

Learning the Language of Financial Aid



An Introduction to Financial Aid

Terminology and Basics

BHS Guidance Office

How do I pay for college?

- Family support
- Savings
- Work
- Grants
- Scholarships
- Loans

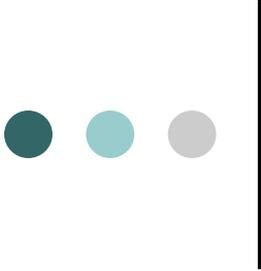


Financial aid helps students pay for schooling.

What is Financial Aid?

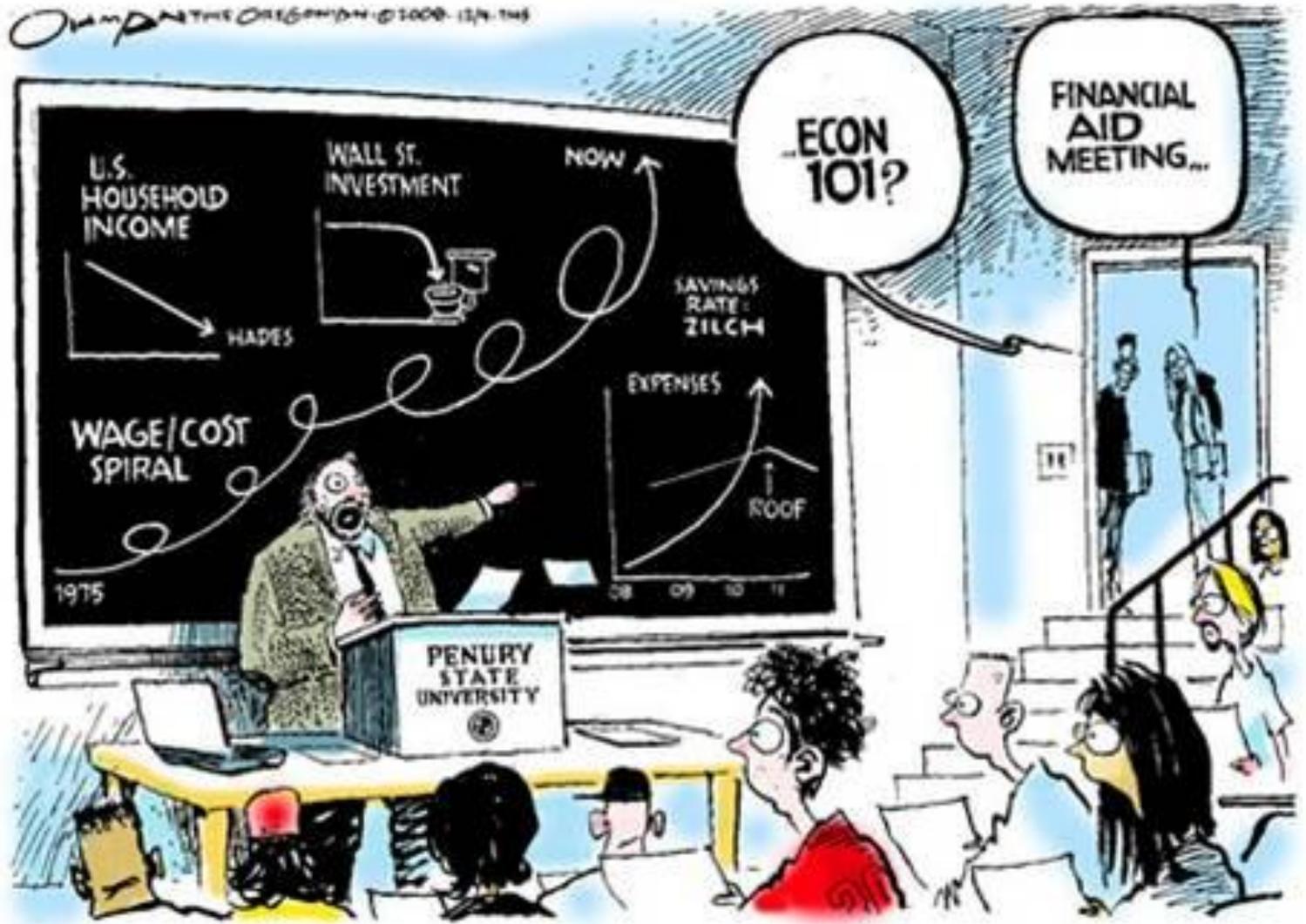


- Merit based aid – grades, talent, sports
- Grants
- Loans
- Employment Opportunities
- Institutional Scholarships
- Outside Scholarships



Financial Aid Process

- Attend January Fin Aid meeting at BHS on Jan 18.
- Complete FAFSA – Free Application for Federal Student Aid. Get help at **FAFSA FRENZY on Feb 12 @ BHS.**
- Federal processor performs a needs analysis of student and parent.
- An Expected Family Contribution (EFC) is determined and Student Aid Report generated.
- Schools use report to determine eligibility for financial aid.



