Understanding the Financial Aid Process

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Goals of Financial Aid

- The primary goal is to assist students in paying for college and is achieved by:
  - Evaluating a family's ability to pay educational costs
  - Distributing limited resources in an equitable manner
  - Providing a balance of gift aid and self-help aid

Role of the Financial Aid Office

- Determine aid eligibility using the federal formula
- Package aid depending on the availability of funds
- Send award notification including:
  - Award amounts for which a student is eligible
  - Disbursement methods and time frames
  - Terms and conditions of each award

Types of Aid

- Gift aid:
  Grants and scholarships
  (need-based or merit-based)

- Self-help aid:
  Loans

Need-Based Aid Eligibility

- Need-based aid eligibility is determined by measuring family financial strength with the Free Application for Federal Student Aid (FAFSA)

- Need-based aid formula:

  Cost of Attendance

  - Less Expected Family Contribution (EFC)

  = "Demonstrated" Financial Need

- EFC is an "index" of eligibility for most aid programs

- If income changes dramatically, discuss special circumstance appeal with an LIU financial aid counselor

Definition of Need

Cost of attendance (COA)

– Expected family contribution (EFC)

= Need

Need Varies Based on Cost

Cost of Attendance (Variable) — **Expected Family Contribution** (Constant) = **Need** (Variable)

Cost of Attendance

- Tuition and fees
- Room and board
- Books, supplies, transportation, and miscellaneous personal expenses
- Center fee
- International Travel (one round trip)
- Health Insurance

Types of Awards

- Global College Scholarships- Based on:
  - GPA (merit based)
  - Community Involvement
  - Study Aboard Experience
- Grants
  - Federal Pell Grant
  - Federal Supplemental Educational Opportunity Grant (SEOG)
  - NYS Tuition Assistance Program (TAP)
- Loans
  - Federal Subsidized & Unsubsidized Loans
  - Federal Direct PLUS Loan Program

Federal and State Grants

Federal Pell Grants:

- It is need-based, and the FAFSA is required to determine eligibility.
- Actual award amount based on Cost Of Attendance (COA), EFC and enrollment status.
- Federal SEOG grant- supplemental grant for some Pell recipients

http://www.ed.gov/programs/fpg/index.html

Federal and State Grants

TAP:

- It is need-based, the FAFSA is required, as well as a TAP application. If you qualify for TAP, instructions for completing the TAP application will be included with your FAFSA results.

- You must be a NY state resident, and you must register for a minimum of 12 credits per semester.

  www.hesc.state.ny.us

Federal Direct Loans

- **Subsidized**= no interest while in school
- **Unsubsidized**=interest accrues while in school

http://www.ed.gov/offices/OSFAP/DirectLoan/index.html

Federal Direct Plus Loan

- Creditworthy parent is the borrower
- Payments begin 60 days after full disbursement, so it is a long term monthly financing plan

http://studentaid.ed.gov/PORTALSWebApp/students/english/parentloans.jsp

Private Loan Tips

When researching Private loan options ask about the following:

- Capitalization- the more frequently interest is capitalized, the more you end up paying because you are paying interest as it compounds.
- Interest rates may be reduced if you sign-up for automatic withdrawal payments after a certain number of consecutive payments.
- Can payments be deferred while students are in school.
- Co-signer release benefit- a co-signer may be taken off a loan after a number of on-time payments

Outside Scholarships

Gilman International Scholarship Program

- Provides funding (up to $8,000) for those who wish to study abroad in non-traditional destinations.

Freeman-Asia Scholarship

- Provides awards ($5,000-$7,000) for study in Asia.

National Security Education Program

- Provides funding (up to $20,000) for those who wish to study in areas outside if Western Europe.

Bridging Scholarships for Study in Japan

- Provides funding ($2,500-$4,000) for those who study in Japan for one semester or academic year in Japan.

FAFSA Filing Instructions

- File the Free Application for Federal Student Aid (FAFSA) by mid-March priority annual filing deadline for continuing students
  - Final deadline is May 1st
- Gather income tax information and file FAFSA online at www.fafsa.ed.gov
  - Use estimated tax returns if necessary to meet deadline
- Download helpful FAFSA on the Web Worksheet
- Obtain Personal Identification Numbers (PIN's) to e-sign FAFSA at www.pin.ed.gov
- File a FAFSA regardless of financial circumstances to create eligibility for low interest student loans and possible scholarships

