

# What You Need to Know About Financial Aid

Presented by:

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# Topics We Will Discuss Tonight

- What is financial aid?
- Cost of attendance (COA)
- Student Aid Index (SAI)
  - Previously Expected Family Contribution (EFC)
- Financial need
- Types financial aid
- Going Beyond the FAFSA
- Aid Packages
- Free Application for Federal Student Aid (FAFSA)



# What is Financial Aid?

Financial aid consists of funds provided to students and families to help pay for postsecondary educational expenses



# What is Cost of Attendance (COA)?

- Direct costs: Paid directly to the school
  - Tuition/Fees
  - Housing/Food (if you're living on campus and/or have a meal plan)
- Indirect costs: Outside expenses to prepare for
  - Housing/Food (if you're living off-campus)
  - Books/Supplies
  - Transportation
  - Personal Expenses
- Direct and indirect costs combine into cost of attendance
- Varies widely from college to college

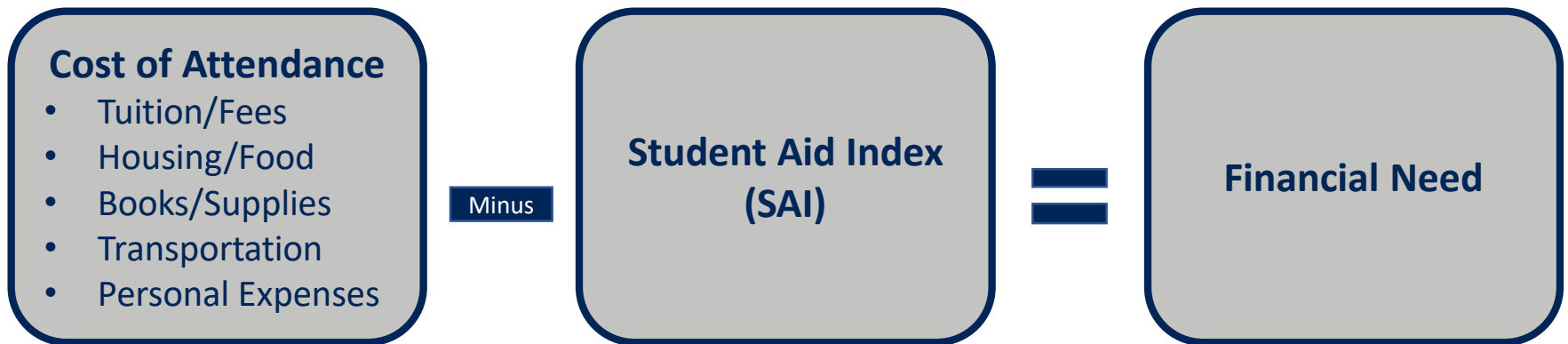


# What is the Student Aid Index (SAI)?

- Measure of a family's financial strength
  - Determined by Dept. of Education
- Stays the same regardless of college
- Two components:
  - Parent contribution
  - Student contribution
- Calculated using data from the FAFSA



# What is Financial Need?



# Types of Financial Aid

- Scholarships
  - Grants
  - Loans
  - Employment
- Gift Aid
- Self-Help Aid
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graph LR; S[Scholarships] --- GA[Gift Aid]; G[Grants] --- GA; L[Loans] --- SH[Self-Help Aid]; E[Employment] --- SH;
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# Gift Aid: Scholarships

- Money that does not have to be paid back
- Awarded on the basis of merit, skill, or unique characteristic
- Sources
  - Institutional (from your college/university)
  - Private (from private donors, community groups, etc.)





# Gift Aid: Grants

- Money that does not have to be paid back
- Usually awarded on the basis of financial need
- Sources:
  - Federal Grants: based on financial need
    - Ex. Pell Grant
  - State Grants: residency requirements; based on financial need, class standing, and GPA
    - Ex. Commonwealth Award and Virginia Guaranteed Assistance Program (VGAP)
  - Institutional: your college/university may offer grants



# Self-Help Aid: Federal Student Loans

- Money students and/or parents borrow to help pay college expenses
- Repayment usually begins after education is finished
- Only borrow what is really needed
- Look at loans as an investment in the future
- Loan Limits by class standing:

|           |         |
|-----------|---------|
| FRESHMAN  | \$5,500 |
| SOPHOMORE | \$6,500 |
| JUNIOR    | \$7,500 |
| SENIOR    | \$7,500 |



# Self-Help Aid: Federal Work-Study Employment

- Allows student to earn money to help pay educational costs
  - A paycheck directly to the student that is most commonly used towards indirect costs
- Student may choose whether or not to work and number of hours to work



