



College Financial Aid

Besides buying a home, a college education may be the largest single lifetime investment you or your family will make. This guide aims to explain the various college financial aid options, as well as how to search and apply for them. *Note*—This guide primarily addresses to high school students who are preparing to enter college and who want to learn about financing their education. Yet since many parents may contribute to their children's college education costs, this guide is addressed to them as well.

What Is Financial Aid?

Financial aid is any money, other than savings, used to pay for college expenses. It is designed to help individuals meet their educational expenses when their own resources are insufficient. *Need-based aid* is awarded when the cost of college is higher than what financial aid organizations and/or schools calculate that student can afford. *Non-need-based aid* is usually given in recognition of some special circumstance, such as a talent, an achievement or an academic strength, or based on criteria such as your religion, race, gender, age, field of study or regional demographics.

There are two general categories of financial aid available for undergraduates: *gift aid*—funds awarded to students without the expectation of repayment and *self-help aid*—funds borrowed by students that must be repaid (loans) or worked for in exchange for money that is given (work-study programs). Most students seek a combination of financial aid from both gift and self-help aid sources.

Types of gift aid:

Grants—Grants are funds awarded either based on financial need or to pay for a special program of study or research. They are awarded by various sources including federal and state governments, schools or private organizations.

Scholarships—Scholarships are funds given without the expectation of repayment. While some scholarships are awarded based on financial need, most are awarded based on other criteria, including academic performance, career plans or special abilities. In some cases, certain requirements must be met and maintained throughout your education if the scholarship covers multiple years of schooling. Various sources including schools and private organizations offer scholarships.

Types of self-help aid:

Loans—Loans are funds that you and/or your parents borrow to help meet college costs—and that must be repaid with interest. Student loans may be obtained through the federal government, state agencies, schools or commercial lenders. Most student loans offer favorable interest rates and repayment options, although it depends upon the source of the loan and whether it is need- or non-need-based.

The Federal Work-Study (FWS) Program—

The Federal Work-Study Program is a program that awards part-time jobs to students (both undergraduate and graduate) who meet eligibility requirements based on financial need. Typically, the jobs are on-campus, but there may be certain off-campus jobs available as well. The federal government subsidizes the salaries for these jobs. If you are eligible for the FWS program, you are awarded a dollar amount that you may earn by working for an hourly wage during the school year. You are allowed to continue working and earning until the dollar amount is earned, but you cannot exceed this dollar amount. The school pays you directly, unless you request that the money be paid into your bank account or used to pay your institutional fees (tuition, room and board).

Financial Aid Sources

Financial aid is offered and awarded by a variety of sources including: the federal state governments; colleges; and numerous private organizations, associations and corporations. This section will describe those sources in more detail.

Federal Aid

The federal government is the largest single source of financial assistance for students and families, providing nearly 60 billion dollars per year in student financial aid. Most federal aid is awarded through the U.S. Department of Education and is based on financial need rather than scholastic achievement. However, you do not have to show financial need to receive some federally guaranteed loans such as PLUS loans or unsubsidized Stafford or Direct loans, as described later in this guide.

Federal Grant Programs

Pell Grants—The Federal Pell Grant Program is the largest need-based student aid program, awarded primarily to low-income students. Only undergraduate students who have not previously earned a bachelor's or professional degree are eligible for this grant. The amount you are awarded depends on your need, the costs of education at the college you wish to attend, the length of the program in which you are enrolled, and whether you are enrolled part- or full-time. The maximum award ranges from year to year, depending on program funding (for the 2010-2011 academic year it is \$5,550); however, there is no cap on the number of Pell Grants that can be handed out in a given year. Whether you get a Pell Grant depends on a formula, passed into law by Congress, that is applied to the information you provide in your financial aid application. If you qualify based on need, and if you apply on time—no later than May 1st—you will be awarded Pell money.

Federal Supplemental Educational Opportunity Grants (FSEOG)—The FSEOG is used in conjunction with the Pell Grant, and is awarded to students with exceptional financial need. Although it is a federal grant program, this is a campus-based

grant, which means that it is administered by schools. However, not all schools participate, so check with the financial aid office at schools you are considering for more information. The amount of the grant you can receive ranges from \$100 to \$4,000 a year, based on your level of need, the availability of funds and the policies of the school. Unlike the Pell Grant, not every eligible student is granted FSEOG money—a limited amount is given to each college and, once that fund is depleted, no more money is awarded until the following year. Therefore, it is wise to apply early for this grant. (Each school sets its own deadline, so check with the financial aid offices at schools you are considering for more information.)

The Academic Competitiveness Grant—

The Academic Competitiveness (AC) Grant is a federal grant available for the first time for the 2006-2007 school year to first year students who graduated from high school after January 1, 2006, and to second year students who graduated from high school after January 1, 2005. The Academic Competitiveness Grant award is in addition to the student's Pell Grant award.

