

# Let's talk all things financial aid

Planning now to stay ahead of the game!



November 13, 2024

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# What you're going to learn

- Finding and applying for scholarships and grants
- Selecting a school and determining cost
- Calculating financial need with the FAFSA®
- Understanding a financial aid offer
- Exploring federal student loan options
- How to fund the remaining gap
- Free tools and resources

# Finding and applying for scholarships and grants



# What are grants?

- Grants, which do not require repayment, are
  - typically awarded annually based on information provided on the FAFSA®.
  - offered by numerous sources, such as federal and state governments, colleges, and independent organizations.
- Federal grant programs:
  - Federal Pell Grant\*
    - Need based
    - Awards up to \$7,395 for 2024-25 and are awarded to all who qualify
  - Federal Supplemental Educational Opportunity Grant (FSEOG)\*
    - For students with exceptional financial need
    - Awards of \$100-\$4,000 on a first come, first served basis

\*Sources: <https://studentaid.gov/understand-aid/types/grants/pell> and <https://studentaid.gov/help-center/answers/article/how-much-money-can-i-get-fseog>

# Three significant scholarship sources



The School

**64%**

of scholarship families  
received money from  
their school

Average amount: \$8,200

The State

**39%**

of scholarship families  
received them from the  
local government

Average amount: \$2,600

Companies + Non-profits

**39%**

of scholarship families  
earned them from community  
organizations or companies

Average amount: \$2,400

## Most students who did not use scholarships didn't apply

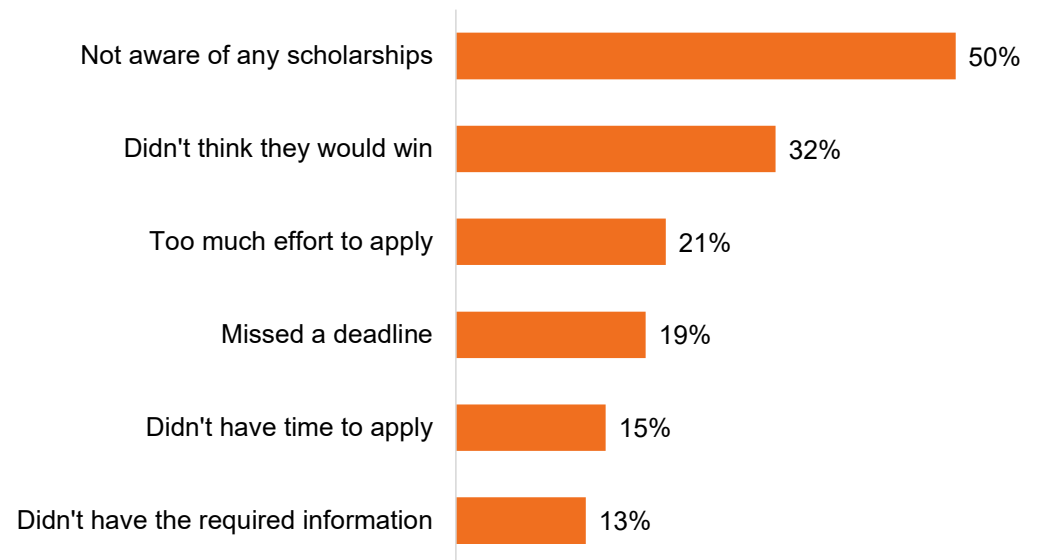
- Awareness along with perceived likelihood of winning and the effort to apply are the main reasons families didn't apply for scholarships

# 64%

Nearly 2/3 of families who did not use scholarships didn't even apply for any

### Reasons for not applying for scholarships

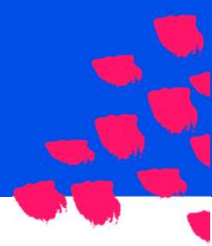
(among those who did not apply)



SOURCE: How America Pays for College 2024

# Scholarships

What, when, and how



## What are scholarships?

- Free money that does not need to be paid back

## When to apply for scholarships?

- Based on deadline dates for each scholarship
- Typically, in your junior or senior year
- Every year in your program

## How to apply for scholarships?

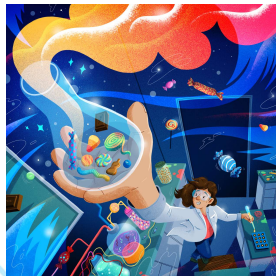
- Requirements and deadline dates vary
- May require essays, creative entry, online application, etc.

