



**A Step by Step Guide to Applying for Financial Aid
By**

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Introduction

Let's face it. Applying for financial aid can be one of the biggest hurdles to overcome in getting yourself to college. For a lot of people the process is intimidating, confusing, and a downright pain in the neck.

This publication is designed to help you get through that process, and to understand some of the terms that college financial aid offices will throw at you. Although it would be a good idea to read the entire document, you may jump around from section to section if you have a specific question about something. Keep it handy as you are going through the aid process.

Another useful publication to get your hands on is the Department of Education's "Student Guide". It is put out every year and will also "step" you through the process of applying for aid, and give you a lot of useful information. The publication is free, and you can obtain it at most high school guidance offices, or a college financial aid office.

I've divided this publication into sections that seemed to make sense. Here is a brief summary of what each section contains:

Section I - The FAFSA

Page 4

- Who fills it out?
- Where is it sent? Who Gets the Information?
- Dependent/Independent Status
- Divorced or Separated Parents
- Income and Assets
- Estimated Family Contribution (EFC)
- Definition of "Need"

Section II - Cost of Attendance

Page 8

- Items included in cost of attendance
- Things to examine/ask about when looking at College Costs

Section III - Other Application Items

Page 9

- Forms other than the FAFSA that you may need to file
- Deadlines
- CSS Profile Form

Section IV - Types of Financial Aid (Loans, Grants, Employment)

Page 11

- The Financial Aid Award
- Gift Aid, Employment and Loans

- More About Loans - Loan Limits, Types of Loans

Section V - Merit Based Aid (Scholarships)

Page 15

- Criteria
- School Specific Scholarship
- External Scholarships
- Important Tips and Advice on How Scholarships May Affect Your Aid Award

**Section VI - Other Miscellaneous Stuff and Commonly
Asked Questions**

Page 18

- Unusual Circumstances
- Dependency Overrides (A Dependent Student becoming Independent)
- Commonly Asked Questions

Glossary of Terms

Page 20

Section I

The FAFSA

One of the biggest problems that families face in applying for financial aid is that the process is not consistent from school to school. So if you are applying to multiple colleges, you may get vastly different information about financial aid opportunities. So let's begin by looking at something that *is* the same at all colleges - the **FAFSA**.

No matter where you go to college - your local community college, State University, or a big name Ivy League School, in order to determine eligibility for most types of aid, you will need to complete the **FAFSA (Free Application for Federal Student Aid)**. Remember that everything in financial aid has an abbreviation. By the time you're done with the process, you'll be able to speak a second language - the language of financial aid. FAFSA is one of the main words. You'll run into it over and over and over....

The Department of Education is moving away from paper FAFSAs and toward offering the FAFSA only on-line. If you file electronically, you may want to consider a couple of things. First, some time before you file the FAFSA, apply for a PIN (Personal Identification Number) by going on line to www.pin.ed.gov. If you have a PIN, you don't have to worry about printing out and submitting the signature page. Both the student and the parent (if you are a dependent student) can apply for separate PINs. The PIN allows you to "sign" your FAFSA electronically and speeds things up. Second, you may want to complete a FAFSA on the Web Worksheet first, and use it to help you complete your on line FAFSA. That way, you aren't scrambling around for the data as you are on line. Third, periodically the on-line FAFSA will prompt you to save your data. When it asks you to do that, say "Yes" that way if there is a power outage or your system freezes up, you don't have to start over! The benefits of filing on line are: 1) it speeds the process up; 2) there are built-in checks so that there is less chance of filling out the form incorrectly; and 3) when you have completed the on-line FAFSA, it gives you the results of the federal calculations right away. To file the FAFSA electronically, go to www.fafsa.gov. For general college finance planning, visit the Department's web site at www.studentaid.ed.gov. For a handy guide that gives step by step instructions on the 2010-11 FAFSA, download the guide at: <http://www.fafsaonline.com/printable-fafsa-form/FAFSA-Help-Guide-ebook.pdf> by Christopher Penn. This will give you much more detailed line by line help with the FAFSA.

The FAFSA looks more complicated than it is. It looks ominously like a tax return and most people cringe when they are faced with it. However, take heart. Most of that big booklet (or screens on computer) are instructions, many of which you won't have to use because you already know the stuff! The physical form itself is six pages long, and a lot of that is just asking basic information - name, address, date of birth - things you already know. The remaining questions fall into six basic categories - **who has to complete the form, how many people are in your family, how many of those people will be in college, the income and assets of family members and which colleges should get this information.** First,

let's see who exactly is supposed to fill out this form, then let's look at the other five categories of questions.