Information Needed to File a FAFSA

- Your Social Security Number
- Your driver's license, if applicable
- Your W-2 Forms and Federal Income Tax Return from the previous year
- Your untaxed income records from the previous year
  - Social Security, Welfare & Veteran's Benefits
- Your most recent bank statements
- Your most recent business and investment mortgage information (business investment, bond & stock records)
- Your alien registration number or permanent residence card, if applicable

FAFSA Filing Steps

1. Information About the Student
2. Student Status
3. Parent's Information
4. Student's Finances
5. Schools to Receive Results
6. Review FAFSA Information
7. Signatures
8. Submit Student's FAFSA
9. Finish

FAFSA Filing Reminders

- Print Web Submission Confirmation Page
- LIU's school code is 002751
- Write down your pin number is a safe place for future reference

Frequent FAFSA Errors

- Social Security Numbers
- Divorced/remarried parent information
- Income earned by parents/stepparents
- Untaxed income
- U.S. income taxes paid
- Household size
- Number of household members in college
- Real estate and investment net worth of parents

FAFSA Processing Results

- CPS notifies student of FAFSA processing results by:
  - E-mail notification containing a direct link to student's on-line SAR if student's e-mail was provided on paper or electronic FAFSA
- Student with PIN can view SAR on-line at www.fafsa.ed.gov

Making Corrections

- If necessary, corrections to FAFSA data may be made by:
  - Using FAFSA on the Web (www.fafsa.ed.gov) if student has a PIN
  - Updating paper SAR

Important Steps In the Process

- Students must complete the following in order to be issued their financial aid:
  - Complete the verification process, if required.
  - Complete Entrance counseling at www.dl.ed.gov if you are borrowing a Federal Direct Student loan for the first time.
  - Sign and submit your Master Promissory Note (MPN) if you are accepting a Federal loan.
  - Submit your “Request to Decline or Adjust a Loan” form.

Tuition Payment Plans

LIU's Deferred Payment Plan

- **Interest-free payment plan**
- **50% of tuition paid at the beginning of classes and the balance is paid in three monthly payments during the semester**
- **$30 service charge**
- **Contact- Bursar's Office, 718-448-1038**

Tuition Management Plan

- **Interest-free monthly payment option**
- **$55 enrollment fee**
- **Contact- www.afford.com or 1-800-722-4867**

Payment Methods
Payments may be made by:
Financial Aid Awards
Checks- Personal and/or Bank
Money Orders
Credit cards- VISA, MasterCard, Discover Card, Diners Club

Important Tips

- File your income tax returns early each year.
- Search locally for scholarships:
  - Civic groups, small businesses, local chapters of larger organizations, unions, clubs and churches.
- Encourage students to:
  - Be proactive in the financial aid process and in searching for scholarships
  - Keep an expense journal

Income Tax Advantages

All specific tax deduction information must be received from the Internal Revenue Service. Visit their website at www.irs.gov for specific details on the following:

- HOPE "Scholarship" tax credit- families may claim a credit of up to $1500 for each eligible dependent for the first two years of college.
- Lifetime Learning tax credit- a family may claim a tax credit of up to $2000 per tax year after the first two years of college.
- College-Education Deduction- a $4000 tuition and fees deduction is available to families who file tax returns and can claim an eligible student as a dependent.
- Federal student loan interest paid may be tax deductible.

Summary of Financing Strategies

- Use Your Savings
  - Use savings to reduce future debt/interest payments
  - Students can work in summers and save
- Use Your Current Earnings
  - Utilize payment plans to divide costs into monthly payments
- Use Your Future Earnings
  - Spread out costs over 10 years (or more) of loan repayment
- Explore Other Options
  - Private Credit Loans, look locally for scholarships

Develop A Plan

- Use custom calculators to help you figure out:
  - how much your schooling will cost
  - how much you need to save

http://www.finaid.org/calculators/

http://www.hesc.com

- Click on “Paying for College”
- Then click on “Financial Aid Estimator”

Financial Aid Resources

U.S. Department of Education
www.ed.gov
www.studentaid.ed.gov
www.ifap.ed.gov
www.fafsa.ed.gov
www.pin.ed.gov
800-4FED-AID

N.Y.S. Higher Education & Tap
www.hesc.com
www.tapweb.org
888-697-4372

William D. Ford
Federal Direct Loan Program
www.dl.ed.gov
www.dlenote.ed.gov
800-848-0979
PLUS Loans- 800-557-7394

Scholarships
www.finaid.org
www.fastweb.com
www.liu.edu/globalcollege (scholarship resources)

LIU Contact Information

Office of Student Financial Services

www.brooklyn.liu.edu/financialaid

Phone: 718-488-1037

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