



Explaining Financial Aid

February 2018

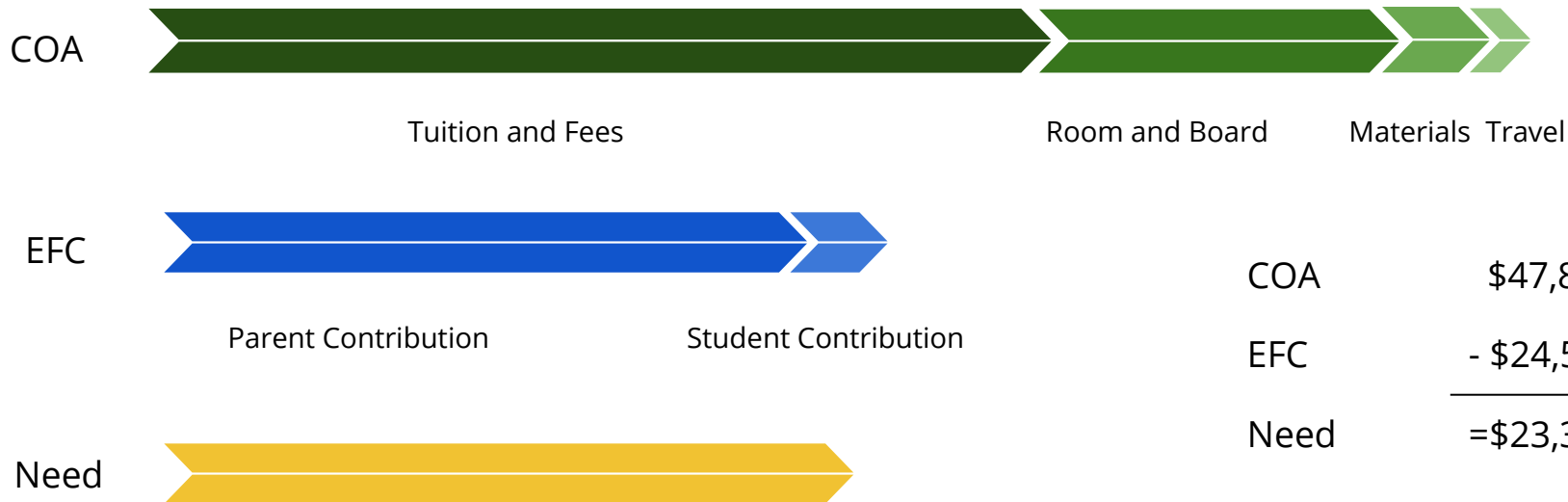
Outline

- I. How is Financial Need Determined?
- II. Total Financial Aid By Source
- III. How the Federal Government Meets Need
- IV. How Colleges Meet Remaining Need
- V. Tips for Using RaiseMe to Maximize Institutional Awards

How is Financial Need Determined?

Financial Need = Cost of Attendance (COA) - Expected Family Contribution (EFC)

As a visual example of the formula, the below model describes the factors that go into cost and contribution so you can see how this might look proportionally. The COA is based on an average private 4-year college. The EFC is hypothetical.

