Let's Make Cents of Paying for College

Applying and Paying for College
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PA Higher Education Assistance Agency (PHEAA)
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jharr@pheaa.org
Necessary Things to Consider

Students - *Return On Investment*

- Your Academic Major Choice, Academic Demands
- What will be your Expected Salary?  
  » Versus the Cost of the Education?
- What are the Employment Demands? Now/Future?
SENDING YOUR KID TO COLLEGE

College Tuition
4 @ $23,712.00

Books
4 @ $1,300.00

Housing
4 @ $3,800.00

Meals
4 @ $8,000.00

Transportation
4 @ $2,400.00

Total

Cash

$156,848.00

The Entire Cost
Be a Smart Consumer

DO YOUR RESEARCH

- What is the graduation rate?
- What is the average debt of graduates?
- What is the employment outcome?
- What is the net price you will pay?

Collegescorecard.ed.gov
MySmartBorrowing.org

An interactive, online tool created by PHEAA that helps students and families:

- Select a career and school choice and estimate salaries & college tuition
- View the impact of savings on overall cost
- Calculate loan repayment
- Avoid overborrowing
What Is Financial Aid?

Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses.

- **Types**
  - Grants/Scholarships (free money)
  - Self-Help (work and loans)

- **Awarding**
  - Merit
  - Need
Look for Free Money First

- Family resources
- Private scholarships or grants
- Money from colleges
- Federal or State financial aid
- Educational Loans
Types of Scholarships

• Postsecondary scholarships
  » Merit, Major, Characteristics
  » Admissions & Financial Aid

• Local and regional scholarships
  » School Counselor
  » Local Foundations

• National scholarships
  » Websites
Scholarship Search Tips

• Start searching early
• Use FREE scholarship search sites
• Don’t ignore scholarships with smaller award amounts
• Don’t miss deadlines
• Search for scholarships every year
• Check corporate websites such as Target, Walmart, Kentucky Fried Chicken
• Look for unique scholarships
Recognize Scholarship Scams

• Application Fees
  » Even if the fee is minimal or “only to encourage serious students to apply”

• “Guaranteed” Scholarships
  » No individual can honestly “guarantee” you’ll win free money

• Solicitations
  » “You’ve been selected…”
  » “You are a finalist…”
  » Bona fide companies won’t ask for a check or credit card payment upfront

• Official-looking Companies
  » The logo may look like the U.S. Dept. of Education’s logo
  » The company may talk about “federal” or “national” awards

• Seminars
  » Don’t get pressured into paying for services on the spot
Federal Programs

• Pell Grant
• Campus-based aid (amounts determined by Financial Aid Office at each potential school)
  » FSEOG
  » Federal Work-Study…FAO determines
• PA State Grant

For most programs, student must be enrolled at least half-time.

* Goes to most financially needy students
Other State Programs

- State Work-Study - job related to major
- Blind or Deaf Beneficiary Grant
- Educational Assistance Grant (EAP) – National Guard
- PA Military Family Education Program (MFEP)
- Chafee Education and Training Grant – co-administered with the PA Department of Human Services
- Fostering Independence Through Education Waiver
- Postsecondary Educational Gratuity Program (PEGP)
- Partnerships for Access to Higher Education (PATH)
- Pennsylvania Targeted Industry Program (PA –TIP)
- Ready to Succeed Scholarship (RTSS)
- For details, see the PA Student Aid Guide, or visit [PHEAA.org](http://PHEAA.org).
Types of Federal Student Loans

- **Undergraduate Students**
  - Subsidized (4.53% interest and 1.059% fee)
  - Unsubsidized (4.53% interest and 1.059% fee)

- **Graduate Students**
  - Unsubsidized (6.08% interest and 1.059% fee)
  - GradPLUS Loan (7.08% interest and 4.236% fee)

