

The slide features two vertical decorative bars on the left and right sides. These bars are filled with a dense, overlapping pattern of various currency symbols, including the dollar sign (\$), euro (€), yen (¥), and pound sterling (£), rendered in a golden-yellow color. The central area of the slide is white, providing a high-contrast background for the text.

College Funding 101

October 17, 2018

Presented by Todd Weaver
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Strategies For College, Inc.

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Agenda

- What is the EFC?
- What types of aid are there?
- Filing forms – When?
 - FSA ID
 - FAFSA
 - CSS Profile
 - Other institutional forms
 - IRS – Data Retrieval Tool (DRT)
- Separation, Divorce, Remarriage
- Understanding Enrollment Management



Expected Family Contribution (EFC)

- Your “deductible”
- Minimum amount a college will expect your family to pay, per year, per child
- Federal Methodology (FM) EFC is calculated via the FAFSA form
- Institutional Methodology (IM) EFC is calculated via the CSS Profile
- All colleges use FM, and 229 colleges use FM and IM to determine need-based aid eligibility



The Effective Mindset

Seeks Understanding

Colleges will calculate the **EFC**
(Expected Family Contribution)

If the EFC is less than the **Cost of Attendance**,
the family is “aid eligible”

If the EFC is greater than the Cost of Attendance,
the family is not **“aid eligible”**

Always, Always, Always...



RUN THE NUMBERS!

ALWAYS CALCULATE YOUR EFC

LEARN HOW TO REDUCE YOUR EFC

Expected Family Contribution (EFC)

FM and IM

<u>Parent Income</u> Max assessment = 47% AFTER ALLOWANCES	<u>Student Income</u> FM assessment: 50% after first \$6,660 IM assessment: \$1,850 min, then parent rate.
<u>Parent Assets</u> Max Assessment: 5.65% AFTER ALLOWANCES	<u>Student Assets</u> FM assessment: 20% IM assessment: 25%

$$\begin{array}{c} \text{Parent Contribution} + \text{Student Contribution} \\ = \\ \text{Expected Family Contribution} \end{array}$$



Parent Assets Include...

- Cash, Savings, Checking
- “Liquid” assets – money markets, CD’s, mutual funds, Coverdale ESA, etc.
- 529 accounts (parent and student owned)
- Home Equity – not on FAFSA, but most likely on CSS Profile
- Value of a small business (<101 FTE and >50% ownership by family) – not on FAFSA, but yes on CSS Profile

529 Distributions – from outside the family

- Timing is everything
- For matriculation in 2019: the Family will need to use the following tax information:
 - ***Freshman 2019-2020 FAFSA (use 2017 taxes)***
 - ***Sophomore 2020-2021 FAFSA (use 2018 taxes)***
 - ***Junior 2021-2022 FAFSA (use 2019 taxes)***
 - ***Senior 2022-2023 FAFSA (use 2020 taxes)***
- If Uncle Bill can hold off making a distribution until January of 2021 (middle of Sophomore year), then the distribution will never be recorded and sent to the colleges (key: grad in 4 years).

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True or False?

- Not a single Ivy League college awards merit scholarships
- Retirement Account balances are required to be reported on FAFSA in investments section
- There is a criminal penalty for knowingly submitting false or misleading info on FAFSA



Financial Aid is used to meet “Need”

- Not all colleges meet 100% of “Need”
- Financial Aid is:
 - Scholarships
 - Grants
 - Student Loans
 - Work-Study Funds

How To Obtain Financial Aid

- File Forms – ON TIME!
- TWO FORMS: FAFSA & CSS Profile
- Other Institutional Forms – examples: [Endicott College](#); [Dartmouth College](#)
- Parent info – could be different for families of divorce, separation, remarriage – example: [Non-custodial waiver](#)
- Use IRS Data Retrieval Tool (DRT) – but monitor for glitches
- Instant financial aid: AP
 - Many colleges will give credit for AP, thus reducing potential time in college

Colleges that use the CSS Profile form – see College Board

CollegeBoard

September 25, 2017

Close

2018-19 Participating Institutions and Programs

The following colleges, universities, and scholarship programs use CSS Profile® and/or IDOC as part of their financial aid process for some or all of their financial aid applicants in the populations listed below. Please check schools' websites or contact the institution for more information.

