

National Association of Student  
Financial Aid Administrators Presents...

# What Is This Financial Aid Thing Anyway?

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

# Topics We Will Discuss

- What is financial aid
- Understanding college costs
- The expected family contribution, or EFC
- What is financial need
- Types of financial aid
- Sources of financial aid

# Topics We Will Discuss

- How to apply for financial aid
- The federal financial aid programs
- Estimating eligibility for federal financial aid using FAFSA4caster
- Researching financial aid options
- What you should be doing now

# What is Financial Aid?

Any money from outside of the family that pays postsecondary (college) expenses

# Understanding College Costs

- College is expensive, but worth the cost
  - A sound investment in your child's future
- More than just tuition
  - Also includes room and board, books, transportation, personal expenses, etc.

# Understanding College Costs

- Vary by type of college
  - Community colleges are less expensive than four-year schools
  - Private colleges are more expensive than public colleges
- Look at costs over a child's entire postsecondary education
  - Four to six years total

# Expected Family Contribution (EFC)

- Amount family can reasonably be expected to contribute, but not what family will pay to the college
- EFC the same regardless of college the student attends

# Expected Family Contribution (EFC)

- Calculated using a federal form and formula
- Two components
  - Parent contribution
  - Student contribution

# What is Financial Need

- Difference between college costs and EFC
- Will vary by college
- Amount of financial need determines the aid a student will receive

