CHAPTER 1 - Introduction pages 1-6
Financial aid is a key component in helping families cover the cost of a college education. Every year the cost of college continues to go up.

The current presidential administration believes that if more US citizens have a college degree, bachelor’s degree, masters or PhD, the better equipped we will be to compete on a global market.

Every college would be ecstatic and overjoyed if parents just wrote out a check to pay for their children’s college education. With the cost of 4 years of college hovering around $80,000 for an in-state college and in excess of $250,000 for an elite private college, writing a check to cover this cost is a near impossibility for most families.

Financial aid covers the difference of what parents can pay and the Total Cost Of Attendance.

Cost of Attendance includes:

- Tuition
- Fees
- Room and board
- Meal ticket
- Books
- Lab fees
- Supplies
- Travel
- Miscellaneous expenses

While not all of these are direct costs (such as travel), all of these costs are added together as the COA. Total Cost of Attendance for one year of college.

Financial aid is calculated off of the COA. Parents and students may qualify for more financial aid then they originally thought.

There are specific strategies that can be employed to increase your chances of aid by understanding how the system works.

This book is dedicated to the parents and students who value a college degree but don’t want to pay full retail, full sticker price.
Parents should apply for aid every year, even if you think you don't qualify. There are many moving parts that can affect eligibility for financial aid. For example, a student who didn't qualify one year might become eligible during the next year when a brother or sister enrolls in college. A change in family financial situation might affect eligibility for student aid.

It is recommended to apply for financial aid even if you believe you do not qualify.

There are two main financial aid forms

The FAFSA, Free Application for Federal Student Aid, can be found online at


CSS Profile: or Profile for short. The Profile is a second financial aid form that is used in addition to the FAFSA. Typically the Ivy’s and some private colleges use the Profile. The CSS Profile can be found online at

- https://profileonline.collegeboard.com/prf/index.jsp

The third financial aid form is the college's own proprietary financial aid form.

If any of these forms is required and not submitted or submitted past the due date, then the student may not qualify for financial aid.

Check CollegeBoard.com to see which financial aid forms each college requires. (Type in the name of the college in the Search by College Name window, then click on the Cost and Financial Aid Tab, scroll to the bottom to see the types of financial aid documents required.

Apply for financial aid every year the student is in college. The student (and parents) must apply each year and re-qualify.
The MAGIC FORMULA

COA – Cost of Attendance
EFC – Expected Family Contribution
NEED – how much more you qualify for in Need Based Aid.

\[
\text{COA} - \text{EFC} = \text{NEED}
\]

Example:

\[
\begin{align*}
\text{COA} & = \$30,000 \\
\text{EFC} & = \$10,000 \\
\text{Need} & = \$20,000
\end{align*}
\]

What percentage of need does the college give out? In the example the college “meets” 75% of the demonstrated need. 75% of $20,000 is $15,000.

Subtract these two numbers $20,000 and $15,000 for an UNMET NEED of $5,000. Thus the college will give the student $15,000 in some form of aid.

If the historical giving pattern (HGP) is 50%-50%, meaning 50% of the need met is in scholarships and grants and 50% is in work study and loans then this student would receive $7,500 in scholarships/grants and $7,500 in loans/work study.

So a more accurate cost for this student to attend this college, the cost would be
\[
\begin{align*}
\text{EFC} & = \$10,000 \\
\text{Unmet Need} & = \$5,000 \\
\text{Loans/Work Study} & = \$7,500
\end{align*}
\]

For a total of $22,500 per year.

(see the last page of this manual for web sites to calculate the percentage of aid met.)

Online EFC Calculators
- www.FAFSA4Caster.ed.gov
- www.FinAid.org/calculators
- www.collegeboard.com
Needed information to file for Financial Aid
- PIN number*
- Social Security Number. (both Parents & Student)
- W-2 Forms and other records of money earned
- Child support received
- Worker’s compensation
- Student’s driver’s license (if any)
- Current year untaxed income records (Parent & Student)
- Veterans non-education benefit records
- Current bank statements (Parent & Student)
- Your (and your spouse’s, if you are married) Federal Income Tax Return –Student
- Your Parents’ Current Year Federal Income Tax Return (if you are a dependent student)
- Current business and investment mortgage information, business and farm records, stock, bond and other investment records (Parent & Student)
- Alien registration or permanent resident card (if you are not a US citizen)

Federal Methodology is the financial aid formula used by the FAFSA form.

Institutional Methodology is the financial aid formula used by the CSS Profile form.

- [www.FAFSA.ed.gov](http://www.FAFSA.ed.gov)

**CSS Profile** - College Scholarship Service Profile financial aid form
- [https://profileonline.collegeboard.com](https://profileonline.collegeboard.com)

The easiest way to find the Profile is to go to Google or Yahoo and type in “CSS Profile”. It is usually the first link.

Every college requires the FAFSA form, some colleges require the CSS Profile in addition to the FAFSA and some colleges have their own proprietary financial aid forms in addition to the FAFSA. If any of these forms is missing or neglected, then the student could be taken out of the running for need based financial aid.

Double check each college to see which forms each school requires. (Use collegeboard.com, type in the name of the college in the search window, then click on the Cost and Financial Aid
Double and triple check with the individual college’s website for the required forms, don’t put all your trust in collegeboard.com. Trust but verify.

**PIN Number**

[www.PIN.ed.gov](http://www.PIN.ed.gov)

A PIN is a 4-digit number that is used in combination with your Social Security Number, name, and date of birth to identify you as someone who has the right to access your own personal information on Federal Student Aid Web sites, such as FAFSA on the Web.

Your PIN also gives you access to your Federal Student Aid information on the Internet. And may be used to electronically sign for federal parent and student loans.

Parent PIN number ___________

Student PIN number ___________

Create two PIN numbers, one for the student and one for a parent/guardian. To create a PIN you will need the following information, Social Security Numbers, Date of Birth, Drivers License (if applicable) home address. You can create a custom PIN number or a random PIN number.

**Student Aid Report (SAR)**

A Student Aid Report (SAR) is a document you will receive after your FAFSA is processed. Your SAR will list all of the answers you provided on your FAFSA. You should review these answers carefully to make sure they are correct after the FAFSA has processed.

Your SAR will contain your Expected Family Contribution (EFC), which measures your family’s financial strength and is used to determine your eligibility for federal student aid. Your school will use this number to determine how much financial aid you are eligible to receive based on your school’s cost of attendance and their ability to award aid.