HELPFUL HINTS AND PRACTICAL IDEAS

Admission and financial aid professionals are good resources.
The process of applying for admission, scholarships, need-based financial aid, loans, etc. can be complex and confusing. Take advantage of the admission and financial aid staff at the colleges you are considering. They can help you through the complex web of forms, policies, and procedures. Guidance counselors also are helpful resource folks in this process.

When in doubt, apply for financial aid.
Don’t assume that because your neighbors or best friends didn’t qualify for need-based aid that you won’t either. And if your income is above a certain arbitrary level, don’t assume that you won’t be eligible. Factors other than income are important in need analysis. Each family’s situation is unique and will be considered individually. Remember that the information you submit is treated confidentially.

Deadlines are critically important!
Policies, deadlines, and requirements for admission, scholarships, and financial aid vary from school to school. Be sure to observe them. In particular, be sure to comply with deadlines for admission applications, financial aid applications, and scholarship applications. Schools with limited resources may not be able to meet the financial needs of students who apply late.

Follow instructions!
Carefully follow instructions for all admission, financial aid, and scholarship forms.

Use good data on financial aid forms to avoid time-consuming delays.
Use accurate information when you complete applications for need-based financial aid. The more accurate the information, the less likely it is that you will be required to submit correction documents later. The correction process is time-consuming and can cause delays in consideration of your aid application. Federal tax returns are your best financial references when completing need-based financial aid applications.

Keep copies!
Keep a copy of everything you submit to any school or agency. This includes applications for admission, scholarships, need-based financial aid, loans, etc.

Consider all costs, and compare the types of aid, not just the total amount.
Remember that financial need varies with college costs, and that financial aid packages will vary from college to college, too. When you compare need-based aid packages, be sure you are considering all costs to attend a particular institution and are comparing the types of aid offered in the aid package, not just the total amount of financial aid or scholarships offered. (Compare apples with apples, not apples with oranges!)
Are loans appropriate?
Borrowing money, in moderation, is a viable means of financing a college education. It is economically justified to borrow for investment expenditures, e.g., a house. A college education also is an investment – its benefits are enjoyed long after the consumption of the formal education ends. Just as you would spread out the costs of a house or car over a number of years, it is reasonable to spread out the payment of education costs over a number of years.

Examine your current financial choices.
Examine personal resources and expenses. There may be relatively painless ways to cut expenses and free up more money for college costs.

When must I notify colleges?
If a college subscribes to the National Candidate Reply Date of May 1, and you have applied through a non-binding admission application plan, you have until May 1 to notify the college of your intent to accept or decline its offer of admission, scholarships, and/or financial aid.

What if my family’s financial circumstances change?
If family circumstances change, e.g., a parent loses a job or becomes seriously ill, help may be available. If this occurs during your senior year in high school, contact the colleges to which you are applying to let them know of your changed situation. If this occurs after you enroll in a particular college, contact the financial aid office to see if help is available.

You must reapply each year for need-based aid.
If you receive need-based financial aid, you will have to reapply for assistance each year. Certain scholarship programs also may require you to reapply annually. Also, note that at most schools the self-help portion of your need-based aid package (job and loan) will increase from one year to the next.
**Money Questions You Should Ask Before You Apply for Admission**

What are the total estimated costs at each school?  
Be sure to ask about costs not only for tuition, fees, room, and board but also about estimated costs for books, supplies, and personal expenses.

How much are total costs likely to increase each year? How much have tuition, fees, room, and board increased, on average, for the last three to five years?

Is the school need-blind (your ability to pay for college has no bearing on whether you are admitted or not) or need-sensitive (your financial circumstances may affect the admission decision)?  
A need-sensitive admission policy isn’t ethically wrong, but you may want to know the school’s policy.

Does the school meet 100% of calculated financial need? If so, do they meet 100% of need all four years or only the first year?

Can you complete your undergraduate degree in four years if that is your goal?  
A fifth year of undergraduate education (unless you want to attend a fifth year) is expensive. Not only do you have to pay tuition and the other costs of attending college but you also are foregoing income that you could have earned if you were working fulltime.

