ISAC
Illinois Student Assistance Commission

# The Financial Aid Process

# Disclaimer

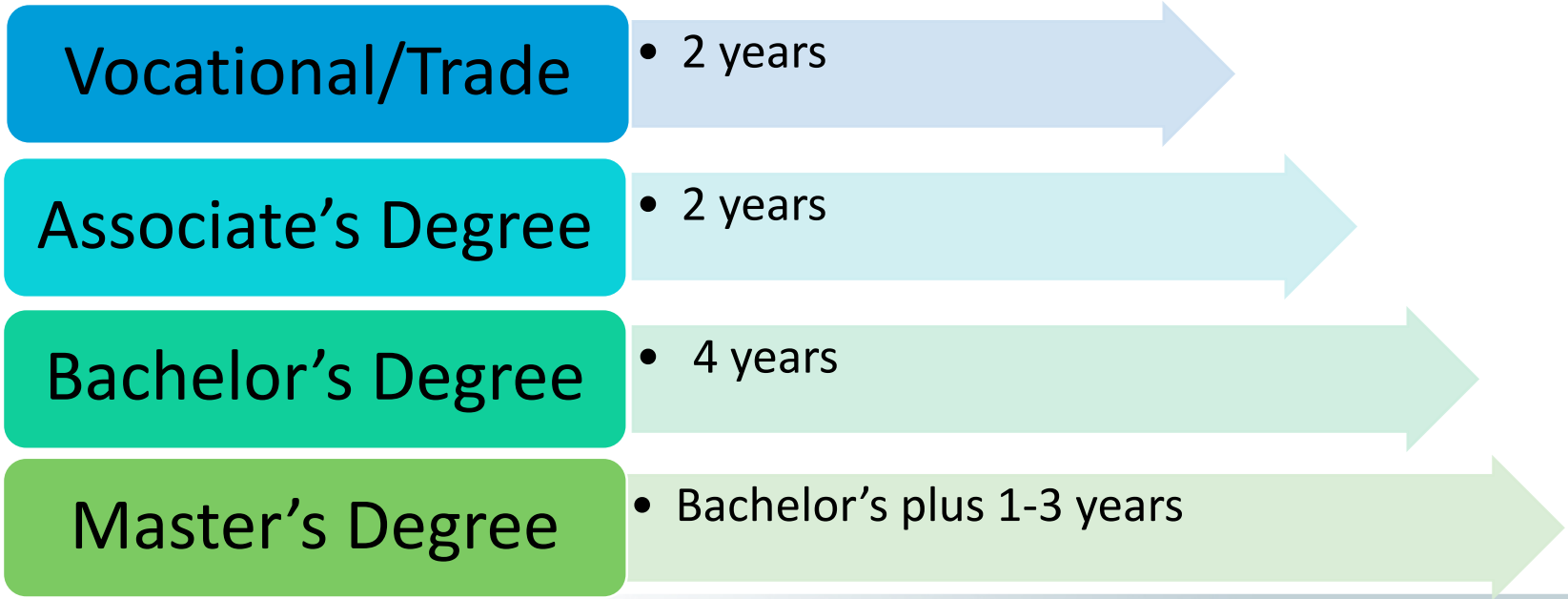
While I am not an employee of the Illinois Student Assistance Commission (ISAC), I present this information with ISAC's permission. The information in this presentation is solely for informational purposes and is a FREE public service to help families navigate the college planning process. The information provided is believed to be accurate and reliable as of the last updated date reflected below. You can contact ISAC at 800-899-4722 for additional information.

# “Making college accessible and affordable for Illinois students.” – ISAC Mission Statement

- The Illinois Student Assistance Commission (ISAC) is the college access and financial aid agency in the state of Illinois that administers scholarship, grant, prepaid tuition, and student loan repayment/forgiveness programs.

# Col•lege \kä-lij\

**Noun**: Any institution of higher education that awards a degree or credential post-high school graduation. This includes, but is not limited to, universities, community colleges, trade schools and more.

