranteed admission based on GPA and space permitting
  - Tuition credit for two years in day program if 3.00 GPA maintained

**Tuition Break:** [nebhe.org/programs-overview/rsp-tuitionbreak/overview](http://nebhe.org/programs-overview/rsp-tuitionbreak/overview)

- Reduction on out-of-state tuition costs at New England schools
- For programs not offered in your home state

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# FREE RESOURCES

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**Financial Aid Office**

**Learn about your financial aid**

- Financial aid renewability criteria (financial, academic)
- Treatment of private scholarships

**Ask about special considerations**

- Can I appeal my award?
- Changes in family circumstances

**Find out additional details**

- Open House and Orientation programs
- Additional financial resources

**Use every avenue of the office**

- Financial Aid Office website
- In-person meeting
- Phone call
- Email

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National and Community Resources

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



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After the College Acceptance 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 (regional: not offered at every high school)
- Register for MEFA emails to receive location details
- Webinars also offered

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What You Can Do Now

- Sign up for MEFA emails →
- Get an FSA ID for the student and parent
- Research deadlines and required applications
- Sign up for upcoming webinars on [mefa.org/events](http://mefa.org/events)
- Start completing applications



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Questions or Comments?

Presenter: \_\_\_\_\_

[mefa.org](http://mefa.org)  
[collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)  
(800) 449-MEFA (6332)



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