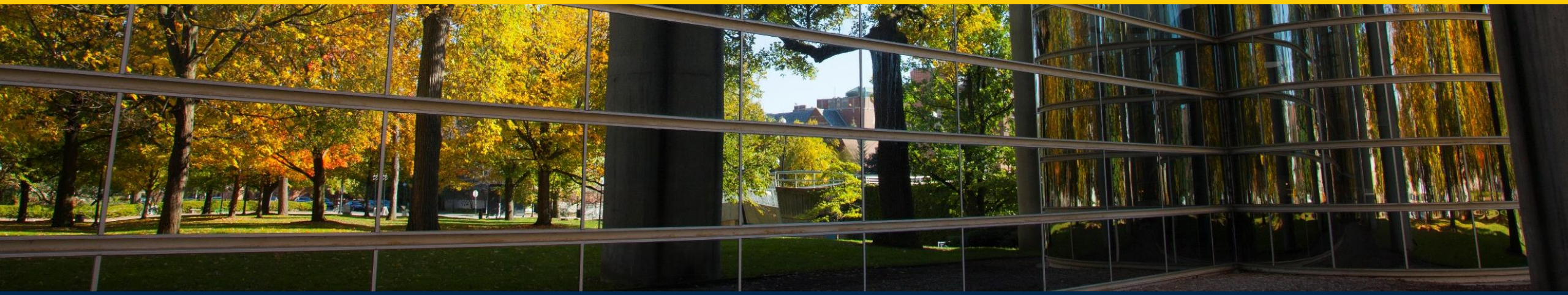
Financial Aid 101

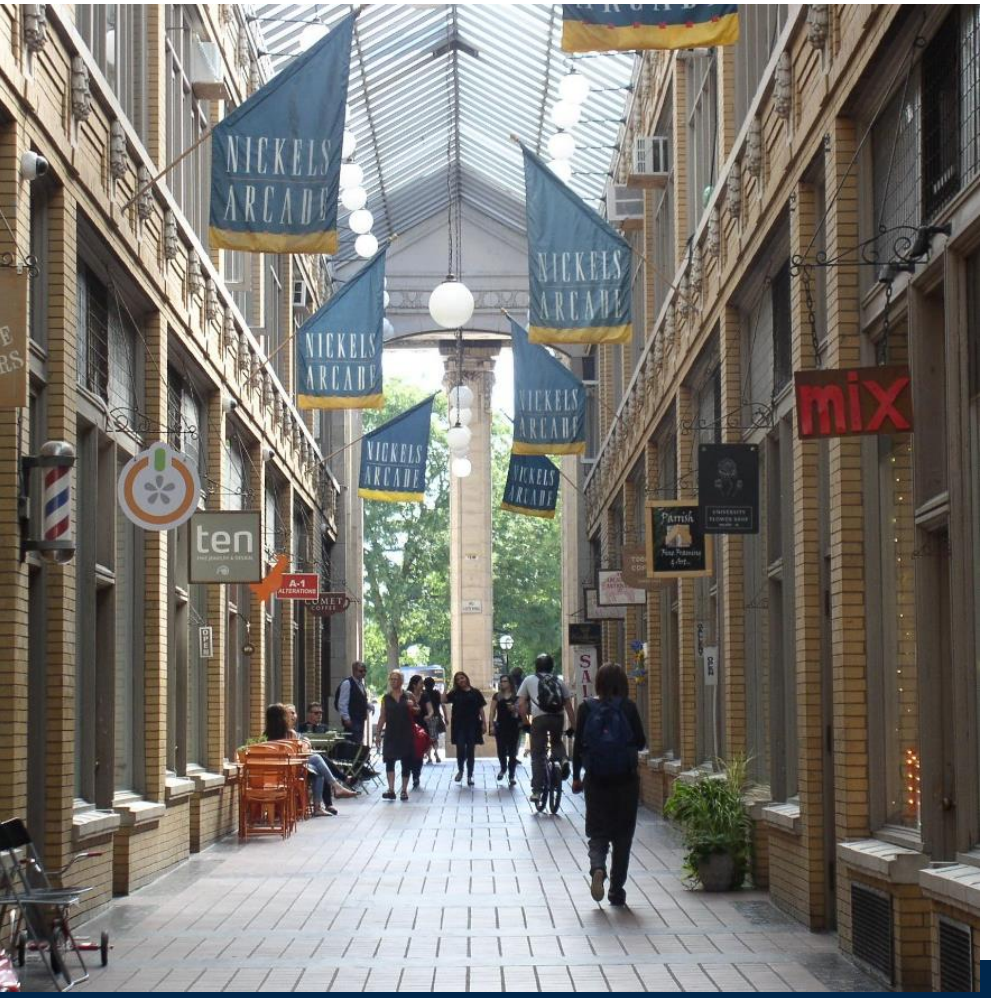


OFFICE OF
FINANCIAL AID
UNIVERSITY OF MICHIGAN

Discussion Topics

- What is Financial Aid?
- College costs and planning tools
- Financial Aid eligibility
- Types of financial aid
- Applying for financial aid at U-M
- Next steps
- Tips for students and families

What is Financial Aid?



Financial Aid is money used to pay for college

What is Financial Aid?

Financial is IS NOT

- Credit cards
- Shopping
- Buying a car
- Partying
- Spring break/vacation

College costs and planning

Direct Costs

- Paid DIRECTLY to the university (billed twice per year):
  - Tuition & fees
  - Housing & meals

Indirect Costs

- Paid to others and can include:
  - Books & supplies
  - Personal & miscellaneous items
  - Transportation

College costs and planning

U-M Cost of Attendance

	In-State	Out-of-State
Tuition & Fees	$ 16,178.38	$ 53,232.38
Housing and Meals	$ 12,592.00	$ 12,592.00
Books & Supplies	$ 1,048.00	$ 1,048.00
Personal/Misc.	$ 2,454.00	$ 2,454.00
TOTAL	* $ 32,272.38	* $ 69,326.38

* This is the maximum amount of financial aid you can receive.

College costs and planning tools

Planning tools:

- finaid.umich.edu/tools-resources/planning-tools-calculators#comparing-financial-aid-offers

College Scorecard compares colleges from around the country

- collegescorecard.ed.gov

College costs and planning tools

Net Price Calculator

- A free, interactive tool that provides estimated net cost
- Uses institutional data
- Calculates individual situations
- npc.collegeboard.org/app/umich

FAFSA4caster

- Free federal tool
- Early estimate for federal student aid
- Offers options to pay for college
- studentaid.gov/understand-aid/estimate