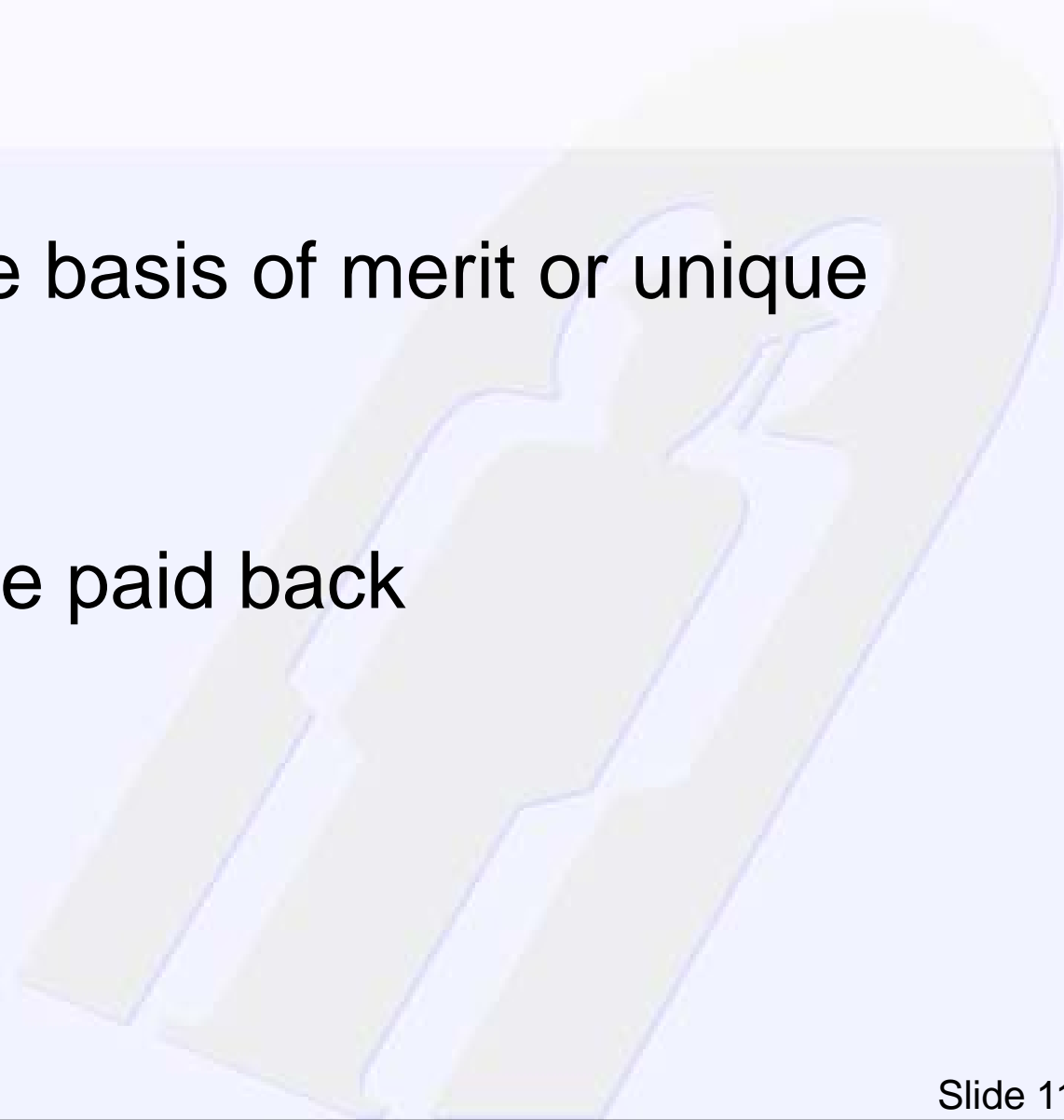
# Types of Financial Aid

- Scholarships
- Grants
- Loans
- Employment



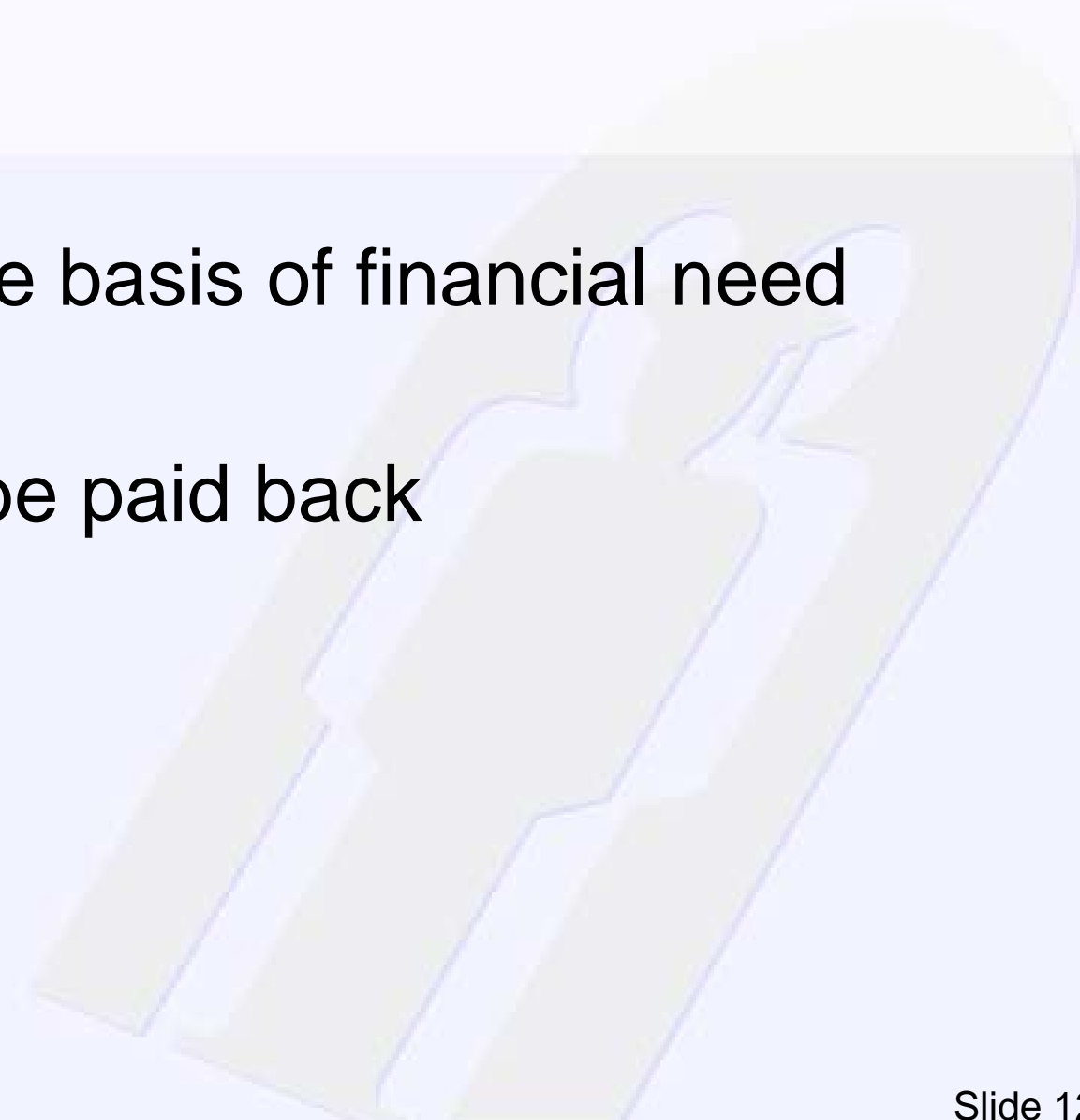
# Scholarships

- Awarded on the basis of merit or unique characteristics
- Don't have to be paid back



# Grants

- Awarded on the basis of financial need
- Don't have to be paid back



# Loans

- Considered self-help aid
- Must be paid back, usually after the student finishes school
- Many different types
- Student loans are a reasonable form of aid
  - A good investment in the student's future

