



Financial Aid Basics for Students and Families

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What will we cover?

- Applying for Aid
- Cost of Education
- Need-Based Aid
- Merit-Based Aid
- Packaging/Awarding
- Additional Information
- Answer Your Questions



I only want to
pay but so
much.

We better
plant that
money tree
and fast.

We will be working until we are 95 years old...

Ouch!



I really do love my child, but.....

DAVIDSON
◆



What are the principles and purposes of need-based financial aid?

- Families have primary responsibility to pay for college
- Parents and students contribute to the extent they are **able**
- Provide students opportunity to attend college based on best **fit**
- Provide equity in distributing limited funds



How do students apply for financial aid?

FAFSA

- Free Application for Federal Student Aid
- www.FAFSA.ed.gov
- FSA ID
- IRS Data Retrieval

CSS Profile

- Profile online - CollegeBoard.org

At College's Discretion

- Tax returns and W-2 forms
- Non-custodial Parent PROFILE
- Institutional application

Families must reapply annually



How Do Families Sign a FAFSA?

- Students and parents electronically sign the FAFSA with an FSA ID
- For those who had a Federal Student Aid PIN, they must now get an FSA ID
- Involves creation of username and password
- Can create FSA ID when completing FAFSA or beforehand
 - When completing FAFSA: fafsa.gov
 - Beforehand: Information at StudentAid.gov/fsaid



What is “IRS Data Retrieval?”

- The ability to move federal income tax data from the IRS database to the FAFSA
- Can move the data at initial application or as an update/correction after FAFSA filed
- Can move parent, student or both sets of tax data
- Last completed tax year’s return(s) must be on file for IRS to retrieve data
- Some tax filing situations cause Data Retrieval to not be usable



What is Changing in 2017-18?

- FAFSA will begin to use “prior-prior year” (PPY) income data
- For 2017-18, income will be reported from 2015 (the PPY), rather than 2016 (prior year)
- Allows 2017-18 FAFSA to be available in October, 2016 rather than January, 2017
- Allows almost universal use of IRS Data Retrieval by all FAFSA filers
- TBD: Use of PPY or traditional prior year by PROFILE-using schools



How is aid eligibility determined?

Cost of education

- Expected Financial Assistance
(outside resources)
 - Calculated family contribution
- = Student's financial need**



What is included in the cost of education?

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses



Are there other costs that can be considered?

- Student health insurance
- Computer (one time)
- Specialized equipment
- Supportive needs
- Child/dependent care costs



What are outside resources?

- Funds from sources **other than** the college/university
 - Clubs and civic organizations
 - Churches
 - Employers
 - Foundations
- Certain types of benefits (e.g., military)
- Private gifts



What about outside resources?

- They **CAN** replace self-help (loan and work) components of aid award
- They **CAN** fill in difference when schools “gap” award
- They **CAN** add to a merit-only award
 - Total of merit and outside award can’t exceed total Cost of Education
- They **DO NOT** replace the Calculated Family Contribution in a need-based award but **may** reduce to cost of attendance at **some** institutions



What is the “family contribution?”

- A figure derived from the financial data provided on the FAFSA and/or PROFILE
- Represents the **calculated** capacity of the family to contribute toward the cost of education
- Takes into account factors such as income, assets, family size and number of children attending college
- **Annually determined**, so reflect change from year to year as factors change
- Ranges from zero (no contribution) to \$1,000,000 and above (000000 to 999999)

