



# FAQs about Federal Financial Aid

Most financial aid is provided by the federal and state governments. Colleges, scholarship organizations, and employers are also important aid sources. Financial aid can include "self-help": consisting of interest-subsidized loans and work-study and "gift aid": consisting of grants and scholarships. Gift aid is more attractive because it doesn't have to be paid back or place additional demands on the child.

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## Financial Aid Basics

<p><b>What determines the type and amount of financial aid we receive?</b></p>	<p>The type and amount of financial aid offered is based on two factors:</p> <ul style="list-style-type: none"> <li>The student's financial need</li> <li>The student's merit (the student's skill or ability)</li> </ul>
<p><b>What determines who is eligible to receive need-based financial aid?</b></p> <p><i>Click <a href="#">here</a> to view eligibility requirements.</i></p> <p><i>Click <a href="#">here</a> to read: Myths About Financial Aid</i></p>	<p>Three basic ingredients determine how much need-based aid your child is eligible for:</p> <p><b>The Cost of Attendance (COA).</b> Every school calculates its "cost of attendance" based on federal guidelines.</p> <p><b>The Student's Resources.</b> This is the dollar amount provided to the student from outside sources such as scholarships or tuition paid directly to the college by a grandparent or employer. The student's resources reduce the COA, and therefore the need-based aid award, on a dollar-for-dollar basis.</p> <p><b>The "expected family contribution" (EFC).</b> This is the amount your family will be expected to pay for college based on your particular financial circumstances.</p>
<p><b>What is need-based aid?</b></p>	<p>This is aid based on the student's financial need. Example: a need-based grant might be awarded based on a student's low income.</p>
<p><b>What is merit-based aid?</b></p>	<p>This is aid based on the student's skill or ability. Example: A merit-based scholarship might be awarded based on a student's high grades.</p>
<p><b>What is Campus-Based Aid?</b></p>	<p>Campus-based aid programs, such as work-study, are administered directly by the financial aid office at each participating school. The school receives a specific amount of federal funds to administer each year. When the money for a program is gone, no more awards can be made for that year. Apply for federal student aid as early as you can. Each school sets its own deadlines for campus-based funds, and those deadlines are usually earlier than the deadline for filing a FAFSA.</p> <p>There are three forms of campus-based aid:</p> <ul style="list-style-type: none"> <li>Federal Supplemental Educational Opportunity Grant (FSEOG)</li> <li>Federal Work-Study (FWS)</li> <li>Federal Perkins Loan programs</li> </ul>

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**What Federal Government Financial Aid Sources are available?**

**The Department of Education** - Federal financial aid which includes loans, grants, and campus-based programs are based mainly on need as opposed to academic achievement. There are three types of federal loans:

- Stafford Student Loans, PLUS Loans for parents
- Perkins Loans are reserved for students who demonstrate high financial need.
- Federal Pell Grant, which does not require repayment. This grant is awarded to undergraduate students based on need, cost of attendance, and other factors.

Campus-based programs, often referred to as work-study, let students work to earn money for their education.

**Federal Agencies** - The US government agencies, including the Department of Veterans Affairs and the Department of Health and Human Services, among others offer a wide variety of scholarships, loans, and educational benefits. The major federal student aid programs are:

- Federal Pell Grant Program
- Federal Supplemental Educational Opportunity Grant (FSEOG) Program
- Federal Work-Study (FWS) Program
- Federal Perkins Loan Program
- William D. Ford Federal Direct Loan Program
- Federal Family Education Loan (FFEL) Program

**What is Work-Study?**

Click [here](#) for more information on Federal work-study jobs.

Work-study is a federally funded program offered by most colleges and universities that allow students to work on campus. These jobs generally provide flexible schedules. The income made from work-study is not counted toward the student's contribution to the family's overall income and in many cases can be put directly toward education-related institutional charges such as tuition, fees, room & board.

**Are work-study earnings taxable?**

The money you earn from Federal work-study is generally subject to federal and state income tax, but exempt from FICA taxes (provided you are enrolled full time and work less than half-time).