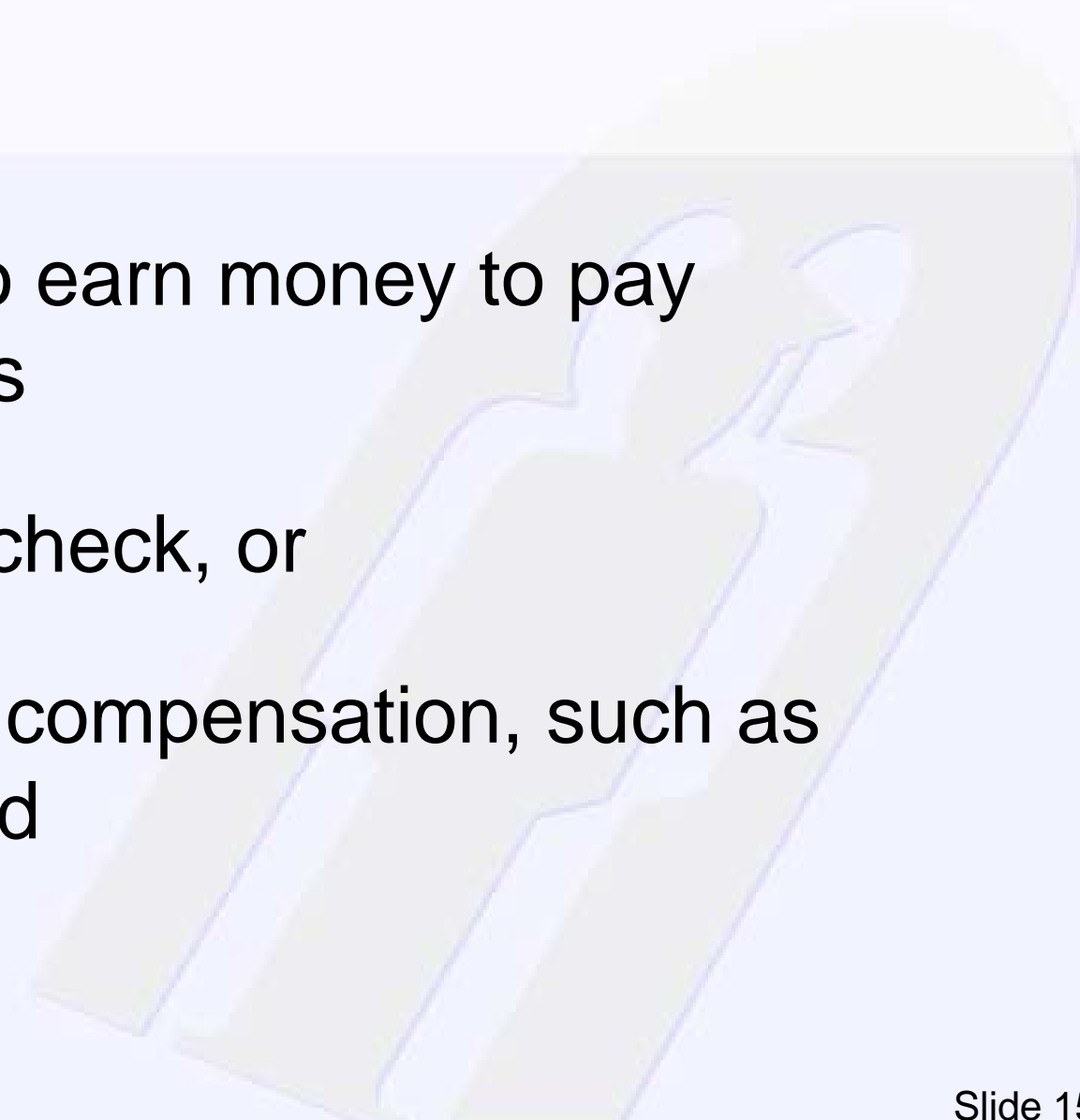
# Employment

- Self-help aid
- Earnings used to cover college expenses
- Ideally, related to