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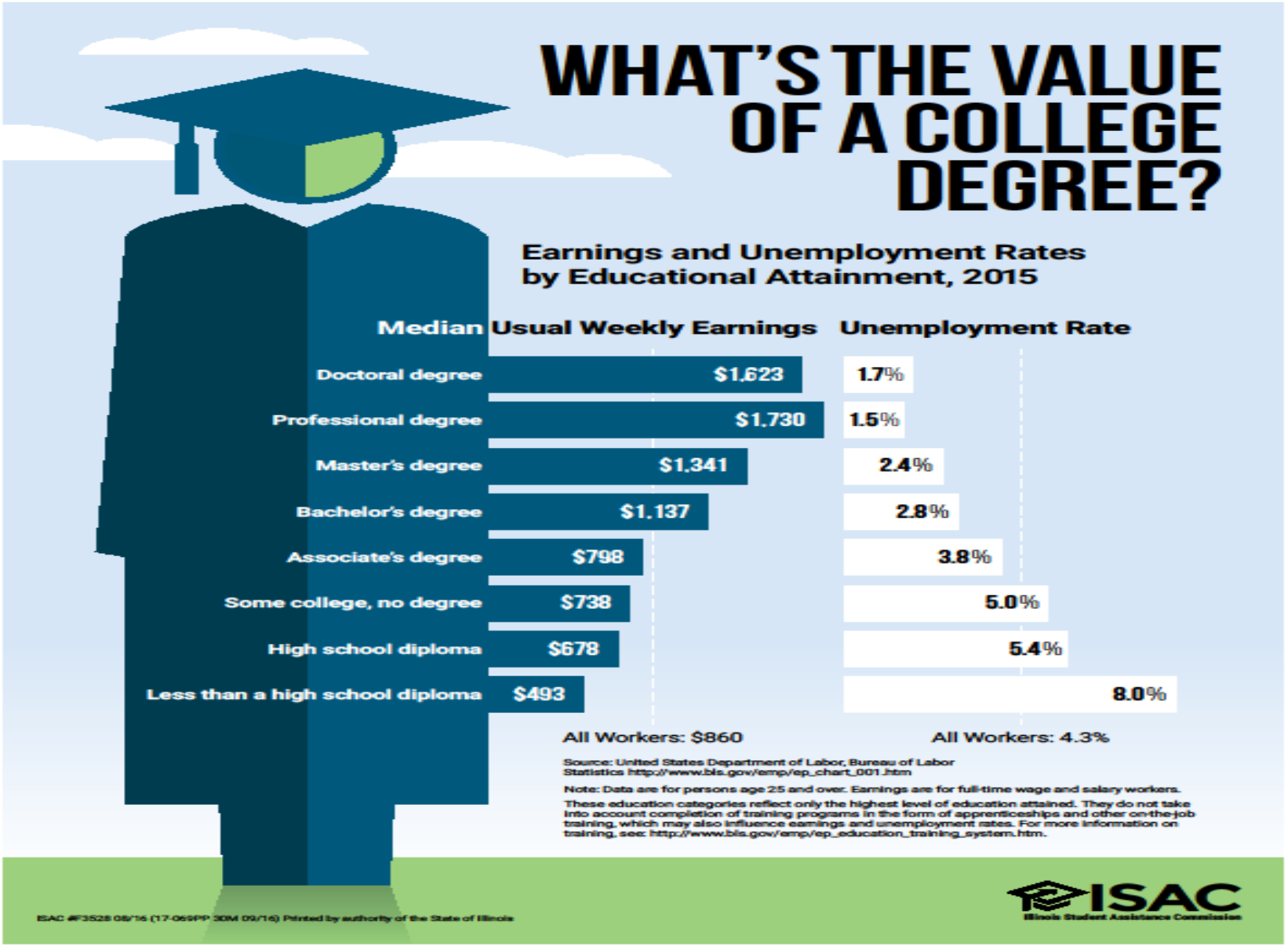
WHAT'S THE VALUE OF A COLLEGE DEGREE?
Earnings and Unemployment Rates by Educational Attainment, 2015
Median Usual Weekly Earnings
Unemployment Rate
Doctoral degree
$1,623
1.7%
Professional degree
$1,730
1.5%
Master's degree
$1,341
2.4%
Bachelor's degree
$1,137
2.8%
Associate's degree
$798
3.8%
Some college, no degree
$738
5.0%
High school diploma
$678
5.4%
Less than a high school diploma
$493
8.0%
All Workers: $860
All Workers: 4.3%
Source: United States Department of Labor, Bureau of Labor Statistics http://www.bls.gov/emp/ep_chart_001.htm
Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
These education categories reflect only the highest level of education attained. They do not take into account completion of training programs in the form of apprenticeships and other on-the-job training, which may also influence earnings and unemployment rates. For more information on training, see: http://www.bls.gov/emp/ep_education_training_system.htm.
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# Planning for College

There are lots of things to *think* about and many questions you need to *ask*.