# Scholarships



**Bowling scholarship**

**Duct tape prom outfit scholarship**



**Candy technologist scholarship**

Scholarships are typically merit-based and awarded for a variety of reasons including:

- ✓ Academic achievement
- ✓ Financial need
- ✓ Community involvement
- ✓ Organizational membership
- ✓ Sports
- ✓ Talent or skill
- ✓ Leadership or school activities
- ✓ Ethnicity
- ✓ Religious affiliation
- ✓ Parent affiliation with work, club, or activity

Scholarships do not require repayment and are typically awarded on an annual basis



## Scholarship resources

There are many resources for scholarships:

- Local or community-based scholarships
- Federal and state agencies
- College-specific scholarships offered by the colleges your students are interested in attending
- Religious organizations
- Employers
- Libraries
- Private organizations or major companies
- Online search engines that aggregate scholarship offerings and allow users to be matched to scholarships based on a personal profile



# Selecting a school and determining cost

## Factors to consider when selecting a school



Direct and indirect costs  
Out of pocket cost  
Anticipated indebtedness  
compared to potential  
outcome



Admissions requirements  
Curriculum, degree,  
major  
Retention/graduation  
rates  
Placement rates



Size and location  
Facilities  
Campus life, athletics  
Leadership development  
opportunities



# **Maximizing financial aid opportunities with the FAFSA®**

# Key FAFSA® tips for students

Helpful tips available at [salliemae.com/fafsa](https://salliemae.com/fafsa)



Submit your FAFSA® as soon as possible!

Please visit <https://studentaid.gov> for the latest on a potential FAFSA® open date.



Almost every student is eligible for some form of financial aid.



The FAFSA® must be filed every year a student is in college.



Remember: Financial aid deadlines aren't the same as college admission deadlines.



***Don't assume you aren't eligible for aid because your family's income is too high or you have too much in savings. Aid eligibility is based on several factors, not just income and savings!***

# Getting started

## FSA ID and Multi-factor authentication (MFA)

### An FSA ID for the student and parent(s)



- This acts as an electronic signature for Federal Student Aid documents, including the FAFSA®
- Apply for your FSA ID at [studentaid.gov](https://studentaid.gov)
- Full name, social security number, and date of birth are needed.

**Alert:** FSA ID *must* be obtained *before* starting the FAFSA®

### Multi-factor authentication (MFA)



- Also referred to as two-step verification
- Users will need to provide a secure code obtained via text, email, or an authentication app
- Once MFA is set up, user will be presented with a backup code

**Alert:** Backup code will only be given once!

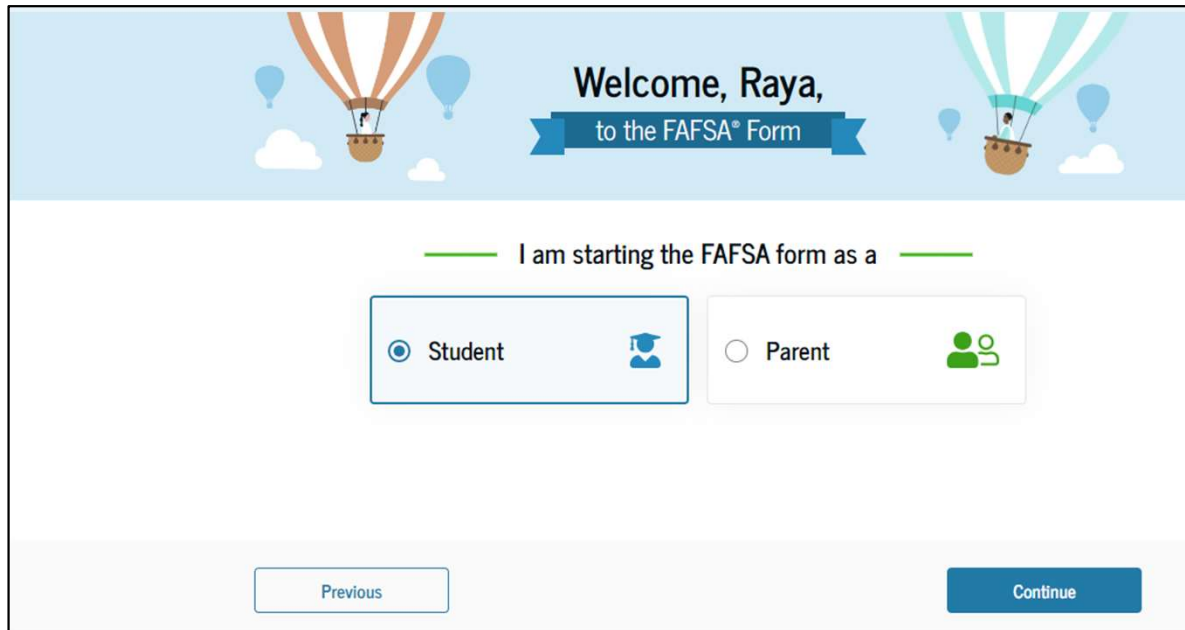
## Additional information needed from student and parent