Does the school offer merit-based scholarships? If so, how many students receive such awards each year?

What are the deadlines for admission, financial aid applications, and scholarship applications? What forms are required for each of these processes?  
It is critically important to observe, and meet deadlines. Missing deadlines can cause you to miss opportunities for admission, financial aid, and/or merit-based scholarships.

Does the school require both the Free Application for Federal Student Aid (FAFSA) and the CSS/Financial Aid PROFILE or just the FAFSA in order to apply for need-based financial aid?

If you receive a need-based financial aid package and receive an outside scholarship (a scholarship that you may use at any institution) how does the school treat the outside scholarship? Will they replace self-help (loan and/or job) in the aid package or will they reduce grant funds that they have offered?

For students considering binding Early Decision:  
- How is financial aid affected if you apply under the Early Decision admission plan?  
- Before you commit to Early Decision, will the school provide an estimate of how much financial aid you might be eligible to receive? Is the Net Price Calculator a reliable tool for estimating cost?  
- What about merit-based scholarships? Are Early Decision candidates given equal consideration for merit-based awards (if the school offers merit-based funds)?
THINGS TO CONSIDER AFTER YOU ARE ADMITTED

Compare financial aid packages from the colleges you are considering.
The College Board’s Web site has an excellent calculator that helps you to appropriately compare need-based financial aid packages from different schools.

Compare the types of financial aid.
What types of aid are in each package? What is the proportion of grants, loans, and campus employment funds?

Compare living costs.
Does the college guarantee to provide housing for all four years? Living off-campus can be expensive!

Compare policies concerning financial aid for future years.
Does the college guarantee to meet your financial need for all four years? Or just one? Or not at all?

Compare the bottom line.
How does the total aid package compare with the total cost of attending the institution? Look at the total budget and then analyze the aid you’re actually awarded. Be aware that some schools only consider your need in light of direct costs, i.e., tuition, fees, room, and board, not TOTAL costs, including books, transportation, and personal expenses.

Remember – Your key question is NOT how much grant money you receive. Rather it is how much your family has to pay and borrow to afford the college.
Choosing a College and Paying for It
Myths and Facts

Myth  Admission to ABC College is too selective. I’ll probably be rejected, so I won't even apply.
Fact  If a college seems to meet your educational and personal needs and objectives and you think you may qualify for admission, you should apply. Depending on the number of applicants and their qualifications, you may not be accepted, but you'll never know if you don't apply!

Myth  ABC College costs more than my family and I can afford, so I won't apply for admission.
Fact  Need-based financial aid, merit-based assistance, and creative financing options can make a college education affordable. Don't rule out any college because of its cost until you find out what financial options are available. Utilize ABC College’s net price calculator to project your projected net cost of attending ABC College.

Myth  Cost is a good yardstick for comparing colleges.
Fact  Cost is not the best way to compare one college with another. Assess the capacity of a particular college to meet your educational goals and personal needs. Consider the opportunities offered for intellectual development and personal growth in light of your own aspirations and requirements.

Myth  Financial assistance is available only for the highest achieving students.
Fact  Eligibility for need-based aid is determined by demonstrated financial need, not academic ability. (However, some non-need-based, or merit, scholarships are awarded based on a student's academic potential, personal characteristics, and/or special talents.)

Myth  Most families don’t qualify for need-based financial aid.
Fact  Many families qualify for need-based aid. The only sure way to know if you qualify is to apply. Fill out the necessary forms and let the financial aid folks decide!

Myth  Our family income is over $200,000, so I know we won't qualify for financial aid.
Fact  There is no specific income ceiling for aid eligibility. Other factors are also important in need analysis, including assets, family size, and number in college. Again, the only sure way to find out your eligibility is to apply.

Myth  But our neighbors' child started college last year. They applied for financial aid and didn't qualify.
Fact  Each family has its own unique financial picture and personal circumstances. Each college is different in its costs, its policies, and its capacity to meet the financial needs of its students. Failure to apply for aid and other programs can cause you to miss out on programs for which you might be eligible.

