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# **PAYING FOR A HIGHER EDUCATION**

# FINANCIAL AID – What it is...

**Financial aid:** Helps you pay for college and is provided through the federal government, state, school, or a private business or organization.



# HOW IS AID AWARDED?

## MERIT

Awarded for a talent: academic athletic, etc.

Valedictorian



Baseball



Dance



## NEED BASED

Awarded based on a family's financial need.

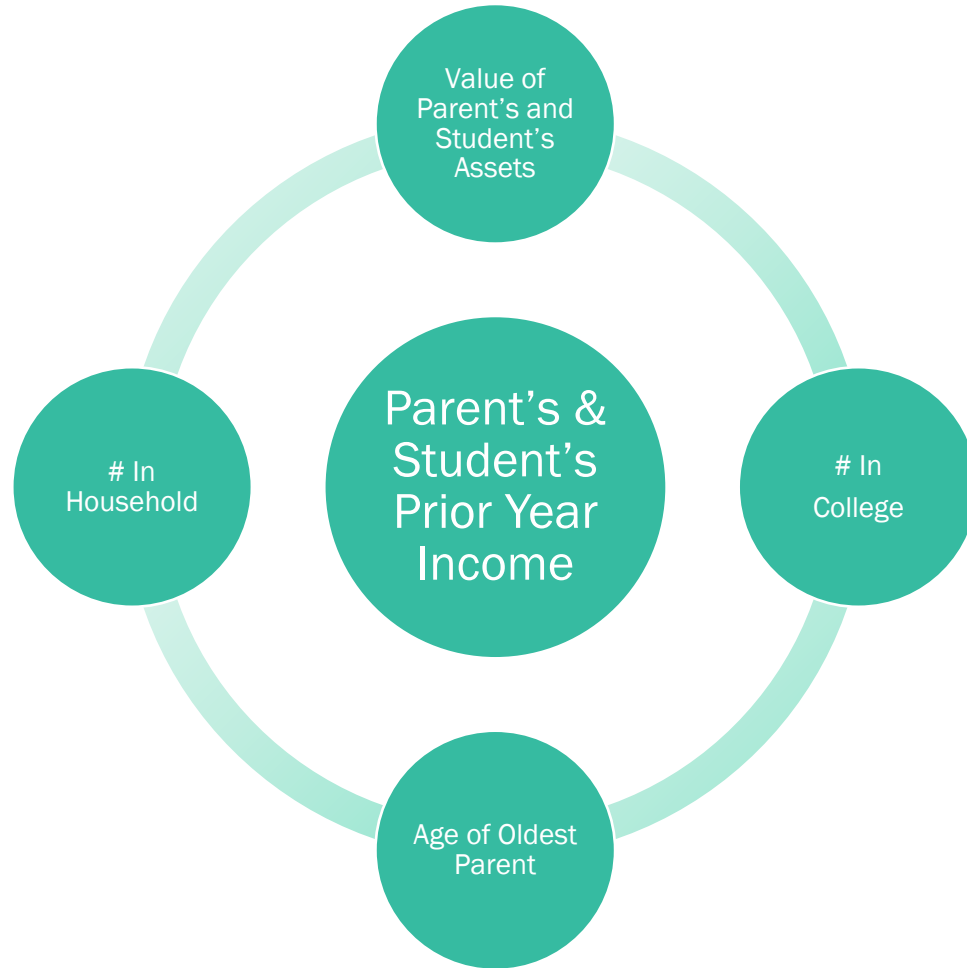


*Do The*

**FAFSA**

**THE EARLIER THE BETTER**

# EXPECTED FAMILY CONTRIBUTION



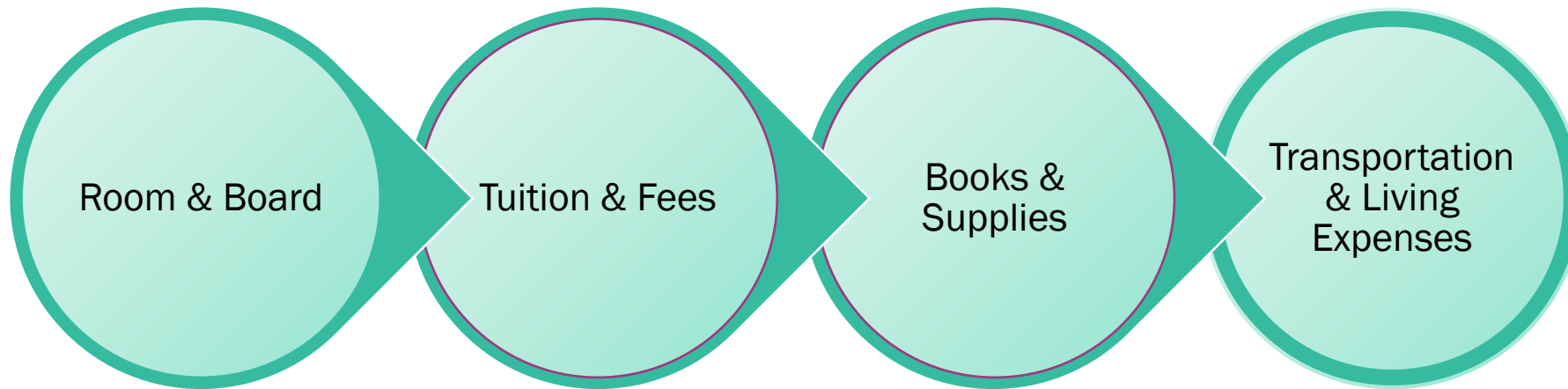
The government determines your EFC when you submit a FAFSA. Many factors affect your EFC, each having a different weight.

Not included:  
Retirement Savings

# COST OF ATTENDANCE



Cost of Attendance includes direct costs (those on your tuition bill) and indirect costs (such as books and living expenses).



## ELIGIBILITY FORMULA

Cost of Attendance  
- Estimated Family Contribution

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Financial Need





# FINANCIAL NEED

## EXAMPLE A

**COA = \$48,000**  
**EFC - \$ 8,000**

Financial Need  
= \$40,000

## EXAMPLE B

**COA = \$38,000**  
**EFC - \$ 8,000**

Financial Need  
= \$30,000

## EXAMPLE C

**COA = \$8,000**  
**EFC - \$8,000**

Financial Need  
= \$

**(COA) – (EFC) = Financial Need**

**COA**  
Cost of Education

**EFC**  
Expected Family  
Contribution

Schools are not always able to offer as much financial aid as you may be eligible for, which creates a **GAP**



# Types of Aid

There are 4 types of financial aid, broken into two categories



**Gift Aid** is money that doesn't need to be repaid.

- Grants
- Scholarships



**Self-help Aid** adopts a self-investment philosophy.

- Loans