student's field of study

# Employment

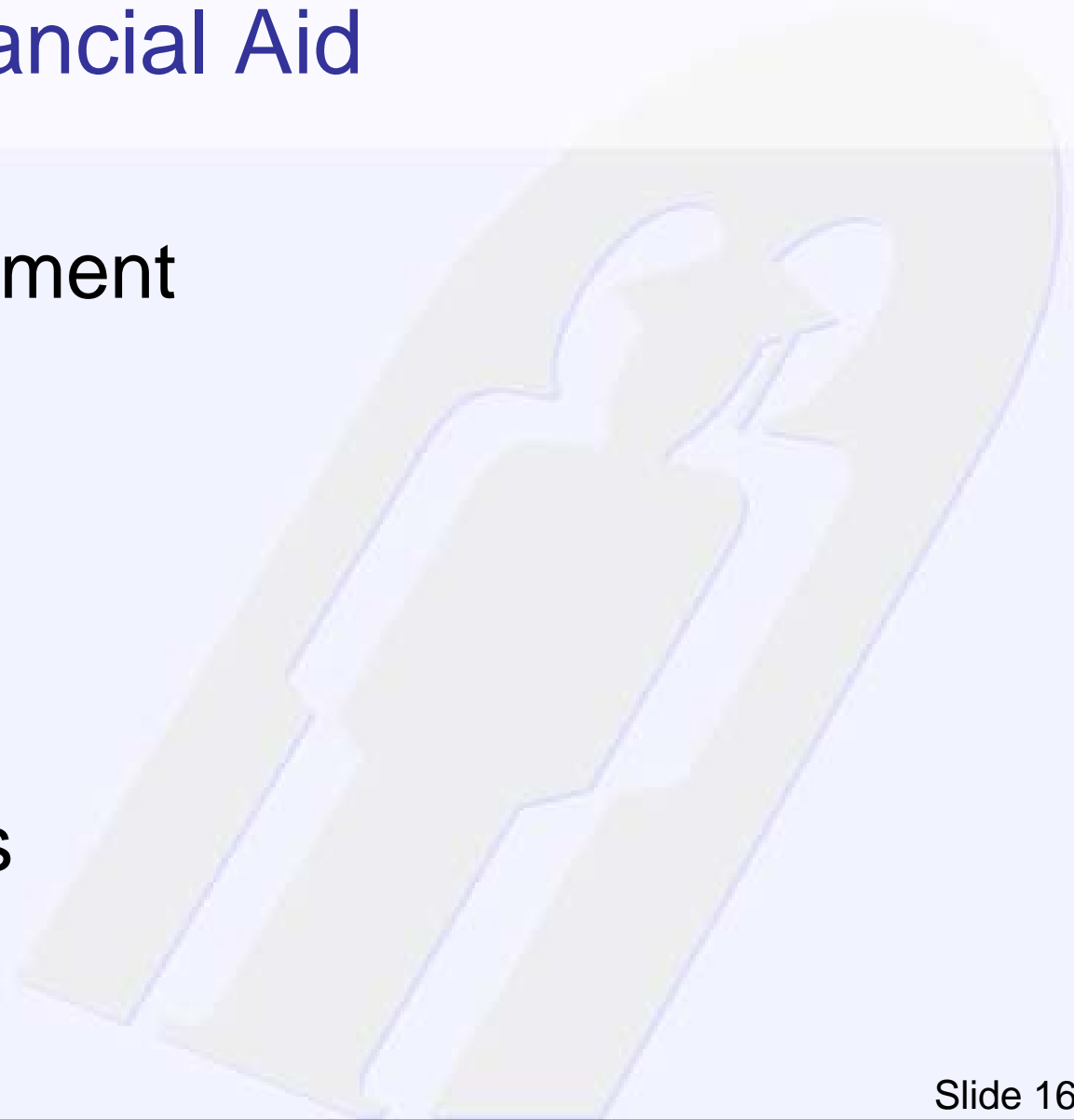
Allows student to earn money to pay educational costs