AC Grants are awarded to students who have successfully completed a rigorous high school program, as determined by the state or local education agency and recognized by the Secretary of Education. The Secretary recognizes at least one rigorous secondary school program of study for each state annually. Second year students must maintain a cumulative grade point average (GPA) of at least 3.0.

The amount of the grant is up to \$750 for the first year of undergraduate study and up to \$1,300 for the second year of undergraduate study to full-time students. The amount of the AC Grant, when combined with a Pell Grant, may not exceed the student's cost of attendance. The amount of the grant award to each student may be reduced if the number of eligible students is large enough that payment of the full grant amounts would exceed the program appropriation in any fiscal year.

National Smart Grant—The National Science and Mathematics Access to Retain Talent Grant, also known as the National Smart Grant, is provides up to \$4,000 for each of the third and fourth years of undergraduate study to full-time students who are eligible for the Federal Pell Grant and who are majoring in physical, life, or computer sciences, mathematics, technology, or engineering or in a foreign language determined critical to national security. The student must also have maintained a cumulative GPA of at least 3.0 in coursework required for the major. The National SMART Grant award is in addition to the student's Pell Grant award.

As with the Academic Competitiveness Grant, the amount of the SMART Grant, when combined with a Pell Grant, may not exceed the student's cost of attendance, and the amount of the grant to each student may be reduced if the number of eligible students is large enough that payment of the full grant amounts would exceed the program appropriation in any fiscal year.

Federal Loan Programs

Student loans are the most common type of financial aid available and come in various forms from a variety of sources. Loans can be either subsidized or unsubsidized.

- *Subsidized loans* are issued based on financial need. If you receive a subsidized loan, the federal government pays the interest until you begin to repay the loan.
- *Unsubsidized loans* are widely available and are not offered on a need basis. Interest is charged to you from the time the loan is disbursed until it has been repaid. You may choose to pay the interest expense as it is incurred or capitalize it (i.e., the interest expense incurred goes unpaid until principal repayment begins and is added to the principal amount of the loan). If the interest expense is paid as it is incurred, the total amount of the loan will be less than if interest is capitalized.

Perkins Loans—Perkins Loans are federal loans available for students who have the greatest financial need. Perkins Loans offer favorable repayment features, including a low interest rate. Perkins Loans have limits that are based on need, time of application and availability of funds. For the 2010-2011 academic year, you may borrow up to \$5,500 for each year of undergraduate study, with a total undergraduate maximum of \$27,500 (For graduate study, you may borrow up to \$8,000 per year, with a cap of \$60,000, including any Perkins Loans you borrowed as an undergraduate.) Perkins Loans are campus-based, which means that the amount of funds is limited by how much your school received from the government to disperse. Be sure to get your applications in early, and check with your school for its deadline. Repayment begins nine months after you graduate, leave school or drop below half-time attendance.

Stafford Loans—Stafford Loans are available to all students, regardless of need, and may be subsidized or unsubsidized. The Stafford Loan program encompasses two types of broad loan programs depending on how the funds are dispersed to you: Funds may be obtained either directly from the federal government through the school (Federal Direct Loan Program—FDLP); or from a private lender through a bank, credit union, or savings and loan (Federal Family Education Loan—FFEL). The interest rate charged on Stafford Loans has fluctuated over time, but has consistently remained below market value for loans. The borrowing limits vary according to a student's time remaining in school, eligibility for other loans, dependent or independent standing, and undergraduate or graduate status. Repayment begins six months after you graduate, leave school or drop below half-time student status. (Graduate students may also be eligible for Stafford Loans, however, eligibility and loan amounts may be different.)

Parent Loan for Undergraduate Students (PLUS)—A PLUS Loan can be either direct (from the federal government) or indirect (through private lenders); however, these loans are not need-based. They are given to eligible parents who have a dependent child enrolled at least half-time in school. The yearly limit on a PLUS Loan is equal to the difference between the cost of attendance (COA) and any other financial aid for which you are eligible. For example, if your cost of attendance is \$6,000 and you receive \$4,000 in other financial aid, parents can borrow up to—but no more than—\$2,000. To qualify, parents must pass a credit check. If they fail to qualify, a loan may still be possible if extenuating circumstances exist or if a credit-worthy family member agrees to co-sign the loan. The interest rate on PLUS Loans is variable, but may not exceed nine percent. Interest begins to accrue immediately and parents are responsible for the repayment of both principal and interest while the student is enrolled in school. Repayment generally must begin within 60 days after the final arrangements for the loan have been made. In addition, there is an insurance fee of up to four percent of the loan, deducted proportionately each time a payment is made, which protects the lender against default or loss due to death, disability or bankruptcy.