# Going Beyond the FAFSA

- Don't assume your FAFSA financial aid package will cover the full cost of attendance at every school
- Plan ahead and understand all of your options
- Research the total cost of each school early
  - Compare the bottom line – not just the total amount of aid offered
  - How much of the package includes loans?
  - What are the out-of-pocket expenses after aid is applied?
- It's important to understand your options for covering any cost difference
  - Payment Plans
  - Parent PLUS and/or Private Loans



# Private Sources

- Begin researching private aid sources early
- Deadlines and application procedures vary widely
- Small scholarships add up!
- Never stop applying for scholarships throughout high school and college
- Foundations, businesses, charitable organizations, civic organizations, & churches
- Companies may have scholarships or other educational benefits available to the children of employees



# Example Financial Aid Offers

## School A

|                                |                    |
|--------------------------------|--------------------|
| Total Cost of Attendance (COA) | \$32,000.00        |
| Less EFC                       | -\$1,500.00        |
| <b>Equals Financial Need</b>   | <b>\$30,500.00</b> |

### Financial Aid Offer (Package)

|                          |                    |
|--------------------------|--------------------|
| Federal Grants           | \$5,045.00         |
| State Grants             | \$4,200.00         |
| Scholarships             | \$7,500.00         |
| <u>Loans</u>             | <u>\$5,500.00</u>  |
| <b>Total Aid Package</b> | <b>\$22,245.00</b> |

Work Study \$1,000.00

|                                |                    |
|--------------------------------|--------------------|
| Total Cost of Attendance (COA) | \$32,000.00        |
| <b>Less Total Aid Package</b>  | <b>\$22,245.00</b> |

**Bottom Line-\$9,755.00**

## School B

|                                |                    |
|--------------------------------|--------------------|
| Total Cost of Attendance (COA) | \$40,000.00        |
| Less EFC                       | \$1,500.00         |
| <b>Equals Financial Need</b>   | <b>\$38,500.00</b> |

### Financial Aid Offer (Package)

|                          |                    |
|--------------------------|--------------------|
| Federal Grants           | \$5,045.00         |
| State Grants             | \$5,600.00         |
| Scholarships             | \$10,000.00        |
| <u>Loans</u>             | <u>\$5,500.00</u>  |
| <b>Total Aid Package</b> | <b>\$26,145.00</b> |

Work Study \$1,000.00

|                                |                    |
|--------------------------------|--------------------|
| Total Cost of Attendance (COA) | \$40,000.00        |
| <b>Less Total Aid Package</b>  | <b>\$26,145.00</b> |

**Bottom Line- \$13,855.00**



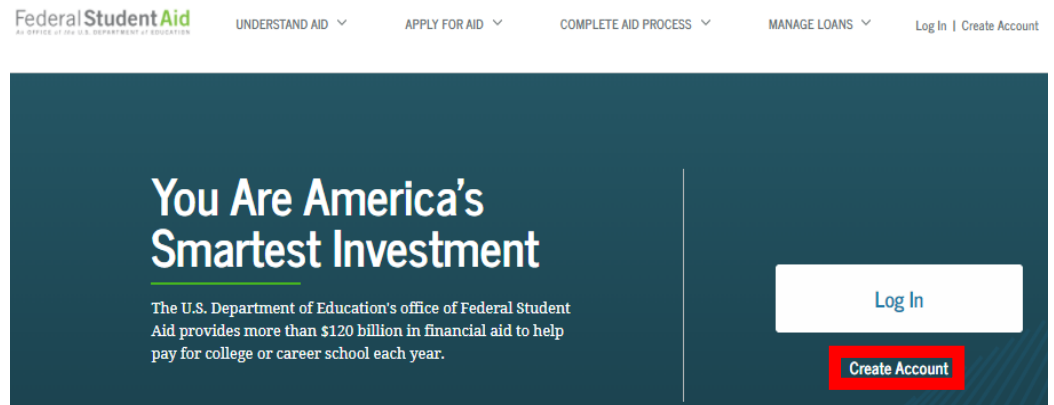
# How to Apply: FAFSA (Free Application for Federal Student Aid)

- Website Application
  - Complete the electronic FAFSA on the Web at [studentaid.gov](http://studentaid.gov).
  - Extensive edits and skip logic are used to avoid errors
  - Online help is available for each question
- FAFSA for 2024-2025 will not be available until December



# FSA ID: Username and Password

- FSA ID is electronic signature and login for all Federal Student Aid sites/functions.
- Student and one custodial parent will need their own FSA ID to submit and sign the FAFSA electronically.
- Click on “Create Account” on [studentaid.gov](https://studentaid.gov).
- You will need the following information:
  - Name
  - Social Security Number
  - Date of Birth
  - Email Address
- New process will also require parents without a social security number to create an FSA ID through an alternative identity verification process (not yet available)





