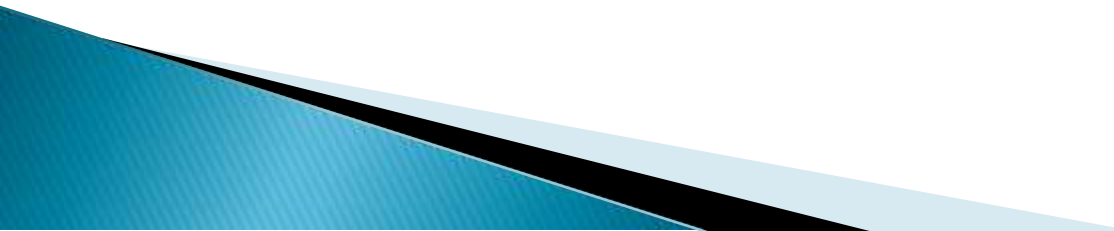


Financial Planning for College

Scott Seibring
Director of Financial Aid
Illinois Wesleyan University

What we will discuss

- ▶ Financial Aid Terminology
 - ▶ Factors used in determining eligibility
 - ▶ Review some of the questions on the FAFSA
 - ▶ Show a few financial aid scenarios
 - ▶ Open up to questions
- 

Merit vs Need-based

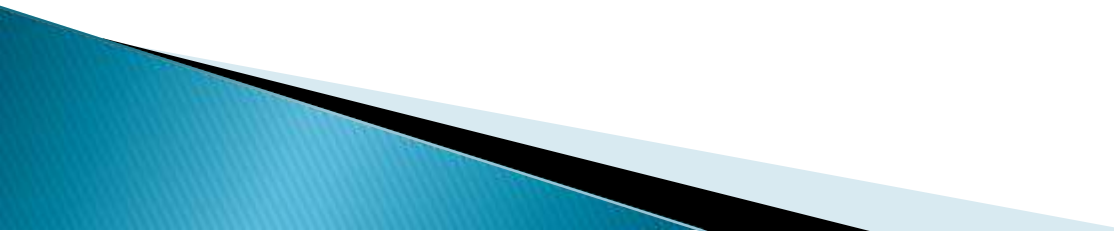
Scholarships are typically based on “merit”

- 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
- 

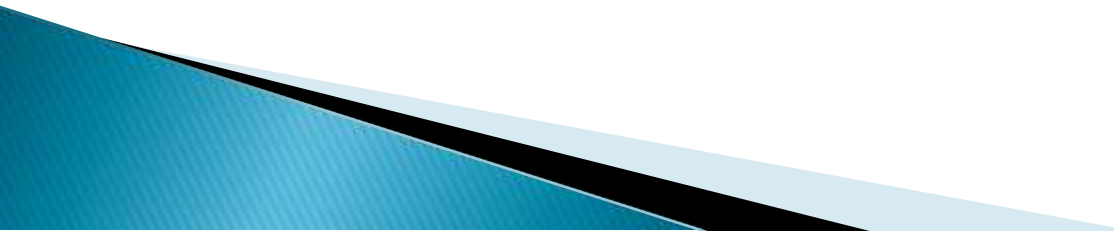
Financial Aid Terms

- ▶ Free Application for Federal Student Aid (FAFSA)
 - ▶ CSS PROFILE
 - ▶ Expected Family Contribution
 - ▶ Federal Methodology
 - ▶ Institutional Methodology
 - ▶ Illinois Student Assistance Commission (ISAC)
 - ▶ IRS Data Retrieval Tool
 - ▶ Prior–Prior year income instead of prior year
- 

Institutional Methodology (IM)

- ▶ CSS PROFILE through College Board is for IM
 - Primarily private universities.
- ▶ Non custodial financial aid application is required by some private colleges
- ▶ IDOC is a way to send some documents to CSS to get to all of the PROFILE user schools who participate in IDOC
- ▶ Factors that are different than the Federal Methodology
 - Home equity
 - # in college calculation
 - Business losses may not be considered
 - Calculation for state taxes are more accurate
 - # in family treated differently based on the ages

Prior–Prior year income

- ▶ Beginning in 2017–18 Prior–Prior year income was used for FAFSA instead of prior year income.
 - ▶ The 2017 income will be use for the 2019–20 FAFSA.
 - ▶ Begin filing FAFSA on October 1
 - ▶ IRS Data Retrieval Tool will be used by more students at the time they file first FAFSA.
- 

Problematic FAFSA Questions

- ▶ Student's Social Security Number
- ▶ Dependency Questions
- ▶ Parent's Marital Status
- ▶ Family Size
- ▶ Taxes Paid (not including self-employment tax)