- **Can I afford college?**
- **How much will it cost?**
- **What is financial aid?**
- **What is a FAFSA?**
- **When and how do I apply?**
- **Where can I get help?**

Ask questions…

# What is Financial Aid?

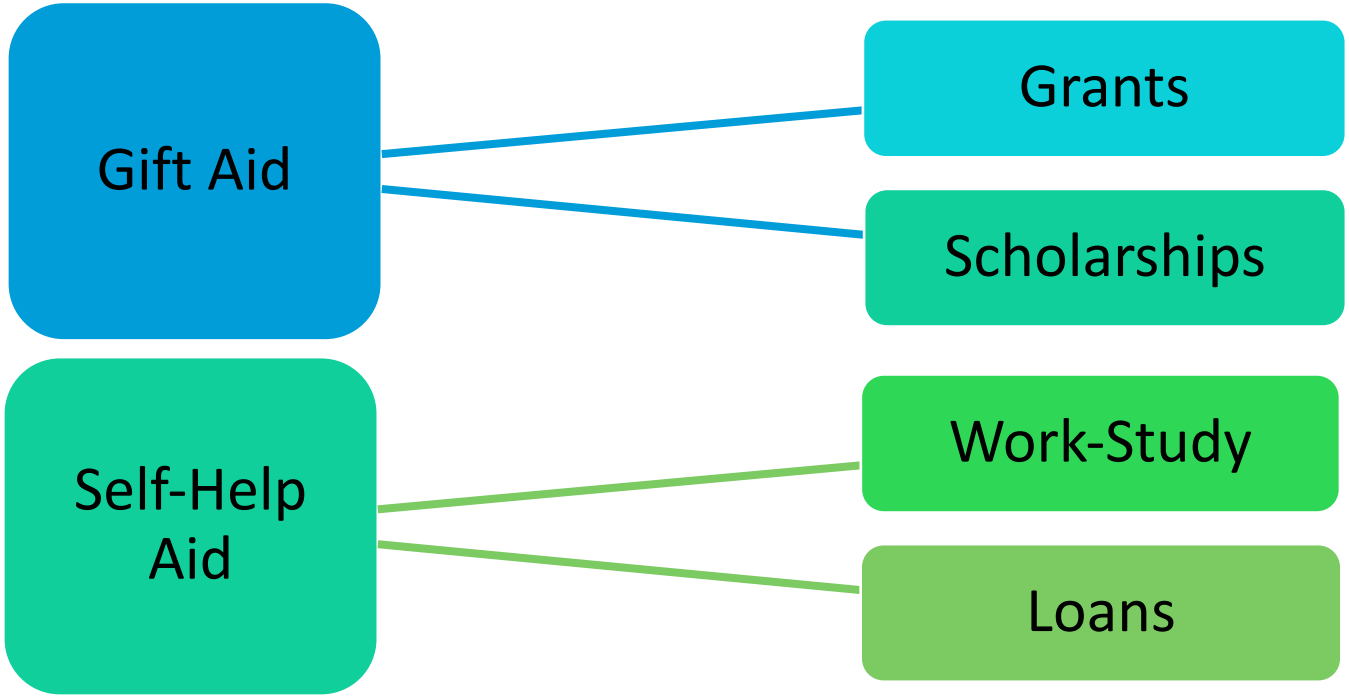
- It is ***borrowed*, *given,* or *earned*** money that can be obtained from various sources to help pay for college
- Financial aid makes college affordable for you
- It is intended to make up the difference between what your family can afford to pay and what college costs.

**If you think you can't afford college, think again.**

**There's lots of aid out there.**

# Types of Financial Aid

- There are many types of financial aid
- Funds may be merit-based, need-based, or non need-based



# Avoid Scholarship Scams

- While most scholarship services are legitimate, some may be fraudulent and could charge a lot of money for little information
- View with caution any service that requires you to pay

| Report Scams | | | |
|---|---|---|---|
| Better Business Bureau | High School Counselor | Financial Aid Office | Friends |
| Federal Trade Commission<br>www.ftc.gov/scholarshipscams | | | |

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# Sources of Financial Aid

- Financial aid comes from a variety of sources

Federal Government

State Government

College

(Institutional Aid)

Outside/ Private Sources

# Sources of Financial Aid

- The “Must-Get-to-Know” financial aid sources

**Illinois Student Assistance Commission**

**www.ISAC.org**

Agency in the state of Illinois that administers scholarship, grant, prepaid tuition, and student loan repayment/forgiveness programs.

**U.S. Department of Education’s Office of *Federal Student Aid***

**www.StudentAid.gov**

Federal agency that provides college funding in the form of grant, scholarship, work-study, and educational loan programs.

# The Big Grants

- Maximum award amounts for 2018-19

**MAP Grant**

Up to $4,869 (est.)