Other Federal Programs

Federal Military Aid Options—If you are interested in serving (or are presently serving or have served) in a branch of the U.S. Armed Forces, the military offers three financial aid options that can greatly reduce your college expenses: You may attend a service academy at no cost; you may enroll in a ROTC program at a participating college to help pay for a portion of your schooling; or you may consider a military and veterans' benefits program as described in more detail below:

- **Service academies** offer men and women careers in the military, Merchant Marines or Coast Guard. The federal government pays for all expenses and provides a monthly stipend for incidental expenses.

To be considered for admission, a student has to receive a nomination from a member of Congress (the Coast Guard accepts appointments through a national competition). For more information, contact your state Senator or Congressional representative early in the spring of your junior year in high school, or write to each military academy directly.

- **The Reserve Officers' Training Corps (ROTC)** is a scholarship-training program offered by the U.S. Army, Navy and Air Force at many colleges and universities. In most cases, ROTC students are required to fulfill a military service obligation after graduation from college in exchange for college funding. Military aid programs represent the largest single source of non-need-based federal financial aid available. Those who join ROTC typically receive a scholarship for reduced or free tuition plus a monthly stipend in return for the promise to serve as an officer in the U.S. Army, Navy, Air Force, Marine Corps, Coast Guard or Merchant Marines for four to eight years after graduation. (ROTC members not receiving a scholarship may still be eligible to receive the stipend without tuition assistance and are only obligated to serve six months after graduation.) Students who join ROTC must also complete approximately four hours of military training each week while in college. Before applying to a ROTC program, give careful consideration to the commitment you must make both during college and after graduation.
- **Military personnel and veterans' benefits programs** are designed to help servicemen and women and veterans pursue higher education. Each of the military services operates programs that enable active-duty personnel to receive funds in order to enroll in courses on an off-duty basis or after they complete their service commitment. The Montgomery G.I. Bill—a major government educational assistance plan—enables service personnel to make payroll deductions to pay for

college costs. The “College Fund” is a newer program that offers additional benefits for military employees. For further information about veteran, spousal or dependent financial aid, contact your local Veterans Administration (VA) office.

Federal Programs Offered Through the Department of Health and Human Services

—In addition to the U.S. Department of Education, there are other federal programs that allocate funds for education. Many of them are directed toward influencing career choices, such as medicine, for example. Here are a few of the most prominent:

- **Nursing Student Loan Program**—This loan program applies to nursing students attending certain nursing schools and is awarded based on financial need.
- **Financial Assistance for Disadvantaged Health Professions Students**—This program provides scholarships to full-time students in medicine, osteopathic medicine and dentistry who come from disadvantaged backgrounds. Students considered for this scholarship must come from an environment that has inhibited the individual from obtaining the knowledge, skills and abilities required to enroll in and graduate from a school of medicine, or come from a family with an annual income below a low-income threshold according to family size, based on data from the U.S. Census Bureau.

Federal Assistance From the Bureau of Indian Affairs—The United States government, through the Bureau of Indian Affairs (BIA), provides annual scholarship grants to eligible high school students. In order to qualify, a student must prove that he or she has American Indian blood and must meet certain residence, need and scholastic requirements. This grant assistance may be used at any accredited post-secondary institution. For more information, contact your tribal education officer or BIA area office.

For more information on Federal Student Aid programs, we suggest you read the Guide to Federal Student Aid, published by the U.S. Department of Education. Please refer to the “Helpful Resources” later in this publication.

State Aid

Every state has a scholarship or grant program that provides some form of need-based financial assistance to eligible students who are legal residents of the state. Most of these aid funds are stipulated for use at colleges and universities within the state and for students with demonstrated need, though a few states have funds available to assist students who meet other criteria (such as academic performance). Your high school guidance counselor can provide you with additional information about the programs and requirements in your state. Free information about state programs may also be obtained from your state education agency (see the government section of your local telephone book for contact information). The Federal Student Aid Information Center also has information about many state student aid programs. Refer to the “Helpful Resources” section at the end of this guide for contact information.

Institutional Aid

While federal and state agencies provide significant sources of financial aid, many colleges offer aid themselves. Private colleges and universities frequently offer a variety of aid options. Public colleges, on the other hand, generally have fewer available resources to make institution-based awards to students because taxpayer support lowers the cost of annual tuition. Colleges and universities may offer additional sources of financial aid through donations from alumni and other benefactors. Contact colleges you are considering for more information.

Private Aid

Private aid is any form of financial aid that is provided by organizations other than colleges and universities or federal and state governments. Similar to federal, state and institutional aid, private aid can come in the form of loans, grants or scholarships.

Private Aid Loans

There are a variety of private-loan programs for students and/or parents. These programs are generally used for students who do not otherwise qualify for need-based aid, and typically offer lower interest rates than commercial banks. Private aid loans usually have continuous processing and flexible deadlines. Some private loan organizations contract with government loan programs in addition to handling their own programs. For advice about what programs are available and how to apply for them, contact prospective colleges' financial aid offices.

