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# UNDERSTANDING THE FINANCIAL AID PROCESS

PRESENTED BY RENEE NUNZIATO, CAMPUS DIRECTOR OF FINANCIAL AID, SUFFOLK COUNTY COMMUNITY COLLEGE

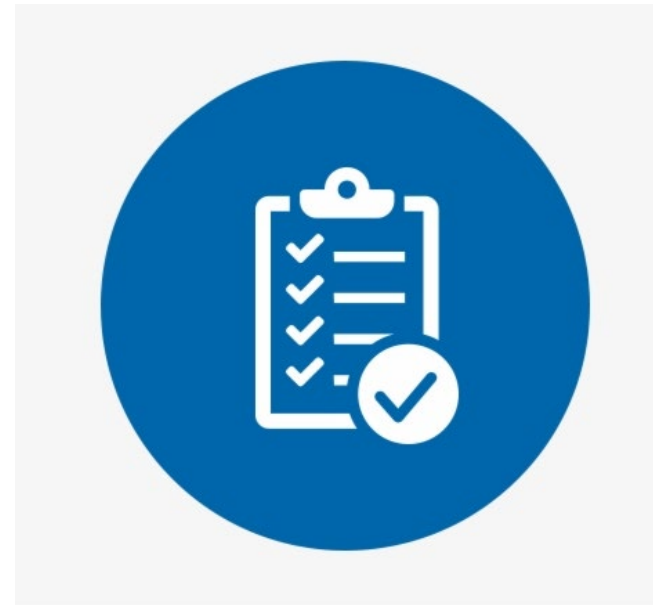


DO YOU FEEL THIS WAY NOW?



# AGENDA

- Application process
- How need is determined
- Understanding aid programs
- Q&A



# TYPES OF FINANCIAL AID

- Free money
  - Scholarships – typically merit based
  - Grants – typically need based
- Self-help
  - Student loans
  - Parent loans
  - Employment (Work Study)



# SOURCES OF AID

- Federal Government
- State Government
- Colleges/Universities
- External sources/lenders, unions, scholarship searches, etc.

## HOW IS ELIGIBILITY DETERMINED?

- Aid is awarded based on financial need, merit, or a combination of both...*He who gives out the money makes the rules*
  - Filing the FAFSA determines how much a family can contribute (in theory)
  - NYS a bit simpler – based on income and enrollment status
  - Institutional – could be need-based, merit based or both, athletic, academic major, etc.

# PHILOSOPHY OF NEED-BASED AID

- Paying for college is a partnership between the student, family and awarding agencies
  - First responsibility of student and family
  - Aid is a supplement to family resources



# HOW TO APPLY

- Deadline Dates - Admission & Financial Aid deadlines are usually different
- Each school may require different forms – look at their financial aid webpages
  - FAFSA – Free Application for Federal Student Aid (*federal*)
  - CSS Profile – College Scholarship Service Profile (*private institutions*)
  - State Aid applications – TAP, Excelsior, STEM, etc.
  - Institutional forms





## HOW TO APPLY – FEDERAL AID

- Available October 1<sup>st</sup> each year
- 2022-2023 based on 2020 tax information
- Can use IRS data retrieval tool (recommended)
  - Imported data is masked and cannot be changed
- Can list up to 10 schools – don't need to wait until they are accepted

# HOW TO APPLY – FEDERAL AID

www.studentaid.gov

myStudentAid

## Complete the FAFSA® Form

Use the *Free Application for Federal Student Aid* (FAFSA®) form to apply for financial aid for college or graduate school.

### New to the FAFSA® Process?

Completing the FAFSA form is free. Fill it out now.