Who fills out the form?

The FAFSA has to be completed by you (the student) and your parents if you are a *dependent* student. If you are an *independent* student, you can complete the form without parents' information. To be independent (for purposes of financial aid) you have to meet one of the recently expanded following criteria:

- You are 24
- You are married
- You will be in graduate school (working toward a Master's Degree or a Ph.D.)
- You are currently serving in the armed forces
- You are a veteran of the armed forces
- You have children of your own for whom you provide at least half their support
- You have dependents *other* than children for whom you provide at least half their support
- At age 13 or older, you were in foster care or were a ward of the court, or became an orphan (both your parents were deceased)
- As of the date of filing the FAFSA, you were declared an emancipated minor by a court in your state
- As of the date of filing the FAFSA, you are under someone's legal guardianship
- At any time after 7/1/08 you were deemed homeless by either your high school, by a federally funded emergency shelter or a homeless/youth runaway center.

Unless you meet one of these criteria, you are considered dependent and will have to complete the FAFSA *with* your parents' information.

So now you are ready to sit down and fill out the form. Here are the five basic categories of questions you will encounter:

How many people are in your family? It seems like a simple enough question, and for most folks it is. However, what happens if your parents are divorced or separated? Which parent fills it out? What if your parent remarried?

If your parents are divorced or separated, you should complete the form with the parent you lived with most in the last twelve months. That is your *custodial* parent for purposes of financial aid. If you fall into this category, all the income and asset questions that are marked as "parent" questions will be answered only for your *custodial* parent. So your "number in family" will always include you, your parent(s), and any siblings that also live with your custodial parent(s).

If your custodial parent remarried, then you are legally obligated to include your stepparent in the family, and also give information about his or her income and assets. In other words, "parents" in this case would mean parent and stepparent together.

How many people in your family will be in college? Of all the people you listed as "in your family", how many will be enrolled in college at least halftime during the school year? Do not include your parents if you are dependent (even if they ARE in college) but be sure to include yourself!

Income - you will find the FAFSA form is divided up into two sections, one for you (the student) and one for your parents. The FAFSA will ask for income from the previous year. For example, if you are applying for the 2010-11 academic year, it will ask for income information from 2009. It will ask you about both *taxable* income and *untaxed* income. Untaxed income may include such things as child support received, untaxed interest and dividend income, or deferred compensation from your employer.

Assets - The form will also ask what assets you and your parents have. That means things like cash, savings, investments, businesses, farms, etc. It doesn't include your home, however, or the value of a retirement fund. **A word of advice** - it is better (in terms of aid eligibility) to have assets held in your parents' names, rather than in your own. In the federal formula, a student will be expected to contribute 20% of his or her reported assets to college costs. For instance, if the student said s/he had \$1,000 in savings, the formula will assume the student can contribute \$200 of that towards college. For parents, there is a different formula for determining contribution from assets. Parents' assets will be totaled, a certain amount will be "exempt" from review based on the older parents' age (this is retirement protection) and a smaller percentage (around 12%) of whatever is left will be considered as available for college costs. If your parents made less than \$50,000 dollars in the previous year, and could file a short tax return (the 1040A as opposed to the 1040), their assets do not count at all in the formula for determining ability to pay.

Who gets this information? There is a place on the form where you can list which colleges you want to send your information to. You can list up to ten on the on-line FAFSA. By listing the name and address of the college on the form, it means that that particular college will be able to get your FAFSA information electronically. It will get sent right to them so you don't have to worry about sending it yourself.

So what happens with all this data once you have completed the form? Once you are done with the form, you will want to make sure that both you and a parent sign and date the form (unless you have a PIN which allows you to "sign" electronically). You will get a form back called a SAR (Student Aid Report). If you gave them an email address, they will send your SAR to you via email. This is basically just a summary of the information you provided on the FAFSA. Read the SAR over. Make sure the Federal Processor isn't asking for any additional information. If there is a problem with your information, they will tell you on the first page of the SAR they return to you. Do whatever it is that they ask you to do. At the same time you get your information on the SAR, the schools will get the FAFSA information in their Financial Aid Office. This information will be the basis of your Financial Aid Award - how much aid they will give you - which is what you are most interested in at this point.