- Social Security Numbers or Alien Registration Number (if you aren't a US Citizen)
- Records of money earned if you are a non-tax filer
- Current bank statements and investment records (if applicable)
- Records of untaxed income (if applicable)
- Email address and/or mobile phone number
- List of colleges to receive the FAFSA® information (up to 20 schools)

*What's no longer needed?* Student and parent tax returns. All of this information will automatically be accessed from the IRS through the FUTURE Act Direct Data Exchange (FA-DDX)


Sources: <https://www.salliemae.com/college-planning/financial-aid/fafsa/> ,  
<https://studentaid.gov/help/info-needed> and  
<https://www.congress.gov/bill/116th-congress/house-bill/5363/text>


# Identify your role



Welcome, Raya,  
to the FAFSA® Form

I am starting the FAFSA form as a

Student 

Parent 

Previous Continue



All users will be required to provide consent for their financial information to be accessed by the U.S. Department of Education from the IRS – including non-tax filers. No index number will be calculated if authorization is not given.



# Dependent or independent???

## Students are considered **independent** if they:

- Are married
- Pursuing a graduate or professional degree
- Birthdate (24 years old or older)
- Have dependents who receive their support
- Are active-duty military or veteran
- Are an orphan, in foster care, or a ward of the court
- Emancipated minor (subject to your state's law)
- Are in legal guardianship
- Are homeless or at risk of homelessness

## Students are considered **dependent** if they:

- Do not meet any of the independent student criteria

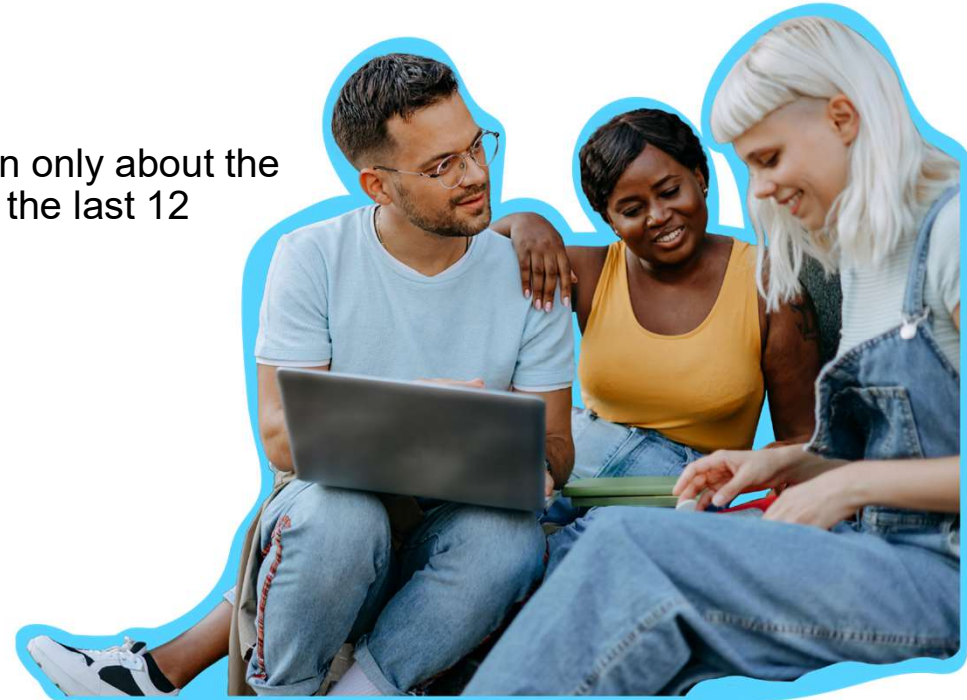
**Note:** Independent students do not have to report parent data

## Who is considered a parent?

- ✓ Biological or adoptive parent(s), and certain step-parents.
- ✓ Include both parents if parents are married or are not married but live together.
- ✓ Married parents include same-sex couples.
- ✓ If separated but living together, select “Married”.
- ✓ In the case of divorce or separation, provide information only about the parent that provided the majority of financial support in the last 12 months, and step-parent if that parent is remarried.