Federal work-study earnings during the calendar year should be included in the totals for AGI and Worksheet C on the FAFSA. Work-study earnings should only be included in Worksheet C when they represent financial aid to the student, since the answer to this question is used as an exclusion from taxed income. The student should also be careful to report amounts based on the calendar year, not the school year.

**How do I get a grant?**

Most federal grants are awarded to students with financial need. You start by submitting a [Free Application for Federal Student Aid \(FAFSA\)](#). Once you've done that, you'll work with your college or career school to find out how much you can get and when you'll get it.



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**Grants & Scholarships**

*NOTE: Occasionally you might have to pay back part or all of a grant if, for example, you withdraw from school before finishing an enrollment period such as a semester.*

Grants and scholarships are often called “gift aid” because they are free money—financial aid that doesn’t have to be repaid. Grants are often **need-based**, while scholarships are usually **merit-based**.

Grants and scholarships can come from the federal government, your state government, your college or career school, or a private or nonprofit organization. Do your research. Apply for any grants or scholarships you might be eligible for, and be sure to meet application deadlines!

**What other financial aid sources are available?**

**State Agencies** - All states offer aid programs. Check with each individual state to find out that state’s aid works if preference is given to students that are permanent residents of their state and attending an in-state school.

**Private Lenders** - In previous years, private loans were in abundance and could easily fill in the gaps that federal programs did not. However when credit seized up, dozens of lenders fled the market. Now, private loans are difficult to obtain. Students will need excellent credit and a parent with excellent credit to serve as a co-signer.

**Private Companies** - Many private companies offer scholarships to students that may have an interest in their company or their field. These scholarships often help to build relationships between students and future employers or organizations providing services to college students.

**What kinds of scholarships are available, and how do I get one?**

*You’ll also want to be careful and [avoid scholarship scams](#).*

There are thousands of scholarships, from all kinds of organizations, and they’re not hard to find. You might be able to get a scholarship for being a good student, a great basketball player, or a member of a certain church, or because your parent works for a particular company, or for some other reason. [Click to find out more about finding and applying for scholarships.](#)

**How do I avoid scholarship and financial help scams?**

Before you apply for financial aid, learn how to spot potential fraud, avoid paying for free services, and prevent identity theft. Try these free sources for information:

- [Types of Federal Student Aid](#)
- [other federal agencies](#)
- a college or career school financial aid office
- a high school or TRIO counselor
- Your [state grant agency](#)
- U.S. Department of Labor’s [free scholarship search](#)
- Your local library’s reference section
- foundations, religious or community organizations, local businesses, or civic groups
- organizations related to your field of interest
- ethnicity-based organizations
- your employer or your parents’ employers
- the [Federal Student Aid Information Center](#)

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<p><b>What is TRIO counselor?</b></p>	<p>Program outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds. TRIO includes eight programs targeted to serve and assist low-income individuals, first-generation college students, and individuals with disabilities in progressing through the academic pipeline from middle school to postgraduate programs.</p>
<p><b>Don't pay for the FAFSA!</b></p> <p><i>WARNING: If you are asked for your credit card information while filling out the FAFSA online, you are not at the official government site.</i></p> <p><i>Remember, the FAFSA site address has .gov in it!</i></p>	<p>Several websites offer help filing the <i>Free Application for Federal Student Aid</i> (FAFSA) for a fee. These sites are not affiliated with or endorsed by the U.S. Department of Education. We urge you not to pay these sites for assistance that you can get for free elsewhere. The official FAFSA is at <a href="http://www.fafsa.gov">www.fafsa.gov</a>, and you can get free help from the financial aid office at your college or the college(s) you're thinking about attending;</p> <ul style="list-style-type: none"> <li>• the FAFSA's online help at <a href="http://www.fafsa.gov">www.fafsa.gov</a>; and</li> <li>• the <a href="#">Federal Student Aid Information Center</a>.</li> </ul>
<p><b>Is there a way to estimate my eligibility for federal student aid?</b></p>	<p><a href="#">FAFSA4caster</a> is a free financial aid calculator that gives you an early estimate of your eligibility for federal student aid. Click <a href="#">here</a> to learn more.</p>