The **FAFSA** is the first step. Here are some final hints on completing the FAFSA, and then we will look at other things you may run into, when applying for financial aid.

- Send in your FAFSA after January 1st. If you send it in before, it will get sent back to you or rejected. It is best to do the FAFSA on line.
- Be sure to list the schools you want to send the information to in the college section.
- Be sure you AND a parent sign and date the form if you are dependent.
- Keep a copy of your FAFSA. (For that matter keep a copy of everything you complete for financial aid!)

The results of the FAFSA will determine your "Estimated Family Contribution" or EFC. This is an estimate of how much the family can afford to pay for college. If you have more than one child in college, the EFC is divided by the number of children in the family that are enrolled in college. This information is sent to the schools you listed on the form. They will use it to determine how much aid you may be eligible for. The "EFC" will be subtracted from the cost of education at the school. The remaining amount is your "need" for financial aid. This term "*need*" will become very important. You will hear it a lot. You will hear things like "*need-based aid*" or "you don't have much "*need*" for aid, or you have a *lot* of need for aid.

As an illustration, here is what three different schools may see, when they are looking at your "need" for aid.

Examples of How "Need" is Determined. This is based on a family whose "Estimated Family Contribution" (EFC) from the FAFSA came out to be \$6,000. Remember, the formula is, Cost of Attendance, minus Expected Family Contribution (EFC) equals "Need" for aid.

Community College "A" Costs \$4000 a year	State School "B" Costs \$16,000 a year	Private School "C" Costs \$40,000 a year
-\$6000 (Family Contribution from FAFSA)	-\$6000 (Family Contribution from FAFSA)	-\$6000 (Family Contribution from FAFSA)
= \$0 Need For Aid (Family Contrib- ution is higher than cost of education)	= \$10,000 Need for Aid	= \$36,000 Need for Aid

So obviously one of the first big differences is that your need for aid is going to be in large part, determined not only by your family income and assets, but also by the cost of the college you choose to attend.

Section II

Cost of Attendance

This seems like a relatively straightforward item but there are a couple of things you should be aware of when comparing costs at schools.

There are a lot of different components that make up "Cost of Attendance". Usually people think about the tuition at an institution when they are thinking about costs. Tuition is just one item. Other "costs" might include:

- mandatory fees of various kinds
- room and board
- books and personal expenses
- other items.

When you receive a financial aid award from a college, make sure you know what costs that award is covering. Does your aid award go towards tuition only? Does your budget include room and board costs? What about things like books? Are those included in the budget? They may not be on the bill, but they will be real costs to you when you get to college. The bottom line is, you need to know ALL the costs you are going to face, and then how much aid you will get to meet those costs. That way, you will be able to tell how much money you are really going to need to come up with to go to that school. How much you have to pay may not always be spelled out very clearly. But if you know your total costs, and you know your total aid, you can always figure this out yourself. Be proactive. Ask questions of the Financial Aid Office or Student Accounts Office if you do not understand something!

Section III.

Other Application Items

Well, you completed the FAFSA so you are "done" with your aid application, right? Not necessarily! Very often, schools may ask for other forms and information as well, before you have a "complete" financial aid application. It is very important to see what *each* school is asking for. This is one of those areas where it is going to differ from school to school. Keep a folder for each school you are applying to. Keep track of what they are asking for, and what you have sent them. (Remember, make copies of everything you send anywhere. That way if it gets lost, you can send it again!) Deadlines are critical. Schools will have different deadlines for applying for aid. If you miss their deadline, your chances for the best aid possible diminish. Make sure you send in your paperwork by the date that it is due. This is probably one of the most important things you will need to remember in the financial aid maze.

What might schools ask for other than the FAFSA? These are the most common application items that will be requested:

- An Institutional Aid Application (Often schools have their own form they want you to complete.)
- Parents' Federal Tax Return (Schools will want a copy of the federal tax return, signed and dated), generally with W-2s attached.
- Student's Federal Tax Return (If you did not file a tax return, they may want a statement from you that you didn't file one.)