Financial aid eligibility

Expected Family Contribution

- Calculated using a federal formula with information from the FAFSA
- Parent contribution and student contribution
- Amount a family can reasonably expect to contribute
- The same at every institution

Financial aid eligibility

Calculating Financial Need

Cost of Attendance (Budget)	$26,000
Expected Family Contribution (EFC)	- $ 4,000
Other Aid or Resources (such as private scholarships)	- $ 0
Your Need for Aid	= **$22,000**

Types of Financial Aid

Grants, some **scholarships**, **work-study** and a **subsidized federal loan** are need-based.

An **un-subsidized loan** is NOT need-based and students can receive one as long as there is a financial need and the FAFSA has been completed.

Types of Financial Aid

Free money

- **Scholarships**
  - Earned in some way– grades, skills, service, etc.
  - Awarded by a variety of organizations
  - May, or may not, require FAFSA and/or other applications
- **Grants**
  - Need-based
  - Must complete FAFSA to apply
  - May need to complete other applications such as CSS Profile or other institutional forms

Types of Financial Aid

Watch for Scholarship scams

- Scholarships with application fee
- No contact telephone number
- Unsolicited scholarship opportunity
- Hype or pressure to participate
- Scholarship services that guarantee success
- Social Security number, checking/savings account info requested

More information:

- studentaid.gov/resources/scams

Types of Financial Aid

Understand your scholarship

- **One-time vs. renewable**
  - If renewable, are there requirements?
  - GPA
  - Major specific
  - Full-time
- **Tuition-specific scholarship**
- **What's the value of the scholarship?**
  - Full ride vs. partial (will you have remaining costs?)