- **Parents**
  - PLUS Loan (7.08% and 4.236% fee)
<table>
<thead>
<tr>
<th>Subsidized</th>
<th>Unsubsidized</th>
</tr>
</thead>
<tbody>
<tr>
<td>No interest charged to student while enrolled or in grace</td>
<td>Interest accrues in school and grace</td>
</tr>
<tr>
<td>• Based on financial need</td>
<td>• Any interest not paid during grace will be capitalized at repayment</td>
</tr>
<tr>
<td>• There is a 1.059% fee deducted from loan amount at disbursement</td>
<td>• There is a 1.059% fee deducted from loan amount at disbursement</td>
</tr>
</tbody>
</table>

Based on EFC
# Federal Direct Stafford Loan Borrowing Limits

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate Students</th>
<th>Graduate Students</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Limits</strong></td>
<td>Dependent Students:&lt;br&gt;$5,500 Total&lt;br&gt;No more than $3,500 may be subsidized</td>
<td>Independent or dependent students whose parents are unable to borrow a PLUS Loan</td>
</tr>
<tr>
<td>1st Year</td>
<td>$9,500 Total&lt;br&gt;No more than $3,500 may be subsidized</td>
<td>Graduate or Professional Studies</td>
</tr>
<tr>
<td>2nd Year</td>
<td>$6,500 Total&lt;br&gt;No more than $4,500 may be subsidized</td>
<td>$10,500 Total&lt;br&gt;No more than $4,500 may be subsidized</td>
</tr>
<tr>
<td>3rd Year and beyond</td>
<td>$7,500 Total&lt;br&gt;No more than $5,500 may be subsidized</td>
<td>$12,500 Total&lt;br&gt;No more than $5,500 may be subsidized</td>
</tr>
<tr>
<td>Aggregate Limits</td>
<td>$31,000 Total&lt;br&gt;No more than $23,000 may be subsidized</td>
<td>$57,500 Total&lt;br&gt;No more than $23,000 may be subsidized</td>
</tr>
</tbody>
</table>
Federal Direct PLUS Loan

- For parents of dependent undergraduate or graduate level students
- In parent’s name for student costs
- Rates set every July 1st for the life of that year’s loan; fees are deducted from disbursement
  - 7.08% variable/fixed interest rate; 4.236% fees (AY 19/20)
- Can borrow up to the Cost of Attendance
- MUST apply each year
- No Debt-to-Income test, only lenient credit check
- IF denied - student is eligible for an additional $4,000 unsubsidized loan
- Can have an endorser (co-signer)
- Principal can be deferred while student is in school; Interest will continue to accrue – 10 year repayment
- Must file a FAFSA
Federal Direct PLUS (Parent)

Loan will be denied if:

1. You have one or more debts with a total combined outstanding balance greater than $2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off (written off) during the two years preceding the date of the credit report;
Federal Direct PLUS (Parent)

Loan will be denied if:

2. during the five years preceding the date of the credit report, you have been subject to a:

- default determination
- discharge of debts in bankruptcy
- foreclosure
- repossession
- tax lien
- wage garnishment or
- write-off of a federal student aid debt
ONLY consider private or alternative loans after looking into all other sources of financial aid.
Private/Alternative Loans

• From private lenders or financial institutions
  » In student’s name/co-signers usually required
  » Can borrow up to the Cost of Attendance
  » Based on credit scores and debt-to-income
  » Repayment may be deferred until education completed
  » Terms vary by lender – compare before making choices

• READ THE FINE PRINT
PHEAA’s new PA Forward Student Loan Program is designed specifically for PA students and families.
The PHEAA PA Forward loan program was launched on April 30, 2019. These loans are designed specifically for students enrolled or who plan to be enrolled at least half time in a Title IV approved degree, certificate, or diploma granting program.

Loan Benefits

- Low-cost, fixed interest rates
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)
- Low minimum loan amount: $1,500
- 0.50% interest rate reduction for graduating
- 0.25% interest rate reduction for enrolling in Direct Debit
- No pre-payment penalty
- Multiple repayment plans
- Co-signer release option
These loans are designed specifically for parents or guardians of dependent undergraduate students enrolled at least half-time in a Title IV approved degree, certificate, or diploma granting program.