Other items that may be requested by the school:

- A Federal Verification Form (If your FAFSA was selected for verification, you may receive this. Don't panic. It doesn't necessarily mean something is wrong. Sometimes they are selected randomly.)
- The CSS (College Scholarship Service) PROFILE form. This is often requested by private colleges that give out substantial amounts of their own institutional aid (as opposed to federal or state aid). More on this below....
- A Non-custodial Parent CSS Profile form if your parents are divorced or separated.
- Business/Farm Supplement - Sometimes sent if your parents own a business or farm

College Scholarship Service **PROFILE** Form

Many of the more selective colleges and universities may ask you to complete the CSS Profile form. Completing this form is a two-step process. The first step is registering for the Profile (www.collegeboard.com/profile); the second is actually completing the Profile. Before you do any of this, you need to determine if your college(s) actually require the Profile form. Unlike the FAFSA which is FREE, it costs money to send your Profile to a

college (a registration fee, and a fee for *each* college you send your information to). Therefore you don't want to send the Profile to a college that isn't asking for it! Check the financial aid web page of the college(s) you are applying to, to see if they want the Profile and when they want it by. Unlike the FAFSA, the Profile may be requested as early as the fall of your senior year in high school (especially if you are applying anywhere Early Decision). Make sure to complete and send it before the deadline. In the world of Financial Aid, deadlines are critical!

Colleges use the Profile to award their own INSTITUTIONAL AID (as opposed to federal or state aid). Therefore, they ask more questions about your income and assets than does the federal FAFSA form. The colleges using the Profile will probably want information about your home equity (something the FAFSA does NOT ask about), may ask additional questions about assets, and if your parents are separated or divorced, they may also require that your non-custodial parent complete his/her own Profile as well.

Rule of Thumb: Send all information the college requests. Don't send anything they don't ask for.

Chances are, you won't be asked for all of these forms and pieces of paper, but it's a good idea to know what they are if you are asked for them. Generally, the college will tell you exactly what you need to send, in order to have a completed application. But sometimes it's not clear, or the information is scattered throughout a catalog or web page. If in doubt, call! Really! It's better to act on your questions and get answers, than to sit and worry about it.

Section IV.

Types of Financial Aid (Loans, Grants, Employment)

OK! You have all your paper work in. The FAFSA is filed; your application is in. All your tax information has been sent. You're done. Now what happens?

Most likely, you will get a "Financial Aid Award" back from the school. They may call it a "Financial Aid Notification" or they may have some other name for it, but what it is telling you is what kind of aid the school has said you can get. This is a critical piece of information. Read it carefully. Read all the fine print. Do you need to respond? Do you have to sign it and send it back? What do you do now? Are there other forms you need to complete to get that aid? What kind of aid have they given you?

Aid will usually fall into one of three categories - Gift Aid, Employment and Loans

Gift Aid - Gift aid means it is a grant. It does not have to be repaid. Gift, Grant, Good. Remember the "G". Sometimes it's called a scholarship instead, but that's good too. Grant aid can come from the federal government (It will say if it's a federal grant on the award. It has to. That's a federal requirement.) Grants may come from your state or they may come from the institution itself. The major types of federal grants are:

- Federal Pell Grant (based strictly on need as determined by the FAFSA) - worth up to \$5550 in the 2010-11 academic year.
- Federal Academic Competitiveness Grant - Student must be Pell Eligible AND have completed a rigorous high school program of study (check with your college to see if your high school transcript shows you are eligible). Worth up to \$750 for the first year of college and \$1300 for the second year of college.
- Federal SMART Grant - for third and fourth year college students. Students must be Pell Eligible and majoring in the sciences, math, technology or a foreign language deemed "critical" to U.S. National Security. Check with your college to see if your major qualifies under the guidelines. Worth up to \$4000.
- Federal Supplemental Grant - Students can receive between \$100 and \$4000 depending on the amount of Supplemental Grant funding the college has received from the government.
- Teacher Grant Program - \$4000 to a year to students training to teach at the elementary or secondary level, in schools that serve low income families.

There are also STATE specific grants (generally for residents of the state), and colleges may also have need-based grant programs for students, or institutional grants based on other criteria (child of alumni, etc.).

Employment is just that. It is a job that is offered to you so you can earn money while going to school. Very often the job will be funded by federal *need-based* (remember that term) funds called Federal Work Study (FWS) funds. When you look at your employment award,

you should be asking, how many hours of work a week will be required of me, to earn this amount? Is there a job guaranteed for me or will I have to compete for limited job openings? These are questions you will want to ask the aid office.