Private Aid Scholarships/Grants

Most private scholarships and grants are not awarded based on demonstrated need; rather, they are awarded on the basis of specific and extensive criteria such as academic performance, career plans, special abilities, race or religion. These funds are given without the expectation of repayment.

One of the best-known private aid scholarship programs is the **National Merit Scholarship Program**, which awards millions of dollars each year to approximately 8,000 students. High school juniors enter the competition for these awards by taking the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) in October at high schools around the country.

Although the process changes from year to year, typically a select number of students with the highest combined scores on the PSAT are eligible to be referred to become a National Merit Scholar. From this pool of students, semifinalists are determined on a state-by-state basis, and the selection criteria vary by state and by year. Each state's allot-

ment of semifinalists is determined based on its percentage of the national total of graduating high school seniors. Semifinalists who meet eligibility standards (students must submit applications, their high school record and SAT-I scores, among other requirements) will be among the National Merit Finalists named. In the spring before entering college, the following types of Merit Scholarships are awarded:

- **Corporate-sponsored awards**—Given by a corporation through the National Merit Scholarship Corporation. (Typically to a child of an employee of the sponsoring corporation.)
- **One-time awards (known as National Merit Scholarships)**—Given by a committee of college admissions officers.
- **College-sponsored awards**—Given by individual colleges. (Besides being a Merit Scholar, recipients must have accepted an admissions offer by early February.)

All National Merit designees must name a first-choice college or university. Most (but not all) schools participate, so a prospective student should be sure to select a college that is part of the National Merit program. Consult the National Merit Scholarship Corporation for a list of participating schools. Contact information is listed in the "Helpful Resources" section of this guide.

There are many other scholarships besides the National Merit Scholarship Program. The following tips may prove helpful in searching for private grants and scholarships:

- Start researching scholarship options late in your junior year.
- Talk to your high school guidance counselor about contests and scholarships for which you may be eligible. Be sure to investigate merit-based scholarships—funds awarded based on a student's past academic achievements or to students who have demonstrated leadership qualities through community involvement, work experience, extracurricular activities (hobbies/leisure/athletic), and achievement.

- Call financial aid offices at individual colleges to inquire about scholarships the college may offer. Be aware that you must first be accepted at a college before you can be considered for their scholarship programs.
- If you are employed, ask your Human Resources representative if your company offers any company-sponsored scholarships. Or, have your parents check with their employers to see if they offer scholarship programs.
- Look for scholarships that are sponsored by your faith. Many local, state and national religious groups offer religiously affiliated scholarships.
- Check out local and regional scholarship programs. Some towns and neighborhood associations may offer scholarships based solely on your residence within a certain locale. State and local financial aid agencies can provide more information.
- Scholarships may be offered to students of certain national origins and/or members of a federally recognized minority group. Contact local ethnic and/or minority organizations for more information.
- If your parents and/or grandparents served in a branch of the military, you may qualify for an award. Check with your guidance counselor or contact the military branch or the Veterans Administration for eligibility requirements.
- If you are disabled, check with national organizations or foundations to find out what educational funds may be available to you.
- Keep searching; new scholarships are created all the time. Also, keep in mind that you may need to reapply for scholarship assistance each year. Do not assume that a scholarship obtained in the first year will automatically be awarded to you in later years.

Scholarship Search Services

Some high schools, colleges or other organizations provide scholarship search services for free or at low cost. Check to find out if your guidance office provides this service or ask your parents to check with their Human Resources department at work to find out if their employer offers access to such a service. There are also many privately operated scholarship search services, which charge fees that may range from \$50 to \$150 or more. These services usually provide computerized lists of sources of private and other financial aid that you may apply for.

These services may be helpful in identifying sources of aid for students who meet certain criteria, such as academic achievement, religious affiliation, ethnic or racial heritage, artistic talents, athletic ability, career plans or proposed field of study. However, bear in mind that funds from these sources may be limited and not all applicants will receive awards.

Unfortunately, not all scholarship search services are legitimate and ethical. As a responsible consumer, check out any services you consider using with the the Better Business Bureau, the National Fraud Information Center, the Federal Trade Commission, or state Attorney General's office. These organizations may be able to tell you if certain companies have had previous complaints filed against them. Additionally, when using a service, get offers and agreements in writing—especially refund policies—before paying a fee.

When applying for scholarships, be sure to check eligibility requirements. Make sure you qualify for the scholarship criteria—the minimum requirements and defined parameters for each scholarship. Reading requirements carefully can save you valuable time.