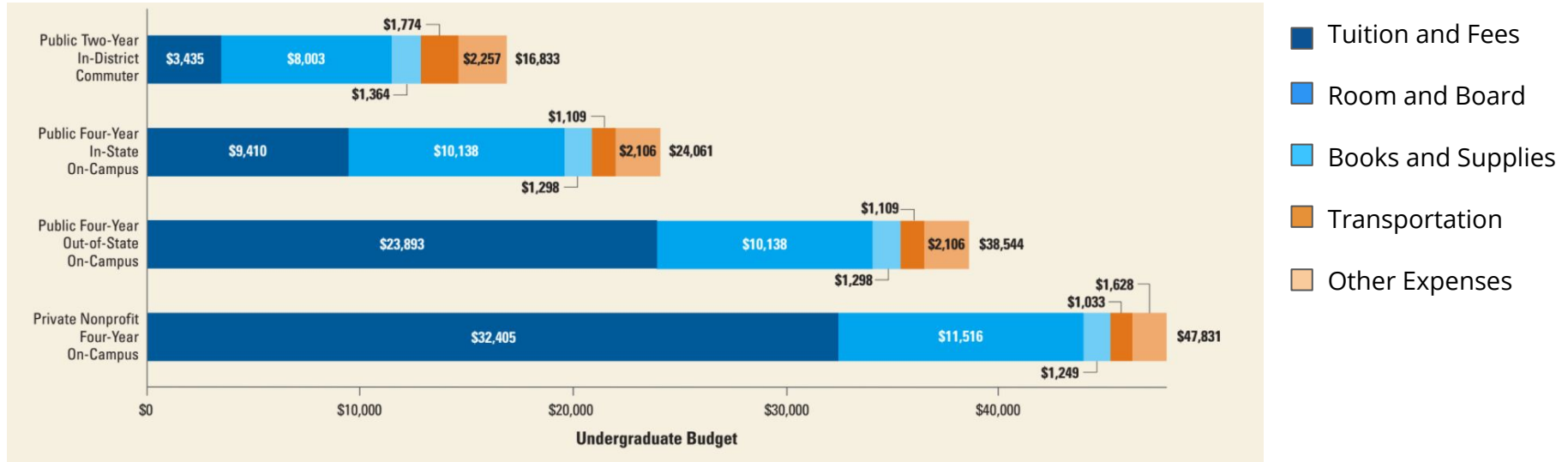


COA	\$47,831
EFC	-\$24,500
Need	=\$23,331

Cost of Attendance



This graph outlines the average COA for public and private 2 and 4-year colleges:



To get an accurate estimate by institution, visit the net price calculator on the college website.

Estimated Family Contribution



How do colleges determine your expected family contribution?

Parent Contribution Factors:

1. Citizenship (to estimate how much it will cost to attend)
2. State of residence (to estimate travel costs and in vs. out-of-state tuition if a public university)
3. Number of children in college
4. Number of people in your family
5. Parent(s) or Guardian(s) salary
6. Additional income (if applicable). Could include investments, property, or business

What is the student contribution?

- This can be summer earnings, personal savings, and/or outside scholarships that the student can contribute to the cost, where applicable.

Meeting Need: Terminology to Keep in Mind

Need



Need-Based Aid

Aid that is awarded based solely on the financial situation of your family.

Merit-Based Aid

Aid that is awarded based on your academic and extracurricular achievements from high school.