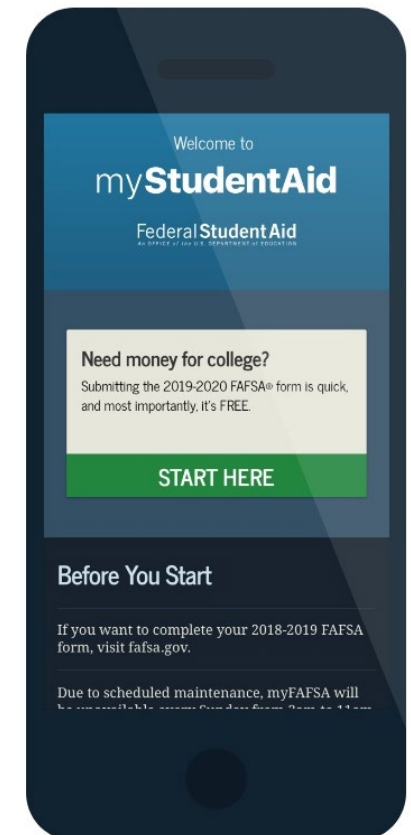
[Start Here](#)

### Returning User?

[Correct info](#) | [Add a school](#)

[View your Student Aid Report \(SAR\)](#)

[Log In](#)



# HOW TO APPLY – FEDERAL AID

Login

## Log in to the FAFSA

Only students may use their FSA ID to log in. Parents and others can start a FAFSA for a student by entering the student's identifiers. Parents and others can also work on a FAFSA form or correction the student started using the **Save Key** that the student made. [Help for parents.](#)

Form Approved  
OMB No. 1845-0001  
App. Exp. 12/31/2020.

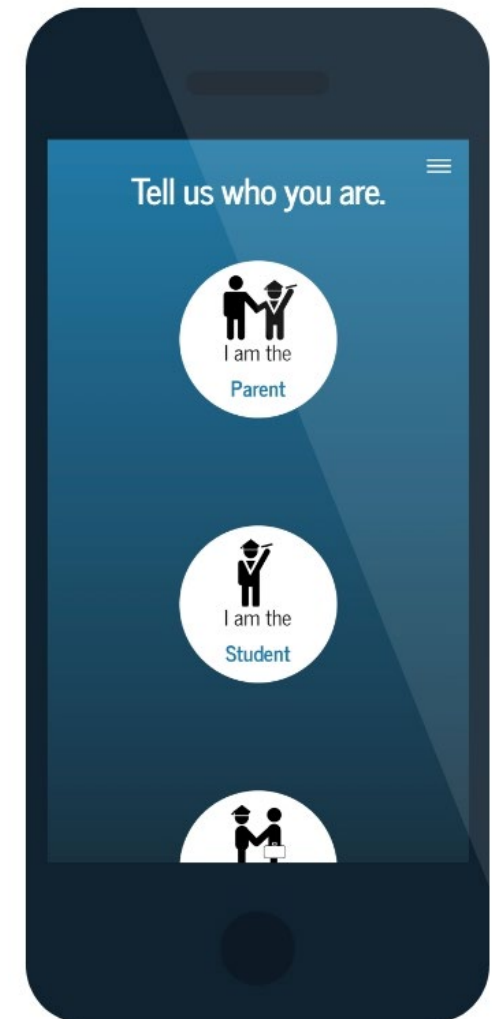
I am the student

OR

I am a parent, preparer, or student from a Freely Associated State

NEXT →

- Need FSA ID and password for both student and parent
  - Do not try to use same email address!
  - fsaid.ed.gov – see handout for specific details



## FAFSA TIP

### WHO PROVIDES INFORMATION ON THE APPLICATION?

- The student is the applicant
- Is considered dependent and must provide parental information unless:

#### Federal

- Veteran or active duty
- Married
- Have children or dependents they support
- They are an orphan, ward of the court, in foster care or legal guardianship
- DOB prior to January 1, 1999
- They are designated as homeless by a high school or other government agency

#### State

- Married
- 35 years of age or older
- 22 years or older and: does not reside with parents, does not receive more than \$750 in financial support, has not and will not be claimed as depended on taxes
- Under 22 same as above plus other special conditions (ward of court, orphan, parental rights relinquished, etc.)

