



FINANCIAL AID INFORMATION SESSION

WHAT YOU NEED TO KNOW

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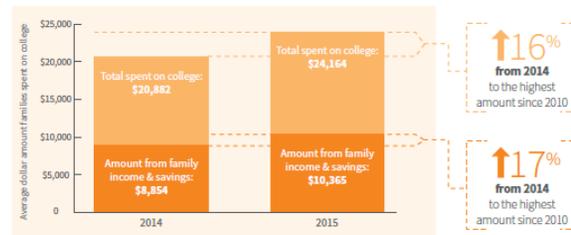
How America Pays for College 2015 Handout

How America Pays for College 2015

A snapshot of the national study by Sallie Mae® and Ipsos



Families spend more on college



Fewer parents are extremely worried that:

Their student won't find a job after graduation

27% vs. 13%
2014 vs. 2015

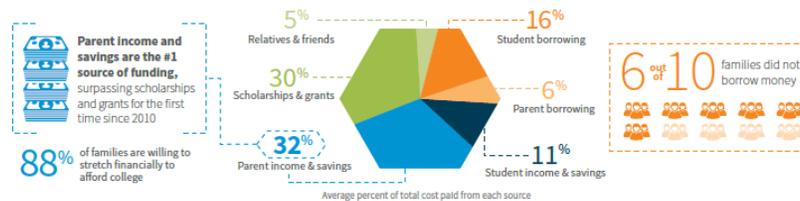
Income will decline due to job loss

23% vs. 17%
2014 vs. 2015

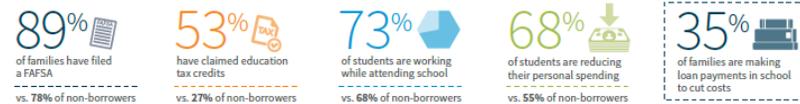
Student loan rates will increase

27% vs. 19%
2014 vs. 2015

Parent out-of-pocket spending exceeds scholarships and grants



Families who borrow are making responsible decisions



For the complete 2015 report, visit SallieMae.com/HowAmericaPaysForCollege

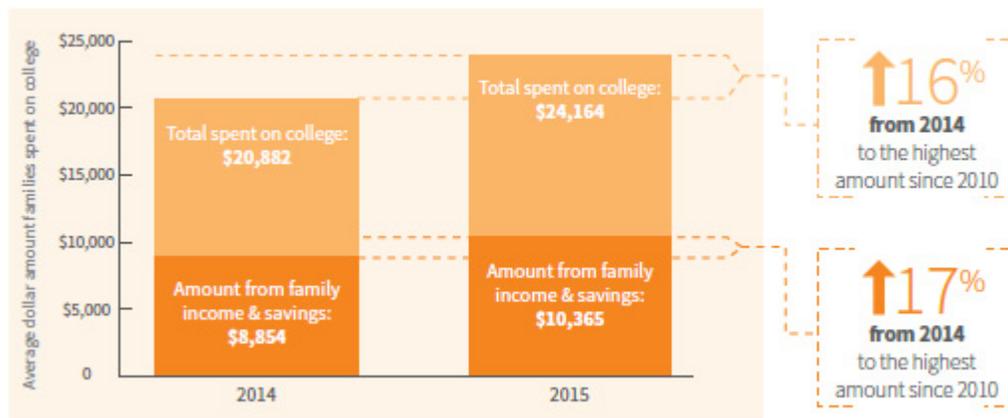
Dollar amounts reported by parents and students are gross costs (before any financial aid is applied) and include their estimates of direct and indirect costs of attending college, including cost-of-living and other expenses.

Sallie Mae, the nation's saving, planning, and paying for college company, prepared *How America Pays for College 2015* in conjunction with Ipsos, the world's third-largest market research company. This study reports the results of 1,600 telephone interviews Ipsos conducted in April 2015 of 800 parents of undergraduate students and of 800 undergraduate students between the ages of 18 and 24. Data and years shown reflect academic years (July 1 to June 30).