### *Still need help?*

Visit <https://studentaid.gov/sites/default/files/who-is-my-parent.png> for more guidance



# Reporting your assets

## Assets you must include on the FAFSA®:



Vacation Home and/or  
Investment Property



Adjusted Net Worth of a  
Business



Stocks and Bonds



Adjusted Net Worth of a  
Family Farm



College Savings Accounts

## Assets not included on the FAFSA®:



Primary Home



Retirement Savings  
(Pensions, Annuities; 401(k))



Personal Possessions  
(Car, Furniture, Clothes, etc.)

Source: <https://www.congress.gov/bill/116th-congress/senate-bill/2667/text>

# Frequently used terms and formula considerations

## Student Aid Index (SAI) number

- This number reflects the output of the FAFSA® formula, not a reflection of what a family can or will pay
- SAI can be reflected as a negative number as low as -1500

## Key considerations

- Family size is based on the number of people claimed on the federal tax return
- The number of family members enrolled in college is no longer part of the federal formula



# Special circumstances



Contact the financial aid office if there are circumstances which affect your ability to pay for college, such as:

- Significant loss or reduction in parent/student income or assets
- Death or serious illness
- Natural disasters affecting parent/student income or assets
- Medical/Dental expenses not covered by insurance
- Financial responsibility for elderly grandparents

**Ready to get started?**

- To complete the FAFSA<sup>®</sup>, go to [studentaid.gov](https://studentaid.gov)
- Get free resources and answers to FAFSA questions at [salliemae.com/fafsa](https://salliemae.com/fafsa)



# **Understanding a financial aid offer**

# What is a financial aid offer?

While there's no standard format, they typically contain the same overall information:

- How much one year in college will cost
- The financial aid the school is offering
- Any remaining balance (gap/out of pocket) that will need to be covered through other sources

Make sure you compare all financial aid offers

- Create your own spreadsheet
- Learn more at [SallieMae.com/finaidoffers](https://SallieMae.com/finaidoffers)

## Compare your financial aid offers



After you've filed the Free Application for Federal Student Aid (FAFSA®), any colleges that you included on your information and have accepted you will use your FAFSA® to calculate your financial aid. They'll follow up with a financial aid offer that includes the financial aid that's being offered to you. This can help you get an idea of what each college may cost you—and start the discussion of how you'll pay any remaining costs.

Line up how much financial aid you're getting in grants, scholarships, work-study, and federal student loans from each school. Once you know the amount of financial aid you're eligible for from a school, you want to subtract that number from the cost of attendance. The remainder is sometimes called "the gap" or your out-of-pocket costs. It's the amount you may need to pay on your own—by using your income, savings, a 529 savings account, a tuition payment plan, finding more scholarships, or taking out private student loans.

	School 1	School 2	School 3	School 4
<b>Cost of attendance</b>				
Tuition and fees	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="000"/>
Food and housing	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Books and supplies	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Personal expenses*	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>Financial aid</b>				
Grants	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Scholarships	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Other gift aid	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Federal Direct subsidized loans	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Federal Direct unsubsidized loans	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Other student loans	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
Federal work-study	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>Summary</b> (cost of attendance minus the total financial aid to determine the remaining gap)				
<b>Total cost of attendance (COA)</b>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>Total financial aid</b>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
<b>Remaining gap</b>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

Learn more at [salliemae.com/finaidoffers](https://salliemae.com/finaidoffers)

Sallie Mae does not provide, and these materials are not meant to convey, financial, tax, or legal advice. Consult your own attorney, financial advisor, or tax advisor about your specific circumstances.

\*Personal expenses can be included in the COA for students who are enrolled at least half time.