Loans are something you will eventually need to repay. Loans are money that is being lent to you to pay for education. There are a number of different kinds of loans. Some loans are better than others. Some you won't have to repay until you leave school. Some want you to begin repaying right away.

More About Loans

When you are looking at your award, you want to see how much aid is coming from grants, how much from work and how much from loans (and what *kind* of loans).

Let's look at what types of loans may be included in your award, and what kinds of questions you should be asking about them.

First of all, don't panic about loans. Loans aren't necessarily bad. They can be very helpful, and if used correctly, are an appropriate form of aid. Borrowing money can help you accomplish your goal of getting an education. Repayment terms on most school loans are very reasonable, and lenders will work with you during repayment to help you with this process.

These are the most common types of loans you will see on an award letter:

- Federal Direct Subsidized Student Loan
- Federal Direct Unsubsidized Student Loan
- Federal PLUS Loan (Parent Loan for Undergraduate Student)
- Federal Perkins Loan
- Alternative Loans
- Institutional (School) Loan

The first thing you should notice is there are two types of Federal Direct Loans listed above. The first is SUBSIDIZED and the second is UNSUBSIDIZED. There is a difference between a subsidized loan and an unsubsidized loan, and you need to be aware of this difference. If you are confused, ask! You really need to know what kind of loan you are borrowing. A *subsidized* loan means that while you are in school, there is no interest accruing on that loan, and you don't have to make payments on it until six months after you leave school. This loan is subsidized by the government (taxpayers, really). That's why it is a form of *need-based* aid. (I told you you would hear that term over and over again.) You have to demonstrate need to get this type of loan.

With an *unsubsidized* loan the interest isn't subsidized by the government. You have to begin making payments on this loan right away. You may be able to defer payments on it while you are in school, but that interest will *still* accrue, and when you begin repaying that loan, all that interest will be capitalized. That means that interest gets turned into principal. Huh? Say, for instance, you borrowed a \$3500 *unsubsidized* loan at a 6.8% interest rate for the first year you went to college. You choose not to make payments on it, but let the interest accrue. Four years later, you graduate and begin to repay that loan. Will you be repaying just that \$3500? No! You will probably be repaying a loan that is now around \$4553 or so. That's because all the interest on that loan has accrued during those four years, and the lender has turned it into principal.

Unsubsidized loans are NOT need-based. That is, even if you don't have "need" for aid, you can still borrow through this loan program. Even if you just won the lotto and have 14 million dollars, you can still borrow an unsubsidized loan.

The amount of loan a **dependent** student can take out is governed by federal guidelines. In the Stafford/Direct Loan program, the loan limits are:

\$3500 subsidized & \$2000 unsubsidized for first year students (beginning 09-10)
\$4500 subsidized & \$2000 unsubsidized for second year students (beginning 09-10)
\$5500 subsidized & \$2000 unsubsidized for third year and beyond (beginning 09-10)

Independent Students may qualify for Stafford/Direct Loans as follow:

\$3500 subsidized & \$6000 unsubsidized for first year students (beginning 09-10)
\$4500 subsidized & \$6000 unsubsidized for second year students (beginning 09-10)
\$5500 subsidized & \$7000 unsubsidized for third year and beyond (beginning 09-10)

Dependent students are only eligible for these larger additional amounts of unsubsidized loan IF they have a parent who applies for a PLUS loan (see below) and the parent is DENIED the PLUS loan by the lender (for credit reasons).

Interest Rates: For loans made between 7/1/10 and 7/1/11, the interest rate on a Subsidized Loan is 4.5%. For the period 7/1/11 to 7/1/12, the interest rate will be 3.4%. For Unsubsidized Loans, the interest is 6.8%

Parent Loans

Parent Loans are just that. Loans that a parent of a dependent student can take out to help pay school costs. A parent can borrow up to the full cost of education, less whatever aid the student is getting. So if your school cost \$10,000, and you got an aid offer of \$5,000 from that school, your parent could borrow a \$5,000 PLUS loan to pay the balance. Repayment of PLUS loans usually cannot be deferred until you are out of school, but a parent *MAY* apply for a "forebearance" on payment. Parents need to check with their lender about this option. Generally, the parent will have to begin payment on this loan sixty days after the final

disbursement of the loan. For 2010-2011, the interest rate for PLUS Loans is 3.27 percent. Parents will need to have a credit check done in order to be approved for a PLUS loan.

