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# INTRODUCTION TO FINANCIAL AID

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# FINANCIAL AID IS THE MONEY YOU ARE GIVEN OR BORROW TO PAY FOR COLLEGE.

- **LOANS** are from the government or private lenders and you **DO** have to pay them back.
- **GRANTS** are from the college or university and you **DON'T** have to pay them back.
- **PELL GRANTS** are Federal funds for low-income students and you **DON'T** have to pay them back.
- **Work/study** is money you earn from jobs on campus. It can be put toward tuition or other expenses.
- **PLUS loans** are made to your parent(s) if they have good credit and **DO** have to be paid back.
- **Outside scholarships DON'T** have to be paid back and which you apply for include:
  - Those offered by parent(s)' employers,
  - Offered by affinity groups- Hispanic, African-American, Rotary, religious,
  - Corporate scholarships offered by big companies for exceptional students,
  - National Merit Scholarships, National Hispanic Scholar and other GIFT money.

# WHAT ARE PRIVATE EDUCATION LOANS?

- Be very careful about borrowing money from outside entities meaning NOT Federal, State or Local gov'ts.
- These loans can have high interest rates, sometimes as high as 11%.
- These loans can have origination fees which are calculated based on the loan amount.
- They may require you start paying them back before you have a job.
- You may need a credit history.
- Forgiveness for service jobs like teaching is not available.
- The interest on these loans begins to accrue before you graduate unlike Gov't loans.

# WHAT IS FAFSA?

- FAFSA (Free Application for Federal Student Aid) is completed online.
- It shows your family's finances like income from work, college savings and child support.
- It predicts based on info you provide and from tax returns what you can pay for a year of college.
- It calculates the EFC or *Estimated Family Contribution*. **In 2024-2025 this will be called the *Student Aid Index*.**
- You will need these to create an FSA ID at FAFSA.ED.GOV or myStudentAid:
  - Social security number, name, address, email address, student status (dependent or independent), citizenship status, and that you expect a high school diploma.
  - The loan money will be sent directly to the college you attend to be put toward your tuition room and board.
  - Males must register for Selective Service (Military)
- The Direct Retrieval Tool (DRT) will pull your and/or your parent(s) tax returns to create your profile.

# THINGS TO KNOW ABOUT FAFSA:

- If you live in a single parent household, you'll need info from the other parent, if applicable.
- Special circumstances can affect your EFC: a disabled family member, medical expenses not covered by insurance, foster care and an unemployed parent(s) all count as special circumstances.
- Submit your FAFSA as early as you can after 10/1 of your senior year.
- FAFSA must be resubmitted every year you are applying for aid.
- Make sure you fill out the right FAFSA for the right year!
- NEVER PAY FOR FINANCIAL AID INFO! All information is available free. Be careful of scams!
- Many Federal loans require minimum credit hours and GPAs. You will likely need to be a full time student.

# FIGURING OUT THE FINANCIAL AID PACKAGE:

- Use the **Net Price Calculator** on college websites to get a **ROUGH** idea of aid.
- All financial aid is negotiable; don't be afraid to ask for more!
- You want as much grant money as possible; **you don't have to pay that back!**
- Your government loans don't require you start repayment until 6 months after you graduate.
- **Do not apply for private loans unless you completely understand how they work.**
- There are FREE online tools to compare aid packages.
- REMEMBER GRANTS DON'T HAVE TO BE PAID BACK! LOANS DO!
- The Cost of Attendance (COA) is the **REAL** amount a year of college costs.
  - This means tuition, room, meals AND books, fees, and travel to/from campus.

# HOW TO FINANCE COLLEGE RESPONSIBLY:

- If you are thinking about certain careers, there may be attractive loan options.
- These loans may allow forgiveness meaning you may not have to pay some or all of them back.
- Be wary of incurring other debt like credit cards. Your loan will help you build credit.
- Sometimes private colleges can offer better financial aid than in-state publics.
- Living at home or attending community college to earn an AA may be a better choice to start.
- NYS has articulation agreements with many community colleges allowing you to transfer after two years to any SUNY if you have good grades!
- Summer and school break jobs can help supplement your aid package.