The Financial Aid Application Process

The process of applying for financial aid can be confusing and time-consuming, but with careful thought and planning, you can increase your chances of obtaining aid. The first step in filing for financial aid is identifying which form(s) you need to complete. The application forms vary from state to state and from institution to institution; however, most sources of aid require you to complete the Free Application for Federal Student Aid (FAFSA) from the U.S. Department of Education. Given that this is the most widely used form, experts recommend that you start by completing it first. Then, depending on the requirements of the state or school, complete any additional forms next. Be sure to verify that you have completed all the financial aid forms your school(s) require and return them as early as possible. Please refer to the guide *College Planning Calendar* to help you plan your next steps and facilitate the application process.

Here, organized by the type of financial aid you are applying for, are descriptions of some of the forms you may need to complete; ask your guidance counselor and/or a financial aid officer at the school you are applying to for more information.

Federal Aid

All applicants for federal student aid must complete the FAFSA. This form determines if you qualify for federal aid—and it is the only way you can find out if you are eligible for various federal aid programs. Depending on where you are applying and what you are applying for, this may be the only form you need to complete.

The FAFSA is the standard federal financial aid application used by all accredited schools regardless of where a student lives or what school he or she plans to attend. There is no cost to file a FAFSA application. (Other financial aid forms may have a filing fee.) To obtain the FAFSA, visit your high school guidance office, contact the financial aid

office at the colleges you are considering, contact the Federal Student Aid Information Center or visit the U.S. Department of Education's web site (you can file the FAFSA online or you can download copies of the FAFSA from the web site). See the "Helpful Resources" section at the end of this guide for contact information. Forms become available in the late fall of each year.

The easiest way to find out which forms you must fill out is to call the financial aid office at each school you are considering. Note the name and title of the person you speak to and, once you have determined which forms you need, make sure you have the current versions.

State Aid

Your high school guidance counselor can tell you which forms, other than the FAFSA, you may need to complete for state aid (grants or scholarships) you are applying for. In some states, the FAFSA will be enough to establish your eligibility; in others, you may need to fill out a separate form.

Institutional Aid

Often an explanation of necessary institutional aid forms can be found in college catalogs, brochures and aid information packages that schools send to you. Many colleges and universities use only the FAFSA to apply for aid; however, some utilize additional forms such as the CSS/Financial Aid PROFILE or their own proprietary application.

If you are required to file the CSS/Financial Aid PROFILE form (also known as just PROFILE), you can obtain it either from a university's financial aid office or at your high school guidance office. There are various fees for registering and filing a CSS/Financial Aid PROFILE form; contact the College Scholarship Service (CSS) directly for information on registration and fees. *Note*—If a school requires you to submit the PROFILE,

keep in mind that you also must complete the FAFSA for state and federal financial aid—PROFILE is for institutional aid only.

After you complete the registration form and mail it to CSS, you will receive an application packet containing the forms and questions necessary to apply for private aid at the schools you specified on the registration form. Upon receipt of the completed application, CSS will send a Data Confirmation Report, which includes a summary of your family's EFC and the information you supplied on your PROFILE application, to as many as 10 schools that you select. You should receive an acknowledgment from CSS within two weeks of processing your application; if you do not, contact CSS. (Contact information can be found in the "Helpful Resources" section at the end of this guide.)

If you wish to have your PROFILE information sent to more than 10 schools or programs, call CSS after receiving your application packet and request additional reporting (credit card payment is required). If you indicate the 10 schools on your registration form with the earliest deadlines, you can wait until you receive an acknowledgment from CSS to request additional reporting.

If you wish to change any information on your application, send corrections directly to the colleges, not CSS.

Private Aid

Most private scholarship programs require the completion of additional proprietary forms. Check with each scholarship program that you are interested in to determine which forms they require.

Financial aid funds can be used for meeting both educational costs (tuition, fees and books) and personal living expenses (food, housing and transportation).

How Need Analysis Works

The federal government and colleges survey your (or your family's) financial status (based on the information you supply on the FAFSA) to determine your family's Expected Family Contribution (EFC)—the dollar amount your family is expected to pay toward college costs. There are two ways to compute EFCs: Federal Methodology and Institutional Methodology. The Federal Methodology (used by the federal government) bases aid on your family's income, assets and expenses—but not home equity. Some schools, which require additional financial aid application forms, may use the Institutional Methodology, which often takes home equity into consideration and usually results in higher EFCs.

