

Financial Aid Handbook

For Parents

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Introduction

Funding a student's postsecondary education is primarily a family responsibility. The government, local organizations and schools do their part to make it accessible, but in the end, the student and the 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 so help is needed.

This handbook is designed to give information to assist you as you go through the financial aid and scholarship process. Use it often.

The Basics: Completing the FAFSA 2013-2014

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 the household income is too high
- The household income is not documented
- Poor record keeping
- Distrust of others with personal information

You do not have to try to figure out the intricacies of financial situations on your own. *If you do not know the answer to a question, do not guess*, always refer 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.

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 you can use the **FAFSA4caster** to estimate how much aid you will receive from the federal government. Visit 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 families 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 one (1) parent must apply for a **Federal Student Aid Pin** to electronically sign the FAFSA. This process should begin on December 1. This pin allows you to "sign" the form online and the process is quicker than mailing in a signature page. Visit www.pin.ed.gov
- The **FAFSA on the Web Worksheet 2013-2014** should be available at your school in early January. This document will help you gather the necessary information to complete the online FAFSA. This is especially helpful if you are going to a FAFSA completion event at the school, a community center or **College Goal Sunday**-February 10, 2013(www.micollegegoal.org).

Points to Remember:

1. The FAFSA is **FREE** and you should not pay anyone to help you complete it. There are many scam artists out there who will try to get money from you. Some students also accidentally go to *www.fafsa.com* instead of **www.fafsa.ed.gov**. The '.com' website charges.
2. **College Goal Sunday is February 10, 2013.** You can go to *www.micollegegoal.org* for detailed information regarding locations. You will be able to get assistance with FAFSA completions from individuals who are qualified to answer your questions on the spot.
3. **March 1** is the state priority deadline. Some state funding, private and college scholarships are not available after this time. Please complete the FAFSA as soon as possible before this date even if your prior year's taxes are not completed.
4. You can complete the FAFSA using your 2011 tax information and update it once your 2012 taxes are complete. This is useful if your financial situation has not changed drastically and you want to get the document done as soon as possible.
5. There are many free resources offered on *www.studentaid.gov* and *edpubs.gov*.
6. **Help is available.** Always feel free to talk to the Financial Aid Officers at the college of your choice, your School Counselor or College Transition Advisor.

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)

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.

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 child with the skills and the information they need to take on this task. As the parent, you need to support them, but it is not advisable to do the job for them. (See Appendix B 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. 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 child that searching for scholarships is time consuming but it can **reduce their loan debt and increase their postsecondary options**. Encourage them 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 find out if your child is eligible for TIP. 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

Ron Brown Scholars Program

- www.ronbrown.org
- Must excel academically
- Strong sense of social responsibility
- \$40,000(\$10,000 per year for four years)
- **Deadline: January 9, 2013**

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
- 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**

Rosa Parks Foundation

- Be a senior attending a public or private Michigan High School
- Graduate by August of the application year.
- Have GPA of 2.5 or above
- Complete an application form and essay
- Furnish official copies of high school transcript and ACT or SAT results
- <http://www.rosaparksscholarshipfoundation>
- **Deadline: March 1, 2013**

Coleman A. Young Foundation Scholarship

- 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)
- **Deadline: March 13, 2013**

Delta Sigma Theta Detroit Alumnae Chapter Scholarship

- http://www.detroitdeltas.com/site/index.php?option=com_content&view=article&id=26&Itemid=40
- 2.5 grade point average
- Can apply to one of eight scholarships listed on the application
- **Deadline: March 25, 2013**

Detroit Omega Foundation, Inc.(DOFI)

- http://paralleluniverse.com/dofi/forms/dofi_scholarship_application.pdf
- Must be African American male Detroit residents accepted to an HBCU
- Have a minimum grade point average of 2.5 on a 4.0 scale.
- Submit a completed application on the form prescribed by DOFI.
- Provide a letter of recommendation from their principal or counselor.
- Include a high school transcript with ACT or SAT scores.
- Demonstrate evidence of leadership abilities and good citizenship in the application.
- Show financial need
- **Deadline: April 15, 2013**