**Pell Grant**

Up to $6,095

- Total = $10,964

# Illinois Student Assistance Commission

| Grant Programs | 2018-2019 Award |
|---|---|
| Monetary Award Program (MAP) | Up to $4,869 (est.) |
| Illinois Veteran Grant (IVG) | Tuition & Mandatory Fees |
| Illinois National Guard Grant (ING) | Tuition & Mandatory Fees |
| Grant for Dependents of Police/Fire/Correctional Officers | Tuition & Mandatory Fees |

| Teaching Programs | 2018-2019 Award |
|---|---|
| Minority Teachers of Illinois Scholarship (MTI) | Up to $5,000 |
| Special Education Teacher Tuition Waiver (SETTW) | No annual minimum or maximum amounts |

# U.S. Department of Education

| Federal Grant Program | 2018-2019 Award |
|---|---|
| Federal Pell Grant | up to $6,095 |
| Iraq & Afghanistan Service Grant | up to $5,717 |
| TEACH Grant | up to $3,752 |

| Campus-Based Program | 2018-2019 Award |
|---|---|
| Federal Supplemental Education Opportunity Grant (FSEOG) | $100-$4,000 |
| Federal Work-Study | Colleges determine annual minimum or maximum amounts |

# Federal Work-Study

- It is a need-based employment program

that provides on- and off-campus jobs to students.

A completed FAFSA is required

It is a campus-based financial aid program; funds are limited and available only at participating postsecondary institutions

Priority deadlines may apply

Compensation is at least the current federal minimum wage

A student must earn these funds

# Loan Programs

- When evaluating loan options, consider the following:

Source of Loan

Subsidized vs. Unsubsidized

Interest Rate

Repayment Options & Grace Period

# Subsidized v. Unsubsidized

- To understand the difference between the two, consider this: *When will interest begin to accrue?*

| Direct Subsidized Loan | Direct Unsubsidized Loan |
| --- | --- |
| • Need-based<br>• Interest is paid by the federal government:<br>  • While a student is in school at least ½ time<br>  • During grace periods<br>  • During deferment | • Not need-based<br>• A student is always responsible for paying the interest |

# Federal Loan Programs 2018-19

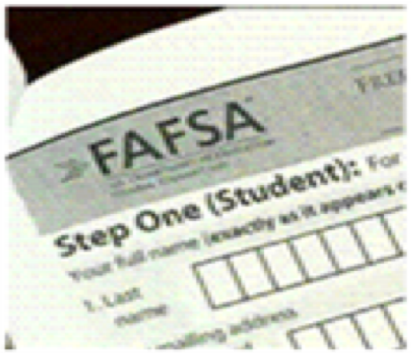
| Loan | Type | Interest Rate | Grace Period |
|---|---|---|---|
| Direct Subsidized (Undergraduate) | Need-based | 5.05% Fixed | 6 Months |
| Direct Unsubsidized (Undergraduate) | Not need-based | 5.05% Fixed | 6 Months |
| Direct Unsubsidized (Graduate) | Not need-based | 6.60% Fixed | 6 Months |
| Direct PLUS (Parent/Graduate) | Unsubsidized Credit-based | 7.60% Fixed | Repayment Starts Within 60 days |

# Maximum Direct Loan Amounts

| Year | Dependent Students | Independent Students |
|---|---|---|
| 1st Year | $5,500<br>Max. $3,500 subsidized | $9,500<br>Max. $3,500 subsidized |
| 2nd Year | $6,500<br>Max. $4,500 subsidized | $10,500<br>Max. $4,500 subsidized |
| 3rd Year and Beyond | $7,500<br>Max. $5,500 subsidized | $12,500<br>Max. $5,500 subsidized |
| Graduate or Professional | Not Applicable | $20,500<br>(unsubsidized only) |

# How to Apply for Financial Aid

- To be considered for student aid, a student must complete all forms required by a college
- Communicate with each college to find out what is required for a complete application