**General Questions about Eligibility and Applying**

<p><b>I probably don't qualify for aid. Should I apply for aid anyway?</b></p>	<p>Yes. Many families mistakenly think they don't qualify for aid. By not filling you won't be eligible to receive any financial aid. In addition, there are a few sources of aid such as unsubsidized Stafford and PLUS loans that are available regardless of need. The FAFSA form is free.</p>
<p><b>Do I need to be admitted before I can apply for financial aid?</b></p>	<p>No. You can apply for financial aid any time after January 1. To actually receive funds, however, you must be admitted and enrolled at the university.</p> <p>Beginning with the 2017–18 application, the FAFSA will be available to students and families October 1 of the previous year. This means students who need to complete the 2017–18 FAFSA will be able to access and submit the form anytime from Oct. 1, 2016, through June 30, 2018.</p>
<p><b>Do I have to reapply for financial aid every year?</b></p>	<p>Yes. Most financial aid offices require that you apply for financial aid every year. If your financial circumstances change, you may get more or less aid. After your first year you will receive a "Renewal Application" which contains preprinted information from the previous year's FAFSA.</p> <p>NOTE: Your eligibility for financial aid may change significantly, especially if you have a different number of family members in college. Renewal of your financial aid package also depends on making satisfactory academic progress toward a degree, such as earning a minimum number of credits and achieving a minimum GPA.</p>

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<b>What is the Student Aid Report (SAR)?</b>	The Student Aid Report (SAR) is a paper or electronic document that gives you some basic information about your eligibility for federal student aid and lists your answers to the questions on your FAFSA.
<b>Why is the family contribution listed on the SAR different from the family contribution expected by the university?</b>	The federal formula for computing the expected family contribution (EFC) is different from those used by many universities. In particular, the federal formula does not consider home equity as part of the assets.
<b>Where can I get information about Federal student financial aid?</b>	Call the Federal Student Aid Information Center (FSAIC) at 1-800-4-FED-AID (1-800-433-3243) or 1-800-730-8913 (if hearing impaired) and ask for a free copy of The Student Guide: Financial Aid from the US Department of Education. This toll free hotline is run by the US Department of Education and can answer questions about federal and state student aid programs and applications. You can also write to  Federal Student Aid Information Center PO Box 84 Washington, DC 20044  OR online at <a href="http://studentaid.ed.gov">http://studentaid.ed.gov</a>
<b>Are my parents responsible for my educational loans?</b>	No. Parents are, however, responsible for the Federal PLUS loans. Parents will only be responsible for your educational loans if they co-sign your loan. In general you and you alone are responsible for repaying your educational loans.
<b>I got an outside scholarship. Should I report it to the financial aid office?</b>	Yes. If you are receiving any kind of financial aid from university or government sources, you must report the scholarship to the financial aid office.  Unfortunately, the university will adjust your financial aid package to compensate. Nevertheless, the outside scholarship will have some beneficial effects. At some universities outside scholarships are used to reduce the self-help level. For example, at MIT the outside scholarship is first applied to reducing the self-help level, and only when the scholarship exceeds self-help does it replace institutional grants. At other universities outside scholarships are used to replace loans instead of grants.

### FAFSA Questions

<b>What does FAFSA stand for?</b>	Free Application for Federal Student Aid.
<b>Where can I get a copy of the FAFSA?</b>	You can ask your guidance counselor for a copy. You can also get the FAFSA from the financial aid office at a local college, your local public library, or by calling 1-800-4-FED-AID. The online version of the form is available at <a href="http://www.fafsa.ed.gov">http://www.fafsa.ed.gov</a> .