Myth  The financial aid forms and application process are too difficult to understand. Applying for aid is more trouble than it's worth.
Fact  It is true that the forms are detailed, but that's because the information is important. Only when a financial aid officer has detailed information about your individual financial and personal situation can he or she make an equitable judgment about your eligibility for need-based aid.
Myth  We’ve calculated a preliminary estimate of our expected family contribution. The expectation that we can afford to pay that amount out of our current income is completely unrealistic.

Fact  Most families can’t pay the expected family contribution out of current income alone. The formulae assume that families will choose to use a combination of savings, borrowing, and current income in order to fund their contribution.

Myth  The forms and the whole financial aid system seem cold and impersonal. The information is submitted to some central processor and run through a computer; there doesn’t seem to be any human element in the process.

Fact  There are many people who are involved in the financial aid process -- and who are available, and eager, to answer your questions. In particular, your college counselor and the admission and financial aid professionals at the schools to which you apply are excellent resources for help and information.

Myth  My final choice of a college should be based solely on money. I’ll attend the college that offers me the most financial aid and/or merit scholarships.

Fact  College choice should be based on other factors such as the quality of the educational opportunities and community life, the caliber of the faculty and physical facilities. Remember that a college education is not just an expense, it’s a lifetime investment. The lessons learned -- both in and out of the classroom -- will inform and enrich your life beyond the four years you spend on campus.
## College Cost Comparison Chart

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Financial Aid Basics for Students and Families

Chad Spencer
Senior Associate Dean
Davidson College
Admission and Financial Aid
What will we cover?

• Applying for Aid
• Cost of Education
• Need-Based Aid
• Merit-Based Aid
• Packaging/Awarding
• Additional Information
• Your Questions
What are the principles and purposes of need-based financial aid?

- Families have primary responsibility to pay for college
- Parents and students contribute to the extent they are able
- Provide students opportunity to attend college based on best fit
- Equitable distribution of limited funds
How do students apply for financial aid?

FAFSA
- Free Application for Federal Student Aid
- Studentaid.ed.gov
- myStudent Aid app for iOS and Android
- FSA ID
- IRS Data Retrieval

CSS Profile
- CollegeBoard.org (fee-based)

At College’s Discretion
- Tax returns and W-2 forms
- CSS PROFILE from Noncustodial parent
- Institutional forms
What is Prior-Prior Year for 2020-21?

- FAFSA and CSS PROFILE use “prior-prior year” (PPY) income data
- For 2020-21, income will be reported from 2018
- Allows 2020-21 FAFSA available October 1
- Allows almost universal use of IRS Data Retrieval by all FAFSA filers, with some exceptions
Can an aid applicant apply as self-supporting?

- Students can apply as self-supporting IF:
  - They’re 24 years of age
  - They’re married
  - They’re pursuing a graduate degree
  - They’re in the Armed Forces or are a veteran
  - They have a child and provide more than 50% support
  - They’re orphaned or are/have been a foster child
  - They’ve been emancipated by a state court
  - They have a court-appointed legal guardian
  - They’re homeless or at risk of being homeless
How is aid eligibility determined?

Cost of education
- Expected Financial Assistance (from outside resources)
- Expected Family Contribution

= Student’s financial need
What is Included in the Cost of Education?

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses
Are there other costs that may be considered?

- Student health insurance
- Computer (one time)
- Specialized equipment
- Supportive needs
What are outside resources?

- Funds from sources other than the college/university
- Clubs and civic organizations
- Churches
- Employers
- Foundations

- Certain types of benefits (e.g., military or employer)
What about outside resources?

- They **CAN** replace self-help (loan and work) components of aid award
- They **CAN** fill in difference when schools “Gap” award
- They **CAN** add to a merit-only award
  - Total of merit and outside award can’t exceed total Cost of Education
- They **may** reduce to cost of attendance at **some** institutions
What is the “family contribution?”