**Loan Benefits**

- Low-cost, fixed interest rates
- Zero Fees
- Borrow up to 100% certified cost of attendance (tuition, fees, room, board, books, etc.)
- Low minimum loan amount: $1,500
- 0.25% interest rate reduction for enrolling in *Direct Debit*
- No pre-payment penalty
- Multiple repayment plans
- In-school interest only option
1. Annual Percentage Rate (APR) Calculations - The lowest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan, monthly payments of $107.05 for a period of 120 months, a fixed periodic interest rate of 5.45% and a total amount financed of $12,845.50. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period.

The highest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Interest Only Repayment Plan and a repayment term of 180 months, monthly payments of $61.67 for 46 months and monthly payments of $92.13 for the remainder of the repayment term, a fixed periodic interest rate of 7.40% and a total amount financed of $19,420.77. The borrower in this sample did not qualify for any interest rate discounts.

Please note these APRs are estimates and may differ from the actual rates received.

2. Annual Percentage Rate (APR) Calculations - The lowest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan, monthly payments of $107.05 for a period of 120 months, a fixed periodic interest rate of 5.45% and a total amount financed of $12,845.50. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period.

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Please note these APRs are estimates and may differ from the actual rates received.

3. Subject to aggregate loan limits.

4. If you choose the Interest Only or Partial Interest Repayment Plans, you will not be initially eligible for Direct Debit or the 0.25% rate reduction until your loan enters repayment and you start paying toward both principal and interest.

Applicants, including co-signers, are subject to credit qualifications, completion of an application and credit agreement, and verification of application information.

PHEAA reserves the right to discontinue all programs or benefits without prior notice.
Application Process

File the FAFSA
The FAFSA is Your Connection to Funding

The FAFSA is a federal form used to determine student eligibility for the following:

- Federal programs, such as Pell Grants, work-study, and student loans
- State programs, such as Pennsylvania State Grant, and other special programs
- School programs, such as need-based grants and scholarships
Know Your Deadlines

• FAFSA Deadlines
  » Schools have Priority Deadlines

• PA State Deadlines
  » May 1, 2020 - If you plan to enroll in a degree program or a college transferable program at a junior college or other college or university (excludes community colleges)
  » August 1, 2020 - If you plan to enroll in a community college; a business, trade, or technical school; a hospital school of nursing; or a 2-year program that is not transferable to another institution
Create Your FSA ID’s

- The student applying for aid and one parent providing information on the FAFSA need to create an FSA ID at fsaid.ed.gov
- Create prior to completing the FAFSA
- Provides access to FAFSA and Federal Student Aid online systems
- Transfer Tax Information
- Legal Signature for student and parent

After verifying, the mobile phone number can be used as the username to login
Encourage students to get it early!

**FSA ID**

Create an FSA ID  Manage My FSA ID

Please enter your:

E-mail

Confirm E-mail

*Numbers, Uppercase Letters, Lowercase Letters, Special Characters, 8-30 Characters*  Show Text

CONTINUE

**HOW TO CREATE A FSA ID**

Before you start
Make sure you have access to your personal email account.

**STEP 1** Visit finaid.gov

**STEP 2** Enter your email, create a username and a password.

**STEP 3** Enter your name, date of birth and Social Security Number.

**STEP 4** Confirm your profile information, and enter your email mailing address. You may also register to receive text messages to your mobile phone to prevent account recovery functions and account, email, password and username.

**STEP 5** Provide four required challenge questions and answers. You may also select to create an optional 2-digit code to secure your new balance over the phone.

**STEP 6** Verify and confirm your personal information as well as acknowledge the FSA ID terms and conditions.

**STEP 7** Verify your email address. Enter the security code that was sent to your email address submitted in Step 2. This will allow you to use your email address as your username.

I created my FSA ID, now what?
You can now use your FSA ID to sign in at FAFSA.gov. Once you've completed your Federal Student Aid (FSA) application, you'll be able to check the status of your financial aid and changes to your FAFSA. Make changes to an existing FAFSA and log in to the U.S. Department of Education websites.

Don't give your FSA ID to anyone—not even to someone holding you up at the FAFSA. Never share your FSA ID!