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<p><b>Are photocopies of the FAFSA acceptable?</b></p>	<p>No. Only the <b>original</b> FAFSA form produced by the US Department of Education is acceptable. Photocopies, reproductions, facsimiles and electronic versions are all not acceptable. <b>The online application is recommended!</b></p>
<p><b>What are the options for filing the FAFSA Form?</b></p> <p>Click <a href="#">here</a> to learn more about filling out the FAFSA</p>	<p>You may choose any of these three methods to file a FAFSA:</p> <ul style="list-style-type: none"><li>• <a href="#">Login</a> to apply online (<b>Recommended</b>) or</li><li>• Complete a PDF FAFSA (<b>Note: PDF FAFSAs must be mailed for processing</b>) or</li><li>• Request a paper FAFSA by calling us at 1-800-4-FED-AID (1-800-433-3243) or 319-337-5665. If you are hearing impaired, contact the TTY line at 1-800-730-8913.</li></ul> <p><b>Complete a PDF FAFSA</b></p> <p>The PDF FAFSA is available for you to print and fill out manually or is screen-fillable. Screen-fillable means you can enter your data on the screen before printing. NOTE: This option doesn't let you save your data to your PC.</p>
<p><b>Are there documents required for filling out the FAFSA?</b></p> <p><i>Do not mail your personal records with the FAFSA!</i></p> <p>Click <a href="#">here</a> to download the check list.</p>	<p>The FAFSA asks for information about you (your name, date of birth, address, etc.) and about your financial situation. Depending on your circumstances (<i>for instance, when you filed taxes or what tax form you used</i>), you might need the following information or documents as you fill out the FAFSA:</p> <p>Your Social Security number (<i>it's important that you enter it correctly on the FAFSA!</i>)</p> <ul style="list-style-type: none"><li>• Your parents' Social Security numbers if you are a <b>dependent student</b></li><li>• Your driver's license number if you have one</li><li>• Your Alien Registration Number if you are not a U.S. citizen</li><li>• Federal tax information or tax returns including IRS W-2 information, for you (and your spouse, if you are married), and for your parents if you are a dependent student:<ul style="list-style-type: none"><li>▪ IRS 1040, 1040A, 1040EZ</li><li>▪ Foreign tax return and/or</li><li>▪ Tax return for Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federal States of Micronesia, or Palau</li></ul></li><li>• Records of your untaxed income, such as child support received, <b>interest</b> income, and veterans non-education benefits, for you, and for your parents if you are a dependent student</li><li>• Information on cash; savings and checking account balances; investments, including stocks and bonds and real estate but not including the home in which you live; and business and farm assets for you, and for your parents if you are a dependent student</li></ul> <p><i>Keep these records! You may need them again. Do not mail your personal records with the FAFSA.</i></p>

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**How soon after January 1 should the FAFSA form be sent in? Is it better to wait until the income tax forms have been completed?**

Send in the form as soon as possible after January 1. Don't have to wait until your taxes are done. It's ok to use income estimates, so long as they aren't very far off from the actual values. You can submit a correction of any errors later. Most states require the FAFSA to be submitted by March 1, and some even as early as early or mid-February. You could miss the deadline for state aid if you wait too long.

Beginning with the 2017–18 application, the FAFSA will be available to students and families October 1 of the previous year. This means students who need to complete the 2017–18 FAFSA will be able to access and submit the form anytime from Oct. 1, 2016, through June 30, 2018.

**I sent in my FAFSA over four weeks ago but haven't heard anything. What should I do?**

If you haven't received a Student Aid Report (SAR), call the Federal Student Aid Information Center at 1-800-4-FED-AID (toll free) or 1-319-337-5665. You must provide them with your SSN and date of birth as verification.

You can also write to the following address to find out whether your FAFSA has been processed or to request a duplicate copy of your SAR.

Federal Student Aid Programs  
PO Box 4038  
Washington, DC 52243-4038

**I was born on January 1, when I will be 24 years old. Can I check Yes in the answer to the FAFSA question "Were you born before January 1, ..." to qualify as an independent student?**

The official answer is no. If you check yes, your SAR will be flagged for verification. However, most financial aid administrators would use professional judgment to override the default dependency determination for a student born on January 1 who also demonstrates financial self-sufficiency.