- Receive a paycheck, or
- Non-monetary compensation, such as room and board



# Sources of Financial Aid

- Federal government
- States
- Colleges
- Private sources



# Federal Government

- Largest source of financial aid
- Awarded mainly on the basis of financial need
- Apply every year using standard form

# States

- Offer both merit-based and need-based aid
- Usually have residency requirements
- May have service requirements

# Colleges

- Varies widely from college to college
- Offer both merit-based and need-based aid
- May be offered as part of the admissions process

# Private Sources

- Churches, civic organizations, employers
- Varying award amounts and application procedures
- Small awards add up

# How to Apply for Financial Aid

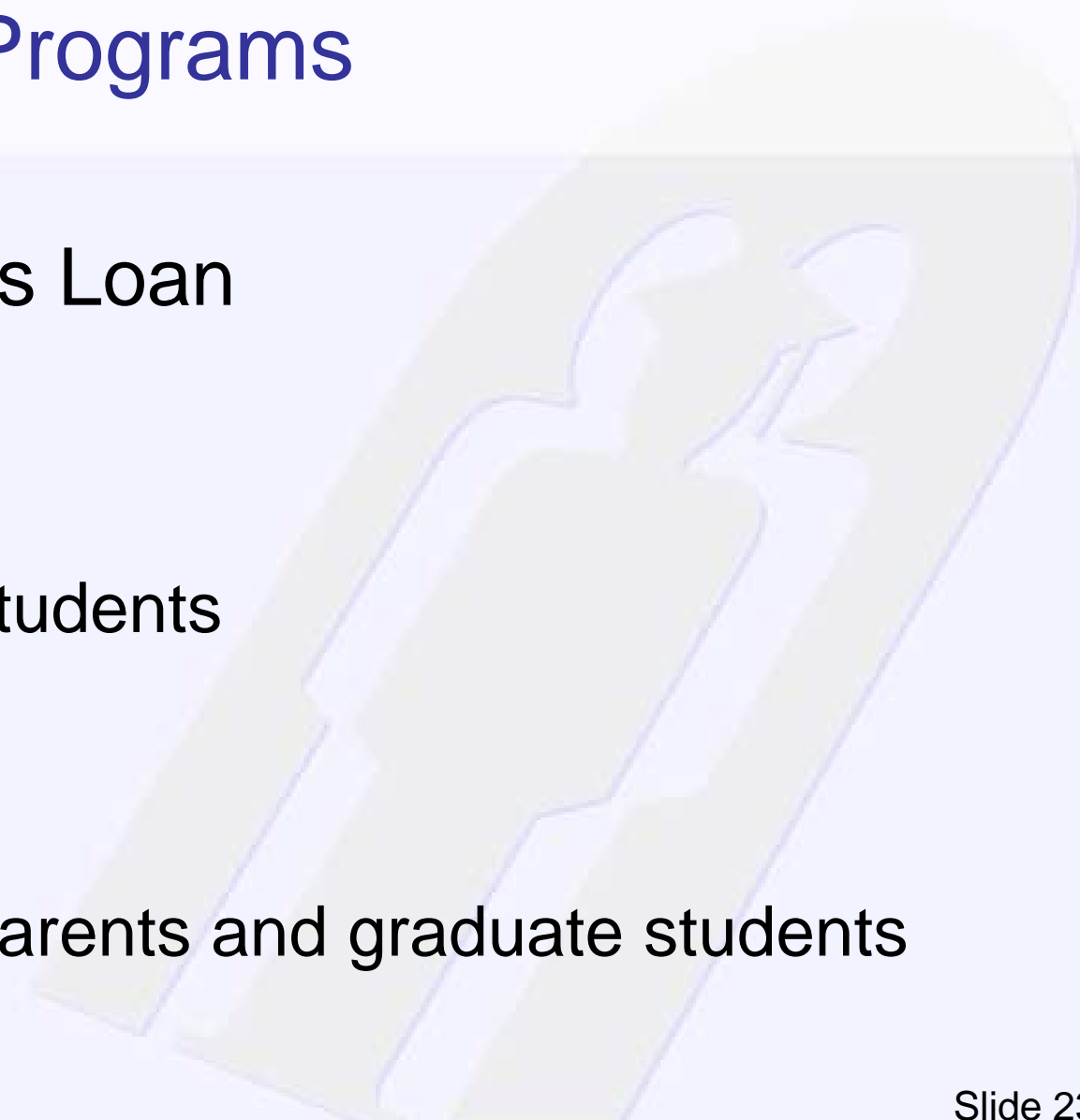
- Complete a standard federal form every year
- Free Application for Federal Student Aid, or FAFSA
  - Collects demographic and financial information
  - Data used to calculate the EFC

# Federal Grant Programs

- Federal Pell Grant
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)

# Federal Loan Programs

- Federal Perkins Loan
- Stafford Loans
  - Borrowed by students
- PLUS Loans
  - Borrowed by parents and graduate students



# Federal Employment Programs

## Federal Work-Study (FWS)



# Estimating Eligibility Using FAFSA4caster

On-line tool developed by U.S. Department of Education to help families prepare financially for college

- Asks for data you will need to provide on the FAFSA
- Estimates eligibility for the Federal Pell Grant
- Available at [www.FAFSA4caster.ed.gov](http://www.FAFSA4caster.ed.gov)

# Researching Financial Aid

- Begin early
- Find scholarships that match your student's academic interests, hobbies, and unique characteristics
- Don't pay for scholarship searches
- Be wary of promised results
- Report fraud

# What You Should Be Doing Now

- Begin researching financial aid options
- Start or continue saving
- Encourage your child to take college prep classes
- Encourage your child to participate in extracurricular activities
- Help your child develop strong study skills

# Conclusion

- It is never too early to start the college planning process
- The more information you have, the easier the process will be for you and your student



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