# FAFSA Information & Tips

## (For the 2024-2025 School Year)

- FAFSA available in December
- FAFSA must be submitted each year for aid
- Use 2022 financial and tax information
- If applying to multiple schools, be sure to meet each school's priority filing deadline
  - Christopher Newport Priority Filing Deadline: **March 1**
- Student and at least one parent whose information is reported must complete and sign the FAFSA with an FSA ID



# Getting Ready

- Before starting the FAFSA, gather:
  - Student's driver's license
  - Student Alien Registration Card (if applicable)
  - Student and Parent
    - Social security numbers
    - 2022 W2 forms and records of money earned and other taxable benefits
    - 2022 1040 Forms
    - Records of 2022 untaxed income
    - Current bank statements
    - Business, farm, and other real estate records
    - Records of stocks, bonds, and other investments
- Create a file for copies of all financial aid documents submitted



# FAFSA Sections

Section 1 – Student

Section 2 – Student - Spouse

Section 3 – Parent

Section 4 – Parent – Spouse/Partner

Section 5 – Preparer



# Electronic FAFSA

- Benefits of filing electronically:
  - Built-in edits to prevent costly errors
  - Skip-logic allows student and/or parent to skip unnecessary questions
  - Allows use of Future Act Direct Data Exchange (FA-DDX)
  - More detailed instructions and “help” for common questions
  - Ability to check application status online



# Future Act Direct Data Exchange (FA-DDX)

- Allows direct transfer of IRS tax return data into the FAFSA
  - Will import 2022 tax and income info into the FAFSA
  - Will also verify nontax filers
- Consent must be given in order for information to be transferred
  - Each contributor must give their own consent
  - For married parents, only 1 needs to give consent
  - Cannot complete the FAFSA without giving consent
    - **If a contributor does not provide consent, the student is not eligible for aid**
  - Must give consent each year when submitting a new FAFSA



# What Happens Next?

**Students and the colleges the student listed receive a FAFSA Submission Summary**



**Students and families review FAFSA Submission Summary for important information and accuracy of data**



**Colleges match admission records with FAFSA and other required financial aid forms to determine aid eligibility**



**Colleges provide notices of financial aid eligibility to admitted students who have completed all required financial aid forms**



# Federal Verification

- Some students may be required to verify the information reported on the FAFSA.
- If selected for verification, the tax information of federal tax filers will be verified through:
  - FA-DDX process, or
  - IRS Tax Transcripts if requested by the college or university
  - Non-tax filers selected for verification may be asked to provide:
    - Non-tax Filer’s Verification Statement from IRS
    - Copies of W-2s or other income documentation from each employer, if any income was earned from work
- Selected aid applicants may also be asked to verify certain demographic data listed such as:
  - Family size
  - Identity



# Special Circumstances

- Cannot be documented using FAFSA but the FAFSA still must be completed
- Send written explanation and documentation to financial aid office at each college
- College will review and request additional information if necessary
- Decisions are final and cannot be appealed to U.S. Department of Education





# Examples of Special Circumstances

- Change in employment status
- Unusual medical expenses not covered by insurance
- Change in parent marital status
- Unusual dependent care expenses
- Student cannot obtain parental information due to extenuating circumstances



# Meeting the Cost after the FAFSA

- Don't assume your financial aid offer based on the FAFSA will cover the full cost of attendance at every school. Plan ahead and understand all of your options.
- Research the total cost of each school early
  - Compare the bottom line – not just the total amount of aid offered
  - How much of the package includes loans?
  - What are the out-of-pocket expenses after aid is applied?
- Scholarships are EXTREMELY important – never stop applying
- It is important to have external resources in place such as college savings plans and external scholarships
- Understand your options for covering the cost difference
  - Payment Plans
  - Parent PLUS and/or Private Loans



# Important Notes

- File the 2024-2025 FAFSA as soon as it is available in December
  - Many schools will not be adjusting deadlines, so shorter timeline to submit applications.
- Submit all required forms, including the FAFSA, by each college's published deadlines
- Start the scholarship search early
- Keep a copy of all forms submitted
- Watch for financial aid notifications for incoming freshman by e-mail or mail from each school



# Resources

- Federal Student Aid: <https://studentaid.ed.gov/sa/>
- Resource for Scholarship Search:  
[www.scholarships.com](http://www.scholarships.com)
- CNU Office of Financial Aid: [cnu.edu/financialaid](http://cnu.edu/financialaid)



# Questions?