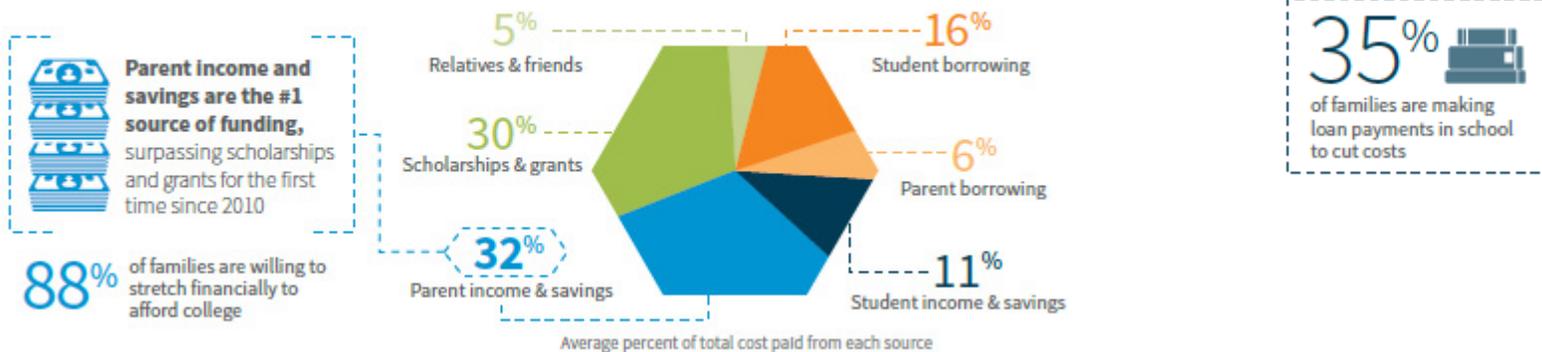
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How America Pays for College 2015 Handout

Families spend more on college



Parent out-of-pocket spending exceeds scholarships and grants



Topics for Tonight

- ▶ Terminology
- ▶ What is financial aid?
- ▶ Costs
- ▶ Net price
- ▶ Types of financial aid
- ▶ Applications
- ▶ Scholarships
- ▶ Gap Financing
- ▶ Planning Tools
- ▶ Closing Remarks

Terminology

- ▶ COA – Cost of Attendance
- ▶ EFC – Expected Family Contribution
- ▶ Need – Result of $\text{COA} - \text{EFC}$

What is Financial Aid?

- ▶ Financial aid is money provided to students to help supplement their ability to pay for educational expenses
- ▶ Colleges and universities award financial aid based on the following factors:
 - Academic merit
 - Demonstrated financial need

College Costs

- ▶ Varies widely from school to school
 - ▶ Direct costs:
 - Tuition and fees
 - Room and board
 - ▶ Indirect costs:
 - Books and supplies
 - Personal expenses
- =Total cost or**
Cost of Attendance

Net Price

- ▶ All undergraduate institutions are required to offer a **net price calculator** that provides students an estimate to attend their college
- ▶ Net price is the difference between the “sticker” price (full cost) to attend, minus any grants and scholarships for which the student may be eligible
- ▶ The sticker price of a college is not always what parents end up paying

Types of Financial Aid

- ▶ Need based and non-need based financial aid
- ▶ Federal and state grants
- ▶ Work-study
 - Students work on campus 10-20 hours a week
- ▶ Federal Direct Student Loans (Subsidized and Unsubsidized)
 - Yearly maximums by grade level
 - Typical four year maximum= \$27,000
 - \$300.00 month for 10 years
- ▶ Alternative or Private Loans

How is Financial Aid Awarded?

FAFSA (Results in a constant EFC – no matter the school)

- ▶ Website: fafsa.ed.gov
- ▶ Required to determine eligibility for federal, state and institutional aid programs which can include scholarships, grants, work-study and student loans.

CSS PROFILE

- ▶ Many private universities and some scholarship providers require the CSS PROFILE application to determine eligibility for institutional financial aid.
- ▶ Why schools use it?
- ▶ Website: profileonline.collegeboard.org

The Mystery of the EFC

- ▶ Two basic components
 - Parent contribution (if separated or divorced use parent household that contributes > 50%) must include step-parent information if remarried
 - Student contribution
- ▶ Calculated using data from applications and multifaceted formulas
- ▶ Application data
 - Income, taxes paid, other financial information, untaxed income, assets, household size and # in college
- ▶ Dependency status – FAFSA determined, NOT IRS

- ▶ Estimated EFC Calculator -
apps.collegeboard.com/fincalc/efc_welcome.jsp



Scholarships

Scholarships Play An Increasingly Important Role In Paying For College

An important source of college funding for families¹

Average annual scholarship amount per family in 2014

\$8,025

In 2014



of families used scholarships to fund undergraduate education

Over



of scholarships were available for students already in college²

Scholarships covered



of college costs

1. How America Pays for College 2014, Sallie Mae and Ipsos. Available at SallieMae.com/HowAmericaPays
2. Source: Sallie Mae Scholarship Search database.

Scholarships: Available For A Range Of Skills And Interests



Tall/short



Slam poets



Volunteers



Bloggers



Chess players



Darts players



Filmmakers



Vegetarians

Scholarships Are Awarded For A Variety Of Reasons

- ▶ Academic achievement
- ▶ Financial need
- ▶ Community involvement
- ▶ Organization membership
- ▶ Sports
- ▶ Talent or skill
- ▶ Leadership/School activities
- ▶ Ethnicity
- ▶ Religious affiliation
- ▶ Parent affiliation with work, club or activity

Scholarship Resources

- ▶ There are many resources for scholarships:
 - Local or community-based scholarships
 - Federal and state agencies
 - College-specific scholarships offered by the colleges your students are interested in attending
 - Religious organizations
 - Employers
 - Libraries
 - Private organizations or major companies
 - Online search engines that aggregate scholarship offerings and allow users to be matched to scholarships based a personal profile