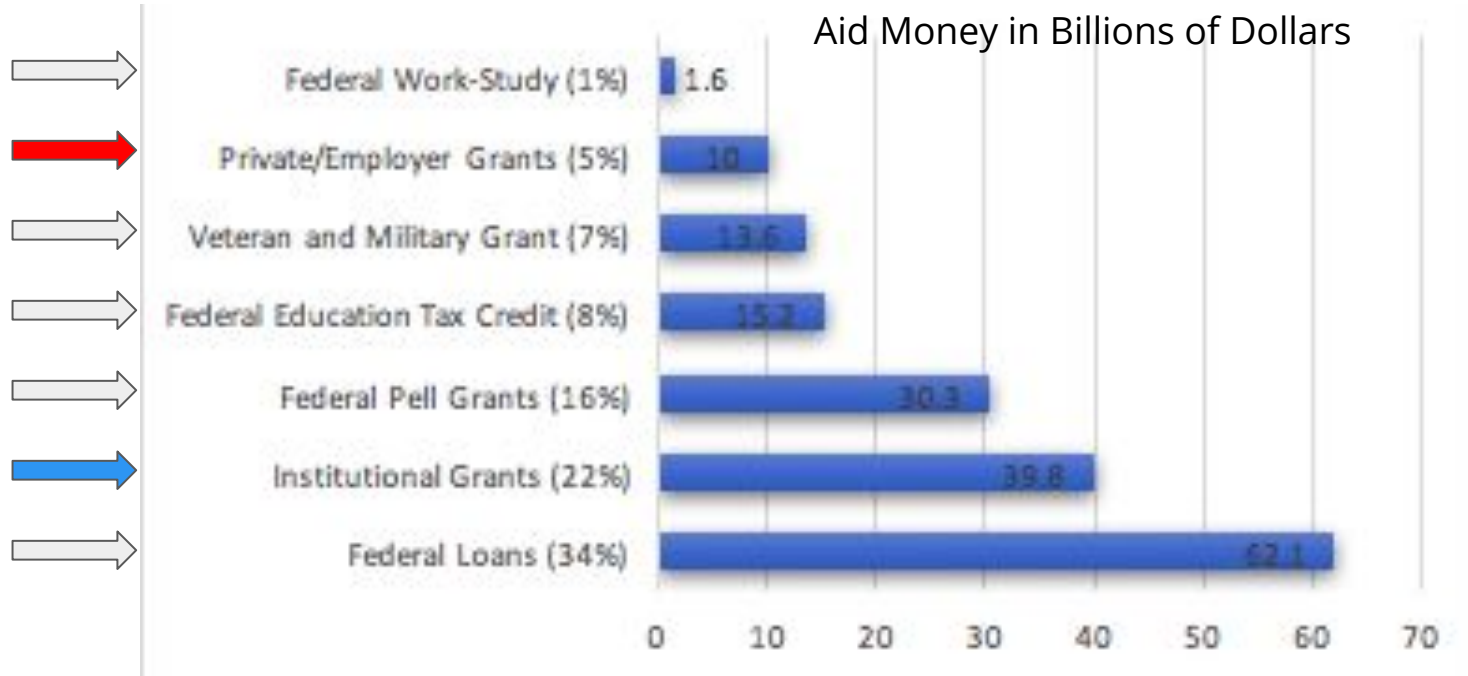
Grants/Awards

Money awarded to you that you do not need to pay back.

Loans

Money that you borrow and must pay back over time.

Total Undergraduate Student Aid by Source*



- Money from the government - this all starts with the FAFSA!
- Scholarships to which you apply
- Money directly from the college - this is where RaiseMe comes in!

*Data pulled from 2014-2015 school year

Meeting Need: The Role of the Federal Government

Step 1: Complete the FAFSA (Free Application for Federal Student Aid)

This will determine how much need-based aid you will be offered.

Federal Grants (you don't have to pay it back!):

- Pell Grant: the largest award type offered by the federal gov't for meeting demonstrated need.
 - To be eligible for a maximum Pell Grant (which was \$5,730 in 2015), your EFC must be zero, meaning your family can't afford any contribution toward college.
 - A maximum Pell Grant covers 61% of the average tuition cost for a public, four-year college.
 - *Meaning* a federal grant alone will not cover all of the cost of attendance.

Federal Loans (you *will* have to pay it back):

- **Subsidized** Stafford Loan: your loan will not accumulate interest until after college graduation.
- **Unsubsidized** Stafford Loan: your loan will accumulate interest while enrolled in college.

Your federal aid package will most likely include a combination of grants and loans, all of which is determined from the FAFSA. So fill it out early; some federal grants are first come - first serve!

Meeting Need: What Colleges Can Contribute

Institutional Awards

Merit-Based

- Once the college establishes the amount of federal aid you are eligible to earn, they will next determine how much grant money they can offer for your academic and extracurricular accomplishments.

Need-Based

- If the federal aid package plus the merit-based aid from the college is not enough, colleges will also offer need-based awards to try to further cover the gap.*

*(Remember that **NEED** is the **COST OF ATTENDANCE** minus your **FAMILY CONTRIBUTION**)

In the traditional framework, colleges are not able to calculate their contribution until you apply.

With RaiseMe, you know upfront the minimum contribution a college can make *before* committing to an application!

Average Total Grant Aid, Private Four-Year College*



“Exceeding Need” means that an institution is offering more aid than the student needs to be able to afford to attend.