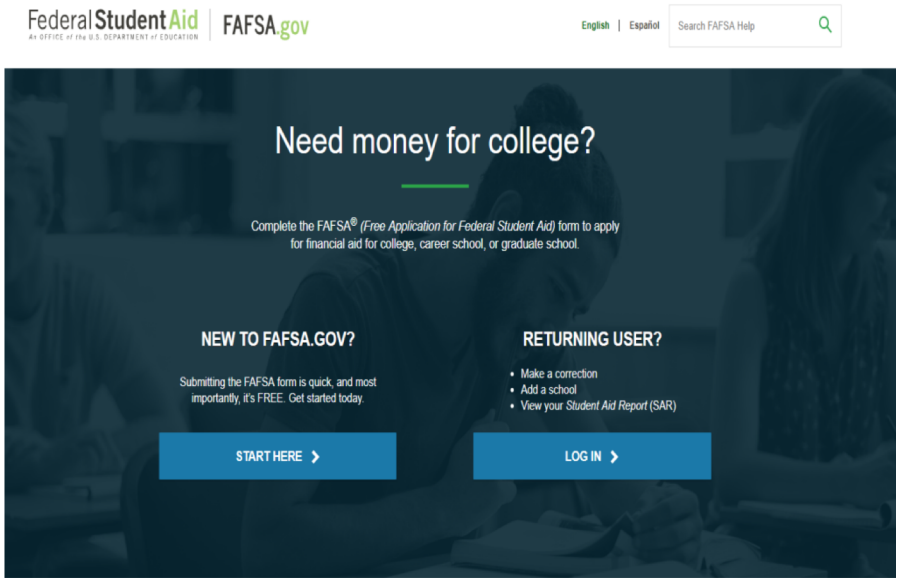

FAFSA

Institutional Forms

Other Forms

# Free Application for Federal Student Aid (FAFSA)

- The FAFSA is the first step in the financial aid process. It is used to apply for state and federal financial aid programs. In addition, some colleges use it to award institutional aid. The application is available at no cost.

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# 2019-20 FAFSA

| | |
|---|---|
| WHEN | • As soon as possible after October 1st (First day to submit FAFSA) |
| WHO | • High school seniors and college students<br>• U.S. citizens and eligible non-citizens |
| HOW | • Available on-line at www.fafsa.gov |
| WHY | • Determine eligibility for federal and state aid programs<br>• Some institutions use it to award institutional aid |

# Important Dates 2019-20

| | |
|---|---|
| FAFSA | • October 1, 2018<br>(first date to submit FAFSA) |
| College | • Dates vary by college/university<br>(check with each college) |
| MAP Grant | • As soon as possible after October 1, 2018 |
| Federal Pell Grant | • June 30, 2020<br>(end of the academic year) |

# Information Needed for the FAFSA

What information is needed?

- **Social Security Number** – Be sure it is correct!
- **Alien Registration Number** – if not a U.S. citizen.
- **Records of income** – 2017 Federal Income Tax Return (1040, 1040A, or 1040EZ), W-2s, other records of income earned from work, business, child support paid or received, and any other untaxed income.
- **Information about assets** – Savings, certificates of deposit, stock options, bonds, 529 plans and other college savings programs, and investment real estate, business, and farms
- **An FSA ID to sign electronically**

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**Note:** A student must report parental information until the age of 24 unless they meet the criteria to file as an independent student as determined by the FAFSA.

# Federal Student Aid ID (FSA ID)

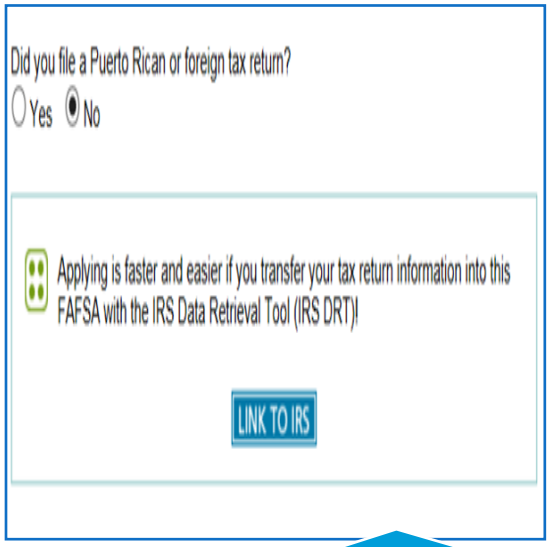
- The FSA ID is your electronic signature for the FAFSA
- Students and parents must each have their own FSA ID
- You will need your FSA ID to renew the FAFSA every year
- **Note:** Parents who do not have a Social Security Number cannot obtain an FSA ID but can print a signature page instead

**FSA ID Requirements**

- Username
- Password
  - Uppercase letters
  - Lowercase letters
  - Numbers
  - Special Characters
- Challenge questions