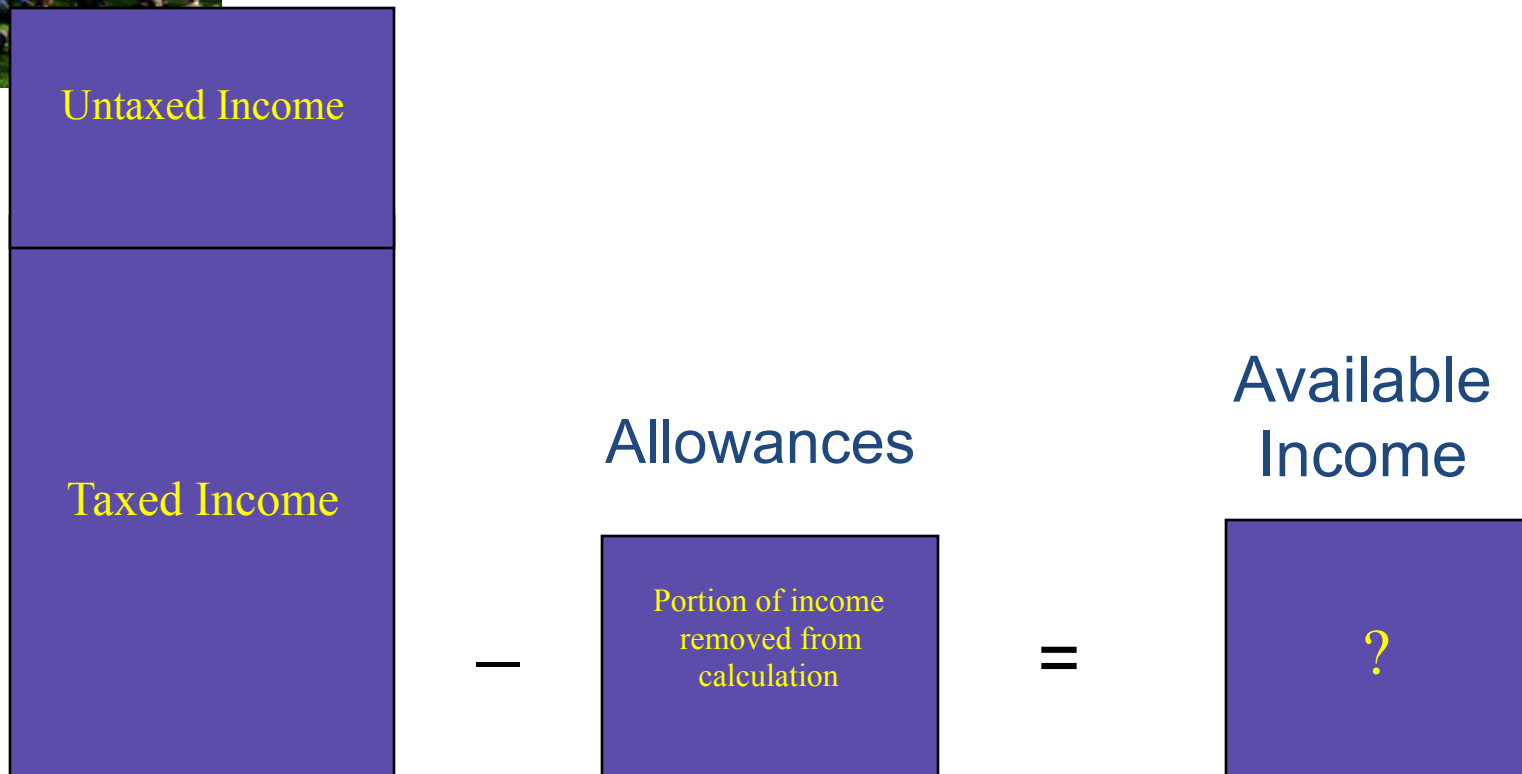


What are the components of the family contribution?

- Parent contribution from income (after allowances made)
- Parent contribution from assets (after allowances made)
- Student contribution from income and assets (if any)

How is parent contribution from income calculated?