Need-Based Non-Need-Based Meeting Need Exceeding Need

*Data pulled from 2012-2013 school year

Based on the income of your family, the above chart gives you a sense for:

1. How much need-based aid you can expect
2. How much merit aid you might expect (non-need-based)

Average Total Grant Aid, Public Four-Year College

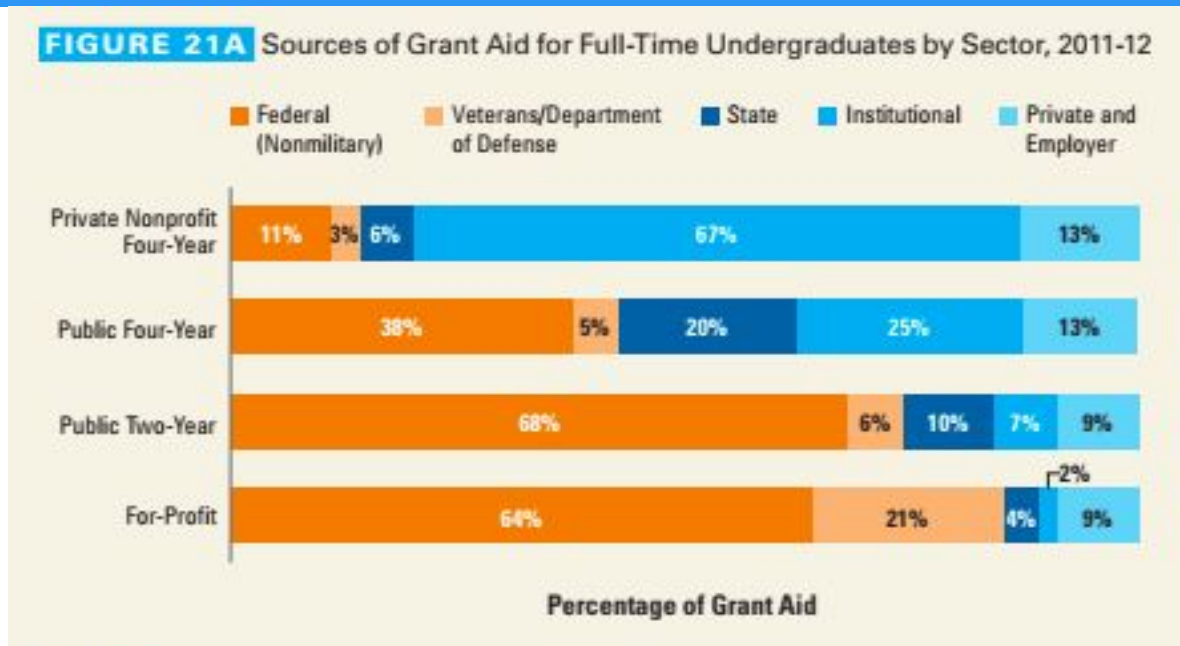


Need-Based Non-Need-Based Meeting Need Exceeding Need

Based on the income of your family, the above chart gives you a sense for:

1. How much need-based aid you might expect
2. How much merit aid you might expect (non-need-based)

Proportion of Aid that is Federal vs. Institutional



Notice: Institutional aid constitutes a large portion of total aid at four-year colleges.

- Private colleges, in general, are more expensive to attend but also have a lot more resources available to award generous aid.

Institutional Awards Present a Big Opportunity

Federal aid is need-based

- Your family's financial situation is not likely to change dramatically in the time-frame when you are considering college.
- The only actions you need to take where federal aid is concerned are to fill out the FAFSA and CSS Profile as well as have proactive conversation with your family!

Institutional aid is the second largest aid source and is largely based on your academic and extracurricular track record, which is entirely in your control!

In 2012...

Private College: Merit-Aid Breakdown

- 71% from the institution
- 26% from private sources
- 2% from the state

Public College: Merit-Aid Breakdown

- 44% from the institution
- 38% from private sources
- 18% from the state

As you can see above, the majority of merit-aid at both private and public colleges comes from the institution. So how can you make sure you qualify for the most money possible?

Where RaiseMe Fits in the Aid Equation

The majority of grants awarded every year come directly from the institution.

So how do colleges and universities determine how much grant money to award students for merit (academic accomplishments)?

There are no stated criteria for how to earn merit grants, and the amount you'll get from each institution can vary widely.

So how can you plan ahead to both maximize your institutional award AND make smart application decisions?