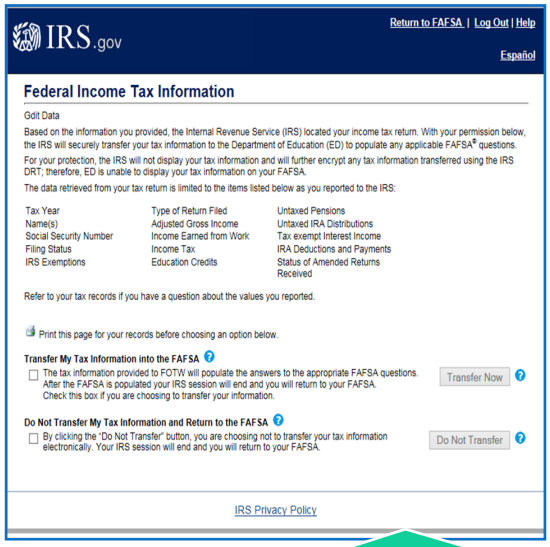
# IRS Data Retrieval Tool

Allows you to transfer your tax data onto the FAFSA




Link to IRS

Look up tax data




Transfer to FAFSA

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# Expected Family Contribution (EFC)

- A need analysis formula established by Congress determines a student's **Expected Family Contribution** using information reported on the FAFSA.

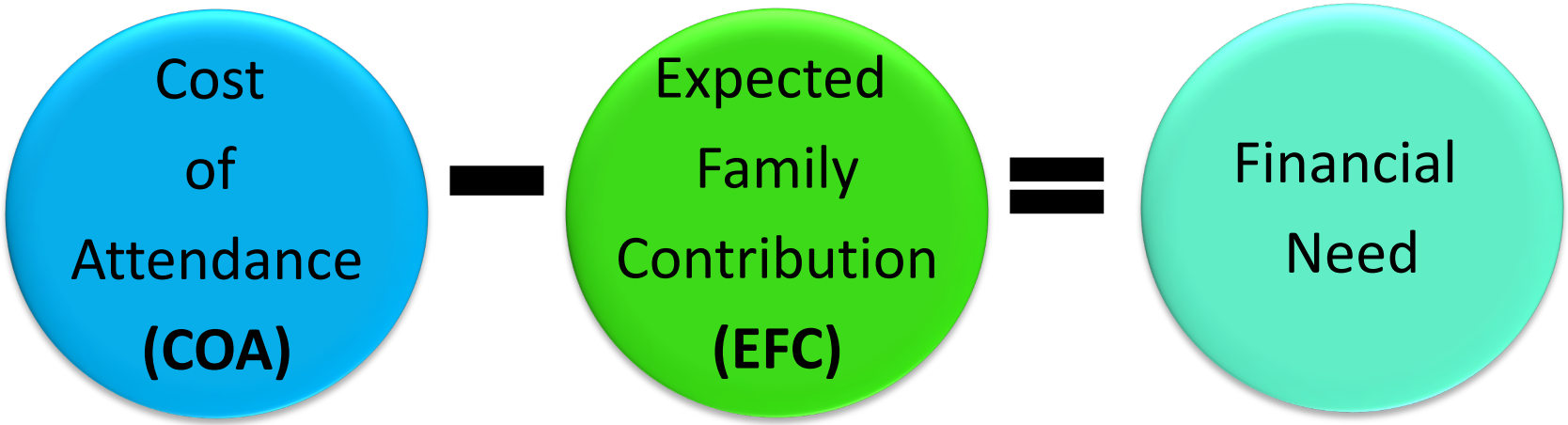
| What? | Why? | Where? |
|---|---|---|
| The amount a family can be expected to contribute in one academic year | Used to determine a student's eligibility for most federal and state aid programs | Shown on the Student Aid Report (SAR) |