**STILL HAVE QUESTIONS?**
Visit StudentAid.gov/FAFSA.
Free Application for Federal Student Aid (FAFSA)

- FAFSA.gov
- myStudentAid app
- PDF at studentaid.gov or 1-800-433-3243.

FAFSA available October 1 of student’s senior year of high school
Information Needed for FAFSA

- Social Security Numbers
- Federal Tax Returns and W-2’s (2018)
- 2018 Untaxed Income
- Checking and Savings Account Statement Balances as of FAFSA Filing Date
- Investment Records
- Email Addresses
FAFSA Steps

- Login – student or parent
- Disclaimer – select accept
- Application Year
- Save Key
- Introduction
Welcome to myStudentAid

Need money for college?
Submitting the 2019-2020 FAFSA® form is quick, and most importantly, it's FREE.

START HERE

Before You Start
If you want to complete your 2018-2019 FAFSA form, visitfafsa.gov.
GO TO FAFSA.GOV

Due to scheduled maintenance, myFAFSA will be unavailable every Sunday from 3am to 11am Eastern time. We apologize for any inconvenience this may cause.

Tell us who you are.
I am the Parent

I am the Student

I am a Preparer

myStudentAid
Federal Student Aid
An Office of the U.S. Department of Education

FSA ID Username or E-mail
Forgot username?
FSA ID Password
Forgot password?

LOG IN

Create an FSA ID account
Learn more about the FSA ID
Do you want to be considered for work-study?

- Yes
- No
- Don't know

You're doing great!

Let's learn more about you.
What is your parents’ 2017 tax filing status?

- Single
- Head of Household
- Married-Filed Joint Return
- Married-Filed Separate Return
- Qualifying Widow(er)

Did your parents file a Puerto Rican or foreign tax return for 2017?

- Yes
- No

Accurate parent tax return information from the IRS Data Retrieval Tool (IRS DRT) helps to ensure that you receive a more precise financial aid package!

How do you want to proceed?

- I’ll log out and have my parent use the IRS DRT
- I’ll continue to manually provide my parent’s tax information

We saved your FAFSA® form so you can log out now and have your parent log in to use the IRS DRT.
Ready to sign your FAFSA® form?
Use the box below to record your signature.

Next Step: Parent Signature Needed

- Your signature has been accepted. We saved your FAFSA® form so you can log out now and let your parent sign the form.
- After your parent completes this step, we will process your FAFSA® form.
File the FAFSA every year that the student will be enrolled in a post secondary school.
Social Security Numbers are now Masked – Click Show SSN
FAFSA - School Selection

- Look at more than one!
- Schools will only be allowed to see your financial information when you list them on the FAFSA
- You can add up to 10 colleges at a time
- Student does not need to be accepted by school
- **NOTE:** Once your final decision is made, update your PA Grant information with the school you WILL attend.
Who Is Independent?

- 24 or older on Jan 1st of 2020
- Married
- Veteran (includes active duty personnel)
- Working on graduate level degree
- Emancipated minor in legal guardianship
- Orphan, in foster care or ward of the court at anytime when student was age 13 or older
- Have legal dependents other than spouse
- Student deemed homeless by proper authority
- (PA State Grant status can be different)
Whose Info Goes on the FAFSA?

**YES**
- Married parents living together
- Biological parents living together
- Adoptive parents
- Divorced or separated parents
  » The parent the student lived with the most over the past 12 months. If equal, then the parent who provided more than 50% of student’s support
- Stepparents – If part of student’s household

**NO**
- Foster Parents
- Legal Guardians
- Anyone else the student is living with
After taxes are filed:

- Automatically pulls in IRS Tax info for parents and students and places data into the FAFSA
- **REQUIRED!**
- ALSO in Student Section, if student is filing taxes
- If estimated income is used to complete the FAFSA, go back later and use IRS Data Retrieval Tool
All information must match the tax return.
Signing with the FSA ID

- A FAFSA IS NOT COMPLETE UNTIL SIGNED!
- Sign using student and parent FSA ID’s
Pennsylvania State Grant Form

Link directly to the State Grant Form from the FAFSA Confirmation Page of your FAFSA!
Other Forms You May Need to Complete

✓ Check with your school

College Scholarship Service (CSS) Profile

College Specific Form
After Filing

Information will be shared with PHEAA and all college choices.