- Work-study

# Federal Aid

## PELL GRANT

Grants for financially needy undergraduates awarded through the college financial aid office.  
2022-23 max award: **\$6,895.**

## Federal Supplemental Education Opportunity Grant (FSEOG)

For undergraduates pursuing first baccalaureate or professional degrees. Awarded first to students with exceptional financial need. Priority is given to PELL Grant recipients. (not all schools have this grant) Awards range from \$100 - \$4,000.

## Work Study

Work-study jobs may be on or off campus. Employer may be the college, a non-profit community agency, or a profit organization. Provides part-time employment and pay must be at least federal minimum wage and paid on an hourly basis.

# Federal Direct Loans

## • SUBSIDIZED



- Federal government pays interest while student is in school and in their grace period.
- Awarded to students whose families can prove financial need.

## • UNSUBSIDIZED



- Student is responsible for all interest charges accrued while in school.
- Awarded to students whose families cannot prove financial need.

**Note:** *FAFSA must be submitted in order to be eligible for Federal Direct Loans*

# Federal Direct Loans

Annual Limits

Student Type	Subsidized Limit	Subsidized & Unsubsidized Limit
Dependent Undergrad	\$23,000	\$31,000
Independent Undergrad	\$23,000	\$57,500
Graduate Student	\$65,500	\$138,500

Aggregate Limits

Year in School	Annual Limit (Subsidized & Unsubsidized)	Additional Unsub Loan Limit (independent students only)
First Year	\$3,500 Sub + \$2,000 Unsubsidized	\$6,000
Second Year	\$4,500 Sub + \$2,000 Unsubsidized	\$6,000
3rd – Fifth Year	\$5,500 Sub + \$2,000 Unsubsidized	\$7,000
Graduate Students	\$8,500 Unsubsidized	\$12,000