- A figure derived from the financial data provided on the FAFSA and/or PROFILE
- Represents the *calculated* capacity of the family to contribute toward the cost of education
- Takes into account factors such as income, assets, family size and number of children attending college
- *Annually determined*, so can change from year to year as factors change
- Ranges from zero (no contribution) to $1,000,000
What are the components of the “Expected Family Contribution?”

Parent Income → Expected Family Contribution

Student Income → Expected Family Contribution

Parent Assets → Expected Family Contribution

Student Assets → Expected Family Contribution
What About 529 Plans?

- 529 plans (savings or pre-paid tuition) are assets of the plan owner(s).
- FAFSA: “When the owner is a dependent student…they are reported as an asset of the parent.”
- PROFILE instruction: If the student has a 529 plan as part of an UGMA or UTMA account, it is a student asset.
- “When the owner is some other person…distributions from these plans to the student count as untaxed income, as ‘money received.’”
Pop Quiz:
What Income Level Might Result in a $18,000 EFC?

- Three real Davidson families:
  - Family A’s income = $165,000
  - Family B’s income = $97,000
  - Family C’s income = $64,000

- How might all three have similar EFC’s?
  - Hint: Remember the EFC formula variables we have just discussed
What if the Family has More than One Student Enrolled?

\[
\text{Parent Contribution per Student} = \frac{\text{Total Parent Contribution}}{\text{# in college adjustment} \times (1 - ?)}
\]
How is Family Contribution Calculated?

Parent Contribution Per Student + Student Contribution = Family Contribution (EFC)
What about merit-based scholarships?

- Funds awarded on the basis of factors **other than** financial need
  - Academic factors
  - Talent factors
  - Service factors
  - (Fill in the blank) factors

- Procedures for being considered vary
  - Nomination process
  - Scholarship application
  - Admission application
What about athletic scholarships?

- Awarded by athletics department, not admission/financial aid office
- Both partial and “full” athletic scholarships can be offered
- Some schools offer athletics, but not athletic scholarships (D-III)
Questions To Ask About Merit and Athletic Scholarships

- Is the scholarship renewable?
- If so, what are the requirements for renewal?
- Will it affect my need-based aid eligibility?
What are the typical components of a financial aid award/package?

- **Gift Aid**
  - Grants (Institutional, Federal, and State)
  - Merit-Based Scholarships
  - Funds not requiring work or repayment

- **Self Help**
  - Student Employment
  - Student Loans (at some schools)
## How is need met?

### Sample Aid Packages

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<tr>
<td><strong>Unmet Need</strong></td>
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<td><strong>Total Paid</strong></td>
<td>$18,000</td>
<td>$18,000+loan +interest</td>
<td>$22,000+loan +interest</td>
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### How is need met?

#### Sample Aid Packages

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<thead>
<tr>
<th></th>
<th>Davidson</th>
<th>Public U.</th>
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<tr>
<td><strong>Cost</strong></td>
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<td><strong>EFC</strong></td>
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Total Paid: $18,000 + interest

Total Paid: $22,000 + interest

[Davidson Logo]
College costs do not have to be paid all at once!

There are four ways to pay for this investment:

• Saving in advance

• Paying from current income

• Borrowing – pay with future income

• Scholarships and Grants
What are some payment options?

- Monthly payment plans
- Federal Educational Loans
  - Student (Direct Stafford)
  - Parents (Direct PLUS)
- Private Educational Loans
What if my financial circumstances change?

• Institutions may choose to consider changed family circumstances at different times throughout year or wait until next annual filing

• *Might* affect a family’s funding options

• Might *not* affect family contribution

• Communicate changes!
Do you have any “consumer tips?”

- Hire an admission/aid consultant(?)
- Avoid scholarship programs and search services that charge fees
- Negotiation? Price matching?
What are other things I should know?

- Deadlines are **critical**
- Sticker Price vs. Net Price
- Net Price Calculators
- Early Decision Admission—yes/no?
- Need-blind and need-sensitive
- May 1: National Candidates Reply Date
Additional Questions?

Thank you for coming!

Chad Spencer
Senior Associate Dean
Davidson College
Admission and Financial Aid