

# Financial Aid Handbook

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## Strategies to Assist Students with Paying for Higher Education

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## **Introduction**

Funding a student's education is primarily a family responsibility. The government, local organization and schools do their part to make it accessible, but in the end, the student and their family must put in the effort to access the resources available, including their own. It is understood that each situation is different and resources vary. Our role is to work with families to help them use what they have and to find other sources of financing as well.

Ideally, financing a child's education is something that starts early in the child's life, but the reality is that regardless of socioeconomic status, oftentimes that does not happen. In order to give the student the best chance at attending the college of their choice, the family must be educated on their financing options. Equipping families with information as soon as possible will empower them to make responsible choices now that will pay off later.

The majority of your students will start their college financial plan in their senior year of high school. In this case, there is a lot of catching up that needs to be done. Economic and academic status both play a significant role in providing access to scholarships and with such a short window these two factors are difficult to influence. Yet, there is hope.

This handbook is designed to give you some information to assist you as you guide your students through the financial aid and scholarship process. Use is often.

Orma Smith

## The Basics: Completing the FAFSA

Every student, regardless of financial status, needs to complete the FAFSA. Colleges will not offer aid and some scholarships will not be awarded if the FAFSA is not completed. **Some reasons families choose not to complete the FAFSA:**

- The assumption that they make too much money
- The household income is under the table or not legal
- Poor record keeping
- Distrust of others with their personal information

You are not an accountant, so you do not have to try to figure out the intricacies of financial situations. Your role is to talk to the families and ensure that their information is secure and that completing the document will help their child receive money for college. *If you do not know the answer to a question, do not guess*, always refer them to a college financial aid officer or to the FAFSA hotline 1-800-4-FED-AID (1-800-433-3243) or 319-337-5665 or the TTY line at 1-800-730-8913.

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The FAFSA opens January 1 of every year, but families need to prepare in advance of this date (refer to the Financial Aid Timeline in Appendix A).

- At any time they can use the **FAFSA4caster** to estimate how much aid they will receive from the federal government. They can visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and click on FAFSA4caster under *Thinking about College*
- **Net Price Calculator:** Every college has a Net Price Calculator on their website which estimates the amount the school will cost them based on the school's cost of attendance and the student's financial aid eligibility. This does not include outside aid/scholarships.
- Both the student and 1 parent must apply for a **pin #** to electronically sign the FAFSA. This process should begin on December 1. Using this date will help the process of sorting other issues such as mismatched social security numbers, misspelled names, etc.
- The **FAFSA on the Web Worksheet 2013-2014** should be available free from [fsapubs.gov](http://fsapubs.gov) mid-December. This document helps families gather the necessary information to complete the online FAFSA. This is especially helpful if they are going to a FAFSA completion event at the school, a community center or College Goal Sunday.

## Remember:

1. Hold a *parent financial aid meeting* in early December if possible. Have a financial aid officer from a local college do the presentation so they can answer specific questions.
2. Remind students often that the FAFSA is FREE and they should not pay anyone to help them complete it. There are many scam artists out there that will try to get money from them. Some students also accidentally go to *www.fafsa.com* instead of *www.fafsa.ed.gov*. The .com website charges.
3. Advertise College Goal Sunday and encourage students to attend. The event is February 10, 2013 and they can go to *www.micollegegoal.org* for detailed information regarding locations. *You can order free materials to promote the event from the website.*
4. Stress the importance of completing the FAFSA by the March 1 state priority deadline. Some state funding, private and school scholarships are not available after this time.
5. Families can complete the FAFSA using their 2011 tax information and update it once their 2012 taxes are complete. This is useful if their financial situation has not changed drastically and they want to get the document done as soon as possible.
6. There are many free resources offered on *www.studentaid.gov* and *fsapubs.gov* (you must have an ML # to order from *fsapubs.gov*). There are resources for counselors, students and parents.

## Education Savings Plans

These plans allow parents to begin saving for a child's education as early as possible.

### Michigan Education Trust (MET)

(source-[www.michigan.gov/setwithmet](http://www.michigan.gov/setwithmet))

*This is a savings plan and poses little to no financial risk.*

#### Peace of Mind for Parents

MET allows parents, grandparents, businesses and others to pre-purchase undergraduate tuition for a child residing in Michigan at any Michigan public university or college, including 28 public community colleges.

#### Portability - Out of State and Private Universities

Students may direct refund payments to any eligible university in the nation, both private and public.

#### Flexibility

Students have 15 years to use tuition benefits.  
MET contracts may be purchased by semester or by year.  
MET offers payment plans over four, seven, 10, and 15 years.  
Payroll deduction is offered through participating employers.