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## Sample financial aid offer

Dependent Student Living On-Campus				
		Fall	Spring	Full Year
<b>Cost of Attendance</b>	<ul style="list-style-type: none"> <li>Tuition &amp; Fees</li> <li>Housing/Meal Plan</li> <li>Books/Supplies</li> <li>Transportation/Misc. Expenses</li> <li><b>Total Estimated Cost of Attendance</b></li> </ul>	\$15,000 \$4,750 \$1,000 \$2,000 <b>\$22,750</b>	\$15,000 \$4,750 \$1,000 \$2,000 <b>\$22,750</b>	\$30,000 \$9,500 \$2,000 \$4,000 <b>\$45,500</b>
<b>Grants &amp; Scholarships</b>	<ul style="list-style-type: none"> <li>Academic Scholarship</li> <li>State Grant</li> <li>Federal Pell Grant</li> <li>Federal SEOG</li> <li><b>Total Grants/Scholarships</b></li> </ul>	\$2,500 \$1,000 \$2,000 \$1,500 <b>\$7,000</b>	\$2,500 \$1,000 \$2,000 \$1,500 <b>\$7,000</b>	\$5,000 \$2,000 \$4,000 \$3,000 <b>\$14,000</b>
<b>Net Cost</b>	<ul style="list-style-type: none"> <li>Cost of attendance minus gift aid</li> </ul>	<b>\$15,750</b>	<b>\$15,750</b>	<b>\$31,500</b>
<b>Employment</b>	<ul style="list-style-type: none"> <li>Federal Work Study</li> </ul>	<b>\$1,250</b>	<b>\$1,250</b>	<b>\$2,500</b>
<b>Federal Direct Student Loans*</b>	<ul style="list-style-type: none"> <li>Federal Direct Subsidized Loan</li> <li>Federal Direct Unsubsidized Loan</li> <li><b>Total Federal Direct Loans</b></li> </ul>	\$1,750 \$1,000 <b>\$2,750</b>	\$1,750 \$1,000 <b>\$2,750</b>	\$3,500 \$2,000 <b>\$5,500</b>
<b>Estimated Remaining Balance</b>		<b>\$11,750</b>	<b>\$11,750</b>	<b>\$23,500</b>

**To cover the remaining balance, you may use some of these sources to finance your education:**

- Outside Scholarships
- College or Other Savings Plans
- Tuition Payment Plans
- Federal Parent PLUS Loan or Non-Federal Private Student/Parent Loan

\*You must repay loans, plus interest and fees. Note the loan amounts listed above are the maximum amounts available for a first-year student, per the U. S. Department of Education— you are allowed to borrow less than the maximum amount.


# Employment options

## **Federal Work Study**

- Based on financial need – FAFSA® required
- Funds are limited

## • **Institutional/Campus Employment**

- FAFSA® may or may not be required – varies by college
- Based on needs and funding at each college

- 
- On or off campus positions
  - Pays at least minimum wage
  - Limited hours
  - May be tied to academic interests or major
  - Often there are a wide variety of jobs on each campus
  - Students receive a paycheck for their work – No Work, No Pay!

# Exploring federal student loan options



# Types of federal student loans for undergraduate students



## Direct subsidized loans

- Available to eligible undergraduate students with demonstrated financial need
- Interest is paid by the federal government while the student is in school at least half-time and during their six-month grace period

## Direct unsubsidized loans

- Available to undergraduate and graduate students
- Students are not required to show financial need
- Payments are not required while the student is in school and during their six-month grace period, but interest does accrue

## Federal direct subsidized and unsubsidized loans for undergraduate students

Loan type	Interest rate (7/1/2024- 6/30/2025)	Fee (10/1/2020- 9/30/2025)
Subsidized	6.53% Fixed	1.057%
Unsubsidized	6.53% Fixed	1.057%

- Undergraduate borrowing limits:
  - \$5,500 first year
  - \$6,500 second year
  - \$7,500 third and final years
  - \$31,000 aggregate maximum
- FAFSA® is required
- Six-month grace period after leaving school, graduating, or dropping to less than half-time enrollment
- Flexible repayment options with terms of up to 10-25 years
- Various deferment options are available
- Loan forgiveness options and income-based repayment
- Military members may be eligible for special interest benefits regarding their federal loans



# How to fund the remaining balance

# Federal Direct Parent PLUS Loans

Interest rate (7/1/2024-6/30/2025)	Fee (10/1/2020-9/30/2025)
9.08% Fixed	4.228%

Loan that allows the parent of a dependent undergraduate student to borrow funds to cover the remainder of what a student owes after financial aid is applied.