Types of Financial Aid

Go Blue Guarantee

- Free U-M tuition for four years
- Must qualify for in-state tuition and be earning first bachelor's degree
- Family income of $65,000 or less and assets below $50,000
- Must apply and be eligible for financial aid
- More information: gobluegguarantee.umich.edu/ann-arbor
- Eligibility: finaid.umich.edu/go-blue-guarantee-eligibility

Types of Financial Aid

Earned money: **Work-Study**

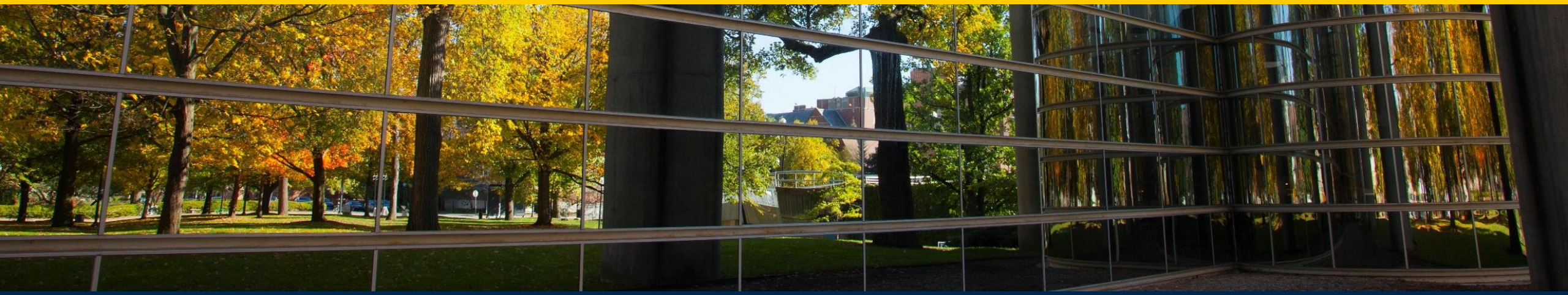
- Get paid for your work
- Receive bi-monthly paychecks
- Have flexible work schedules
- Consider on- or off-campus opportunities
- Students not awarded Work-Study with their financial aid notice may apply for other jobs on- and off-campus

Types of Financial Aid

Borrowed money: Loans

- Borrow only what is REALLY needed
- Repayment begins after graduation
- Federal Loans from the FAFSA
  - **Subsidized Direct Loans:** student is borrower, interest does not accrue until repayment (3.73%)
  - **Unsubsidized Direct Loans:** student is borrower, interest accrues day 1(3.73%)
  - **Direct PLUS Loans:** parent of dependent student is the borrower; credit check and application are required (6.28%)

Applying for Financial Aid



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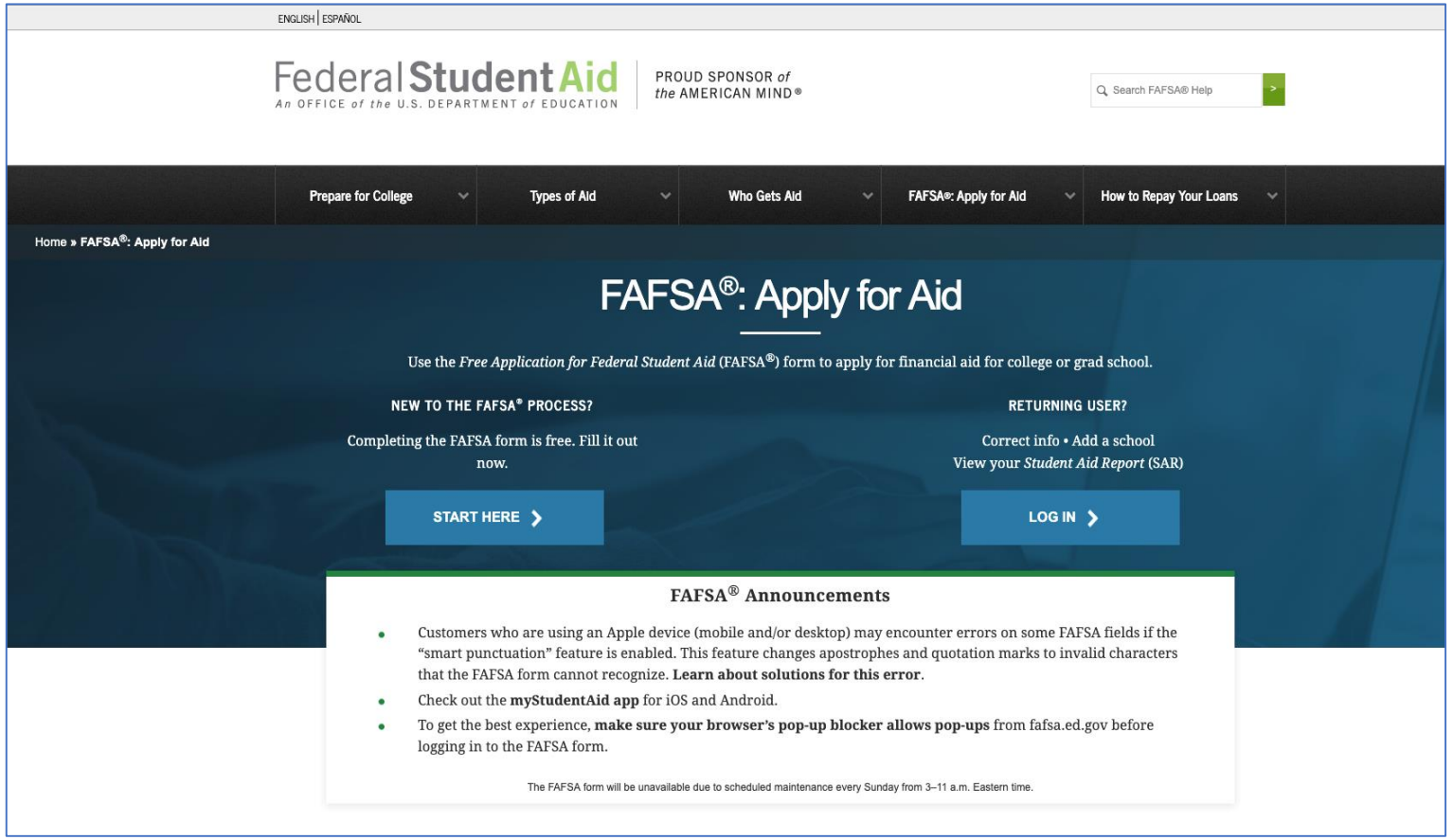
Completing the FAFSA: Where