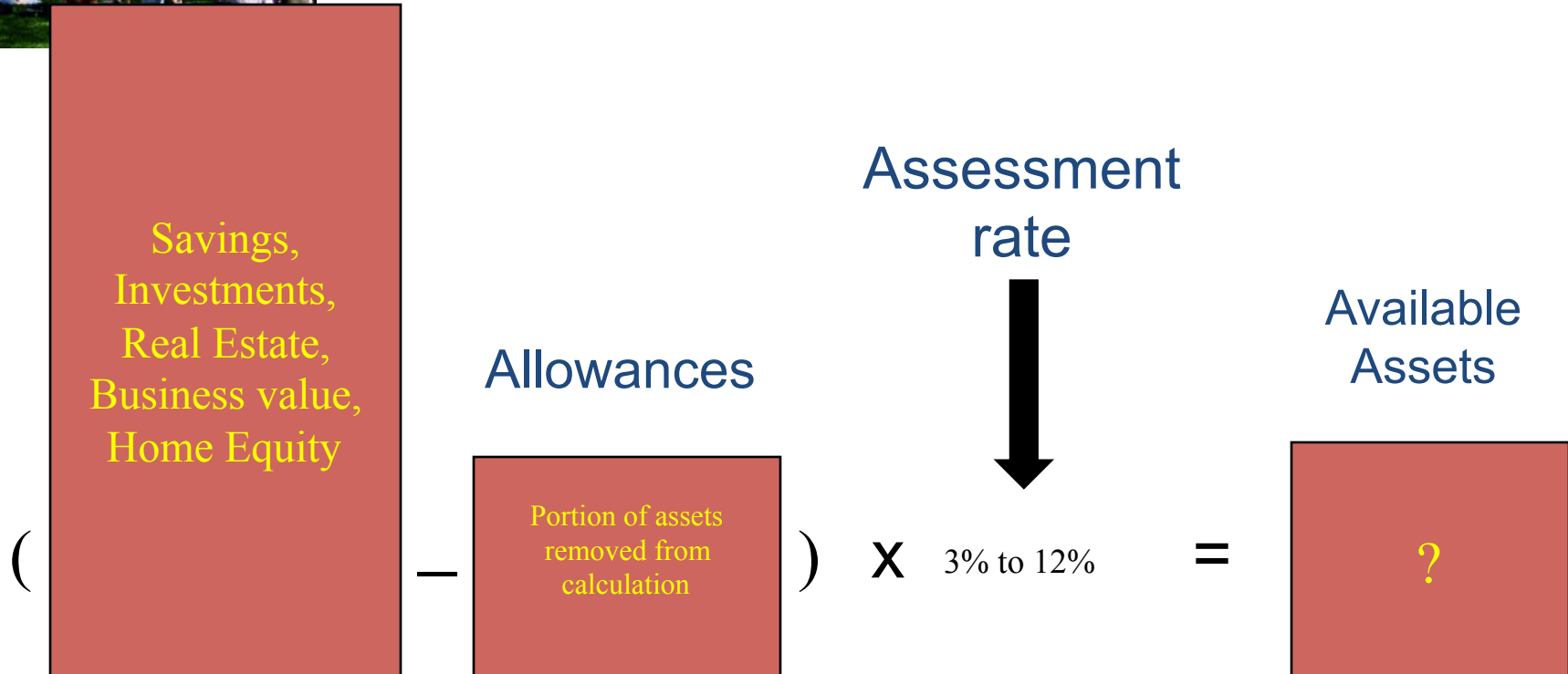
Total Income



How is parent contribution from assets calculated?



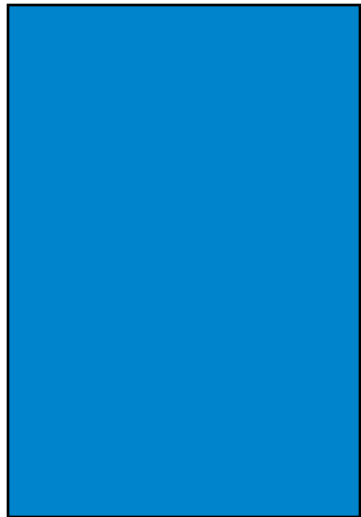
Assets





How is total parent contribution calculated?