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

Parent Contribution

+ Student Contribution

Family Contribution

Determining Financial Need

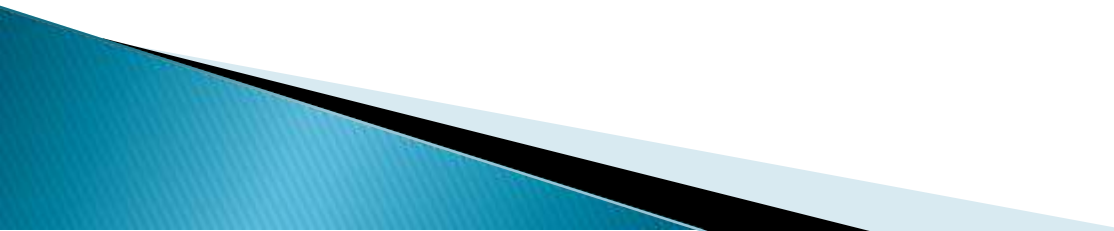
Cost of Education

– Family Contribution

Financial Need



Determining Family Contribution


- ▶ Family Income (AGI plus untaxed income)
 - ▶ Family Size
 - ▶ Number of Children in College
 - ▶ Parents Assets
 - ▶ Age of Parents
 - ▶ Student's Income
 - ▶ Student's Assets
 - ▶ Other.....
- 

Meeting the Need

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



Federal Stafford Loan

- ▶ Low-interest student loan
 - ▶ The FAFSA must be completed
 - ▶ Interest rate for 2018–19 is 5.05%
 - ▶ Processing fee is 1.069%
 - ▶ Repayment begins 6 months after the student graduates or falls below half-time
- 

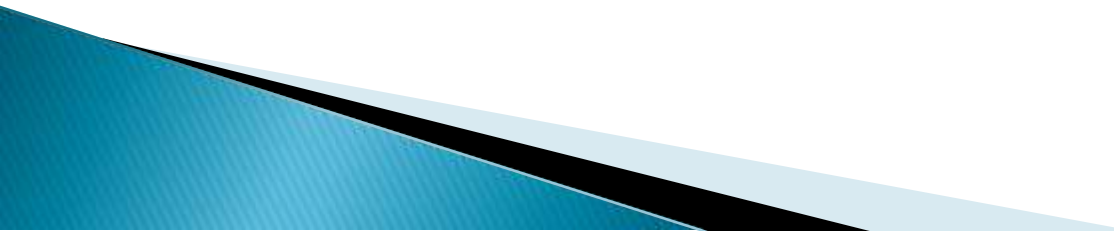
Subsidized vs Unsubsidized

- ▶ 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

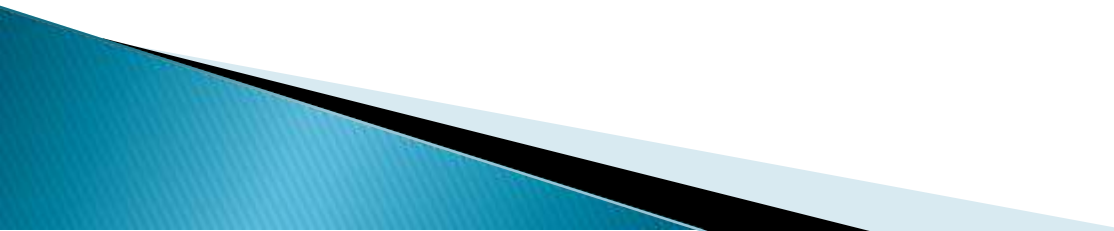
- ▶ Freshman \$3500
- ▶ Sophomore \$4500
- ▶ Junior \$5500
- ▶ Senior \$5500
- ▶ \$2000 added opportunity for Stafford Unsubsidized Loan

Parent Loan for Undergraduate Students (PLUS)

- ▶ Custodial parents and/or Non Custodial Parents can apply.
 - ▶ Apply at www.studentloans.gov
 - ▶ Credit decision is immediate
 - ▶ 4.276% processing fee
 - ▶ 7.6% interest rate
 - ▶ Can borrow the difference between Cost of Attendance and other aid
- 

Special Circumstance: Appeals

Professional Judgment – 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
- 

Notes



- Can accept or reject any portion of a FA proposal
- Understand scholarship renewal qualifications
- Be aware of scams
- Juniors or younger – use Net Price Calculators on school website for estimates. Don't file FAFSA.
- Consider possibility of graduation in 4 vs 5 years

Suggested Websites

- ▶ www.studentaid.gov
 - ▶ www.finaid.org
 - ▶ www.collegeboard.org
 - ▶ www.fastweb.com
 - ▶ www.fafsa.gov
 - ▶ www.fsaid.gov
 - ▶ www.studentloans.gov
 - ▶ www.brightstartsavings.com
 - ▶ www.collegeillinois.org
 - ▶ www.privatecollege529.com
 - ▶ www.savingforcollege.com
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