## FAFSA TIP

### WHO IS A PARENT ON THE APPLICATION?

- Biological or adoptive parent(s)
- If parents are divorced or separated, the custodial parent (where the student lives, not who claims them on taxes)
  - If custodial parent is remarried, step-parent is included on the application
  - If biological parents live in the same house, they both must be on the application

**No one else is the parent!**

# HOW TO APPLY – STATE AID (TAP)

- Link on confirmation page of FAFSA, or
- HESC will send email when ETA is available to complete
- NY residents attending NY school
- Income limit of \$80,000 NTI
- Awards range from \$500 to \$5,665
- Only one school listed at a time
- Need to enter school issued student ID number for school on application
- Dependent student parent must sign with state issued ID number

[www.hesc.ny.gov](http://www.hesc.ny.gov)

Higher Education  
Services Corporation  
Andrew M Cuomo, Governor Dr. Guillermo Linares - President

Partner A

f t YouTube

Prepare **Pay** Repay Contact Accommodation

Have questions about your NYS grants or scholarships?  
Schedule a Call with HESC

Learn More

## WHAT ARE THE NEXT STEPS?

- The student will be notified about potential eligibility
- The school may need additional documentation to finalize eligibility
- In many cases, notification is electronic either through email or through the school's student portal
- The award notice may or may not include all available aid, more on this in a bit...

## NEXT STEP TIP

- If you do not use the IRS DRT to complete the FAFSA, get a copy of your 2020 Federal 1040 or request a federal TAX RETURN TRANSCRIPT ([irs.gov](https://www.irs.gov)).
- Keep all W2 forms issued from employers, including your student's
- If you did not file a tax return in 2020, obtain a “non-filing status” letter from the IRS.

You may not be asked to submit these documents, but get them anyway!





## NEXT STEP CONT'D.

- Review the school's webpages for scholarship information
  - Some institutions have freshman scholarships that require additional applications
- Explore community, regional, and national scholarship opportunities
  - Use caution with information disclosed!



# WHAT ABOUT THE NY FREE TUITION???

## EXCELSIOR SCHOLARSHIP

- Program started Fall 2017
- Full-time at CUNY/SUNY colleges may qualify
- Program covers up to **full tuition or \$5,500** (less other grants/scholarships), does not cover fees, room or board
- AGI limits for family:
  - \$110,000 for 2018-2019
  - \$125,000 for 2019-2020 and beyond



[www.hesc.ny.gov/excelsior](http://www.hesc.ny.gov/excelsior)

# EXCELSIOR SCHOLARSHIP



# EXCELSIOR SCHOLARSHIP

- Strict application deadline
- Designed for on-time completion
  - Must take 12 college level credits per semester and complete 30 credits per year to maintain eligibility
  - If a recipient transfers, they must transfer the equivalent of 30 credits per year applicable to their new program
  - Gap in enrollment/change of major could jeopardize meeting annual credit requirements
- If decertified for not meeting credit requirement/good academic standing, scholarship could be lost forever
- 5 page contract must be signed – residency requirement equal to length of receipt of award or converts to a loan (limited exceptions apply)

## ENHANCED TUITION AWARD

- For full-time students attending **participating** private institutions
- Can receive up to \$6,000 annually with a combination of TAP, ETA and match from institution
- Same enrollment and residency requirements as Excelsior

# OTHER STATE GRANTS/SCHOLARSHIPS

www.hesc.ny.gov

Prepare Pay Repay Contact Accommodation

Home / Pay for College

## Pay for College

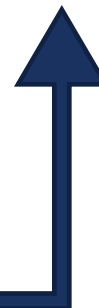
## Grants, Scholarships and Loan

### Explore Grants, Scholarships & Other "Free Money"

New York State offers a variety of grants and scholarships for residents who plan to attend in-state colleges:

- [Tuition Assistance Program \(TAP\)](#)—the state's largest source of financial aid provides up to \$5,165 per school year per eligible student
- [Excelsior Scholarship](#) covers the entire tuition for eligible CUNY and SUNY students
- [Enhanced Tuition Awards](#) offer up to \$3,000 to eligible students attending private colleges
- [STEM Incentive Program](#) awards annual SUNY tuition to the top 10% of high school students who pursue a degree in science, technology, engineering or math
- See the [complete list](#) of free money options available

