

College Plaza

where college is a *verb*

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Financial Planning: Scholarships, Financial Aid, Loans

Thinking about the cost of attending college can be overwhelming. Whether you wind up studying locally or further from home, college can be expensive when you add up tuition, fees, books, and so many other expenses. Some students decide not to apply to a particular college because of the cost. This is understandable, particularly given that New Mexico students have access to the Lottery Scholarship that covers a significant portion of in-state college tuition. With this, we recommend that you proceed with applying to the colleges and universities that seem best for you *before concluding that something is impossibly out of reach for financial reasons.*

We include here an overview of central information that we hope will be a helpful place to begin with your financial aid planning process. We recommend that you review and talk through this information with your parents/guardians and high school college advisors!

What is Financial Aid?

Financial aid is money given to you by a college or university in order to help you pay for your studies. In most cases, the money is given to you each of the years you are enrolled as a full-time student. Most financial aid is based on need, though there are some merit-based (determined by your grades and overall academic performance) financial aid opportunities as well.

FAFSA

How is financial aid determined? Colleges determine how much financial aid you need primarily through your **FAFSA** form. Here is the key information you need to know about the FAFSA –

1. The FAFSA is the *Free Application for Federal Student Aid*.
2. **There is no cost to complete the FAFSA: beware of websites that charge a fee to complete the FAFSA!** The website you and your

parents/guardians will use to complete your FAFSA is www.fafsa.ed.gov

3. The FAFSA is the form that public and private colleges and universities around the state and country use to determine your financial need in college. (Some colleges/universities also require that you complete the CSS profile found on www.collegeboard.org. Check the financial aid website of each college/university to which you are applying to confirm if this form is needed.)

4. Here is how the FAFSA works:

You and your parents/guardians will register for your FAFSA account and then complete the FAFSA each year beginning in your senior year (ideally as early as possible and certainly by the end of January)---→

The colleges/universities to which you have applied will review this form to determine your financial need---→

The colleges/universities then determine a 'financial aid package' for you that may include: scholarships/grants (from that particular school or private foundation),, work study, loans---→

There may still be a 'gap' in expenses that you need to cover: HENCE IMPORTANCE OF APPLYING FOR SCHOLASHIPS!!!

5. On your FAFSA, you will be asked if you will be applying for student loans and work study. ***We highly recommend that you check yes!*** Once you receive your financial aid packages, you can then determine if you wish to take out student loans and/or participate in the work study program. Keep your options open!
6. Most students will complete the FAFSA on line. (***It is also possible to complete FAFSA on paper in the case of students without a SS# who are applying to in-state colleges.***) Your core information will remain in the system when you need to update your FAFSA each year. FAFSA is also available in Spanish.
7. Many colleges/ universities have a February or March 1 priority date for submitting your FAFSA: you will have access to more financial aid if you do so! For this reason, please explain to your parents/guardians that they need to complete their taxes ASAP in January since this information is needed to complete the FAFSA. ***It is***

essential that you submit your FAFSA on time based on your particular college deadlines even if your parents have not completed their FAFSA – in this case, you can file your FAFSA using estimated or previous financial information and then later complete an amended FAFSA.

8. The first step with your FAFSA is that you and your parent/guardian must register. As you prepare to complete your FAFSA, we recommend that you:
 - ❖ **Read through a sample FAFSA** so you are clear on the kinds of information that you and your parents/guardians will be asked to complete;
 - ❖ **Share the sample FAFSA** with your parents/guardian so they too know what will be expected of them – *remind them how important it is that they file their taxes early so you can submit your FAFSA as soon as possible!*
 - ❖ **Mark key FAFSA dates in your planner** including reminders to assist your parents/guardians with registering and also attending FAFSA workshops at your high school and/or local university
 - ❖ **Remember that you must file a FAFSA each year that you are in college!**

CSS Profile

In addition to the FAFSA, many private colleges and universities also require the **CSS Profile** – this is located on the College Board website. (www.collegeboard.org). It is your responsibility to check with the financial aid office of the colleges to which you are applying to determine if they require the CSS Profile in addition to the FAFSA. *For many colleges, the CSS Profile is due even BEFORE the FAFSA – often in early February!*

What is a Scholarship?

A scholarship is money you apply for to help you cover college expenses that your financial aid may not cover. It does not need to be paid back. Individual colleges and universities have specific scholarships for which you can apply. In addition, there are many organizations that offer scholarships for students. Your College Counselor can provide more links to local, regional and national scholarships for which you may be eligible.

What is a Student Loan?

In order to pay for college, some students and families find it necessary to borrow money to adequately cover needed expenses. *It is essential that you think and talk through the pros & cons of doing so with your parents/guardians and also your College Counselor.*

There are several federal loan programs available, the details of which you can find through a college or university's financial aid office. In most cases, you must begin to repay the loan once you have graduated from college.

This being said, there are numbers of colleges and universities across the country that have instituted 'no loan' policies for students with limited family incomes. These programs are sometimes referred to as 'free tuition' programs. You can find more information on these programs at www.finaid.org. Below, we include brief information from this website –

Colleges that have eliminated loans from the financial aid packages of all undergraduate students include Princeton University, Davidson College, Amherst College, Harvard University, Pomona College, Swarthmore College, Haverford College, University of Pennsylvania, Yale University, Bowdoin College, Stanford University, Wellesley College, Columbia University, Claremont McKenna College and Vanderbilt University.

Typically low income is defined as the bottom quintile by family income, such as family incomes below about \$40,000, by Pell Grant eligibility, or families with incomes below 200% of the poverty line.

The policies fall into four main types:

- **No loans.** *These policies eliminate loans from the financial aid package of low income students. In Princeton's case, the loans are eliminated from the aid packages of all students, not just low income students. Other schools with no loan policies for low income students include Rice University, UNC Chapel Hill, University of Virginia, and the University of Pennsylvania.*
- **Loan caps.** *These policies institute a low cap on student loans for low-income students. Examples of schools with such policies include Brown University.*
- **No parental contribution.** *These policies eliminate the parental contribution, but retain the student contribution along with the standard self-help level. So these policies may still require some loans in the aid package, albeit a reduced amount. Examples of schools with such policies include Yale and Stanford.*
- **Pell grant match.** *These policies match the student's Federal Pell Grant. This significantly reduces but does not eliminate the self-help level. Examples of schools with such policies include the University of Minnesota system.*

What is Work Study?

Based on the financial information you include on your FAFSA, you will most likely be eligible for a work-study job. This is a job on campus that allows you to earn money to put toward your college expenses. This may range from working in a lab, department or office, campus facilities office or admissions office tour guide to the cafeteria to grounds crew. When you receive your financial aid packages from the colleges to which you have been admitted, they will indicate whether you are eligible to apply for a work study job. If you are, it is then your responsibility to contact the work study office to learn the specific details for how to research and apply for campus jobs. *We highly recommend that you do this over the summer before you actually arrive on campus!*

Again, it is very important to check YES on your FAFSA when asked if you want to be eligible for a Work Study job since each college has specific work study funding available—once it is distributed, there is none left until the next academic year!