

# The Financial Aid Process

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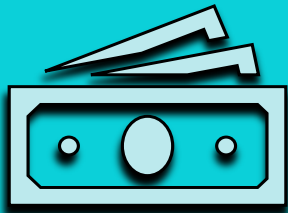
(217) 685-5315

# About ISAC



## Our Mission Statement

“Providing Illinois students with information and assistance to help make education beyond high school accessible and affordable”



We are the college access and financial aid agency in the State of Illinois that administers scholarship, grant, prepaid tuition, and student loan repayment/forgiveness programs.

# What is financial aid?

Money from ***various sources*** to help you pay for college

Makes college ***affordable***

***Helps cover the gap*** between what you can afford to pay and the cost of college

Can be ***given, borrowed, or earned***

# Types of Financial Aid



**Gift  
Aid**  
(Given)

- Grants
- Scholarships



**Self-Help  
Aid**  
(Borrowed/earned)

- Federal Student Loans
- Federal Work-Study

# Grants

Usually need-based

A Free Application for Federal Student Aid (FAFSA) is required for federal grants

Some state grants may also require a FAFSA

Funding may be limited (depends on grant)

# Scholarships

Can be need-based or merit-based, but not always

Eligibility varies by scholarship program

Available for different ages and grade levels (start early!)

Local scholarships tend to have smaller applicant pools

# Federal Student Loans

A FAFSA is required

Must be repaid

Students are responsible for repaying

Maximum borrowing limits apply

# Federal Work-Study

Need-based employment program

A student must earn these funds

Funds are limited (i.e. first-come, first-served)

Campus-based; available only at participating institutions



# Sources of Financial Aid

Federal  
Government

State  
Government

Colleges  
&  
Universities

Private

# Must-Know Sources of Financial Aid

## Illinois Student Assistance Commission



**[www.ISAC.org](http://www.ISAC.org)**

- Grants
- Scholarships
- Prepaid tuition
- Loan repayment & forgiveness programs