<a href="#">NYS Grants</a>	<a href="#">NYS Scholarships &amp; Awards</a>	<a href="#">Federal Grants</a>	<a href="#">Federal Work-Study</a>	<a href="#">Other Grants &amp; Scholarships</a>	<a href="#">Loan Forgiveness</a>	<a href="#">Student Loans</a>
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# NY STATE AID FOR STUDENTS NOT ELIGIBLE TO COMPLETE A FAFSA

## Senator José Peralta New York State DREAM Act

**START YOUR  
APPLICATION**

*By clicking Apply Now, you will be directed to the DREAM Act application, powered by International Scholarship & Tuition Services (ISTS).*

**APPLY NOW**

**USER GUIDE-ENGLISH**

**USER GUIDE-SPANISH**

**USER GUIDE-TRADITIONAL CHINESE**

**USER GUIDE-KOREAN**

## DETERMINING FEDERAL AID AWARDS

- Completion of the FAFSA results in an Expected Family Contribution (EFC)

Need analysis measures *ability* to pay not *willingness* to pay.



# DETERMINING FEDERAL AID AWARDS

- Cost of Attendance (COA) is the estimated annual cost and is comprised of educationally related expenses
  - “Sticker price”
- Combines direct (billed by school) and indirect expenses
- Maximum amount of financial aid a student can receive

Tuition

Fees

Room

Board (meals)

Books & Supplies

+ Transportation

Miscellaneous Personal Expenses

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**Cost of Attendance**

## DETERMINING FEDERAL AID AWARDS

- Expected Family Contribution (EFC) as determined by the FAFSA is subtracted from the cost of attendance of the college, any difference is “financial need”

<u>School ABC</u>		<u>School XYZ</u>	
COA	\$32,000	COA	\$14,500
— EFC	\$15,000	— EFC	\$15,000
<hr/>		<hr/>	
Need	\$17,000	Need	\$0

# HOW EFC IS CALCULATED (DEPENDENT STUDENTS)

- 4 components
  1. Contribution from parent(s) income
  2. Contribution from parent(s) assets
  3. Contribution from student's income
  4. Contribution from student's assets



## PARENT CONTRIBUTION FROM INCOME

- Calculates “discretionary income” – Total income from 2020, taxable and most forms of untaxed income **less** certain adjustments
  - Federal income tax paid
  - FICA
  - Employment Expense Allowance
  - State and local tax allowance (9-10%)
  - Income protection allowance (to cover basic needs)
    - Ex. Family of 4 with 1 in college = \$30,190



# PARENT CONTRIBUTION FROM ASSETS

- What assets are considered?
  - Cash, savings and checking accounts
  - Net value of business if equivalent of 100 FT employees
  - Net value of any real estate (not including primary residence)
  - Stocks, bonds, mutual funds, 529 Plans, trusts, other investments
    - **NOT** retirement plans
- Total value of assets **less** an “asset protection allowance” assessed at 12% rate
  - Example of 2018-2019 APA: 2 parents, age 40 = \$16,800; 2 parents, age 50 = \$21,200
  - Example of 2019-2020 APA: 2 parents, age 40 = \$9,900; 2 parents, age 50 = \$12,500
  - Example of 2022-2023 APA: 2 parents, age 40 = \$3,100; 2 parents, age 50 = \$3,900



# DEPENDENT STUDENT CONTRIBUTION FROM INCOME & ASSETS

- Income after threshold amount (currently \$7,040) is assessed at a 50%
- Income above threshold may be viewed as contributing to the household if parents are very low income
- No asset protection allowance, total value assessed at 20%



## REALITY AND THE EFC

- Federal Government's definition of discretionary income may not coincide with yours
  - NY high cost of living area
  - Some spend more \$ on discretionary items than gov't considers necessary
- You may have \$0 contribution from assets but use assets for your family contribution
  - Ex. home equity not part of formula, but many families use home equity to help finance