# How Much Does College Cost?

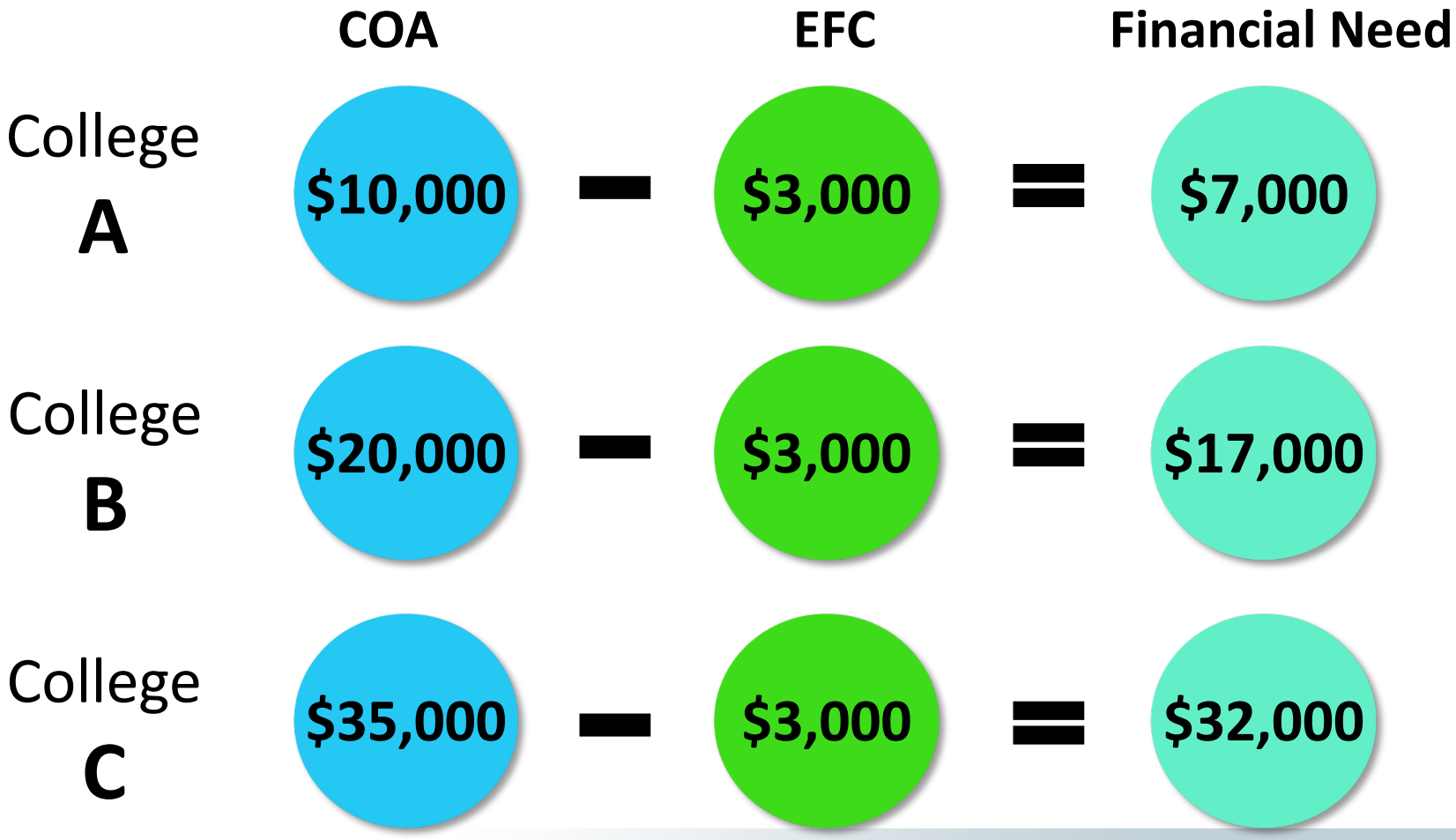
| | |
|---|---|
| Tuition & Fees | *Direct Expenses* |
| + Room & Board | *Direct or Indirect Expenses* |
| + Transportation | *Indirect Expenses* |
| + Books & Supplies | |
| + Miscellaneous Living Expenses | |
| **= Cost of Attendance (COA)** | |

# Financial Need

- How much aid can a student receive?