CSS Code	Institution Name	Institution State	CSS Profile – Domestic Students	CSS Profile – International Students	CSS Profile – Noncustodial Parents	IDOC
1003	Alabama A&M University	AL	No	No	No	No
0540	American Foreign Srvc Assoc SF	DC	Yes	No	Yes	No
5007	American University	DC	Yes	No	Yes	No
3003	Amherst College	MA	Yes	Yes	Yes	Yes
0193	Armenian Student Assoc of Amer	RI	Yes	Yes	No	No
3075	Babson College	MA	Yes	Yes	Yes	Yes
2038	Barnard College	NY	Yes	Yes	Yes	No
3076	Bates College	ME	Yes	No	Yes	No
3080	Bennington College	VT	Yes	Yes	Yes	No
3107	Berklee College of Music	MA	Yes	No	Yes	No
5059	Berry College	GA	Yes	No	No	No
3083	Boston College	MA	Yes	No	Yes	No
3116	Boston U: Sch of Medicine	MA	Yes	No	Yes	No
3087	Boston University	MA	Yes	No	Yes	No

Paying For College

YHEM* or OPM

TOTAL COST OF ATTENDANCE
MINUS EXPECTED FAMILY CONTRIBUTION
EQUALS (OPM) ELIGIBILITY (NEED)

Types of OPM**: Scholarships, Grants, Loans,
Jobs, Tuition Discounts

** Your Hard Earned Money*

*** Otherwise known as financial aid*



**DO NOT BE DECEIVED
BY STICKER PRICE!**

Don't Be Deceived By Sticker Price –

Is it possible to be eligible at one college but not at another?

	<u>College A</u>	<u>College B</u>	<u>College C</u>
Cost of Attendance	\$25,000	\$35,000	\$55,000
EFC from FAFSA	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>
Financial Need*	\$15,000	\$25,000	\$45,000
Average % of need met with grant aid**	50%	60%	85%
Estimated Grant Aid	\$7,500	\$15,000	\$38,250
Estimated GAP	\$7,500	\$ 10,000	\$6,750
Potential Net Cost of College	\$17,500	\$20,000	\$16,750

* Maximum need based aid eligibility.

** For discussion. Does not reflect any particular institution's statistics.

Enrollment Management

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Admission – Competitive Position

- Numbers are huge (Northeastern > 50,000 applicants!)
- More than 2M applicants in US; top 5% = 100,000 students
- 3.8 GPA; 730 per section on SAT; 33 ACT
- Why is this a problem? They are all going to apply to the same top 20 schools – not enough seats!

Top 16 Colleges (none in New England)





Please Put Us In Debt!

- *Make sure you have at least three financial liability colleges on your list in order to make sure you and your parents generate a lot of debt ... you must be in the bottom quartile of typically admitted students in order to qualify for this benefit.*

How many of you want this to happen?

Enrollment Management

The Top Quartile Is The Place To Be ...

Especially If You Need Money For College










- Optimizes enrollment through segmenting and price sensitivities.
- Shapes enrollment by allowing the college to selectively increase specific groups of students through the use of targeted aid and merit discounts.
- Maximizes net revenue by allowing the college to control its financial aid budget and net revenue outcomes.



Enrollment Management & Financial Aid Leveraging

This is how it begins: Each admitted student is “equal” financially.

Ability to Pay: College’s assessment of FAFSA and/or CSS Profile


Student rank in admitted student pool		Can afford 75% – 100% COA 	Can afford 50% - 75% COA 	Can afford 25%-50% COA 	Can afford 10% - 25% of COA 
	Top 25% 				
	2 nd 25% 				
	3 rd 25% 				
	4 th 25% 				

Where do you fit?

Enrollment Management & Financial Aid Leveraging

This is how it ends: College awards money to those it finds most “desirable.”

Ability to Pay: College’s assessment of FAFSA and/or CSS Profile

Student rank in admitted student pool		Can afford 75% – 100% COA <div>A</div>	Can afford 50% - 75% COA <div>B</div>	Can afford 25%-50% COA <div>C</div>	Can afford 10% - 25% of COA <div>D</div>
	Top 25% <div>1</div>	Merit \$\$\$\$ (If available)	Grant \$\$\$\$	Grant \$\$\$\$	Grant \$\$\$\$
	2 nd 25% <div>2</div>	Merit \$\$ (If available)	Grant \$\$	Grant \$\$	Grant \$\$
	3 rd 25% <div>3</div>	Full Pay (Merit??)	Gapped -	Gapped +	Gapped +
	4 th 25% <div>4</div>	Full Pay	Gapped -	Gapped +	Gapped +



Don't Believe Me? Here's Proof.