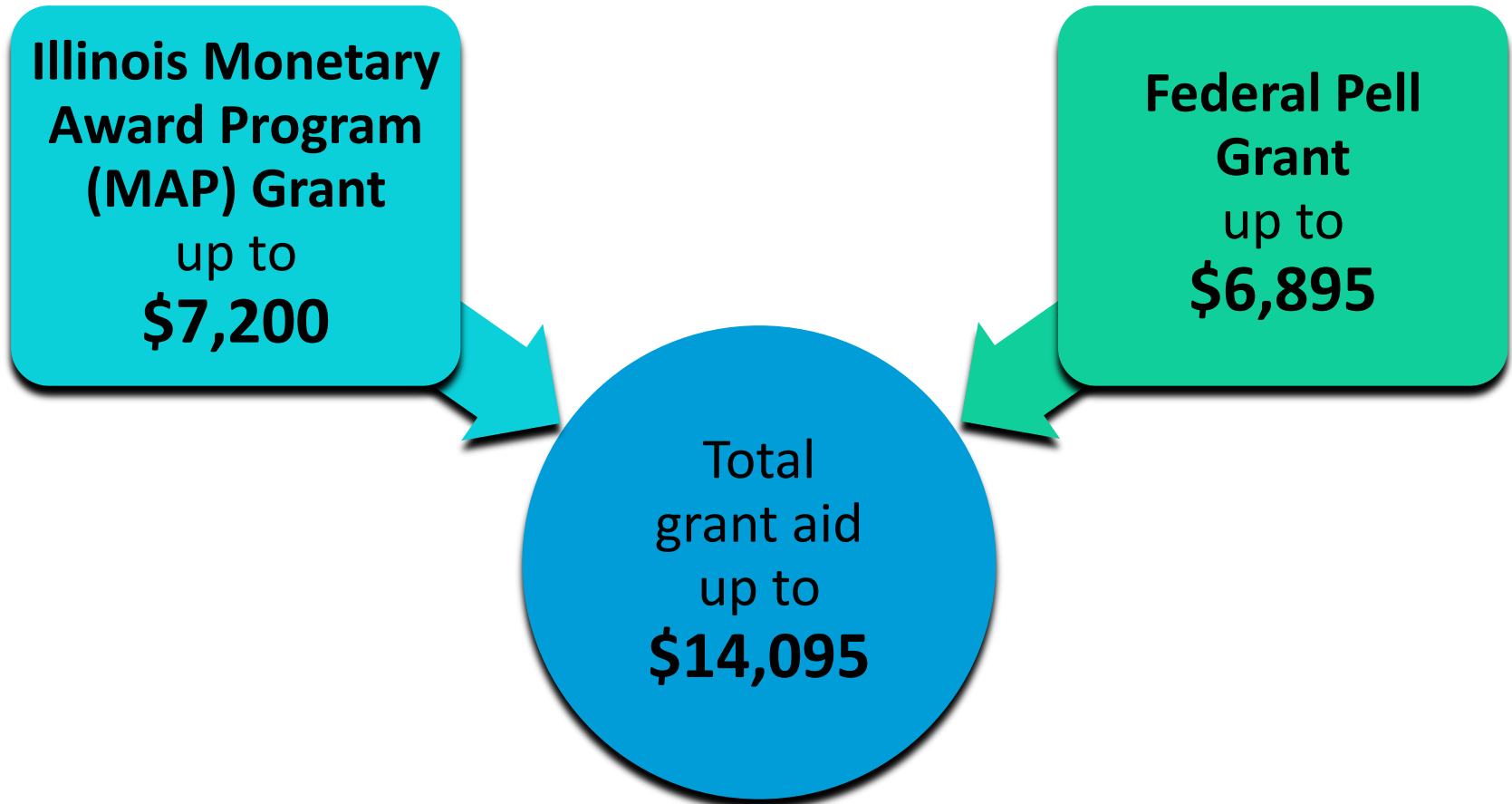
## U.S. Department of Education Office of Federal Student Aid



**[www.StudentAid.gov](http://www.StudentAid.gov)**

- Grants
- Scholarships
- Work-study
- Student Loans

# The Big Grants for 2022-23



# 2022-23

## ISAC Grant Programs

### **MAP Grant**

- Need-based
- Up to \$7,200 for tuition & fees

### **Illinois Veteran Grant (IVG)**

- Covers tuition & mandatory fees

### **Illinois National Guard (ING) Grant**

- Covers tuition & mandatory fees

### **Grant for Dependents of Police, Fire, & Correctional Officers**

- Covers tuition & mandatory fees

# 2022-23

## ISAC Teaching Programs

### **Minority Teachers of Illinois (MTI) Scholarship**

- Up to \$7,500 for tuition, fees, room, board
- Certain teaching requirements must be met

### **Illinois Special Education Teacher Tuition Waiver (SETTW)**

- Tuition waiver at public universities (no annual minimum or maximum amounts)
- Certain teaching requirements must be met

### **Early Childhood Access Consortium for Equity (ECACE) Scholarship**

- Covers cost of attendance after other financial aid received



# 2022-23 Federal Grant Programs

## **Pell Grant**

- Up to \$6,895
- Can be used for anything in cost of attendance

## **Iraq and Afghanistan Service Grant**

- Up to \$6,501
- Can be used for anything in cost of attendance

## **TEACH Grant**

- Up to \$3,772
- Can be used for anything in cost of attendance
- Certain teaching requirements must be met



# 2022-23

## Campus-Based Programs

### **Federal Supplemental Education Opportunity Grant (FSEOG)**

- \$100 - \$4,000 for anything in cost of attendance

### **Federal Work-Study**

- Amounts are determined by college for anything in cost of attendance

# Should I consider student loans?

Evaluate your loan options by considering the following:

## Source of the Loan

- Know where the money comes from
- Federal vs. private loans

## Interest Rate

- Know your rate
- Is it variable? Fixed?