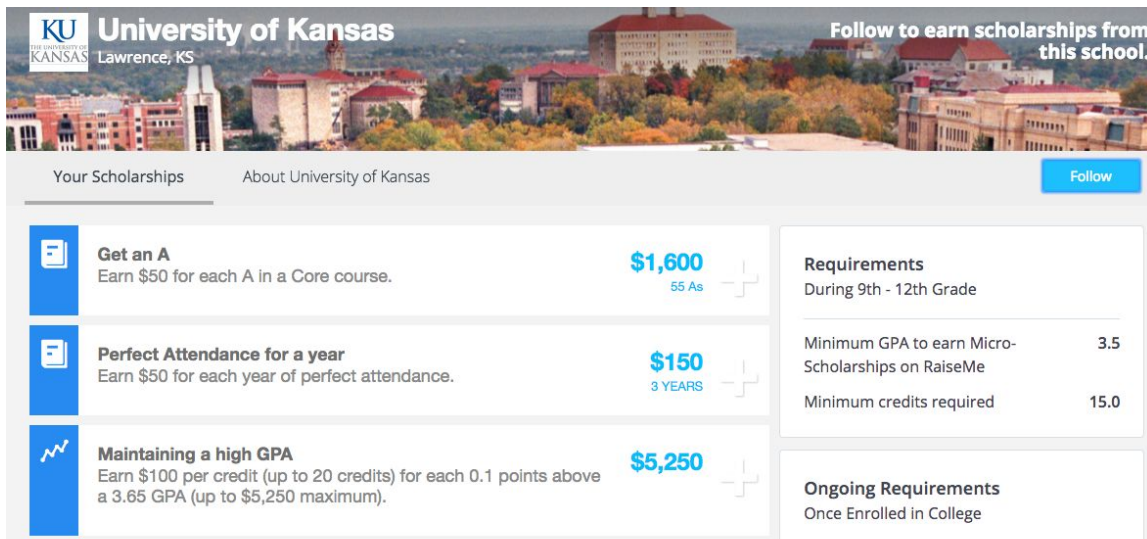
On RaiseMe, the calculation of grant money possible starts in 9th grade. For every accomplishment, you'll know how much you could earn at participating schools. Earning categories are transparent, so you can prioritize your time accordingly.



Use Micro-Scholarship Plans As A Checklist

Each RaiseMe college partner has a unique micro-scholarship plan that lists the specific accomplishments that are factored in to their institutional grant considerations.




Thus, the micro-scholarship plan can serve as a checklist, where you are able to map out your coursework and extracurriculars to not only be a competitive applicant but also maximize the institutional aid it's possible to earn.



University of Kansas
Lawrence, KS

Follow to earn scholarships from this school.

Your Scholarships About University of Kansas Follow

 Get an A Earn \$50 for each A in a Core course.	\$1,600 55 As	Requirements During 9th - 12th Grade
 Perfect Attendance for a year Earn \$50 for each year of perfect attendance.	\$150 3 YEARS	Minimum GPA to earn Micro-Scholarships on RaiseMe 3.5
 Maintaining a high GPA Earn \$100 per credit (up to 20 credits) for each 0.1 points above a 3.65 GPA (up to \$5,250 maximum).	\$5,250	Minimum credits required 15.0

Ongoing Requirements
Once Enrolled in College

Summary

1. The vast majority of students will qualify for financial aid or scholarships, so don't let cost dissuade you from considering college options.
2. There are two means of awarding aid to finance college: need-based aid and merit-aid.
3. Need-based aid is a factor of your family's financial situation.
 - a. To qualify for need-based aid you must fill out the FAFSA and/or CSS Profile.
4. Merit-aid is based on a student's academic and extracurricular achievements. Most of those grants come directly from an institution.
5. RaiseMe provides a checklist for maximizing institutional aid at participating colleges so you can plan your activities starting in 9th grade to get the most grant money.

References:

Trends in Student Aid 2015, College Board.

Trends in College Pricing 2015, College Board.

2017 Guide To College Financial Aid, The FAFSA and CSS Profile, Forbes.



RaiseMe