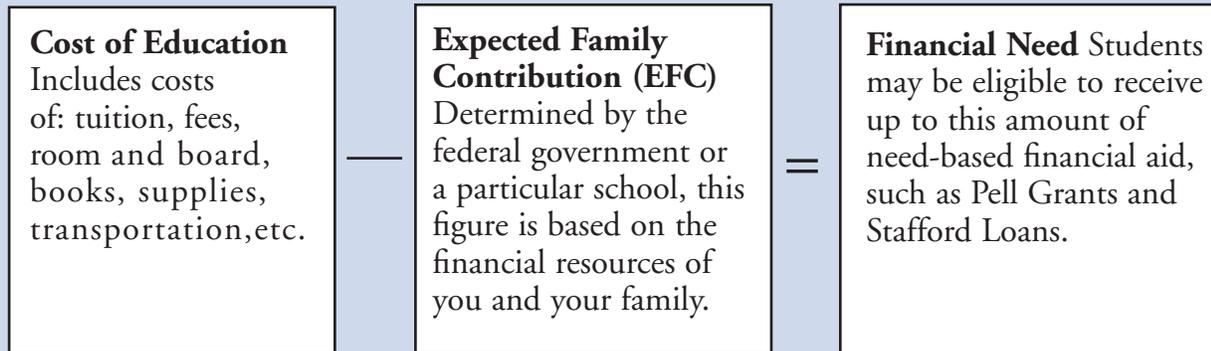
Factors that determine your family's EFC and, consequently, your eligibility for aid are:

- **Family income**—Income from all sources is considered (e.g., salary, savings account interest, inheritance, etc.).
- **Family assets**—Assets including all savings and investments (e.g., stocks, bonds, college funds, retirement funds, etc.). As mentioned, some schools that use the Institutional Methodology factor in other financial assets (e.g., home equity) to determine how much aid to provide, usually resulting in an increase in the EFC.
- **Family members paying for college**—The number of other family members currently paying for college is considered.
- **Family expenses**—All ordinary and unusual expenses (e.g., food, rent, mortgage, utilities, auto maintenance, insurance, child care, etc.) are considered.

Schools use the tax year before school begins on which to base their determination of what you and your family can afford to pay for your first year of college. During this base income year, as well as the prior year, you may want to carefully analyze your family's financial status and make changes that could enhance your financial aid eligibility.

Calculating Financial Need

The following equation demonstrates how a family's financial need is calculated. By subtracting a family's EFC from the cost of attending a particular school, a student can determine the potential aid for which he or she would qualify. To calculate your family's specific EFC, request the EFC Formula Book from the Federal Student Aid Information Center. (Please see the "Helpful Resources" section for contact information.)



Once computed, your EFC is reported on a form, known as the Student Aid Report (SAR). The U.S. Department of Education then sends the SAR to those colleges and universities that you listed on the FAFSA. A copy is also sent back to you or your family. The schools you apply to will use your family's information to compile a financial aid package—a combination of financial aid resources (grants, loans, work study) designed to meet, as closely as possible, your financial need. The amount and types of assistance in the package depend on the cost of attendance at a particular school, your financial need, availability of funds at the college you've applied to and funds available from outside sources. Thus, you may be offered different financial aid packages at each school you apply to. In fact, if you get all the financial aid you are eligible for from each school you apply to, you could end up paying the same amount at a high-cost college as you would at a low-cost one. However, keep in mind that you may not receive the entire difference between your EFC and the actual cost (your "need") of college. Often financial aid award letters (which arrive shortly after acceptance to a school) indicate that there is still "unmet need," meaning that the school was

unable to supply the full difference. If this happens, you will either have to try negotiating your aid package with a financial aid officer, assume a greater portion of the cost yourself, or you may have to rule out that school as an option. For more information, please see the guide *Comparing Financial Aid Packages*.

A common misconception is that a scholarship award will reduce a family's EFC. This is not true. Your family's EFC will remain the same and the school will incorporate the scholarship award into its aid package, substituting it for some other grant or loan program.

Declaring Financial Independence

You and your parents may wonder whether you would be eligible for more financial aid (and if your EFC would be lower) if you were considered independent of your parents. When determining whether you should be considered independent or dependent, it is best to check the actual wording on the FAFSA, but essentially if you can answer

“yes” to one of the following questions, then you can be considered independent:

- Are you over the age of 24 by January 1st of the year you are applying for aid?
- Will you be working on a degree beyond a bachelor’s degree for the next school year?
- As of today, are you married? (If you are separated, you are still considered married.)
- Are you an orphan or ward of the court, or were you a ward of the court until age 18?
- Are you a veteran of the U.S. Armed Forces?
- Do you have children who receive more than half of their support from you? Or do you have dependents (other than your children or spouse) who live with you and receive more than half of their support from you?

If you cannot answer yes to at least one of these questions, you are considered a dependent. It is difficult for a student to “declare” independence. If you don’t fit any of the categories for independent status and you plan to pay for college yourself, then you will have to ask the school that you are planning to attend to grant you an exception. This is not always easy to do, because the school needs to validate that you are truly on your own and supporting yourself. *Note*—Keep in mind that it is not always to your advantage to apply as an independent student. You may actually qualify for more aid as a dependent because most schools expect students to contribute about one-third of their total assets; parental assets are counted at a lower rate (about five to six percent of their assets).

