

ILLINOIS WESLEYAN
UNIVERSITY

Financial Planning for College

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What we will discuss

- Financial Aid Terminology
- Factors used in determining eligibility
- Review questions on the FAFSA
- Show a few financial aid scenarios
- Open up to questions

Merit vs Need-based

- Scholarships are typically based on “merit”
 - Academic, fine arts, athletic, leadership qualities
 - Awarded by colleges and universities, organizations, businesses, clubs
 - Requirements for renewal
- Grants typically based on “need”
 - Awarded by State and Federal gov’t
 - Colleges/universities
 - Evaluated each year

Financial Aid Terms

- Free Application for Federal Student Aid (FAFSA)
- CSS PROFILE
- Expected Family Contribution
- Federal Methodology
- Institutional Methodology
- Illinois Student Assistance Commission (ISAC)
- IRS Data Retrieval Tool
- Prior-Prior year income instead of prior year

Institutional Methodology (IM)

- CSS PROFILE through College Board is for IM
 - Primarily Private universities
- Non custodial financial aid application is required by some private colleges
- IDOC is a way to send some documents to CSS to get to all of the PROFILE user school who participate in IDOC
- Factors that are different than the Federal Methodology
 - Home equity
 - # in college calculation
 - Business losses may not be considered
 - Calculation for state taxes are more accurate
 - # in family treated differently based on the ages

Prior-Prior Year Income

- Before 2017-18, financial aid was based on prior year income. Now, it is based on prior-prior year income.
- The 2018 income will be used for the 2020-21 FAFSA.
- Begin filing FAFSA on October 1
- IRS Data Retrieval Tool will be used by more students at the time they file first FAFSA.

Problematic FAFSA Questions

- Student's Social Security Number
- Dependency Questions
- Parent's Marital Status
- Family Size
- Taxes Paid (not including self-employment tax)

FAFSA Questions Continued

- Investments
 - Carefully read what is included and excluded
- Business/Farm
- Additional Financial Information
- Untaxed Income
- College Selection
- Signatures

Determining Family Contribution

- Family Income (AGI plus untaxed income)
- Family Size
- Number of Children in College
- Parents Assets
- Age of Parents
- Student's Income
- Student's Assets
- Other.....

Meeting the Need

- Gift Assistance
 - Grant in Aid
 - Scholarships
 - State Funds (MAP Grant)
 - Federal Funds - Pell, SEOG
- Loan Assistance
 - Stafford Loans
 - Private, PLUS, Home Equity loans
- Employment
 - Campus Work Study (On/Off Campus)

Federal Stafford Loan

- Low-interest student loan
- The FAFSA must be completed
- Interest rate for 2019-20 is 4.53%
- Processing fee is 1.069%
- Repayment begins 6 months after the student graduates or falls below half-time

Subsidized vs Unsubsidized

- Financial Need
 - Subsidized = need based
 - Unsubsidized = not based on need
- Payment of interest
 - Subsidized- Federal Government pays while student is in college
 - Unsubsidized - interest is accruing

Federal Stafford Loan Limits

- Freshman \$3500
- Sophomore \$4500
- Junior \$5500
- Senior \$5500
- \$2000 added opportunity for Stafford Unsubsidized Loan

Special Circumstance: Appeals

Professional Judgment - with factual and verifiable information

- Early retirement
- Divorce, separation, widowed
- Private school expenses
- Medical expenses not covered by insurance
- One-Time taxable income
- Elder care

Notes

- Can accept or reject any portion of a FA proposal
- Understand scholarship renewal qualifications
- Be aware of scams
- Juniors or younger – use Net Price Calculators on IWU website for estimates. Don't file FAFSA.
- Consider possibility of graduation in 5 vs 4 years

Financial Aid Websites

- www.studentaid.ed.gov
- www.finaid.org
- www.collegeboard.org
- www.fastweb.com
- www.fafsa.gov
- www.fsaaid.ed.gov
- www.studentloans.gov
- www.brightstartsavings.com
- www.collegeillinois.org
- www.privatecollege529.com
- www.savingforcollege.com

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Good Luck!!