PAYING FOR COLLEGE: FAFSA

GENERAL PRACTICES

High school students should apply for the FAFSA (studentaid.gov) initially between October 1 and May 1 of their senior year. Students can apply after May 1, and as late as June of their first year of college, but this is not recommended because it may significantly reduce their financial aid award.

Adults who are prospective students can apply to the FAFSA starting as early as October 1 of the year PRIOR to starting college. When students apply, they should use a NON-SCHOOL-based email.

Students should apply for the FAFSA even if they don't want to use federal funds, because many scholarship and state-based grant opportunities are reliant on FAFSA completion. A student social security number will be required to create the FSA ID login. The same is true for any parent.

Students will need their own and their parental tax information to apply and renew the FAFSA each year, once a year if they are age 23 or under. The financial aid award that FAFSA yields will cover one academic year of classes. The tax information required for each new school year's FAFSA is from the previous year's taxes (for instance, students starting in FALL 2022, would use 2020 tax information). If families filed, they can typically import their tax information directed into the FAFSA application from the IRS, using a IRS retrieval tool that is embedded in the FAFSA application. Even when you import your information, you may need your AGI or W-2 income information. If you cannot use the IRS retrieval tool, you will need a copy of your taxes from the previous year to complete your FAFSA.

While you can work with an accountant for assistance on taxes, FAFSA assistance is generally free through community resources, the FAFSA website, or college financial aid offices. It is not typical to pay for FAFSA completion help. Students and parents will establish a FAFSA login ID (FSA ID) and pin number. Keep this safe as it will be required to use each year.

Completing the FAFSA application is what typically initiates a college or university financial aid award. You can apply and be accepted to a college without a completed FAFSA. However, students will not typically receive any financial aid award information beyond merit-based scholarships until after they've completed the FAFSA and their application to a school. The award can take anywhere from two weeks to multiple months to receive. Some schools mail an award letter, others email it or award it in the college's online student information and services portal. Always check mail, email (and junk mail), your college portal for award information.

LINKS:

FSA ID, FAFSA Application & Online Assistance: FAFSA.gov or https://studentaid.gov/h/apply-for-aid/fafsa

Financial Aid Tutorials and Information: https://www.youtube.com/user/FederalStudentAid/featured

State of Michigan Aid (MiSSG): https://www.michigan.gov/mistudentaid/ Complete the FAFSA and an MiSSG portal profile to manage state grants and scholarships

PAYING FOR COLLEGE: SCHOLARSHIPS

GENERAL INFORMATION

Scholarships are sources of financial assistance that do not require repayment. They can come from an educational institution (ex: Merit Award or Presidential Scholarship), or they can come from outside sources (VFW, Community Foundation, Employer, High School Foundation). Scholarship applications for non-school based scholarships should use an non-school based email.

To apply for a scholarship, students typically must write an essay. Other typical requests may be FAFSA application completion, letters of recommendation, high school transcript, test score information, residency information, and more.

There are many resources available on the web, but be sure to be smart about which students use. Students should never have to pay for scholarship information or access, and they should never need to submit their social security number. Many outside scholarships require that recipients submit a "Student Aid Report" from FAFSA, which is typically made available to students after the FAFSA is completed.

Many institutional-based scholarships also depend on the FAFSA being completed. Most colleges and universities offer institution-based scholarships, and many first-year students can apply (or are automatically enrolled) once they've been accepted to an institution. The best window of opportunity for first year students to learn about and be eligible for scholarships is if they apply to college before before November 1.

Most post-secondary institutions have scholarship information on their financial aid portion of their website. Scholarships can be considered taxable income and may impact a students financial aid award, depending on the type of scholarship.

TYPES OF SCHOLARSHIPS

Institution-Based: Comes from the post-secondary institution

Merit-Based: Depends on Student Academic Achievement

Income or Need-Based: Depends on family income

Place-Based: Scholarships that are available to a population of students based on residency (Promise Zones)

Organization-Based: Comes from a non-school entity (VFW, Lions Club, Rotary Int'l, etc.)

Foundation Scholarships: May come from a non-profit organization or school

First-dollar Scholarship: Pays for college costs before grant aid is applied

Middle-dollar Scholarship: Pays for college cost after grant aid is applied but before scholarships

Last-dollar Scholarship: Pays for college cost after grant aid and scholarships are applied

Book Scholarships: Can be applied only to textbook costs

LINKS

Fastweb: https://www.fastweb.com/college-scholarships Fastweb is a database of scholarship information Your local College Access Network is a great resource for trusted scholarship links.