### Positioning Assets for Financial Aid Purposes

*The consultative approach to college planning combines school selection, financial aid, "tax aid" and the best use of the family's personal resources to form a strategy that lets the family pay for college while expanding retirement assets.*

*Expected Family Contribution (EFC) is the minimum amount the household is expected to contribute toward the cost of college and is calculated using three processes: federal methodology (FM), institutional methodology (IM) and consensus methodology (CM). All three methods are based on the income and assets of the parents and student as reported on the two financial aid forms, the FAFSA (FM) and the CSS Profile (IM and CM).*

*Parents' total reportable assets will vary according to the methodology used, and from that reportable asset value the savings allowance of about \$40,000 to \$60,000 is subtracted to arrive at an available value. Parents are expected to use up to 5.64% (federal) and 5% (institutional and consensus) of those available assets annually on college. Any student-owned assets will affect aid eligibility, and if the parents' reportable assets exceed their savings allowance, their "excess" assets will affect eligibility.*

*If the EFC based on parents' income alone is more than the cost of the school, the student will not qualify for need-based aid. Therefore, unless the parents can lower their income, neither their assets nor the student's affect aid eligibility. If income-only EFC is less than the cost of the college, the student may qualify for need-based aid.*

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<p><b>What are the differences between the 3 methods of calculating EFC?</b></p>	<p><b>Federal Method (FM)</b></p> <p>0%: small businesses, home equity, life insurance, nonqualified annuities, personal assets such as a car.</p> <p>20% of student owned assets</p> <p>5.64%: 529s, Coverdell ESAs and UTMA529s</p>	<p><b>Institutional Method (IM)</b></p> <p>0%: life insurance, personal assets such as a car.</p> <p>Small businesses, home equity and nonqualified annuities are included.</p> <p>25% of student owned assets including UTMA529s</p>	<p><b>Consensus Method (CM)</b></p> <p>0%: life insurance, personal assets such as a car.</p> <p>Small businesses, home equity and nonqualified annuities are included.</p> <p>5% of student owned assets including UTMA529s</p>
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**Definition of a Parent for Financial Aid Purposes** Click [here](#) to download the flyer: *Who Is My "Parent" When I Fill Out the FAFSA?*

<p><b>What is a Dependent Student for Financial Aid Purposes?</b></p> <p>Click <a href="#">here</a> to download the flyer: <i>Am I Dependent or Independent?</i></p>	<p>Dependency is not based on age of the student, but on a series of questions that the student answers on the Free Application for Federal Student Aid (FAFSA). Dependent students must provide both student and parent information on the FAFSA. The <a href="#">Dependency Status</a> form on FinAid's website helps students and their parents determine in advance whether a student is considered dependent or an independent according to the Federal Need Analysis Methodology.</p>
<p><b>Who is Considered a Parent?</b></p> <p>Click <a href="#">here</a> to download the flyer: <i>Who Is My "Parent" When I Fill Out the FAFSA?</i></p>	<p>The term "parent" is not restricted to biological parents. Sometimes a person other than a biological parent is treated as a parent, and in these instances, the parental questions on the application must be answered, since they apply to such an individual (or individuals).</p>
<p><b>Parents' Marital Status</b></p>	<p>The FAFSA asks about parents' marital status because it directly affects the treatment of income and assets in the EFC calculation. Parents must report their marital status as of the date the application is completed.</p>
<p><b>Parents Who Are Both Living and Married to Each Other</b></p>	<p>Answer the questions about each parent.</p>
<p><b>Parents Who Are Living Together and Have Not Been Formally Married</b></p>	<p>Those who meet the criteria in their state for a common-law marriage should report their status as married. If your state does not consider your situation to be a common-law marriage, then you should follow the rules for divorced parents. Check with the appropriate state agency concerning the definition of a common-law marriage.</p>