Ieptha Wade Schureman Scholarship Program

- <http://cfsem.org/scholarships?page=1>
- Targets students who are fatherless because of death or termination of parental rights before age 18
- Residents of Wayne, Oakland, Macomb, Lenawee, Monroe, Livingston, Washtenaw or St. Clair counties at the time of high school graduation
- Will pursue a major and career in nursing, law, dentistry or medicine
- Demonstrate financial need Must attend one of the 15 public Michigan universities
- Award up to eight \$7,500 scholarships
- **Deadline: June 3, 2013**

United Negro College Fund

- 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

Advice about Getting Scholarships

- Begin searching as early as middle school
- Usually you can start applying during 11th grade
- Do community service, volunteering, summer programs and other extracurricular activities
- Search the website of the colleges you want to attend
- Note the name and a contact # for EVERY scholarship applied for
 - Ask at place of employment
- Ask at your place of worship or local businesses
 - Keep your cumulative GPA above a 2.5

My FAFSA is Done, What's Next?

Student Aid Report (SAR)

Once the FAFSA is successfully submitted, the student will receive a **Student Aid Report (SAR)** via email. Please review this information for accuracy. If there are any errors, correct them and return the form as soon as possible. If there are no errors, nothing further needs to be done with this form (please file it).

The Award Letter

Each college listed on the FAFSA will send you a **Financial Aid Award Letter** which is an estimated offer based on the information from the FAFSA as well as aid the college is offering. This does not include outside sources of funding unless you have informed the school. **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 and 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 understand that an EFC of \$0 does not mean that you do not have to contribute anything financially to your child's education.*** It is a measure that indicates that the student is 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.

Students should do this for colleges they are considering even a little. If this information is not received, **financial aid awards** will not be processed.

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*, to ensure no misuse, and how this impacts them later in life. Many 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- unpaid loans in their own names and lack of income to meet financial needs. (See Appendix F)

Glossary of Financial Aid Terms

College Goal Sunday-A statewide event that allows parents to get assistance with FAFSA completion. The event will be held on February 10, 2013. More information is available at www.micollegegoal.org.

Cost of Attendance-The total amount it will cost to go to school for the year-tuition, fees, room, board, transportation, books and personal expenses. This number is above tuition and fees and can be adjusted if the student purchases books from alternate sources, does not live on campus or has lower personal expenses than estimated.

Education Savings Plan- Financial plans designed to help families save for college and other postsecondary education.

FAFSA-Free Application for Federal Student Aid

Federal Student Aid-Programs that offer grants, loans and work-study funds from the federal government to eligible students to enroll in college or career school.

Federal Student Aid Pin-Your electronic personal identification number that allows you access your personal information on various U.S. Department of Education systems and serves as your digital signature. You can request your pin at www.pin.ed.gov

Financial Aid Office- The office at postsecondary institutions that is responsible for preparing and communicating information regarding financial aid. They are available to help students apply for and receive loans, grants, scholarships and other types of aid.

FAFSA 4 Caster- An online tool that provides an early estimate of your federal student aid eligibility to help you financially plan for college. The tool is available at <https://fafsa.ed.gov/FAFSA/app/f4cForm?execution=e1s1>

Financial Aid Award Letter- An offer from a college or career school that states the type and amount of financial aid the school is willing to provide if you accept admission and register to take classes at that school.

Grant- Financial aid, often based on financial need, that does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

Student Loan-Money that is borrowed to pay for postsecondary education. This money must be repaid with interest. See Appendix F for explanation of loan types.

Net Price Calculator- An estimate of the actual cost that a student and his family needs to pay in a given year to cover education expenses for the student to attend a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

Pin see *Federal Student Aid Pin*

Postsecondary Education-Education that a student receives after graduation from high school.

Scholarship- Money awarded to students based on academic or other achievements to help pay for education expenses. Scholarships generally do not have to be repaid.

Student Aid Report (SAR)- A summary of the information you submitted on your FAFSA.

Source: <https://studentaid.ed.gov/glossary>