Available
Income



Available
Assets



+

)

x

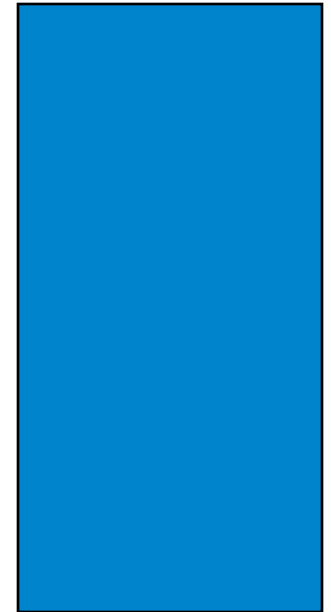
Assessment
Rate



22 – 47%

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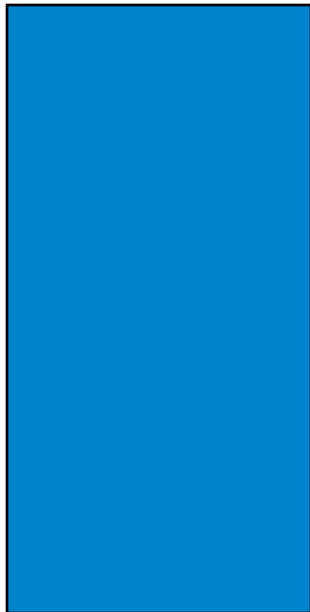
Total Parent
Contribution





What if the Family has More than One Student Enrolled?

Total Parent Contribution



in college adjustment

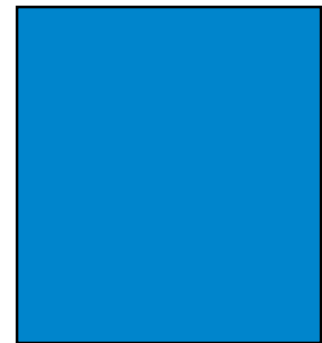


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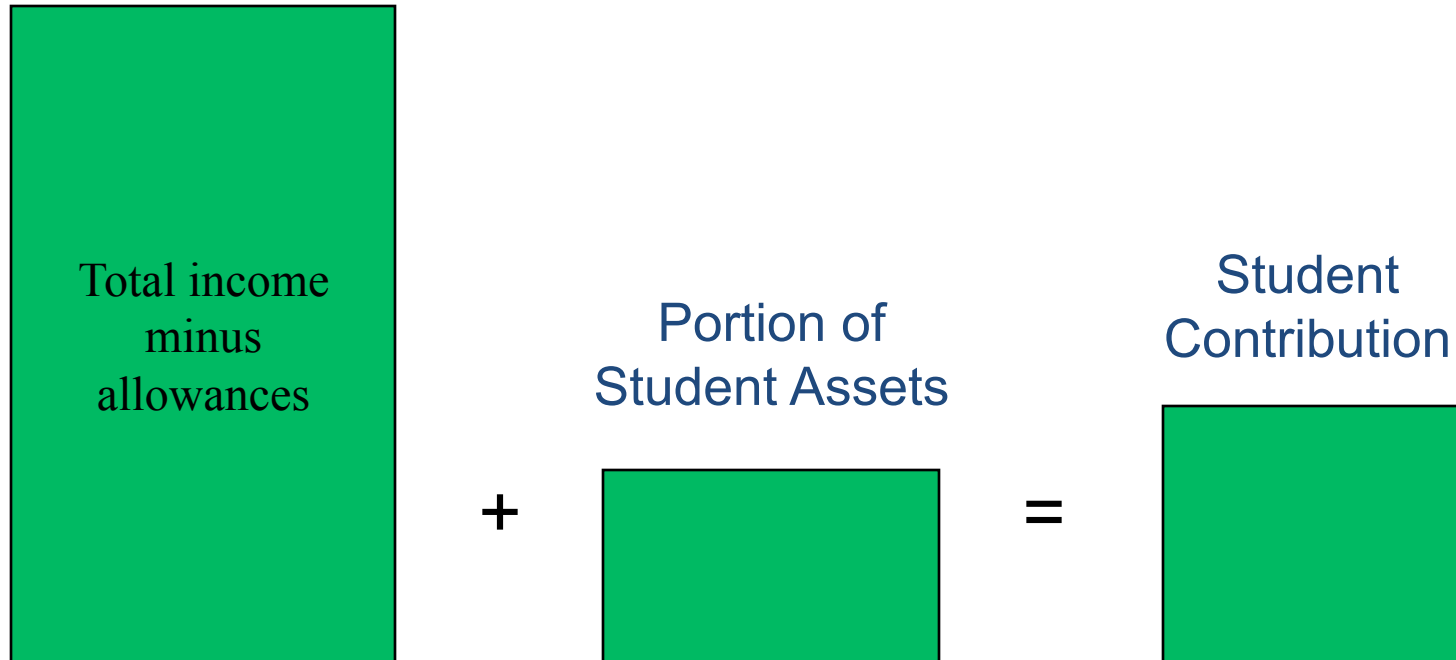
Parent Contribution per Student