Scholarships Resources

▶ Private Resources

- KFC Scholarships
- Coca-Cola Scholarships
- Wal-Mart Scholarships
- Exxon Mobil Scholarship
- Ronald McDonald House Charities Scholarships
- General Electric Foundation Scholarships
- Target Scholarships
- Scholarship America
- AT&T Labs Fellowship Program

▶ Examples of Free Search Engines

- Scholarship Search by Sallie Mae® provides free access to more than 3 million scholarships worth up to \$18 billion
 - SallieMae.com/ScholarshipSearch
- Fastweb features over 1.5 million scholarships worth up to \$3.4 billion
 - Fastweb.com/college-scholarships
- Big Future by the College Board offers scholarships, other financial aid and internships from more than 2,200 programs, totaling nearly \$6 billion
 - bigfuture.collegeboard.org/scholarship-search

Best Practices When Promoting Search Engines

- ▶ Look for search engines that offer:
 - FREE searches
 - Calendar listing scholarships by deadline
 - Filtering capabilities
 - By name
 - By deadline
 - By award amount
 - Rating of scholarships
 - Adjustable settings
 - Email alerts when new scholarship matches are available
 - The ability to save profile information
 - Responsive design

Scholarship Basics

- ▶ Each scholarship will have its own set of eligibility criteria and application requirements
- ▶ Each will have its own deadline
- ▶ Applicants may be required to write an essay, pass a written exam, or complete a project demonstrating their potential
- ▶ Programs may specify how scholarship funds must be used, set time restrictions for disbursing the funds, or set a ceiling on qualifying family income
- ▶ Scholarship funds may be paid directly to the college
- ▶ Failure to meet certain requirements could jeopardize a student's ability to keep the scholarship

Keys to Scholarship Application Success

- ▶ Organization
- ▶ Honesty
- ▶ Following instructions
- ▶ Strong Recommendation Letters
- ▶ Neatness
- ▶ Meeting deadlines

Helpful Tips

Spreadsheets and online calendars can bring order to the application process

A scholarship resume can ensure all achievements are identified

Allow enough time for a recommendation to be written and thank the reviewer

Applications should be sent by certified mail to ensure receipt

Scholarship Essay Tips

- ▶ Create a lasting impression with the personal essay
 - The essay should convey background, experiences, ambitions, and personality
- ▶ Start early and allow plenty of writing time
- ▶ Organize thoughts in an outline first
- ▶ Create a strong introduction, supporting arguments, and an appropriate conclusion
- ▶ Ask family and friends for feedback
- ▶ Proofread, proofread, proofread!

Building Blocks of a Good Scholarship Essay



It's honest



It's original



It's inspirational and positive



It contains qualifications



Gap Financing Options: Private & PLUS Loans

WHAT YOU NEED TO KNOW



Gap Financing Options for Parents to Consider

	PLUS Loan for Parents	Private Student Loans
Variable Interest Rate	N/A	2.25% - 10.42% APR
Fixed Interest Rate	6.84% for Academic Year 2015-16	4.75% -12.99% APR
Origination Fees	4.292% through September 30, 2015	Varies by lender - most offer 0%
Responsibility to Pay	Parent	Student and cosigner (if applicable)
Cosigner Requirements	No, the parent will need to pass a credit check and if they fail, may qualify with a creditworthy endorser	No, but students with little or no credit history may have difficulty qualifying for a loan without a cosigner. Having a cosigner can also help the student qualify and obtain a better rate.
Cosigner Release	N/A	Yes. Many lenders provide a cosigner release option where the student can apply to release the cosigner after they graduate, make a specified number or on-time payments and meet underwriting requirements.
Enrollment Status	At least half time	Varies by lender but offer loans to borrowers who are less than half time
Standard Repayment Term	10 – 25 years	Varies by lender – typically 5-15 year terms
Benefits	0.25 percentage point interest rate reduction for automatic debit enrollment	Most lenders offer a 0.25 percentage point interest rate reduction for automatic debit enrollment. Additional benefits vary by lender.

Sources are provided in the Important Information section.

Closing Remarks

- ▶ Meet all financial aid deadlines
- ▶ Be sure to compare awards and determine net costs – not just the sticker price at each school of interest
- ▶ Remember that the financial aid process is renewed each year

Planning Tools

▶ Sallie Mae College Planning Help SallieMae.com/CollegePlanningToolbox

Start Planning
with the Right
Set of Tools

The College Planning Toolbox
by Sallie Mae®



College Cost Calculator

Estimate the current or future cost of college based upon year of enrollment

Future Savings Calculator

Calculate how much families can save based upon current savings and amount of time before enrollment

Countdown to College Checklist

Keep high school juniors and seniors on track to hit milestone deadlines with step-by-step checklists

