



## Second Ebenezer Church College Fair FINANCIAL AID & SCHOLARSHIPS

February 21, 2015

### University/College Level Scholarships

- Free money, does not have to be paid back
- Usually granted upon admission, ask admissions counselor
- Usually based on GPA & ACT score

### Private Scholarships

- Free money, does not have to be paid back
- Must apply for these, complete essays and submit by deadlines
- FASTWEB.COM - complete a profile and review emails, request applications and meet deadlines.

### Tuition Incentive Program (TIP)

Students are identified by the Department of Human Services (DHS) as having met the Medicaid eligibility requirement. Students may be identified as TIP eligible as early as sixth grade, typically age 12 or after. After being identified, the Student Scholarships and Grants (SSG) will send the student an acceptance form. The student must then complete the acceptance form and return it to SSG before graduation from high school or GED completion and before their 20th birthday to activate financial eligibility for the program. The student will then receive an "eligibility letter" from SSG. See attached fact sheet.

### Financial Aid

When students apply for financial aid, they are applying for the following:

- Scholarships
- Grants (Pell grant, SEO grant, etc.)
- Work-study
- Federal Perkins Loan (Students, guaranteed)
- Stafford Loans (Students, guaranteed)
- PLUS Loans (Parents, credit-based)

Financial aid can be different at each college/university that your student applies for. Every college/university does not necessarily receive the same funds and they have different funding limits. Therefore it is important to apply for financial aid as soon as possible with the most accurate income data. Keep in mind that cost at each college/university is different as well.



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### Free Application for Federal Student Aid (FAFSA)

1. Obtain individual PINs (student & one parent for dependent students)  
[www.pin.ed.gov](http://www.pin.ed.gov)
2. Log on to Official FAFSA website [www.fafsa.gov](http://www.fafsa.gov) (watch out for scams – this application is free!)
3. Help and Hints section to the right of the screen
  - If you click in any box, the help and hints guide will give you specific tips for completing that question.
4. Review Social Security Cards for the student and the parent(s) whose information will be recorded on the FAFSA.
  - Only custodial parent info on FAFSA if parents are legally divorced or were never married.
  - Must include step-parent income information if custodial parent is married but not to biological parent of student.
  - If there is an error made on the student's SSN, you must start all over. There is no correction for this error.
5. Section One – Student Demographic information
  - This is also the section where you add college(s) of choice
6. Section Two - Dependency Determination
  - Read these questions very carefully and answer them honestly. If you are not sure how to answer, you should contact the financial aid professional at your college choice
  - If you answer “No” to all questions, the student is considered dependent and must provide custodial parent (and if applicable, step-parent demographic & income information.
  - If you answer “Yes” to any question in this section, the student is independent. However, you must have proof from the State of Michigan/Court. No proof means student must provide parent data on the FAFSA. It's best to speak to/meet with the financial aid Counselor at your college of choice as these situations are handled on a case by case basis.
7. Section Three – Parent Demographic & Financial Information
  - Fastest way to provide parental 2014 tax information is through the IRS Data Retrieval Tool (DRT). Answer 3 questions:
    - Are you married filing separately?
    - Did you complete a foreign 2014 tax return?
    - Did you complete an amended 2014 tax return?



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If you answer yes to any of these questions, you are NOT eligible to use the IRS DRT.