Federal Perkins Loans

These are federal loans to, but Perkins money is given in a lump sum to individual schools, and they decide who will get it. The interest rate on Perkins loans is fixed at 5%, and you don't have to repay it until nine months after you leave school. Schools have very limited amounts of Perkins loan however, so apply early!

Under the Perkins Loan program, you are not allowed to borrow more than \$5500 a year. You cannot borrow more than \$11,000 total until you have become a third year student (a junior). At that point, your aggregate borrowing limit under Perkins goes up to \$27,500 for an undergraduate degree.

Alternative Loans

Many lenders now offer "alternative" loans to students and/or parents. These are used to help pay any portion of the cost of education that is not covered by other aid. Students can apply for alternative loans without a cosigner only if they can show a good credit history. Otherwise, a student will probably need to get a creditworthy co-signer for the loan. Interest rates and repayment options vary by lender. Your school (college) will have information on the various alternative loan options.

Institutional (School) Loans

A college may have its own loan program. Their rules and guidelines will vary. If you get an award with some kind of institutional or school loan listed, be sure to find out what the interest rate is, when you have to repay it, etc. before accepting that loan.

Section V.

Merit Based Aid (Scholarships)

Merit based aid is gift aid as well (meaning you don't have to repay it) but it differs from need-based grant aid. Merit based awards are based on criteria other than your financial need for aid. A merit award or scholarship may be based on your academic ability (GPA, SAT/ACT scores, valedictorian), athletic ability, a specific talent (musical instrument, artistic ability), the state you come from, having a parent who went to the school, the list goes on and on. Merit aid can come from a specific school, or it can come from an outside organization.

School Specific Scholarships

What kind of merit aid a school gives out is entirely up to that school. You need to find out from the school, what kinds of merit or scholarship aid is offered, and how you apply for it. The process of applying for scholarships may be different than the process of applying for need-based aid, or it may be completely "seamless". Be sure to ask about it. In addition, the deadlines for scholarship aid may be different than the deadlines for need-based aid, so be sure to pay attention to those as well.

External Scholarships

External Scholarships are those offered to you by someone else other than the college. These include scholarships you receive at graduation (from civic organizations, etc.) or from a church or from your parent's place of employment, or those you have found in a scholarship search. Generally, any kind of scholarship you can find to help you fund your college education is a good thing. A couple of words of advice and guidance are still important.

One, never pay an agency to do a "Scholarship Search" on your behalf. You will probably get a number of offers that claim that for a "small fee" (usually around \$50-\$100) a company will guarantee to find you "at least five sources" of aid for college. You can do the same thing for yourself for free! Often these companies will come back with sources of aid that are either from the federal government, or don't match your qualifications. It's not worth the money. Begin your scholarship search with your high school guidance office if you are still in high school. They will be able to direct you first to local civic organizations, and other groups that offer scholarships in your community. If you want to look on the Internet, a good "jumping off" point is a web site at www.finaid.org. There are also a number of "free" scholarship searches on the Internet. One is www.fastweb.com. At this web site, you will be asked to enter specific information about yourself, and they will set up a "mailbox" for you. You can check periodically for new scholarship information. They will attempt to match you up with scholarships in their database. Although it is free, they will also ask if it's okay to give your address to lenders that may want to send you information about their loan products. You can say "no" to this if you want and still keep your mailbox.

Very often it is lenders who subsidize these types of web sites, hoping to generate more loan business for themselves. There are other scholarship searches on the Internet as well. Some are free, and some cost money. Use the free ones. Here are some others in addition to www.fastweb.com:

http://www.college-scholarships.com/free_scholarship_searches.htm

<http://www.petersons.com/finaid/>

www.scholarships.com

www.wiredscholar.com

www.meritaid.com (This one is to search for college specific scholarships.)

Another source for scholarships is your local library. A university library may be even better. They will generally have books on scholarships available to the general population, and often other ones that are targeted at specific populations (women, minorities, etc.). If you are planning on applying for scholarships to get you through college, begin your search early. It takes a lot of legwork and follow up to obtain scholarships. People aren't going to simply hand you money because you're going to college. Foundations will often want essays, letters of recommendation, etc. and it takes some planning and organization to line these all up. Start well in advance - at least a year ahead of time.