#### Transferable

Benefits may be transferred to a sibling or first cousin in the event the student receives a full scholarship or does not attend college.

#### Refundable

In the event the student does not wish to attend college, monies are refunded.

#### Tax Deductible

Total contract price can be deducted from state income tax. Prepaid tuition earnings are tax-exempt when benefits are used for higher education.

#### MET's Obligation

Under the contract, MET will pay future tuition and mandatory fees without additional charge. MET pays in-state tuition at public four-year colleges and universities in

## **Michigan Education Savings Program (MESP)-529 Plan**

(source-www.misaves.com)

*This is an investment plan and poses some financial risk.*

### **What is a 529 Plan?**

Just as a 401(k) plan is for retirement savings, a 529 college savings plan is for college savings. 529 refers to Section 529 of the Internal Revenue Code. By federal law, all 529 college savings plans must be state sponsored. Residents of any state can invest in any state's 529 Plan; you do not have to be a resident of a particular state to invest in that state's plan. However, there may be tax advantages available only to state residents for any particular state sponsored plan. There are several types of 529 Plans, including state-sponsored college savings plans and state sponsored prepaid plans. With all 529s—both savings, and prepaid programs—there is no income or age limit for participation. You can even open an account for yourself.

### **Do I have to use my account at a Michigan college or university?**

No. The money in your account may be used at any eligible educational institution. This includes public and private colleges and universities, graduate and post-graduate schools, community colleges, and certain proprietary and vocational schools.

### **Other Plans**

Parents should also consider having conversations with their financial institutions to see if they have any viable options for savings plans.

## Scholarships

Searching for scholarships can be a full time job. It is important that you empower your students with the skills and the information they need to take on this task. As the advisor, you need to support them, but it is not feasible to do the job for them. (See Appendix A for a Scholarship Search activity)

The vast majority of scholarships are awarded based on academic performance, but students can receive scholarships for a variety of reasons (even some of these have an additional academic requirement). These include, but are not limited to:

- ❖ Gender
- ❖ Ethnicity
- ❖ Religious affiliation
- ❖ Affiliation with an organization (sorority, fraternity, etc.)
- ❖ Employer(self, parent, grandparent)
- ❖ Veteran status of a family member
- ❖ Height
- ❖ Health Issue
- ❖ Community Service
- ❖ Leadership
- ❖ Creativity
- ❖ Career Track
- ❖ The list goes on...

Impress upon your students that searching for scholarships is a part-time job. Host scholarship workshops where you have volunteers to help them with essays and application completion. Encourage students to form scholarship clubs. It is a lot of work, but it pays off in the end. The money is out there.

### Automatic Scholarships

Some students will be considered for scholarships automatically once they have been admitted to a school by the scholarship deadline. Another automatic scholarship is the **Tuition Incentive Program (TIP)** scholarship. Students who are eligible for this scholarship received a letter when they were in middle school. Some will still have the letter, others will not. You can contact the tip hotline to get a list for your school. The number is 1-800-4-FED-AID (1-800-433-3243). Students may also call this number to find out if they are eligible for TIP. The program is for students who were on Medicaid for 2 years in a 3 year period by the age of 12. There are two phases to TIP. Phase I is for tuition and mandatory fees and a state community college for two years or at a university with an associate's degree program. Phase 2 is up to \$1,000 per year at a state university. There is a detailed explanation of the program in Appendix D.



## Scholarships of Note

These should be *heavily promoted* to your students.

### **Coca Cola Scholars (<https://www.coca-colascholars.org/>)**

Initial Applications are accepted through Oct 31 of the senior year in high school.

1. Seniors in high schools throughout the United States who meet the eligibility requirements may apply each year for one of 250 four-year, achievement-based scholarships.

2. Approximately 2,200 applicants will be selected as Semifinalists and notified by mail and email around December 1. Semifinalists must then complete a secondary application, including essays, official transcripts, and two letters of recommendation. Semifinalist applications are due by mid-January. Our Program Review Committee will select 250 Finalists to advance to the final interview phase. Notifications are sent mid-February.

3. In April, the 250 Finalists are invited to Atlanta for personal interviews. The Finalists are interviewed by a National Selection Committee representing outstanding leaders in business, government, education and the arts. 50 students are then designated as National Scholars and receive awards of \$20,000 for college; 200 students are designated as Regional Scholars and receive awards of \$10,000 for college.