Complete the FAFSA

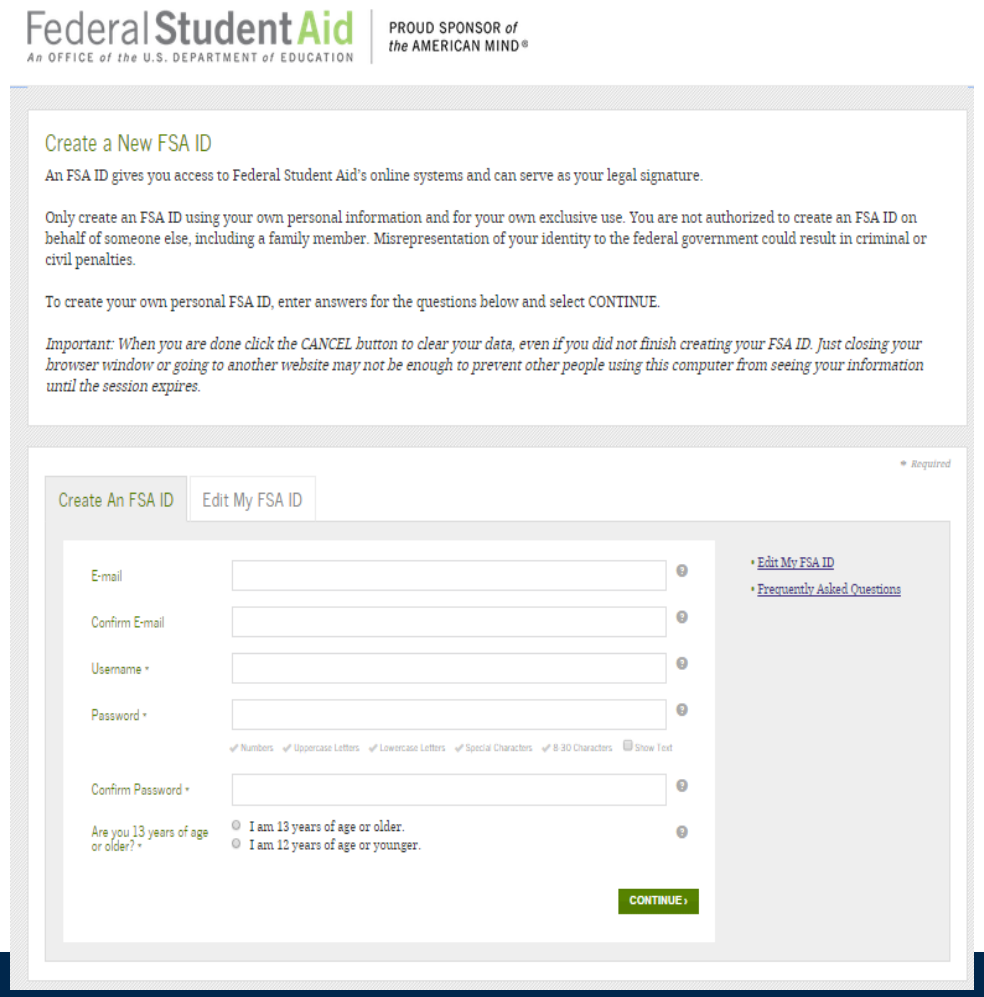
- It's free, easy, fast, and more people qualify for student aid than you think.