## Repayment & Grace Period

- When are you required to start paying?
- What repayment options do you have?

## Subsidized vs. Unsubsidized

- Subsidized loans are generally more desirable
- When does the interest begin to accrue?



# What are sub/unsubsidized loans?

## Direct Subsidized Loan

- Need-based
- Interest is paid by the federal government:
  - While a student is in school at least ½ time
  - During grace periods
  - During deferment

## Direct Unsubsidized Loan

- Not need-based
- A student is always responsible for paying the interest



# 2022-23

## Federal Student Loans

	Type of Loan	Interest Rate	Grace Period
Direct Subsidized (Undergraduate)	<ul style="list-style-type: none"><li>• Need-based</li></ul>	4.99% Fixed	<ul style="list-style-type: none"><li>• 6 months</li></ul>
Direct Unsubsidized (Undergraduate)	<ul style="list-style-type: none"><li>• Not need-based</li></ul>	4.99% Fixed	<ul style="list-style-type: none"><li>• 6 months</li></ul>
Direct Unsubsidized (Graduate)	<ul style="list-style-type: none"><li>• Not need-based</li></ul>	6.54% Fixed	<ul style="list-style-type: none"><li>• 6 months</li></ul>
PLUS (Parent or Graduate)	<ul style="list-style-type: none"><li>• Credit-based</li><li>• Unsubsidized</li></ul>	7.54% Fixed	<ul style="list-style-type: none"><li>• No grace period</li><li>• Repayment starts within 60 days</li></ul>



# How much can I borrow?

	<b>Dependent Limits</b>	<b>Independent Limits*</b>
1 <sup>st</sup> year Undergraduate	\$5,500 total (max. \$3,500 subsidized)	\$9,500 total (max \$3,500 subsidized)
2 <sup>nd</sup> year Undergraduate	\$6,500 total (max. \$4,500 subsidized)	\$10,500 total (max \$4,500 subsidized)
3 <sup>rd</sup> year & beyond Undergraduate	\$7,500 total (max. \$5,500 subsidized)	\$12,500 total (max \$5,500 subsidized)
Graduate & Professional	Not applicable (subsidized loans only for undergraduate students)	\$20,500 total (unsubsidized only)

\*Independent limits also apply to dependent students whose parents are not eligible for PLUS Loans

# How do I apply for financial aid?

Complete all forms required by a college, for example:



Free Application for Federal Student Aid (FAFSA)