Let's talk about **affording Drew**. If you're in the **top 1/3 of our applicant pool**, you'll be eligible for **scholarships** from **\$10,000 to \$25,000** per year. If your family resources make paying for Drew a challenge, we offer **\$35 million** in need-based grants, loans and work-study opportunities, too. The reality is about 80 percent of **Drew** students attend with **need-based or academic financial assistance**.

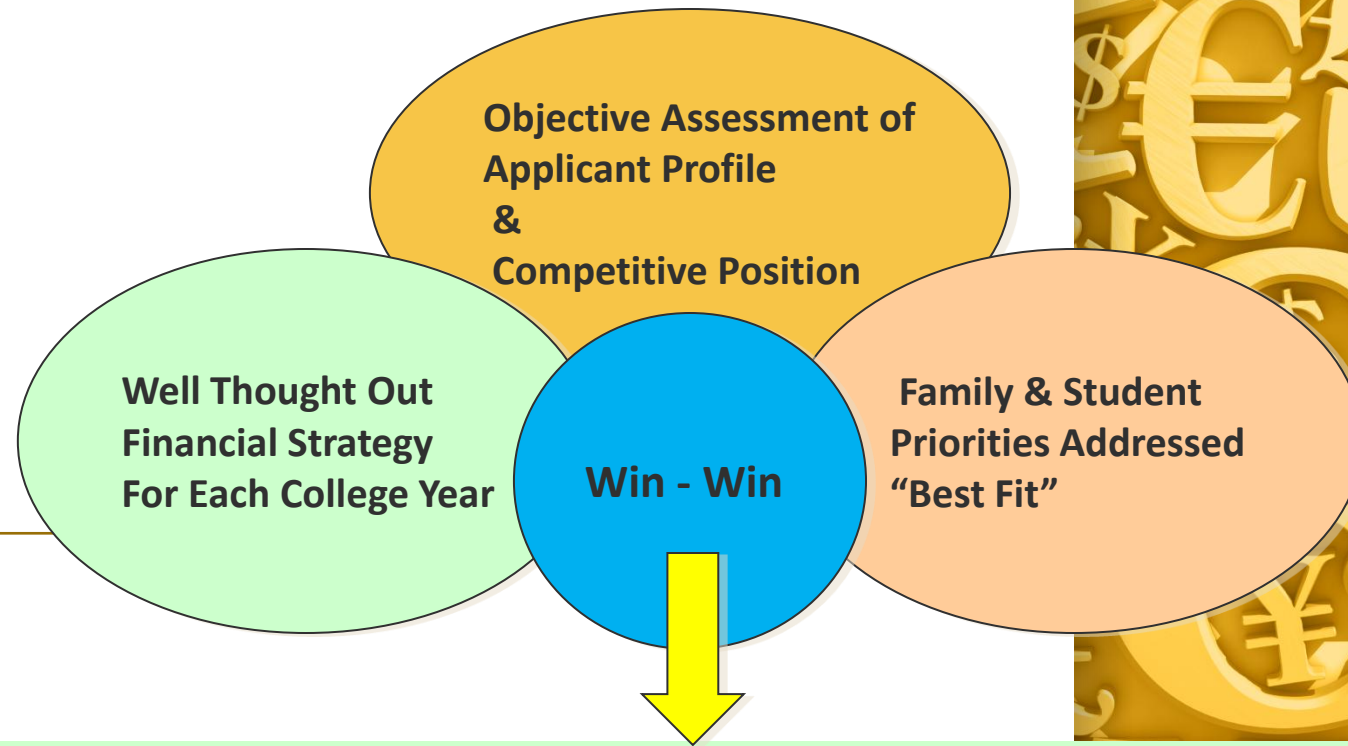


Solutions

- First of all, do you know your current EFC?
- Can your EFC be optimized? (similar to tax planning)
- Each college has a financial aid “history” – if you had this in hand, you could ask for what your student SHOULD be eligible for
- Evaluate your student’s competitive position – temper your expectations (reach?)
- NPC’s are meaningless unless you have your EFC locked down – without EFC, how can you compare?

Strategies For College, Inc.
"Integrated College Planning"

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The Beginning



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