How is student contribution calculated?

Portion of
Student Income





How is Family Contribution Calculated?

Parent
Contribution
Per Student



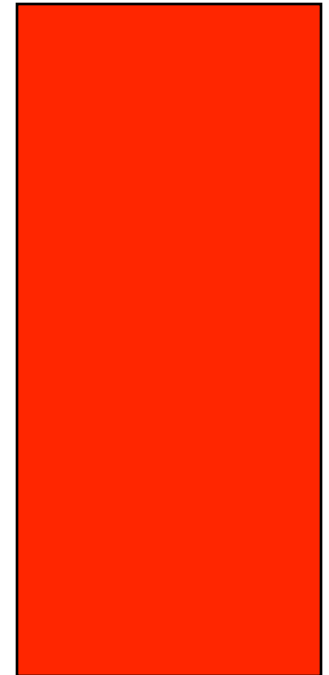
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Student
Contribution



=

Family
Contribution
(EFC)





What About 529 Plans?

- 529 plans (savings or pre-paid tuition) are assets of the plan owner(s).
- FAFSA: “When the owner is a dependent student... they are reported as an asset of the parent.”
- PROFILE instruction: If the student has a 529 plan as part of an UGMA or UTMA account, it is a student asset.
- “When the owner is some other person... distributions from these plans to the student count as untaxed income, as ‘money received.’”



What about merit-based scholarships?

- Funds awarded on the basis of factors **other than** financial need
 - Academic factors
 - Talent factors
 - Service factors
 - (Fill in the blank) factors
- Procedures for being considered vary
 - Nomination process
 - Scholarship application
 - Admission application