Completing the FAFSA: When

Two Applications:

- FAFSA: studentaid.gov/h/apply-for-aid/fafsa
  - Free application or fee waiver request
  - State, federal, and private financial aid resources
- CSS Profile: cssprofile.org/
  - $25 application fee
  - Need-based U-M grants and scholarships
- Both available Oct. 1
- Priority deadline: March 31
- Suggested Filing Date: Dec. 15

Completing the FAFSA: How



FSAID

- Student AND one parent
- fsaid.ed.gov
- Allows student and parent to sign FAFSA electronically
- Each needs individual FSAID profile

Completing the FAFSA: How

Important documents

- IRS Data Retrieval (preferred) or 2020 Tax Return
- Bank/asset statements
- Child support (paid or received)
- Other untaxed income received except Social Security

Completing the FAFSA: Why

Why should you complete the FAFSA?

- Expected Family Contribution (EFC) determines your aid eligibility
- Gain access to multiple sources of aid
- Can list up to 10 schools on your application

Completing the FAFSA: What

FAFSA: What Should I Expect?

- Three of four sections are student information
- One section is for parents or legal adoptive parent
- “As of today” language
- Any person assigned the sex of male at birth must register with the Selective Service (sss.gov)

Completing the FAFSA: Who

FAFSA

- **Each student**
  - Parent data can be transferred for multiple children
- **Parent(s)**
  - Both parents (biological, step-parent, adoptive) if married
  - Only one parent if single, divorced, or separated (the one the student lives with)
  - If both parents live in the same house and are not married both incomes go on FAFSA

Dependent vs Independent

FAFSA: Dependent vs. Independent

- **Dependent** (most students are dependent)
  - Requires parental information
- **Independent** (No parental information required if):
  - Married
  - At least 24 years old
  - At any time since you turned age 13, both your parents were deceased, you were in foster care, or you were a Ward of the Court/State
  - Have a dependent that you provide more than 50% support for
  - Homeless

(This is a sample of questions on the FAFSA that determine independent student status)

Important Dates

When should you complete the FAFSA?

- The FAFSA is available on **Oct. 1** using earlier tax information
- State of Michigan deadline is **March 1**
- U-M deadline is **March 31** (we recommend completing applications by March 1 in case additional documentation is needed).
- FAFSA is an annual application. File it every year!
- If you apply by the suggested filing date of **Dec. 15**, and are admitted Early Action, you will receive a preliminary financial aid package sooner.

Applying for Financial Aid

FAFSA: frequent errors

- Social Security numbers
- Divorced/remarried parental information
- Student/parent income
- Untaxed income
- Real estate & investment net worth
- U.S. income taxes paid
- Household size
- Number of household members in college
- Work-Study preferences

Next Steps

What's next?

- Make necessary FAFSA corrections
- Complete institutional forms
  - CSS Profile
  - Scholarship applications
  - Verification
  - Additional documentation (Federal Tax Transcripts, W-2s)
  - Estimated Aid Notices will be sent in early 2022
    - Based on initial calculated need
    - Not binding, simply an offer

Next Steps

Reporting Special Circumstances

- Change in employment, death, marital status, one-time significant benefit, large out-of-pocket medical expenses, etc.
- Cannot report on FAFSA
- Send explanation to each financial aid office
- All special circumstances will be reviewed, and a FINAL decision will be made*

*Cannot appeal this decision to Department of Education

Tips for Students & Families

Consider payment plans

Know before you Go Blue!

Satisfactory Academic Progress

Apply for scholarships every year

Meet all deadlines

- Check & respond to your email
- Check & respond promptly to request

Problems/issues

- Talk to the experts on campus

Thank You

Office of Financial Aid

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Ann Arbor, MI 48109-1316

finaid.umich.edu

Outreach Unit

ofa-outreach@umich.edu

The information presented is based on current circumstances and is subject to change. Please refer to specific schools/institutions for additional information.