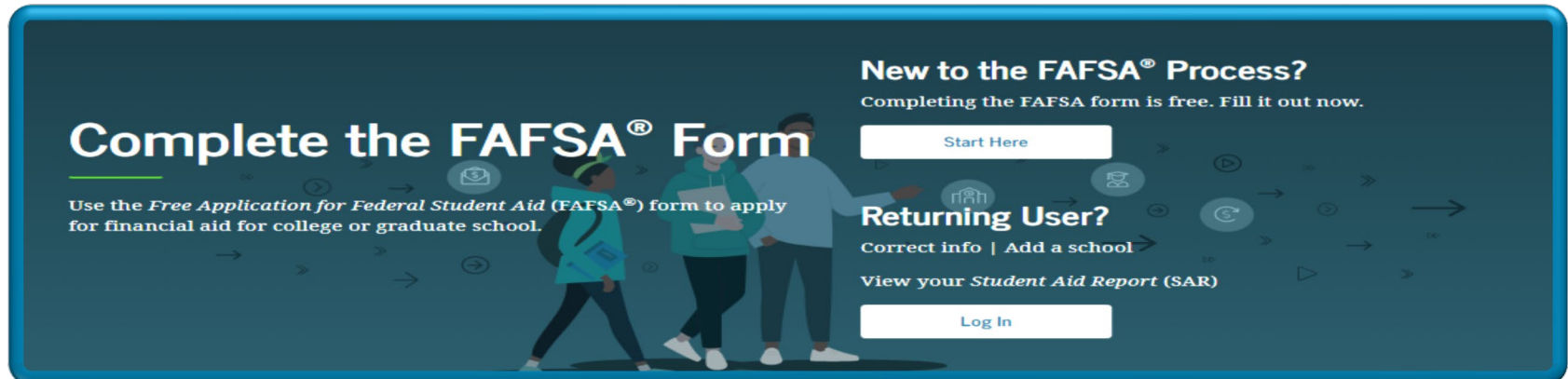


Alternative Application for Illinois Financial Aid (Alternative App)



Other forms  
(e.g., institutional forms, CSS Profile, etc.)

# Free Application for Federal Student Aid (FAFSA)



The application is available at no cost

It is the first step in the financial aid process for most students

Used to apply for **federal financial aid** programs

Some states use it to apply for state financial aid programs

Some colleges use it to award institutional aid

# The 5 Ws of the Financial Aid Process

## Who?

- High school seniors
- College students

## What?

- Financial aid applications

## Where?

- FAFSA: [www.fafsa.gov](http://www.fafsa.gov)
- Alternative App: [www.isac.org/alternativeapp](http://www.isac.org/alternativeapp)

## When?

- As soon as possible after October 1st
- Check with colleges for specific deadlines

## Why?

- To determine eligibility for federal/state aid
- Some colleges use these for institutional aid

# Do I need parent information?

- Most students must report parental (demographic and financial) information until the age of 24
- This applies even if the student does not live with the parent
- Only parents should provide information on the FAFSA or Alternative App

# Who's considered a parent?

## Parents

- Biological
- Adoptive
- Stepparent, if married to a biological or adoptive parent

## Not Parents

- Legal guardians
- Foster parents
- Grandparents
- Siblings
- Aunts/uncles
- Friends
- Other relatives
- Other people claiming student on their taxes



# What if my parents are unmarried?

- If both parents (biological or adoptive) are unmarried but living together, report information for both parents
- If parents are divorced or separated, report information about the parent the student lived with most in the past 12 months
  - If the time spent with each parent was equal, report the information for the parent who provided the most financial support in the past 12 months

# What information do I need?

## **FAFSA Only**

- Social Security Number (SSN)
  - Parents who do not have an SSN must enter 000-00-0000
- Alien Registration Number, if student is not a U.S. Citizen
- Federal Student Aid (FSA) ID to sign electronically

## **FAFSA & Alternative Application**

- Federal tax returns, W-2s, and other records of income
- Banking statements and records of investments (if applicable)
- Records of untaxed income (if applicable)
- List of colleges student would like to attend

# What is the IRS Data Retrieval Tool?

- Online tool that simplifies the process of reporting tax data by importing it directly from the IRS onto the FAFSA
- Not available for the Alternative App

The screenshot shows the 'Student Leaving Your FAFSA Form' page. At the top, there are four green checkmarks for 'School Selection', 'Dependency Status', 'Parent Demographics', and 'Parent Financials'. A blue box with the number '6' is labeled 'Student Financials'. The main heading is 'STUDENT INFORMATION' followed by 'Student Leaving Your FAFSA® Form'. The text explains that the user has entered answers to income questions and that their FAFSA form will be deleted and replaced with information from their tax return. It also states that the user is now leaving their FAFSA form and will be transferred to the IRS website. At the bottom, there are two buttons: 'Skip IRS DRT and Complete Manually' and 'Proceed to the IRS'.

Link to IRS

The screenshot shows the IRS 'Get My Federal Income Tax Information' page. It has the IRS logo at the top left and navigation links 'Return to FAFSA', 'Help', 'Logout', and 'Español' at the top right. The heading is 'Get My Federal Income Tax Information' with a link to 'See our Privacy Notice regarding our request for your personal information.' Below this, it says 'Enter the following information from your 2020 Federal Income Tax Return.' and 'All fields are required unless marked otherwise.' The form includes fields for 'First Name', 'Last Name', 'Social Security Number', 'Date of Birth', 'Filing Status', 'Street Address', and 'P.O. Box'. There are also links for 'Privacy Notice' and 'Help'.