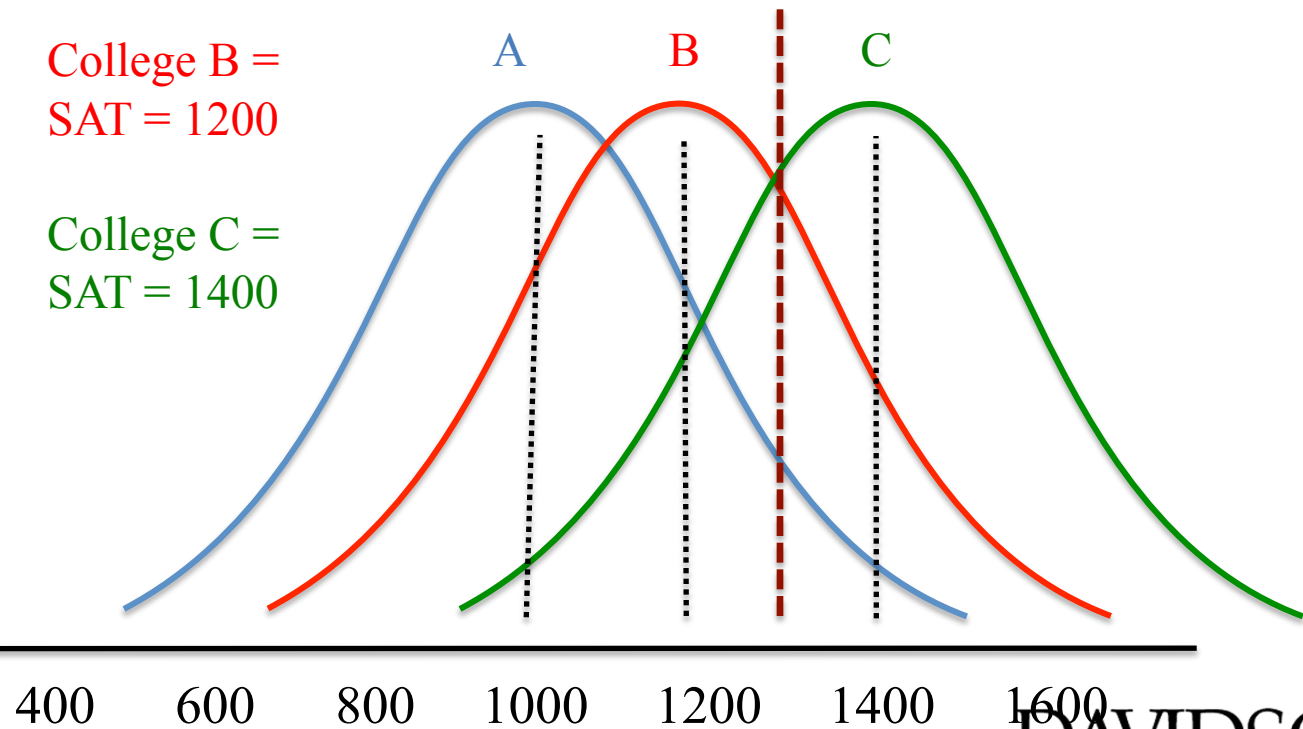


College A
SAT = 1000

Mary Smith SAT = 1300

College B =
SAT = 1200

College C =
SAT = 1400





What about athletic scholarships?

- Awarded by athletics department, not admission/financial aid office
- Both partial and “full” athletic scholarships can be offered
- Some schools offer athletics, but not athletic scholarships (D-III)



Questions To Ask About Merit and Athletic Scholarships

- Is the scholarship renewable?
- If so, what are the requirements for renewal?
- Will it affect my need-based aid eligibility?



What are the typical components of a financial aid award/package?

- **Gift Aid**
 - Grants (Institutional, Federal, and State)
 - Merit-Based Scholarships
 - Funds not requiring work or repayment
- **Self Help**
 - Student Employment
 - Student Loans (at some schools)



How is need met? Sample Aid Packages

	Davidson	Public U.	Private U.
Cost	\$61,000	\$27,000	\$45,000
EFC	\$15,000	\$15,000	\$15,000
Need	\$46,000	\$12,000	\$30,000
Merit	\$0	\$0	\$10,000
Grant	\$43,900	\$6,500	\$12,000
Loan	\$0	\$3,500	\$4,000
Work Study	\$2,100	\$2,000	\$2,000
Total Aid	\$46,000	\$12,000	\$28,000
Unmet Need	\$0	\$0	\$2,000
Total Paid	\$15,000	\$15,000+loan +interest	\$17,000+loan +interest



College costs do not have to be paid all at once!

There are four ways to pay for this investment

- Saving in advance
- Paying from current income
- Borrowing – pay with future income
- Scholarships and Grants



What are some payment options?

- Monthly payment plans
- Federal Educational Loans
 - Student (Direct Stafford; Perkins)
 - Parents (Direct PLUS)
- Private Educational Loans



What if my financial circumstances change?

- Institutions may choose to consider changed family circumstances at different times throughout year **or** wait until next annual filing
- ***Might*** affect a family's funding options
- Might ***not*** affect family contribution



Do you have any “consumer tips?”

- Hire an admission/aid consultant(?)
- Avoid scholarship programs that charge application fees
- Avoid scholarship search services that charge fees



What are other things I should know?

- Deadlines are important
- Sticker Price vs. Net Price
- Net Price Calculators
- Early Decision Admission—yes/no?
- Need-blind and need-sensitive
- May 1: National Candidates Reply Date



What are some on-line resources?

- School web sites
- www.davidson.edu
- Federal government
www.StudentAid.gov
- SmartStudent Guide to Financial Aid
www.finaid.org
- The College Board
www.collegeboard.org



Additional Questions?

Thank you for coming!

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