



College Costs, Financial Aid & Savings Options

Funding for Education Beyond High School

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The NHHEAF Network Organizations' Center for College Planning

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Potential Cost of College in N.E.

Current Age	Public College	Private College
Newborn	\$226,034	\$601,228
3	\$195,296	\$545,332
6	\$168,670	\$471,078
9	\$152,989	\$357,074
12	\$132,157	\$307,454
15	\$114,162	\$266,454

2014-2015 average amounts for New England schools reflect 4 years of college tuition, room & board and reflect a 5% annual increase. These calculations are based on a study provided by CollegeBoard.



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Cost of College (2014-2015)

One Year of Tuition, Room & Board and Fees

NHTI – Concord's Community College

\$16,396

University of New Hampshire

\$26,912

UMASS Amherst

\$39,770

Northeastern University

\$57,490

Dartmouth College

\$62,337

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Understanding Financial Aid

Federal Government's Financial Aid Philosophy:

While financial aid can make college more affordable, parents & students are expected to take *primary responsibility* for paying for post-secondary education.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

FAFSA

Free Application for Federal Student Aid

www.fafsa.ed.gov

CSS Profile

www.collegeboard.org



**CSS/Financial
Aid PROFILE®**

Institutional Form

College's financial aid page

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Why Schools Use the FAFSA

- **The Goal of the FAFSA:**
To collect a family's personal and limited financial information to calculate the student's ***Expected Family Contribution (EFC)***.
- The **EFC** is the amount of money, as determined by federal methodology (FM), that represents the family's ability to pay for one year of college.



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Why Schools Use the CSS Profile

- **The Goal of the CSS Profile:**

To give institutions a more comprehensive, detailed look into the finances of a student and family.

- Schools use **Institutional Methodology (IM)** to create the expected family share, which represents a best estimate of a family's capacity (relative to other families) to absorb, over time, the costs of education. *The final determinations of demonstrated need and awards rest with the school and are based upon a uniform and consistent treatment of family circumstances.*

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FAFSA Income Information

	Parent	Student
Income Included	<ul style="list-style-type: none"> Earnings from work & business, Rental income, Interest & ordinary dividends, Cashed in pensions, annuities & IRA's, Unemployment compensation, Child support received for all children in the home, <u>Annual contributions</u> to tax-deferred pension and retirement savings plans (<i>including 401k, 403b, IRA deductions and payments to self-employed SEP, SIMPLE and Keogh</i>) 	<ul style="list-style-type: none"> Earnings from work & business, Rental income, Interest & ordinary dividends,

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FAFSA Asset Information

	Parent	Student
Assets	<p>Included:</p> <ul style="list-style-type: none"> • Cash, Checking & Savings • Equity of any property <i>other</i> than primary home • Money markets, mutual funds, CDs, stocks, bonds, savings bonds • Coverdells, 529s for all children <p>Not included: Primary Residence & Retirement Funds (401k, 403b, IRA, Roth IRA, SEP, SIMPLE, Keogh)</p>	<p>Included:</p> <ul style="list-style-type: none"> • Cash, Checking, Savings, • UTMA & UGMA accounts, • savings bonds in their name, • property held in students name
Asset Protection (2014-2015)	<p>Age of oldest parent - 48 married – \$30,300 is protected single - \$8,100 is protected</p> <p>Above these amounts, 5.64% is included in the EFC calculation. Ex: every \$100,000 adds \$5,640 to the EFC</p>	<p>80% protected (20% is used in the EFC calculation)</p>

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Impact of Popular Savings Vehicles on the FAFSA

Parent's Asset

(Maximum Assessed is 5.64% above Asset Protection Allowance for Parents)

- 529 Plans
- Coverdell ESA
- Savings Bonds
(if parent is the primary owner)

Student's Asset

(Assessed at 20% with no Asset Protection Allowance for Students)

- UTMA/UGMA (Uniform Gift to Minor/Uniform Trust to Minor)
- Savings Bonds
(if student is the primary owner)

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Comparing the Forms

FAFSA

- About 100 questions
- Income Driven
 - Tax Return –
1040, 1040A or 1040EZ
 - Adjusted Gross Income (AGI) of both the student and parent(s)
- **Asset Information**
 - Protection based on age of oldest parent and marital status

CSS Profile

- About 300 questions
- **Income Information**
 - Same as for FAFSA
- Asset Driven
 - Primary home equity
 - Retirement savings
 - Assets in siblings' name(s)
 - Prior year & future year income

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Frequently Asked Questions

- Which parents are included on the FAFSA form? Which parents are included on the CSS Profile?
- If I am not going to qualify for “need”, do I still need to fill out the FAFSA? CSS Profile?
- What if I make my student independent and do not claim them on my taxes, does my information still need to go on the form?
- How does an asset held for the student in a relative’s name (i.e. grandparent, aunt/uncle etc.) get reported?