Important Piece of Advice Regarding Scholarships

Find out how the college you are applying to uses "external scholarships" in their aid offer.

Say for instance, a college costs \$10,000 and your federally determined family contribution is \$5,000. The college offers you \$5,000 in federal and institutional aid. You then get a \$2000 scholarship from the local Rotary club or some other organization. *CAUTION! You cannot legally use that \$2000 scholarship to pay part of the \$5000 family contribution if you are getting any federal aid in your award package.* The federal rules specifically state that an "outside scholarship" cannot be used to replace the federally determined family contribution if you are receiving any type of federal aid.

So how will the college incorporate that external \$2000 scholarship into the aid package that includes federal aid that they have offered you? They could do a number of different things, and you need to ask them about this. They could

- Reduce the amount of loan you have to take out
- Reduce the amount of work you have to do
- Allow you to use it for other educational expenses if they weren't included in your original award (books and personal expenses for instance)
- Reduce your institutional grant

Sometimes a school won't "fund" one hundred percent of your need. Say for instance, the College costs \$10,000 and your federally determined family contribution is \$2,000. You have \$8,000 of "need" for aid, but the school only offers you \$5,000. You have \$3,000 of

"unmet need" (which the school expects you to come up with). You CAN use scholarships to replace this unmet need. You just can't use it to replace the part of the family contribution that is federally determined on the FAFSA.

Bottom Line - You need to ask the college what their policy is on the use of external scholarships. If all they are going to do is reduce your institutional grant, you may want to ask them (politely!) about using it in another way that benefits you more, since you are the one receiving the scholarship!

Section VI.

Other Miscellaneous Stuff and Commonly Asked Questions

Unusual Circumstances

If you believe there are circumstances in your own family situation that make it difficult or impossible to pay what the federally determined family contribution, or the amount the school says you have to pay for college, you have the right to present those circumstances to the Financial Aid Office at the college, and see if it changes your aid eligibility. Do NOT send this appeal to the federal government. Send it to the aid office at the College. Each College will have its own procedures for documenting "unusual circumstances" so if this is important to you, contact the school and find out what they need. A school may or may not look at unusual circumstances. It is up to the school. In addition, they may look at them, and determine that you do have more need for aid, but they may not have any additional funds to give you. This is going to vary from school to school. Some items a college may look at include:

- Loss of Job by Parent
- Unusual Medical Expenses
- Primary or Secondary School Expenses for Other Children in the Family
- Day Care Expenses
- Parent repaying his/her OWN school loans

These are just examples. You may have a different situation. Whatever your situation is, when you write a letter explaining it, provide as much hard documentation as you can (cancelled checks, etc.). This will enable the aid office to see the actual dollar impact of your situation. Simply writing a letter (no matter how poignant) without any numbers attached to it, may not work. Remember that the aid office has to have something to plug into the formula to recalculate that family contribution. They can't make numbers up so they need them from you.

Dependency Override

This is a tricky subject. Unless you have met one of the criteria for being independent (see Page Five, Section One) you are considered dependent for purposes of financial aid, and your parents' information is required. If for some reason, you cannot get your parents' information, you are going to have to explain that situation to the Financial Aid Office.

Each school has its own policies about "overriding" the federal policies on dependency status. Some schools will not do it. Others will, but generally on a very limited basis, and based on extensive documentation of your situation. You will probably need to write some kind of letter of appeal to the aid office and include some "third party" documentation as to why you should be considered independent. Usually this means a letter from a social worker,

caseworker, clergy or teacher as a minimum. Again, this is going to vary from college to college. You will need to contact the Financial Aid Office at the school to begin the process.

Word of Caution: A parent's *unwillingness* to pay is not considered grounds for being independent.

Question: I haven't done my taxes yet, how can I fill out the FAFSA?

Answer: The FAFSA allows you the option of completing the form on ESTIMATED tax data. If you haven't done your taxes, and need to get your FAFSA in so you don't miss a deadline, do it on estimated data. You can correct it once you have done your taxes.

Question: I can't file the FAFSA until January 1st or later. How can I find out if I may be eligible for aid earlier than that?

Answer: On the www.finaid.org website, you will find a "calculator" service to estimate that all-important EFC (Expected Family Contribution). By calculating that figure, and using it with the cost of education at the college you are considering, you can determine if you may be eligible for aid. The federal government also offers an early estimator service at: www.fafsa4caster.ed.gov

Question: I made a lot less money than my neighbor, and her kid qualified for a lot of aid, and we only got a little. How come?