# Federal Direct Loans

Loan Type	Borrower Type	2022/23 Rates
Direct Subsidized Loans	Undergraduate	4.99%
Direct Unsubsidized Loans	Undergraduate	4.99%
Direct Unsubsidized Loans	Graduate or Professional	6.54%

*The fee for taking out a Stafford Loan is **1.057%** through 9/30/2023.*

# Federal PLUS Loan

- Borrow up to the COA minus financial aid
- Interest rate for 2022/23: 7.54%
- 4.228% fee through 9/30/2023
- Repayment: 10 years (extended options may be available dependent upon your balance)
- Can defer principal payment until 6 months after graduation
- Must arrange to pay interest during deferment or it will be added on to loan principal
- Available to Graduate Students – Grad PLUS

**P**arent **L**oan for **U**ndergraduate **S**tudents





# Federal PELL

Grants for financially needy undergraduates awarded through the college financial aid office.

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**Note:** *FAFSA must be submitted in order to be eligible for Federal Direct Loans*

# State Grants

- Amount awarded depends on the state you live in
- Awards typically available to residents of that state only
- Application procedures vary
- Provides funds to eligible colleges in Rhode Island for distribution to students
- To be eligible for consideration, a student must file a completed FAFSA at [studentaid.gov](https://studentaid.gov)
- Rhode Island Promise – [www.ccri.edu/ripromise](http://www.ccri.edu/ripromise)



# Scholarships

- Local scholarships are often easier to get than national scholarships
- Scholarships aren't just for straight-A students. Many are based on need or are awarded to students with certain traits or interests
- You should never pay a service to find you scholarships. They are typically scams!
- Don't narrow your search to just the internet. Ask your guidance counselor, read the local newspapers, and check postings at your local library
- Persist! Your scholarship search can't be completed in a single day
- Start your search at [www.RIScholarships.org](http://www.RIScholarships.org)



# State Based Loans – Other Lenders

- Offered through non-profit agencies throughout the US
- RI's program is offered through RISLA (visit [risla.com](http://risla.com) for details)
- Typically very competitive interest rates – often fixed
- Make sure you understand the rates, fees, and terms with the state-based lender before you borrow
- Other lenders include: Banks, Credit Unions, For Profit Lenders etc.



# Institutional Grants

- Schools award institutional grants based on financial need
- May use the federal methodology or institutional methodology for determining your financial need
- Amount of grants can vary widely depending upon how much money the school has available
- Some prestigious colleges offer such generous grants so that the financially neediest students can still afford to attend



# Institutional Aid

## CSS Profile

- An additional financial aid form that some schools require
- Looks a bit deeper into financial situation
- Custodial parent(s) must complete form
- In cases of divorce/separation a noncustodial form may also be required
- There is a fee for this form (unlike the FAFSA)

## How do I know if I need this form?

- A complete list can be found at [collegeboard.org](https://collegeboard.org)
- Each school will also have it listed on their website if required



## STEP 1:

# Applying for Financial Aid

- Apply for an FSA ID at: [studentaid.gov](https://studentaid.gov)
- Complete the FAFSA
  - REQUIRED by every school to qualify for federal financial aid
  - Apply online at [studentaid.gov](https://studentaid.gov) ASAP after October 1st
- Complete the CSS PROFILE, if required by your schools of choice beginning October 1<sup>st</sup>