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<p><b>Divorced Parents</b></p> <p><i>Click the link below to read more:</i></p> <p><a href="#">Divorce &amp; Financial Aid</a></p>	<p>Answer the questions about the parent the student lived with more during the 12 months preceding the date the FAFSA is completed. If the student didn't live with one parent more than the other, provide information for the parent who provided more financial support during the 12 months prior to the date of completing the FAFSA, or during the most recent year that the student actually received support from a parent.</p> <p>If this parent has remarried as of the date the FAFSA is completed, the sections about that parent must include the person he or she married (stepparent).</p>
<p><b>Adoptive Parent</b></p>	<p>An adoptive parent is treated in the same manner as a biological parent on the FAFSA.</p>
<p><b>Foster Parents, Legal Guardians, and Grandparents:</b></p>	<p>Unless that person has legally adopted the applicant they are not treated as a parent for purposes of filing a FAFSA.</p>
<p><b>Legally Separated Parents</b></p>	<p>The same rules that apply for a divorced couple that are used to determine which parent's information must be reported. A couple doesn't have to be legally separated in order to be considered separated for purposes of the FAFSA. The couple may consider themselves informally separated when one of the partners has left the household for an indefinite period of time. If the partners live together, they can't be considered informally separated unless they live in a state where couple can be considered legally separated even if they still live together. If your state allows legally separated couples to live together, and are legally separated, then you are may file the FAFSA as separated reporting the information on the parent that provided the majority of financial support.</p>
<p><b>Stepparents</b></p>	<p>A stepparent is treated in the same manner as a biological parent if the stepparent is married, as of the date of application, to the biological parent whose information will be reported on the FAFSA, or if the stepparent has legally adopted the student. There are no exceptions. Prenuptial agreements do not exempt the stepparent from providing required data on the FAFSA. Note that the stepparent's income information for the entire base year must be reported even if parent and stepparent were not married until after the start of the year, but were married prior to the date the FAFSA was completed.</p>

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<p><b>Deceased Parent(s)</b></p>	<p>If one, but not both, parent died, answer the parental questions about the surviving parent. Only financial information on the surviving parent is reported. If after the FAFSA has been filed, the surviving parent dies, the student must submit a correction updating his/her dependency status to independent, correcting all information as appropriate. If the surviving parent remarries as of the date the FAFSA is completed, the parental section includes both that parent and the person he/she married (stepparent). If both parents are deceased prior to completing the FAFSA, the student files as an orphan (considered independent).</p>
<p><b>Domestic Partner Rights and Responsibilities Act</b></p> <p><i>Note: The provisions of the Act do not apply to federal aid.</i></p>	<p>The California Domestic Partner Rights and Responsibilities Act of 2003, became law on 1/1/05 which extends rights, benefits and obligations to individuals in CA Registered Domestic Partnerships. If this law reflects your family's living situation, contact the Financial Aid Office. You will be asked to complete a Domestic Partner Information Form, and your eligibility for state and university aid will be reevaluated. Your eligibility may increase or decrease based on the new information provided.</p>

**Glossary of Acronyms on the Student Aid Report (SAR)**

*The acronyms on the bottom of the SAR represent intermediate results for the federal financial aid need-based analysis.*

Acronym	Meaning	Acronym	Meaning
<b>AAI</b>	Adjusted Available Income	<b>PC</b>	Parents' Contribution
<b>APA</b>	Education Savings and Asset Protection	<b>PCA</b>	Parents' Contribution from Assets
<b>ATI</b>	Allowances Against Total Income	<b>SCA</b>	Dependent Student's Contribution from Assets
<b>CAI</b>	Contribution from Available Income (Independent Student)	<b>SIC</b>	Dependent Student's Income Contribution
<b>DNW</b>	Discretionary Net Worth	<b>STX</b>	State and Other Tax Allowance
<b>EA</b>	Employment Allowance	<b>TI</b>	Total Income
<b>EFC</b>	Expected Family Contribution	<b>TPC</b>	Total Parents' Contribution
<b>IPA</b>	Income Protection Allowance	<b>TSC</b>	Total Student's Contribution

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**Other Resources from FSAPub.gov**

[Do you need money for college?](#)

[College Preparation Checklist](#)

**Investors should consider the investment objectives, risks, charges and expenses associated with a 529 Plan before investing. This and other information is available in a Plan's official statement. The official statement should be read carefully before investing.**

*Depending on your state of residence, there may be an in-state plan that provides tax and other benefits not available through an out-of-state plan. Before investing in any state's 529 plan, you should consult your tax adviser.*

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