

Financial Planning for College

Wheaton North High School

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Merit vs Need-based

Scholarships are typically based on “merit”

- Academic, fine arts, athletic, leadership qualities
- Awarded by colleges and universities, organizations, businesses, clubs
- Requirements for renewal

Grants typically based on “need”

- Awarded by state and Federal gov't
- Colleges/universities
- Evaluated each year

Financial Aid Terms

- Free Application for Federal Student Aid (FAFSA)
- Student Aid Report (SAR)
- Expected Family Contribution (EFC)
- Illinois Student Assistance Commission (ISAC)
- CSS PROFILE

Helpful Hints

- Read Instructions carefully
- Know institutional deadlines and applications
- Use a completed Tax Return if possible
- Carefully review all of your figures
- Make copies of all the forms you send

Problematic FAFSA Questions

- Student's Social Security Number
- Dependency Questions
- Parent's Marital Status
- Family Size
- Taxes Paid
 - not amount withheld

FAFSA Questions Continued

- Investments
 - » carefully read what is included and excluded
- Business/Farm
- Additional Financial Information
- Untaxed Income
- College Selection
- Signatures

Determining the Family Contribution

$$\begin{array}{r} \text{Parent Contribution} \\ + \text{ Student Contribution } \\ \hline \text{Family Contribution} \end{array}$$

Determining Financial Need

$$\begin{array}{r} \text{Cost of Education} \\ \text{minus } \underline{\text{Family Contribution}} \\ \hline \text{Financial Need} \end{array}$$

Determining Family Contribution

- Family Income (AGI plus untaxed income)
- Family Size
- Number of Children in College
- Parents Assets
- Age of Parents
- Student's Income - Allowances x 50% = SC from Income
- Student's Assets x 20% = SC from Assets
- Other.....

Meeting the Need

- Gift Assistance
 - Grant in Aid
 - Scholarships
 - State Funds (MAP Grant)
 - Federal Funds - Pell, SEOG, ACG, TEACH
- Loan Assistance
 - Stafford Loans
 - Perkins
 - Private, PLUS, Home Equity loans
- Employment
 - Campus Work Study
 - Off Campus

Federal Stafford Loan

- Low-interest student loan
- The FAFSA must be completed
- Interest rate at 4.5% for 2010-11 Stafford Sub and 6.8% for Stafford Unsub
- Repayment begins 6 months after the student graduates or falls below half-time

Subsidized vs Unsubsidized

- Financial Need
 - Subsidized = need-based
 - Unsubsidized = not based on need
- Payment of interest
 - Subsidized- Federal Government pays while student is in college
 - Unsubsidized - interest is accruing

Federal Stafford Loan Limits

- Freshman \$3500
 - Sophomore \$4500
 - Junior \$5500
 - Senior \$5500
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- \$2000 added opportunity for Stafford Unsubsidized Loan

Family Income	\$45,000
Number in Family	4
Number in College	1
Family Contribution	\$3,000

	A	B	C
Cost of College	20,000	35,000	50,000
Family Contribution	<u>3000</u>	<u>3000</u>	<u>3000</u>
Demonstrated Need	17,000	32,000	47,000

Breakdown:

Grant	11,500	26,000	40,500
Loan	3,500	4,000	4,500
Job	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total Aid	17,000	32,000	47,000

Family Income	\$110,000
Number in Family	4
Number in College	1
Family Contribution	\$20,000

	A	B	C
Cost of College	20,000	35,000	50,000
Family Contribution	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Demonstrated Need	-0-	15,000	30,000

Breakdown:

Grant	-0-	14,000	24,500
Loan Subsidized	-0-	1000	3500
Loan Unsubsidized	5500	4500	2000
Job	<u>-0-</u>	<u>-0-</u>	<u>2000</u>
Total Aid	5,500	19,500	32,000

Appeals:

Professional Judgement - with factual and verifiable information

- Early retirement
- Divorce, separation, widowed
- Private school expenses
- Medical expenses not covered by insurance
- One-Time taxable income
- Elder care

Other thoughts...

- Can accept or reject any portion of a FA proposal
- Understand scholarship renewal qualifications
- Be aware of scams
- Juniors - use calculators on websites, don't file FAFSA
- Consider possibility of graduation in 4 vs 5 years

Suggested Websites

- www.finaid.org
- www.collegezone.com
- www.collegeboard.com
- www.fastweb.com
- www.fafsa.ed.gov
- www.pin.ed.gov
- www.brightstartsavings.com
- www.collegeillinois.com
- www.savingforcollege.com