Look up tax data

The screenshot shows the IRS '2020 Federal Income Tax Information' page. It has the IRS logo at the top left and navigation links 'Return to FAFSA', 'Help', 'Logout', and 'Español' at the top right. The heading is '2020 Federal Income Tax Information' with a link to 'Get Data'. The text explains that the IRS will securely transfer the user's tax information to the U.S. Department of Education (ED) to populate applicable FAFSA questions. It also states that the IRS will not display the user's tax information and will further encrypt any tax information transferred using the IRS DRT. Below this, there is a table with three columns: 'Tax Year', 'Type of Return Filed', and 'Unsettled Portion of IRA Distributions & Pensions/Annuities'. The table lists various tax items such as 'Adjusted Gross Income', 'Income Earned from Work', 'IRA Deductions and Payments', 'Tax-exempt Interest Income', 'Income Tax', 'Education Credits', 'Status of Amended Returns Received', and 'Schedule 1 Evaluation'. At the bottom, there are two buttons: 'TRANSFER NOW' and 'DO NOT TRANSFER'.

Transfer to FAFSA

# How do I sign my online application?

## FAFSA

- An FSA ID is needed
- Students and parents must each have their own FSA ID
- FSA IDs must be created by students and parents
- The FSA ID is needed to renew the FAFSA every year
- **Note:** Parents who do not have an SSN cannot obtain an FSA ID but can print a signature page instead

## Alternative App

- A personal identification number (PIN) is needed
- Students and parents must have their own PIN
- PINs will be auto-generated and sent via email by ISAC
- Students and parents must have their own email address
- A PIN is needed to renew the Alternative App every year

# Expected Family Contribution (EFC)

## What is it?

- A number generated by the FAFSA or Alternative App
- It is the amount a student and family can be expected to contribute in one academic year

## Why does it matter?

- The EFC is used to determine eligibility for most federal and state aid programs
- Some colleges use it for institutional aid eligibility

# What happens if I am selected for verification?

- Do not be alarmed!
- This is a common process used by schools to confirm the data on your application is accurate
- If you are selected for verification:
  - You may be asked to submit additional documentation
    - e.g., tax return transcripts, W-2s, income information, list of members of the household
  - Provide only the information requested
  - Submit all documents **on time!**