And now for the Cliff Note's version...
How need is determined

● ● ● | Cost of Attendance (COA)

○ The cost of attending an institution includes:

- Tuition and Fees
- Room and Board
- Loan fees
- Personal expenses
- Books, supplies, equipment, transportation



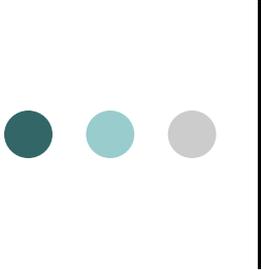
Expected Family Contribution (EFC)

The amount is calculated from the family income information submitted on the FAFSA.

EFC Components include:

- Parents' income and assets
- Number in household
- Number of dependents in college
- Student 's income and assets
- Age of parents





Definition of Need



- Schools figure need based on the following formula:

- **COA** – **EFC** = **Financial Need**

- **COA** = Cost of Attendance (varies by school)
- **EFC** = Expected Family Contribution (constant)

- Need varies based on the COA of each school.



Types of Financial Aid

○ Gift Aid- Free Money!!!!

- Scholarships
- Grants

○ Self Help Aid – money you earn or pay back

- Loans- subsidized (govt. pays interest during college); unsubsidized (you pay interest)
- Work-study employment



Scholarships given based on need or merit

- Free Scholarship Services
 - www.fastweb.com
 - www.finaid.org
- BHS Guidance webpage
- BHS Local Scholarship Booklet
- Institutional Scholarships
- Place of Employment
- **Do NOT Pay For A Scholarship Search Service**



Grants

● ● ● | Money given based on need to students.
| Need is determined by the FAFSA.

○ Federal Grants-

- Pell Grant – up to \$5,500.
- Supplemental Educational Opportunity Grant (SEOG) up to \$4,000, based on exceptional need.
- TEACH Grants - available to students agreeing to teach a subject in a high need field in a low income school as a repayment of the grant.

○ Missouri Grants-

- See THE Source booklet from MDHE or website <http://www.dhe.mo.gov>



Federal Stafford Loans

See specifics in THE SOURCE booklet

Benefits

- Student loans make it affordable for many students to attend school. Loans have low interest rates, low fees, and very flexible repayment plans. Interest on student loans can be tax deductible.

Drawbacks

- If you take out a loan, you must pay it back even if you quit school or can't find employment. The amount of money you borrow will affect your lifestyle after college. Large student loan debt can affect your credit rating.

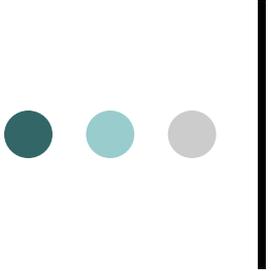


Parent PLUS Loans

- Parent must be credit worthy
- Loan limits: Cost of Attendance (COA) minus financial aid received
- Ten year repayment
- 8.5% fixed interest
- Check out this site for loan estimates and advice:

www.finaid.org/calculators/parentadvisor.phtml



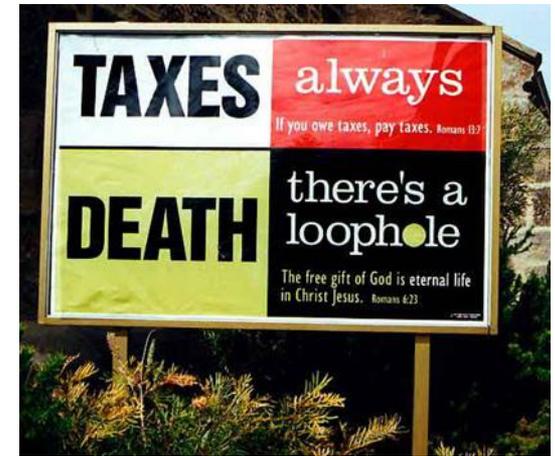


Work-Study

- Part-time student employment on campus.
- Earnings paid to student.
- Work-Study earnings not included when determining EFC for the following year.
- A wonderful way for a student to work and build relationships with adults on campus. The jobs are usually more flexible than off campus employment. Adult supervisor becomes mentor and advocate.
- Must fill out the FAFSA in order to get work-study.

Tax Benefits for Students and Parents

- Hope Tax Credit
- Lifetime Learning Credit
- Deduction for Tuition and Fees
- Student Loan Interest Deduction
- Tax Deduction for contributions to 529 Savings Accounts (Missouri MOST accounts)



It is never too late to save money for college



- Start a MOST account; go to <https://missourimost.s.upromise.com/> to sign up and start saving.
- Re-examine financial priorities
- Look into the A+ program
- Go to www.finaid.org and read the suggestions under “Savings” to learn how to maximize your financial aid eligibility.

It is cheaper to save money than borrow money!!!



Reputable Websites for more information

- www.finaid.org – honest, thorough info; excellent calculators for estimating expenses.
- www.dhe.mo.gov – Missouri Dept. of Higher Education administers a variety of federal and state grants, scholarships and loans.
- www.fafsa.ed.gov - more than you will ever want to know about the FAFSA and how to complete it.
- www.boonville.k12.mo.us/schools/bhs/ check out scholarship links under Guidance