# FEDERAL AID PROGRAMS

- Grants
  - Federal Pell Grant – Award amounts range from \$336 to \$6,495 (EFC \$0 to \$5,846)
  - Supplemental Educational Opportunity Grant (SEOG) – typically have to be Pell eligible & award amounts vary at each school (campus based program)
- Loans
  - Direct Subsidized Loan – interest does not accrue while in-school and in-grace
  - Direct Unsubsidized Loan – responsible for interest over life of loan
  - Direct Parent PLUS – credit based loan in parent's name
- Employment
  - Federal Work Study (campus based program)



## MORE ABOUT LOANS...

- Federal Direct Subsidized and Unsubsidized
  - \$5,500 annual max for freshman (\$3,500 sub / \$2,000 unsub)
  - \$6,500 annual max for sophomores (\$4,500 sub / \$2,000 unsub)
  - \$7,500 annual max for juniors & seniors (\$5,500 sub / \$2,000 unsub)
  - \$20,500 annual max for graduate students (unsub only)
- 2021-2022 interest rates 3.73% fixed UG, 5.28% fixed for GRAD
- 6 month grace period before repayment
- Flexible repayment terms & sometimes options for forgiveness

More info at [www.studentaid.gov](http://www.studentaid.gov)

## MORE ABOUT LOANS...

- Parent Loan for Undergraduate Students (PLUS)
  - Annual amount up to full Cost of Attendance less other financial aid
    - Can be used to replace Expected Family Contribution
  - 2021-2022 interest rate 6.28% fixed with origination fee of 4.228%
  - Based on parent's creditworthiness – **not guaranteed for all students!**
  - Typically repay while student is enrolled, but there is an option to defer
  - If parent is denied, student can access additional Unsubsidized loan (\$4,000 U1 & U2/\$5,000 U3 & U4)

## MORE ABOUT LOANS...

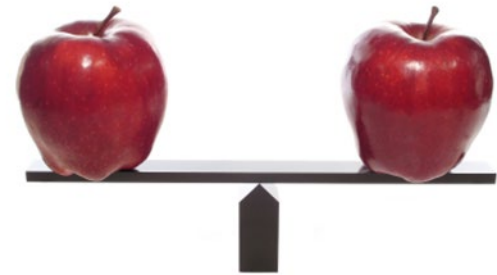
- Private Education Loans
  - Credit based loans with student as the borrower
    - Likely will need credit worthy co-signer
  - Interest rates and loan terms vary by lender
    - Fixed vs. variable rates
    - Repayment while in school vs. interest only payments vs. deferment until graduation

# INSTITUTIONAL AID

- *Again...He who gives out the money makes the rules*
  - Need-based, merit-based, skill-based, etc.
- **Know the terms of the award!**
  - 1 year recruitment vs. renewable
  - GPA requirements
  - Program requirements (i.e. ineligible if change in major?)

# COMPARE AID OFFERS

- Need to look at the total cost
  - Consider transportation, books, and other misc. expenses
- Evaluate the awards that make up the award package
  - Amount of gift aid
  - Amount of self-help (loans and employment)
  - Terms and conditions of institutional aid
  - Campus based awards – FWS, SEOG
- Compare the annual net cost
- Utilize federal loan calculators to understand what loan repayment will look like after graduation (available on [studentaid.gov](http://studentaid.gov))



## OTHER MISC. INFO

- Education tax credits
  - School issues 1098-T
  - Credits described in IRS Publication 970
  - Talk to your accountant to see if you qualify
- AmeriCorps
  - National & community service
  - Provides funding for education in exchange for service
  - Education award up to \$5,550
  - Can be used to pay current or future education expenses *or* repay federal student loans



## IMPORTANT WEBSITES

- FAFSA
  - [www.studentaid.gov](http://www.studentaid.gov)
  - 1-800-433-3243
- HESC
  - [www.hesc.ny.gov](http://www.hesc.ny.gov)
  - 1-888-NYS-HESC (697-4372)
  - Currently booking phone appointments
- Federal Student Aid
  - [www.studentaid.gov](http://www.studentaid.gov)



HOPEFULLY HOW YOU FEEL NOW...





# QUESTIONS

You are welcome to email your questions to Renee Nunziato at [nunziar@sunysuffolk.edu](mailto:nunziar@sunysuffolk.edu)