### **Bowling Green State University/President's Leadership Academy**

- Admitted to BGSU (GPA 2.5, ACT 18)
- Renewable tuition scholarship
- Application deadline December 3, 2012;
- [www.bgsu.edu](http://www.bgsu.edu)

### **Coleman A. Young Foundation Scholarship**

- [www.cayf.org](http://www.cayf.org)
- 4-year renewable scholarship
- \$20,000(\$5,000/year for 4 years)
- GPA 2.5 or above
- Demonstrated financial need
- Attending a 4-year college in Michigan or an HBCU (majoring in Liberal Arts, Education, Economics, Finance, Engineering or Science)

### **United Negro College Fund**

- [www.uncf.org](http://www.uncf.org)
- Go to the *For Students* section
- Select *Scholarships*
- Browse the list and apply as necessary

UNCF has multiple scholarships available in many disciplines

### **Ron Brown Scholars Program**

- [www.ronbrown.org](http://www.ronbrown.org)
- Must excel academically
- Strong sense of social responsibility
- \$40,000(\$10,000 per year for four years)
- Deadline: January 9(recommendations required)

### **Gates Millennium Undergraduate Scholars Program**

- Contact: Gates Millennium Scholars, P.O. Box 10500 Fairfax, VA 22031-8044, 877- 690-4677,
- <http://www.gmsp.org> , [contactus@gmsp.org](mailto:contactus@gmsp.org)
- Eligibility: Applicants must be a low-income minority student either graduating from high school or a college student continuing college courses. Applicant must have at least a 3.3 GPA and demonstrate community involvement. Although there are no restrictions on major, nominators are asked to consider academic performance in math and sciences.
- Award: Program covers the cost of tuition, fees, books, and living expenses not paid for by grants and scholarships already committed as part of the recipient's financial aid package.
- Deadline: January 16, 2013

### **AXA Achievement Scholarship**

<http://www.axa-equitable.com/axa-foundation/about.html>

- Community service based
- Awards range from \$2,000-\$25,000
- Deadline: December 1, 2012

## Reviewing Information with Families

### The Award Letter

The Cost of Attendance (COA) represents tuition, room & board, mandatory fees, transportation books and other miscellaneous expenses associated with attending the school. This number is an average and can vary by family. Some students may choose to live at home, will not need to factor in transportation or will not need to buy a new wardrobe for college. All of these factors need to be considered when discussing college costs.

Every student will be awarded up to the cost of attendance; even if the gap is covered by a substantial amount of loans. This is why it is important to have conversations about affordability and to compare college costs (See Appendix E).

### EFC: What does it really mean?

Once a student completes the FAFSA, they will receive an EFC(Expected Family Contribution). This can range from \$0 to several thousand dollars based on numerous factors. **Please stress with the family that an EFC of \$0 does not mean that they do not have to contribute anything financially to their child's education.** It is a measure that indicates they are eligible for the highest amount of federal student aid.

### Dependent Verification/Supporting Documentation

It is estimated that 1/3 of completed FAFSAs are selected for document verification by colleges/universities. When this happens, families are asked to provide written verification of information they entered online. It is imperative that this is done in a timely manner. Students tend to skip this step and miss out on aid. Advise them to do this for all colleges they are considering, even a little. If they wait too long, they may not be able to take advantage of aid offered by the institution.

### Loans

Loans are aid of last resort. Families need to exhaust every other source of aid before they decide to take out loans and they need to take out only as much as they need. Students should be made aware of different loan types and the ones that are in their name versus the ones that are in their parents' name. It is important to discuss

with them the concept of the *refund check* and how this impacts them later in life. Many of your students will have stories of friends who have received hundreds of dollars in refunds from loans who spent the money on non-school related items without considering the long term consequences. (See Appendix F)



## Additional Resources

Jennifer Wallace-The TIP Lady  
wallacej4@michigan.gov; tiplady@live.com  
(517) 962-1568

**Notes:** Scholarship search information, state scholarship programs, ACT workshops

Deric Williams II  
Assistant Director for Outreach  
University of Michigan Ann Arbor  
dbwii@umich.edu  
(734) 763-6600; (313) 872-7608

**Notes:** Coordinates financial aid meetings and other outreach programs

### Websites

Federal Student Aid  
[www.studentaid.gov](http://www.studentaid.gov)

United States Department of Education  
[www.ed.gov](http://www.ed.gov)

National Association of Student Financial Aid Administrators  
[www.nasfaa.org](http://www.nasfaa.org)

Michigan Student Financial Aid Association  
[www.msfaa.org](http://www.msfaa.org)

Michigan College Access Portal  
[www.michigancap.org](http://www.michigancap.org)