Financial Aid Tips From the Experts

Understanding the often-confusing financial aid process is very important if you are to maximize your chances of receiving a good financial aid package. Utilize resources such as high school guidance counselors, financial aid officers, state higher education agencies and local libraries. They serve as excellent sources of information for the financial aid process and how it might apply to your family’s circumstances. The following tips from financial aid experts may also be of help:

- Be conscious of financial aid deadlines and apply early. Depending on the type of aid you are applying for, schools have limited resources so late applications may hurt your chances of receiving aid.
- Choose one or two schools that are affordable and that you would be happy to attend, in the event that your top school choices are too expensive.
- Make copies of all completed forms and keep records of deadlines and when you’ve sent all forms. See the guide *Financial Application Tracker* for more information.
- Check with top-choice schools to make sure your financial aid files are complete and that they’ve been processed.
- Respond to any questions from a financial aid office immediately. This could make the difference between being accepted and being eliminated as an award recipient.
- If your financial aid application is selected for verification, the school will require you to submit additional documentation, such as signed copies of your tax returns, W-2 and 1099 forms. The federal government selects 30 percent of the FAFSAs for verification. Some schools, to be fair, require all students to complete verification.

- Find out if any aid you are given is renewable and how much you can expect (if any) in subsequent years. Reapply for aid, if necessary, each year you are in school.
- If you are turned down for aid, but believe that you qualify, contact the financial aid office. Emphasize any circumstances that may have been overlooked. Realize that the first award letter you receive from a school is not necessarily set in stone. (See the guide *Comparing Financial Aid Packages* for more information.)

Special Financial Aid Situations

Special life situations may affect the type and amount of financial aid you are eligible to receive. This section provides financial aid information for students with divorced, separated or unemployed parents, transfer students, international and nontraditional students, and the academically gifted special needs students.

Financial Aid for Students With Divorced or Separated Parents

The financial aid process is necessarily invasive. While it is natural to want to provide only essential facts and figures, be aware that special family circumstances such as a divorce or separation may significantly impact the amount of aid you can expect to receive. Financial aid officers are trained to handle most situations and are familiar with many different types of family circumstances. Sharing your family's circumstances may improve your financial aid eligibility.

Facts about the financial aid formulas as they apply to divorced and separated families:

- The “custodial” parent is the parent with whom the child has primarily lived during the 12 months prior to filling out the aid applications (in cases of joint custody, it is

the parent with whom the child has spent the majority of the year). This parent is the one who must fill out the analysis forms. On most forms, it is the custodial parent's financial situation that will be used to calculate the EFC—the Expected Family Contribution—even if this parent is not the child's primary source of financial support.

- If the custodial parent has remarried, the stepparent's income and assets must also be included for analysis—even if he or she will not be contributing toward the child's education. Second, any siblings or stepsiblings are considered members of the custodial household if they receive more than half of their support from the custodial parent or have been residing with the custodial parent for the majority of the last 12 months. This can be an advantage and may qualify you to receive more financial aid.
- There are no questions pertaining to a noncustodial parent on the FAFSA. Some colleges and universities may require that the noncustodial parent complete his or her own supplemental forms. Often these are referred to as Divorced/Separated Parent's Statements. In these cases, the custodial parent's financial aid package may hinge upon the school's analysis of the ex-spouse's income and assets.

Financial Aid for Unemployed or Dislocated Workers

Normally, the financial aid process uses the base income year (the year prior to the first year of college) to determine a student's EFC. However, in cases involving dislocated (terminated or laid off) or unemployed workers, or dependents of unemployed workers, schools may use different factors when considering a financial aid package. If you or your parent is in one of these situations, or expects to be in the near future, you should obtain

temporary certification as a “dislocated worker” from your local job service or unemployment office. Since the base income year will not be an accurate guide in analyzing what an unemployed or dislocated worker can be expected to pay for college costs, the school will often look into the future instead of the past when determining what aid to provide. Documentation is the critical component—make sure to provide it to any school under consideration.

Financial Aid for Transfer Students

Transfer students go through a similar process when applying for financial aid; however, the following differences may exist:

- The deadlines for transfer students are usually different from those for regular students and also may vary by school. Check with the admissions office to ensure that you file on time.
- Not only does a transfer student need academic transcripts when transferring, he or she also will need a financial aid transcript (FAT)—a report of what financial aid was provided from the previous schools attended—even if no financial aid was awarded from those schools.
- Transfer students rarely have acceptance priority over students who enter college as freshmen. Plus, if a student transfers in the middle of a school year, most schools have already allocated most or all of the financial aid funds for that year.