# Three Examples



# Financial Aid Awards

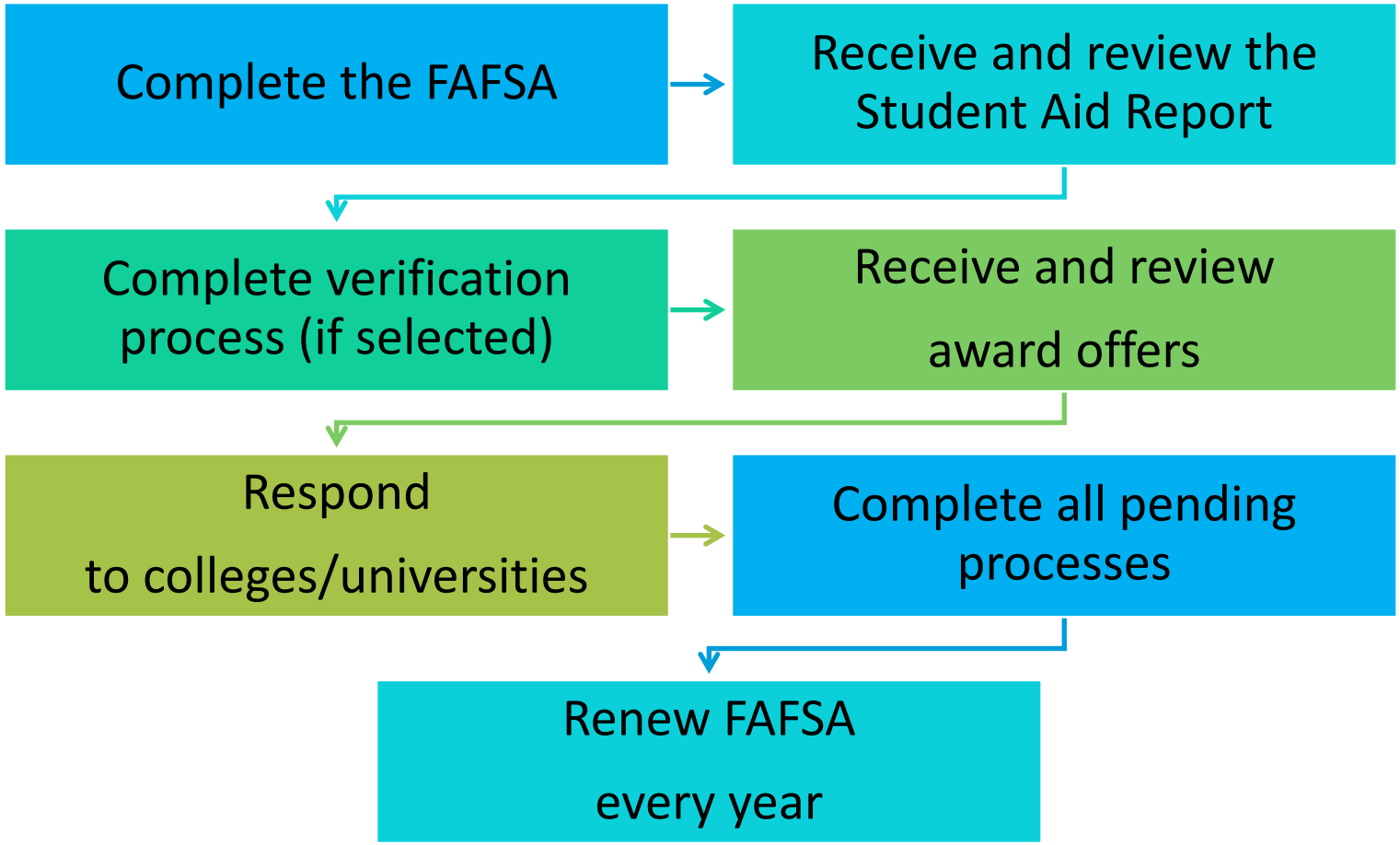
- The financial aid administrator at the college will package all available aid and send an award offer for consideration.
- Use ISAC's Financial Aid Comparison Worksheet at: **studentportal.isac.org/finaid** to make an informed decision.

- What is the total cost of attendance?
- What is a student's financial aid eligibility?
- Was financial need met?
- What is the Expected Family Contribution?
- What types of financial aid are included?
- What is the out-of-pocket cost?

# Other Things to Know

- Complete the FAFSA as soon as possible after October 1
- Information reported on the FAFSA is confidential and only used to determine financial aid eligibility
- You may be asked to submit documentation to the financial aid office for verification purposes
- Supplemental applications or forms may be required
- Keep track of application DEADLINES!
- Keep a copy of everything you submit
- You must reapply every year

# The Financial Aid Process



# ISAC Student Portal

# Trusted Websites

- Learn what you need to know and stay up-to-date with accurate and trusted sources of information

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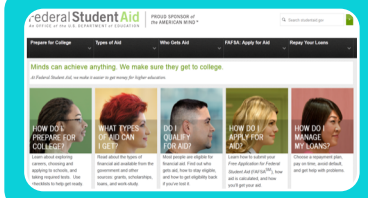
Studentportal.isac.org




StudentAid.gov

FAFSA.gov

# ISAC College Q & A

- Questions about financial aid?
- Questions about getting to college?
- Text with our experts!

Pick the area code closest to you and text us your name.

| | |
|---|---|
| (217) 207-3265 | (309) 306-7066 |
| (618) 223-6450 | (630) 216-4910 |
| (708) 252-3890 | (773) 453-9520 |
| (815) 242-4630 | (847) 243-6470 |

# Find Answers to Your Questions

**Illinois Student Assistance Commission**

800-899-ISAC (4722)

ISAC.org

isac.studentservices@illinois.gov

**U.S. Department of Education**

800-4-FED-AID (800-433-3243)

StudentAid.gov

# Questions?

**Our ISAC Representative's Contact Information:**

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