PAYING FOR COLLEGE: STUDENT LOANS

GENERAL INFORMATION

Individuals must pay student loans back, with interest. Great info is here:

https://www.youtube.com/channel/UCEnu3BHoR9IYgBnCkqQdgmA

GENERAL PRACTICES

To accept federal student loan funding each academic year, a student must accept their financial aid award through the college financial aid portal, accept loans through the federal student aid website, and sign a Master Promissory Note (MPN). Usually this process is digital, and colleges will provide reminders about "Missing Requirements" in the college student services portal's Financial Aid information tab if the process is not complete. Until the process is complete, loans will not be awarded or applied to a student's balance.

Loans are an investment in one's future, but only take what is needed, and choose wisely! It is better to borrow the precise amount of money needed to pay for college costs, than to take a larger amount and try to pay it back if it isn't used. Try to only borrow what is required for tuition, fees, room and board, books and supplies. Avoid paying for things like recreational spring break trips, fashionable clothing, or other non-essential costs. Most schools provide an estimated amount for these costs in the financial aid award letter (different from the acceptance letter for a first year student). Some students can afford to pay for some college costs through working. It is wise to do so, but only if that will not impact grades. For instance, if a student must work over 25 hours a week to afford full-time classes, room and board, then a loan could allow that student more time to focus on school. Working 20 hours a week or fewer as a full-time student is the general recommendation.

The average monthly student loan payment after graduation (or leaving school for more than 6 months) is about 1/100th of a student borrower's total loans. Ex: $50,000 in loans = $500 monthly payment. A general rule-of-thumb for college borrowing is not to exceed the average entry-level annual salary for your degree field. But these decisions are highly dependent on your circumstances. Income-based repayment options and consolidation may be available for federal and some private loans.

When first borrowing a Federal Student Loan, students must complete an Entrance Counseling session through Federal Student Aid. Upon graduation or leaving college, students must complete Exit Counseling through Federal Student Aid to borrow responsibly. Private lenders will have different requirements.

While attending college more than half-time as a first-time student, federal loans are in either "deferment" or "forebearance," meaning students do not make payments a that time, but loans may or may not be accruing interest. Leaving college (graduation, not returning) or taking fewer than 6 credit hours in a given 6-month time period will cause a student enter repayment. This is a good time to contact loan servicer(s)--the company assigned to managing loan(s). If a student does not make arrangements to pay or defer their federal or private loan, they risk default. Default can negatively impact student credit and future borrowing.

PAYING FOR COLLEGE: TIME TO DEGREE

GENERAL INFORMATION

Finishing a college program on-time saves money. Generally, students who take 30 credits a year and choose one major only will finish their program "on-time" (Under 3 years for an associate degree, and under 6 years for a bachelor's degree). Many students and degree specializations do not fit this mold. Even more, about half of all students are unsure of what career to pursue at some point in their college career. It's smart to invest time in researching a program that fits, and much better than forcing a choice which could add time to degree through major changes or burnout. College choice and degree path must be a good fit!

Financial aid awards are tied to credential or degree-seeking programs. Colleges often make it easier for students who are not ready to commit to a career path by offering Career Exploration, General Studies, Liberal Arts or other career-flexible associate degree programs. By the end of a student's second year, if pursuing a bachelor's degree, that student should declare a major that is not general. It's typically less expensive and more time-efficient to declare a major before a student begins college, so pre-college students are wise to use free career exploration resources to narrow down options. If it helps the decision process, great; If not, there's still time.

Students in high school often have access to valid career exploration tools like Xello, career resources, and counselors who can help them make a decision. Even if a student commits to a degree program, they can change majors. Some reasons students may change their mind are due to fit, personal circumstances like finances or health issues, family relocation, academic struggles, or finding their passion. Parents should understand that changing a major in years one or two of college is normal. Most students change their major at least once during their college career. Colleges and universities have career offices and career counseling to assist students when they need help deciding, when they know a major is not a good fit but aren't sure about next steps, or when they are forced to change a major due to academic or other personal reasons. Academic Advisors, Career Counselors, Academic Coaches and Student Services professionals are typically the people to go to in this situation--they can analyze a students coursework and help them find a path that fits, and that will minimize time to degree.

Career counseling can be expensive, but colleges often pay for expensive testing like Holland Codes, MBTI, or Strong Interest Inventory, so that students can use valid career interest assessment tools for free.

LINKS

O-net Free, Valid Career Exploration Assessment: https://www.mynextmove.org/explore/ip Results directed toward real careers

O-net Free Career Resources: https://www.onetonline.org/

Bureau of Labor Statistics: https://www.bls.gov/ooh/ Career earnings, job outlook, and informational interviews so that students can learn about actual people's experiences in an industry