Financial Aid for International Students

State and/or federal financial aid is not available to international students who are not permanent residents of the United States. In fact, an international student will typically be required to submit an Affidavit of Financial Support and bank records with an application to demonstrate that he or she has adequate financial resources to pay for the college education. However, many colleges

and universities offer financial assistance in the form of scholarships to international students whom they believe will make a contribution to the academic and cultural diversity of the school. Scholarship awards are usually made after an admissions office has reviewed an international student’s application.

Private aid scholarships are also available to international students. Individuals, civic and professional organizations, and ethnic and religious groups offer monetary assistance to students who meet the necessary eligibility requirements. Scholarship eligibility requirements go beyond ethnicity and cultural heritage and include criteria such as academic merit, financial need, expertise in a particular field of study and career goals.

Financial Aid for Nontraditional Students

A growing number of people choose to attend college later in life. Often this choice is based on financial considerations or a career change. Many people in this situation are not only facing the costs of their own education, but are also trying to save for their children’s college education. In this case, non-traditional students must explore additional options. Consider the following:

- Contact college financial aid offices, surf the Internet, contact associations related to the field you wish to study or search scholarship directories available at your local library.
- Many companies have some type of Tuition Assistance Program (TAP), which reimburses employees for a percentage of their tuition costs—especially if they are pursuing an education that will further their career with that company. Typically, you have to receive a certain grade in the course (such as a B or better) to be eligible for reimbursement. Additionally, some employers require employees to commit to a certain length of service following use of the TAP in order to receive reimbursement. Ask your employer if they offer a TAP and what the requirements are.

- Consider shortening the amount of time you expect to attend school. Any previous educational and employment experience may benefit you when applying to a school as a nontraditional student. Some colleges and universities now offer nontraditional students “credit for life experience,” which are credits awarded based on institutional exams, portfolio reviews or other means that a school has devised to judge your competency in a certain area of study. Additionally, you may be able to gain these credits through an exam called the College Level Examination Program (CLEP). By receiving an acceptable score on a CLEP exam, you may be able to meet all or most of the general education requirements of a college, bypass many of the core courses that traditional students take during their freshman and sophomore years, and begin taking courses in your major field of study. This may enable you to shorten the total number of years you attend school, thus saving on tuition and other related costs.

Financial Aid for Special Needs Students

Though rare, financial aid programs for students with special needs (physical, cognitive or emotional challenges) do exist. Check with financial aid offices at schools you are considering to ask if any programs are offered. In addition, investigate private sources (associations, corporations, etc.) that devote funds specifically to the education of students with disabilities. Vocational rehabilitation agencies, located in most states, may also help students with disabilities meet the costs of education or job training after high school, and they often work with college financial aid officers.

Financial Aid for the Academically Gifted

The better your high school record—including solid academic performance and extracurricular involvement—the more likely you will be able to choose from a greater number of schools. Furthermore, the more qualified you are, the more likely it is that colleges will offer you attractive financial aid packages. Additionally, there are numerous private scholarship organizations that provide academically talented students with aid. Most private scholarships are very specialized and may, for example, be geared toward students with academic excellence seeking a specific major or career goal in addition to certain skills, character traits and above-average academic performance. To learn more about the financial aid options available to students who are academically gifted, speak to your guidance counselor.

Helpful Resources

The Federal Student Aid Information Center
U.S. Department of Education
PO Box 84
Washington, D.C. 20044
800-433-3243
www.studentaid.ed.gov

A division of the Department of Education, this center can help you complete federal aid forms, explain eligibility requirements and tell you if a particular school participates in a federal aid program. Additionally, it can refer you to your state agency that administers state-sponsored financial aid programs such as grants, loans, scholarships or incentive programs. It also distributes publications, including the EFC Formula Book and The Guide to Federal Student Aid; call or visit the Students section of the web site to access the Portal for Student Aid and request publications.

College Scholarship Service (CSS)
45 Columbus Avenue
New York, NY 10023
212-713-8000
800-915-9990 (For PROFILE information)
www.collegeboard.com

CSS, a financial aid division of the College Board, processes the FAFSA, computes the Expected Family Contribution and is the association with which you register if you are required to complete the PROFILE form. Contact CSS for general financial aid information, assistance with the FAFSA or PROFILE, and more.

National Association of Student Financial Aid Administrators (NASFAA)
1129 20th Street, N.W., Suite 400
Washington, D.C. 20036
202-785-0453
www.nasfaa.org/

This national association focuses on student aid legislation and professional development for financial aid administrators. The Association does not provide financial aid directly to students; however its web site contains financial aid information including publications, useful links, a free scholarship search and much more.

National Merit Scholarship Corporation
1560 Sherman Avenue, Suite 200
Evanston, IL 60201
847-866-5100
www.nationalmerit.org

This independent nonprofit organization conducts privately financed scholarship competitions. Taking the Preliminary Scholarship Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/ NMSQT) in the fall of your junior year in high school will enter you in the competition. Call or visit the web site for information on qualifications, deadlines, process, etc.

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