- FAFSA® required
- The parent is the borrower for the life of the loan
- Students must be enrolled at least half time
- Generally, is paid back over a 10-year period
- Maximum loan amount is the cost of attendance (determined by the school) minus any other financial aid received
- If parent applies and is not eligible, a dependent undergraduate student may receive an additional \$4,000 unsubsidized loan
- No aggregate maximum amount

# Private student loans

Private student loan rate example*	
APR	Fee
Variable: 5.37% - 16.85%	0% typically
Fixed: 4.19% - 16.69%	

Loans funded by banks, credit unions, or other financial institutions based on the credit of the applicant and/or cosigner.

- Borrower is the student, and if necessary, cosigner
- FAFSA® not required
- Repayment period can range from 5 – 20 years
- Offer a variety of in-school repayment options that include:
  - Immediate repayment (pay now)
  - Deferred repayment (pay later)
  - Fixed repayment
  - Interest repayment
- Cosigners may help increase the chance of approval and may help the student get a better rate
- Terms and costs vary widely between lenders
- Private student loans may help a student build credit – especially if scheduled to make payments while in school

\* Based on an 8/1/2024 review of national private loan programs offered by Sallie Mae and its publicly-traded competitors.





# Tips and resources

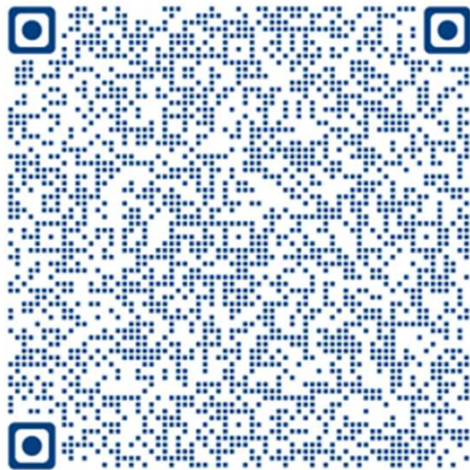
## Helpful tips

- ✓ Carefully review the information in your FAFSA® Submission Summary.
- ✓ Accept or decline your aid offer with your school, if needed
- ✓ You don't have to accept all types of aid offered
- ✓ Understand any renewal requirements for grants and scholarships
- ✓ Compare the terms, conditions, and details of each offer and aid type
  - Consider more than just the dollar amount
- ✓ Compare financial aid offers looking at both the total amount of aid and the types of aid offered

*Remember, financial aid offers typically cover one academic year*

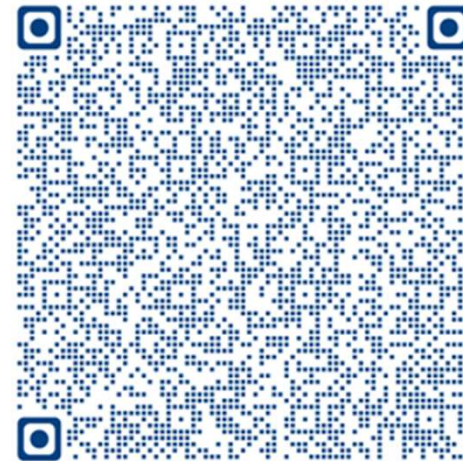
To continue your college bound journey

**Scholarship**  
Search by **sallie**



[salliemae.com/scholarshipsearch](https://salliemae.com/scholarshipsearch)

**FAFSA**<sup>®</sup> Guide  
by **sallie**



[salliemae.com/fafsa](https://salliemae.com/fafsa)

**Borrow responsibly**

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

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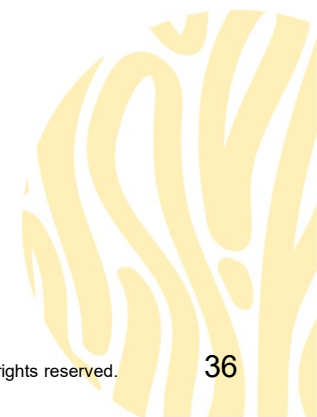
Private student loan information based on an August 1, 2024 review of national private loan programs offered by Sallie Mae and its publicly-traded competitors. Variable rates may increase over the life of the loan.

Federal student loan information was gathered in May 2024 from [studentaid.ed.gov](https://studentaid.ed.gov).

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# Questions?