Answer: The neighbor's kid may be going to a school that costs a lot more. The neighbor's kid may not have had any income, whereas yours worked all year and made \$7500 last year. The neighbor may have two kids in college at the same time. The neighbor's kid doesn't have any savings, and your kid has savings of \$5,000. The neighbor's kid may be going to a school that has a much different aid policy than the one your kid is going to. The neighbor's kid may play the trumpet like Louis Armstrong, and they just happen to need a trumpet in the college pep band. In other words, there are a lot of variables that may be a factor in the aid award. You don't know all the facts, so it's like comparing apples and oranges. Your best bet is to explain and document *your* situation to the school, not compare your neighbor's award to your child's award.

Question: I want to send my FAFSA to more than 10 colleges, but 10 is the limit on the on-line FAFSA. How can I send it to the others?

Answer: The best way to do that is to send it to your first ten. Then, after you confirm that the first ten have received it, go back in and do a "correction" to your FAFSA, taking out the first ten colleges, and adding the others. Caution: if you need to make other corrections to your FAFSA (say like correcting an income figure), you will have to repeat this process. Send the corrections to the first ten schools, then after they receive the corrected information, delete them from your FAFSA and send it to your remaining schools.

GLOSSARY OF SOME TERMS YOU MAY ENCOUNTER IN THE FINANCIAL AID PROCESS

CAMPUS BASED AID - These are three aid funds that the Federal Government gives to Colleges, who in turn give them to students. The three types of campus based aid funds are Federal Supplement Grants (SEOG), Federal Perkins Loan, and Federal Work Study (FWS).

COST OF ATTENDANCE - These are the items that make up your educational expenses. They generally include tuition, fees, room, board, books and personal expenses, and sometimes travel.

DEFERMENT - If you are in school at least half-time or have a financial need that meets other federal requirements, your lender is required to postpone repayment of your loan. For instance, if you are repaying your loan after graduation, then decide to go to graduate school (at least half time), you can get your federal loan repayments deferred.

DEPENDENT STUDENT - A student who must file the FAFSA with his or her parents' income and asset information as well as student information

EFC - Shorthand for "Expected Family Contribution" - This is an estimate of what the family can afford to contribute towards college costs

FAFSA - Free Application for Federal Student Aid - The federal form used to determine the amount of the EFC (see above)

FOREBEARANCE - If you need a temporary reprieve from making payments or need a lower payment amount, and do not qualify for a deferment, your lender may offer you a forbearance.

GRANT - Gift aid. Aid that doesn't have to be paid back

INDEPENDENT STUDENT - A student who can file the FAFSA without parent information

INSTITUTIONAL AID - Aid that comes from the College or University itself, not directly from the federal or state government

INTEREST - This is the amount of money that you have to pay back on your student loan, over and above the principal that you borrowed.

LOAN - A type of aid that you have to repay at some point.

MERIT AID (SCHOLARSHIP) - This is gift aid (grant) that you receive for some reason other than NEED (see below). Sometimes based on things like GPA, athletic ability, leadership, etc.

NEED-BASED AID - You qualify for Need-Based Aid only if your Expected Family Contribution is less than the Cost of Attendance at your school. In other words, you show "need" for aid. Almost all the federal aid programs are need-based aid.

PIN - Personal Identification Number - You get this the first time you submit a FAFSA, or you can apply for one even before then. Parents can apply for a PIN also. Once you have it, you keep the same PIN. It is handy to remember it because you can use it to "sign" things electronically.

PROFILE FORM - a form that is distributed by the CSS (College Scholarship Service) that is similar to the FAFSA. Some schools may request you fill it out to determine eligibility for institutional aid.

SAR - Acronym for **S**tudent **A**id **R**eport. This is the form you will get back when you submit your FAFSA to the federal processor. It summarizes your information. Hold onto it.

SUBSIDIZED LOAN - A loan on which you do NOT have to pay interest, as long as you are in school at least half time.

UNSUBSIDIZED LOAN - A loan you may get to help pay college costs, but on which the interest starts accruing right away.

WORK/STUDY (EMPLOYMENT) - Federal Work Study (FWS) is a federal aid program in which the student works to earn money to help pay college expenses.