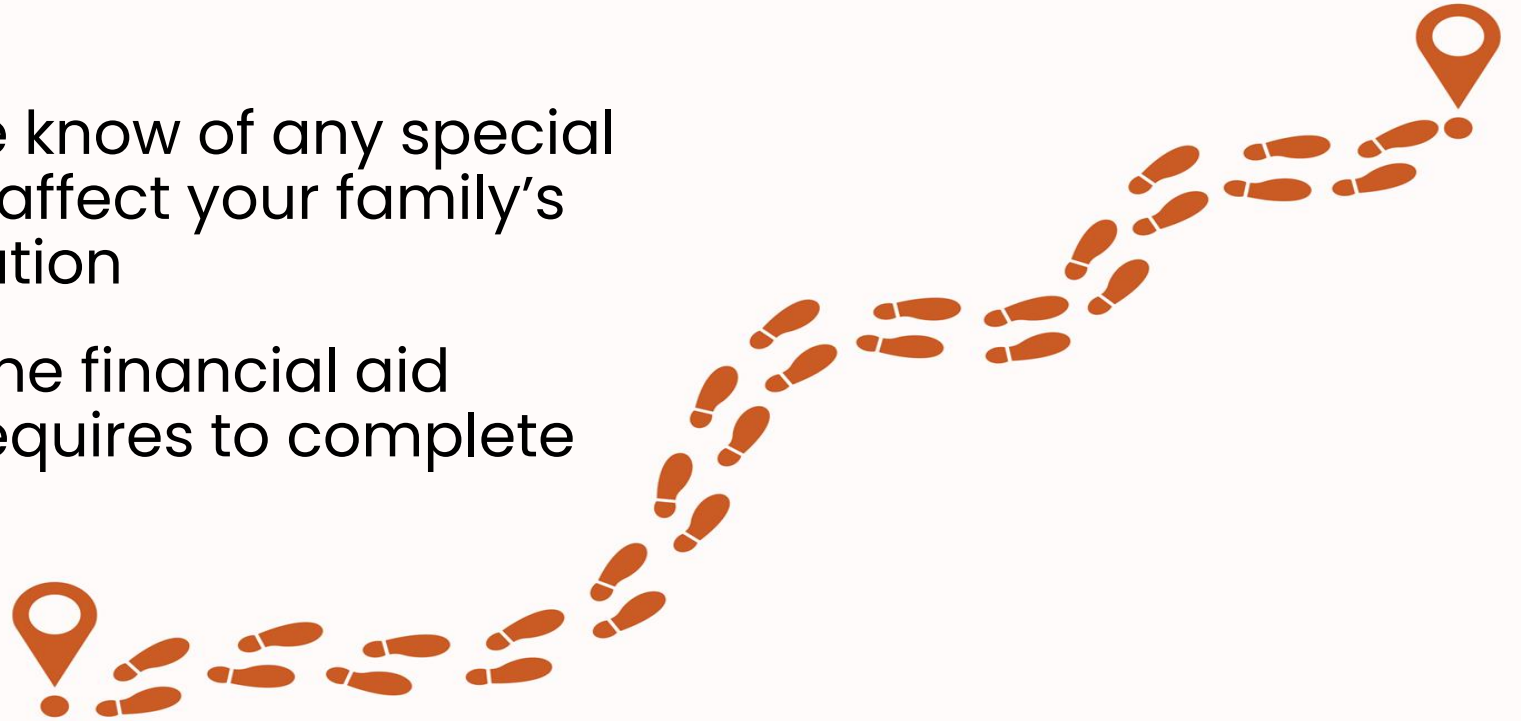


**Pay attention to  
financial aid  
deadlines at your  
school**

## STEP 2:

# Applying for Financial Aid

- File any supplemental financial aid forms required by your school
- Let the financial aid office know of any special circumstances that may affect your family's ability to fund your education
- Send in any documents the financial aid office at your school(s) requires to complete your application





## STEP 3:

# Applying for Financial Aid

- Review Financial Aid Package/Award Letter from school(s)
  - Includes details of award: grants, scholarships, loans, and work-study
- Accept, deny, or appeal any portion of the package
- Acceptance will safeguard the award



# Meeting a Student's Needs



## **Choose your college wisely**

- Not all colleges will meet 100% of need
- The RISLA College Planning Center can help you identify good value schools that are a match for your goals

## **Private colleges generally**

- Meet a higher percentage of need
- Award a higher percentage of gift aid

**Many students can attend a private college for the same cost as a public university!**

# 7 Reasons to File Your FASFA – Pop Quiz

- 1 Free completion assistance available at the College Planning Center – NO STRESS
- 2 Prequalification requirement for RI Promise (2-Years Free Tuition)
- 3 Qualifies you for Direct Federal Student Loans (Low rates, No cosigner)
- 4 Determines eligibility for Federal Work Study
- 5 Determines eligibility for Pell Grant (Up to \$6,895)
- 6 Determines eligibility for the Federal Supplemental Education Opportunity Grant
- 7 Schools use this information to determine additional institutional aid

# DISCLAIMER

- The information contained in this document is not legal, tax or investment advice.
- It is only a general overview of the subject presented.
- The Rhode Island Student Loan Authority, a nonprofit state authority, does not provide professional advice on financial, tax or legal matters. You are urged to consult your financial, tax and legal advisors for advice. RISLA does not endorse or promote any commercial supplier, product or service.

## Presentation Copy



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