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Types Of Aid

Gift Aid:

- **Grants and Scholarships**
 - **Need-based** - *determined through the financial aid process*
 - **Merit-based** - *determined through the admission or recruitment process*

Self-Help Aid:

- **Loans**
- **Work study employment**



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Merit vs. Need-Based Aid

MYTH: All colleges and universities offer merit aid (in the form of academic scholarships).

FACT: In 2013-2014, 195 schools reported giving merit aid to 3% or less of their student body including; Harvard, Dartmouth, Williams and Middlebury. (*US News and World Report*)

MYTH: Financial “need” is calculated the same by each institution?

FACT: “Need” can be defined in various ways and determined using “institutional methodology”.



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How Financial Aid is Awarded

Cost of Attendance (COA)

The amount a school has budgeted for a student's tuition, room and board, books, fees, supplies and any related expenses.

Expected Family Contribution (EFC)

The amount, as determined by federal methodology, that represents your family's ability to pay for one year of college.

COA	56,000
- EFC	30,000
Eligibility	26,000*

* It is important to note that while a student may be *eligible* for this amount, there is *rarely a guarantee* that the student will actually receive this amount.

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Building a Financial Aid Package

Cost of Attendance	\$56,000	Eligibility	\$26,000
<u>Expected Family Contribution (EFC) - \$30,000</u>		<u>Financial Aid - \$20,500</u>	
Eligibility for Financial Aid	\$26,000	GAP	\$5,500
<u>Financial Aid Package</u>			
Presidential Scholarship	\$15,000	GAP	\$ 5,500
<u>Federal Stafford/Direct Loan + \$5,500</u>		<u>EFC + \$30,000</u>	
Total Award	\$20,500	Due to School	\$35,500

Total Family Share: \$35,500



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How Saving Affects Your EFC

Myth

Saving for college will negatively impact a family's financial aid eligibility.

Davis Family

- Dad is 50, Mom is 48
- Two Children
- Have a combined income of \$150,000
- Assets \$20,000

EFC = \$32,611

Smith Family

- Dad is 50, Mom is 48
- Two Children
- Have a combined income of \$150,000
- Assets \$200,000

EFC = \$41,940



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EFC Calculators

START HERE GO FURTHER
FEDERAL STUDENT AID[®]

FAFSA[®]
Free Application for Federal Student Aid

Home About Us Student Aid on the Web PIN Site Contact Us Browse Help

FAFSA4caster

FAFSA4caster will help you understand your options for paying for college. Provide some basic information and we'll estimate your eligibility for federal student aid. Your estimate will be shown in the College Cost Worksheet where you can also provide estimated amounts of other student aid and savings that can go towards your college education. Go ahead and get started now! If you need help for a question, read the help and hints on the right.

Student Information

Are you a U.S. citizen?

What is your date of birth? (mmd/yyyy)

What is your marital status?

When you begin college, what will be your grade level?

Have you filed taxes recently?
 Yes No

What is your state of legal residence?

Help and Hints

Are you a U.S. citizen?

You must select the option that indicates your citizenship status.

Select **U.S. citizen (or U.S. national)** if you are a U.S. citizen or U.S. national.

Select **Eligible noncitizen** if you are:

- A U.S. permanent resident, with a Permanent Resident Card (I-551), or a Conditional permanent resident (I-551C)
- Other eligible noncitizen with an Arrival-Departure

Visit:

fafsa4caster.ed.gov

nhheaf.org/calculators

finaid.org/calculators

To find out what your EFC would be today!

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Recommended Options for Funding

How do most families pay for college?

- Current income and savings
- Tuition payment plans
- Federal/Direct **PLUS** Loan (Parent Loan for Undergraduate Student)
 - 7.21% fixed interest rate; 4.292% origination fee
- Private (Alternative) Student Loan
 - Both fixed and variable interest rates based on co-signer

Some families consider home equity loans and retirement funds as options for funding. You may want to discuss these options with your financial advisor.



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Questions?

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