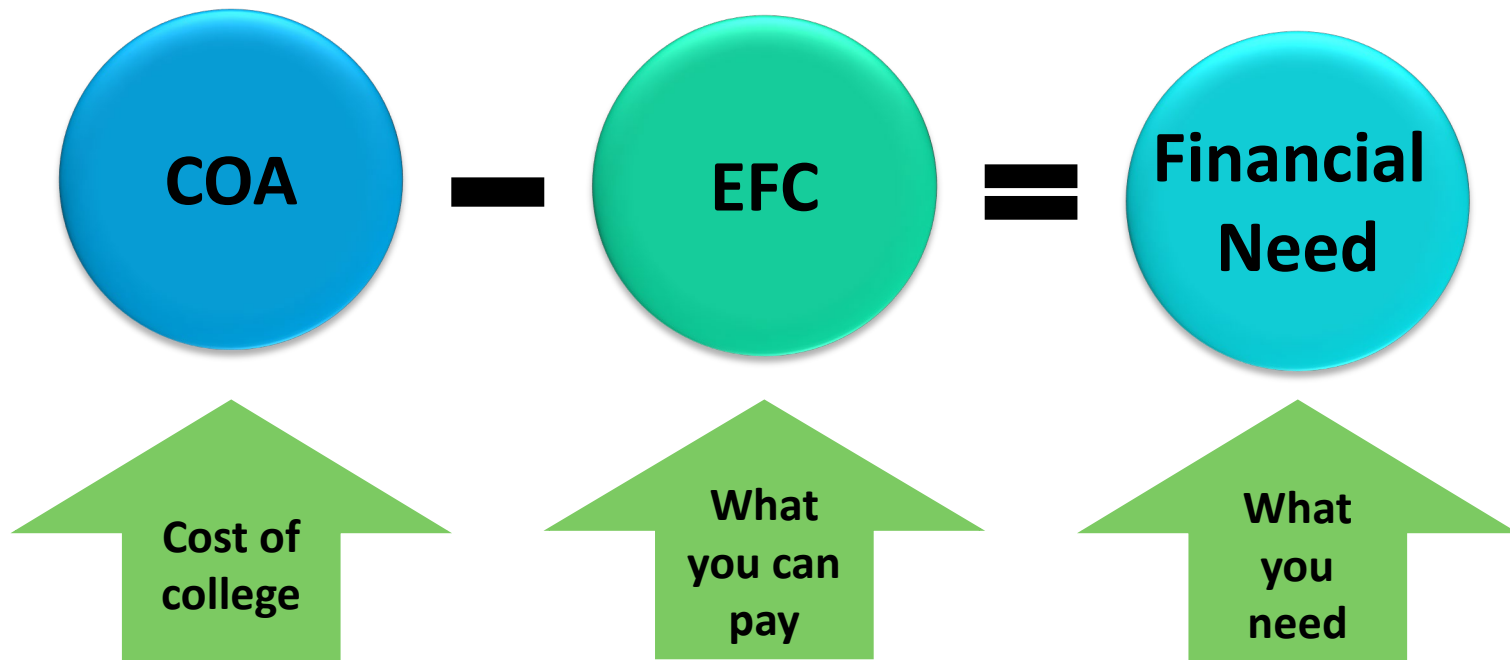
# How much does college cost?

- Colleges create a budget that shows the full cost of attending the institution, known as the *cost of attendance*
  - **Direct** expenses are those paid directly to the institution
  - **Indirect** expenses are not always paid directly to the institution

Tuition & Fees	}	Direct
+ Room & Board		Direct or indirect
+ Transportation	}	Indirect
+ Books & Supplies		
+ Miscellaneous Expenses		
= Cost of Attendance (COA)		

# How much financial aid can I receive?

- The amount of aid depends on your financial need
- Colleges will consider all available aid to try to meet your financial need, but it is not guaranteed





# Three Examples

	COA		EFC		Financial Need
College <b>A</b>	\$10,000	—	\$3,000	=	\$7,000
College <b>B</b>	\$20,000	—	\$3,000	=	\$17,000
College <b>C</b>	\$35,000	—	\$3,000	=	\$32,000

# Financial Aid Offers

- Colleges will package available aid into a financial aid offer
- Review your offers to make an informed decision
- Keep these things in mind as you review the offers:

What is the cost of attendance?

What is my EFC?

What is my aid eligibility?

Was my financial need met?

What types of aid are included? (gift v. self-help)

What is my out-of-pocket cost?

# Tips and Reminders

Fill out the FAFSA  
or Alternative App  
**ASAP** after  
October 1<sup>st</sup>

Your information is  
**confidential** and  
only used to  
determine eligibility

**Supplemental**  
applications  
or forms  
may be required

Keep track of  
**deadlines!**

**Keep copies**  
of everything you  
submit

**Reapply**  
every  
year

# Trusted Websites

Stay up-to-date and learn more using these **free**, trusted sources of information



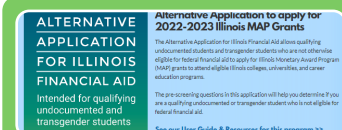
[studentportal.isac.org](https://studentportal.isac.org)



[studentaid.gov](https://studentaid.gov)



[fafsa.gov](https://fafsa.gov)



[isac.org/alternativeapp](https://isac.org/alternativeapp)

# Thank you!

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