In a few days an email will be sent to the student regarding the processing of their FAFSA and their Student Aid Report.

Students should monitor the email account provided on the FAFSA and respond to requests from Federal Student Aid, PHEAA and the colleges.
The EFC and how it is Calculated

• The EFC is a number derived from a federal formula
• Remains the same no matter which school the student attends
• Primarily income-driven
• Parental & student income & assets
• Family size and number of family members in college
• Age of older parent
Special Circumstances

If things change….

- Reduced income
- Divorced or separated parents
- Recent death or disability
Compare Schools Financial Aid Offers Carefully

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much of the financial aid is free money?</td>
<td></td>
</tr>
<tr>
<td>Which awards are based on need, and which are based on merit?</td>
<td></td>
</tr>
<tr>
<td>Are there any conditions on the free money? GPA requirement?</td>
<td></td>
</tr>
<tr>
<td>Will awards increase as tuition increases?</td>
<td></td>
</tr>
<tr>
<td>Will awards change from year to year?</td>
<td></td>
</tr>
<tr>
<td>Are loans included?</td>
<td></td>
</tr>
</tbody>
</table>

What is the bottom line cost?
## Comparing Packages

<table>
<thead>
<tr>
<th>Cost</th>
<th>$20,000</th>
<th>$30,000</th>
<th>$50,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFC</td>
<td>$3,000</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Need</td>
<td>$17,000</td>
<td>$27,000</td>
<td>$47,000</td>
</tr>
<tr>
<td>Free Money</td>
<td>$6,000</td>
<td>$8,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Loans</td>
<td>$5,500</td>
<td>$7,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>Work-Study</td>
<td>$0</td>
<td>$2,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>TOTAL AID</td>
<td>$11,500</td>
<td>$17,000</td>
<td>$29,000</td>
</tr>
</tbody>
</table>

**Gap = (Cost – Aid)**

| $8,500  | $13,000 | $21,000 |

**Actual Cont. = (Cost – Free $)**

| $14,000 | $22,000 | $32,000 |
Ways to Save

Commute!

Plan ahead to graduate on-time!

Dual Enrollment

ROTC

Ask about a cheaper meal plan.

Buy used text books, rent them or go online to find them cheaper!
Most students graduate late. It takes 15 credits per semester (or 30 credits a year) to graduate on time, and data show that “easing in” with 12 credits doesn’t work for most students. Students who take 15 credits every semester get better grades and are more likely to graduate.

Too few students start with the momentum needed to graduate on time.

<table>
<thead>
<tr>
<th>Students Completing</th>
<th>All Students</th>
<th>2-Year</th>
<th>4-Year Non-Flagship</th>
<th>4-Year Flagship</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 Credits Per Year</td>
<td>26%</td>
<td>12%</td>
<td>32%</td>
<td>44%</td>
</tr>
<tr>
<td>(On-Time Students)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<th>4-Year Non-Flagship</th>
<th>4-Year Flagship</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 Credits Per Year</td>
<td>54%</td>
<td>35%</td>
<td>63%</td>
<td>81%</td>
</tr>
<tr>
<td>(Full-Time but Not On-Time Students)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On-Time Graduation Rate

<table>
<thead>
<tr>
<th>1- to 2-Year Certificate</th>
<th>2-Year Associate</th>
<th>4-Year Non-Flagship Bachelor's</th>
<th>4-Year Flagship Bachelor's</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>5%</td>
<td>20%</td>
<td>40%</td>
</tr>
</tbody>
</table>
What Can You Do Now?

- Apply for FSA ID
- Visit College Websites
- Explore Scholarships
- Use Net Price Calculators
- Talk about what is affordable
Jayeann Harr
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PA Higher Education Assistance Agency (PHEAA)
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QUESTIONS?