- To use IRS DRT, must wait until at least 2 weeks after you have electronically filed your federal tax return (allow 6 weeks for mailed returns)
- What type of 2014 income tax return did parent(s) file? 1040 or 1040A or 1040EZ. This answer is the key to the rest of this form. The instructions on the FAFSA will tell you exactly where to pull the data off of the specific form that the parent filed. For example, the next question is “What was your parent’s adjusted gross income for 2014?”
  - Look at Help and Hints section. If they filed a 1040, then plug in the number on line 37 of the 1040; if they filed a 1040A, then plug in the number on line 21 of the 1040A
- How much did your father earn from working (wages can be found on the W-2). Answer for mother’s income earned from working.
- Parents income tax paid in 2014 – Line 56 from the 1040; line 39 from the 1040A
- Additional Financial Information
  - Child support Paid in 2014
  - Education Credits – line 50 from the 1040
- Untaxed Income
  - Payments to tax-deferred pension (how much did you pay to your retirement fund in 2014?). This answer is on the W-2 (line 12). See help and hints.
  - Child support Received in 2014
  - Untaxed portion of pension received in 2014
  - Untaxed portion of IRA distribution received in 2014
  - Asset questions (Asset net worth threshold)
- 8. Section Four – Student Tax Information
  - Same questions as in Parent Financial Section
    - Did the student file a 2014 tax return?
    - What’s their adjusted gross income?
    - How much did they earn from working?
    - Asset questions (do not skip these, answer them)
- 9. Section Five – Sign & Submit
  - Individual Student & Parent PINs needed here
  - Sign Electronically individually with each PIN
  - Must AGREE to terms of Agreement both Student and parent



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10. ○ Click **SUBMIT MY FAFSA NOW** and print your confirmation page  
**YOU'RE DONE! THAT'S IT!**

### Financial Aid Award Letters

Next, you should receive a financial aid award from each school that you listed on your FAFSA if the student was admitted to those schools. Typically beginning in March.

### Verification

Every year the federal government randomly selects students to verify the information that was stated on the FAFSA. Verification – this is legal. Schools may request copies of transcripts for IRS tax returns (both student and parent) and verification worksheet. This may change your financial aid eligibility and award.

### Homework – What's my bottom line?

1. Once you receive your financial aid award letters, clear the dining room table
2. At the top of the table, display each college/university name
3. Under each name, write that college's total cost for the year (tuition, dorm room, meals, fees)
4. Based on that college's award letter, add up the funds that you want to accept. This will give you the total financial aid for the year for that college. Keep in mind that work-study is not automatic – students must work and earn those funds
5. Total cost minus total financial aid accepted = balance due for the year
6. Learn your options and make a plan to pay the balance due for the year. This way the student will not experience an interruption in enrollment

See sample on the next page



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### ABC College

ABC College			
<u>Financial Aid Award Letter</u>			
	<u>Fall Term</u>	<u>Winter Term</u>	<u>Total</u>
ABC Academic Scholarship	\$2,500	\$2,500	\$ 5,000 ✓
ABC Need Grant	\$625	\$625	\$ 1,250 ✓
Supp Ed Opp Grant	\$350	\$350	\$ 700 ✓
Work-study	\$1,000	\$1,000	\$ 2,000
Perkins Loan	\$750	\$750	\$ 1,500 ✓
Stafford Loan - subsidized	\$1,750	\$1,750	\$ 3,500 ✓
*Stafford Loan – unsubsidized	\$1,000	\$1,000	\$ 2,000 ✓
Parent PLUS Loan	\$3,525	\$3,525	<u>\$ 7,050</u>
			\$23,000

\*Stafford Unsubsidized Loan may go up to \$6,000 if parent applies for PLUS loan and is denied due to credit reasons

ABC College			
<u>Total Cost</u>			
	<u>Fall Term</u>	<u>Winter Term</u>	<u>Total</u>
Tuition (12-16 credits)	\$6,000	\$6,000	\$12,000
Room (w/1 roommate)	\$2,100	\$2,100	\$ 4,200
Meals (15 meals per week)	\$1,995	\$1,995	\$ 3,990
Course Fee	\$ 100	\$ 100	\$ 200
Technology Fee	\$ 250	\$ 250	<u>\$ 500</u>
			<b>\$20,890</b>

ABC College	
<u>Balance Due</u>	
Total Cost:	\$20,890
Total Aid family will ACCEPT:	<u>\$13,950</u> ✓
<b>Balance Due for the year:</b>	<b>\$ 6,940</b>
Options:	10 Month payment plan (\$694 p/mo); pay cash per term (\$3,470 per term), etc.