

The Basics of College Financing 101

Rodney 'RC' San Jose
Executive Director of
Enrollment Management



Three steps in paying for college

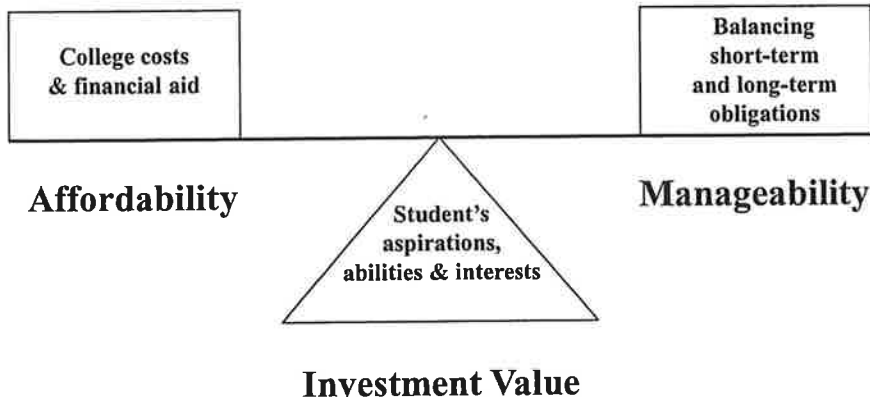
1. Consider the investment
 - Defining value
 - Cost: benefit analysis
2. Discover resources
 - Increasing affordability
3. Manage the actual cost
 - Payments and borrowing

Selecting the right college **value** is an investment decision.



The relationship of **quality to cost**.

Paying for college. It's about ...



The cost of college

- Tuition and fees
- Room and board
- Books and supplies
- Transportation
- Personal and miscellaneous



2011 – 2012 Tuition, Room & Board

Illinois Wesleyan	\$ 44,868	DePaul	\$ 41,130
Loyola of Chicago	\$ 44,994	Univ. of Wisconsin	\$ 39,201
Marquette	\$ 42,192	Univ. of Iowa	\$ 38,454
Augustana	\$ 41,829	Drake	\$ 35,090
Butler	\$ 41,733	Bradley University	\$ 34,904
University of Dayton	\$ 39,496	Univ. of Illinois	\$ 29,318
Purdue	\$ 37,156	Illinois State	\$ 24,494

*Costs shown are for Illinois residents

The cost of college

Catalog price (list price)

— Financial assistance

Net price (amount you pay)

Paying for college

While the responsibility for investing in higher education primarily rests with families, colleges assist by recognizing financial and academic abilities.

Financial Assistance Eligibility

Scholarship

- **Academic performance**
- **Special skills**
- **Involvement and service**
- **Relationships**

Resource-based

- **Income**
- **Assets**
- **Family size**
- **Number in college**

Resource-based financial assistance

Assistance awarded to families whose income and assets, based upon a federal standard, fall short of annual educational expenses.

Includes grants, scholarships, loan and work opportunities from federal, state and college sources.

What is a FAFSA?

The “vehicle” which gets your information to the Federal Processor and other awarding agencies.

The FAFSA is your application for:

- Federal financial assistance, including student loans
- Need-based assistance from the State of Illinois
- Most college financial assistance

FA NOTE: If you have more than one student in college, each must file his/her own FAFSA.

One FAFSA with results electronically to multiple colleges.

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Get help paying for college

Submit a Free Application for Federal Student Aid (FAFSA)

Start Here

- Start or continue your FAFSA
- Correct your FAFSA
- Check the status of your FAFSA, and more...



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STUDENT

Login

Student Information

Form Approved
OMB No. 1848-0047
App. Exp. 12/31/2012

Instructions are provided for each FAFSA question in the Help and Hints section on the right side of the page and are also available by clicking **Need Help?** at the bottom of the page.

The student's first name The student's full last name

The student's Social Security Number

The student's date of birth (mm/dd/yyyy)

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Help and Hints


The student's first name

You must enter the student's first name.

Use the student's proper name, not a nickname. The student's first name must match the first name on his/her Social Security card.

The student's entry must contain only letters (A-Z), numbers (0-9), periods (.), apostrophes ('), dashes (-), or blanks (spaces). No other characters are allowed.

[More>>>](#)



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Welcome, Rodney Logout

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Get Started

Welcome, Rodney San Jose!

Fill out your FAFSA (Free Application for Federal Student Aid)
To receive federal student financial aid, you need to fill out a FAFSA every school year. Let's get started.

When are you attending college?

Between July 1, 2012 and June 30, 2013

Between July 1, 2011 and June 30, 2012


If you are applying for a summer session, or just don't know which application to complete, check with the college you are planning to attend.

Federal Student Aid PIN


PIN Status: Active [Request A Duplicate PIN](#)

You can use your PIN to sign your FAFSA electronically or make corrections to your FAFSA.

[NEED HELP?](#)



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You have gone full screen [Exit full screen \(ESC\)](#)

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Start Your 2012-2013 FAFSA

Form Approved
OMB No. 1945-0091
App. Exp. 12/31/2013

You must create a password. Don't forget the password you create, because you will need it if you save your FAFSA and want to return to it later.

Password

Re-enter Password

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[MY FAFSA](#)

Help and Hints


Password

You must enter a password.

The password must be between 4 and 8 characters long. You can use any combination of numbers and / or uppercase and lowercase letters. For example, the password "Student2" is different than the password "sTuDent2."

Try to choose a password that you can remember but that would be hard for others to guess. Avoid using personal identifiers (for example, first name, last name, or date of birth) and simple passwords such as "1234" or "aaaa."

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STUDENT

Introduction Page - 2012-2013 FAFSA

Use the [Next](#) and [Previous](#) buttons to move from page to page in the form. If you use your browser's back and forward buttons to move from page to page, you may lose your data.

Additional information about FAFSA on the Web:

- [How can I get help completing my FAFSA?](#)
- [How many steps does it take to complete?](#)
- [How long will it take to complete?](#)
- [Can I save my FAFSA if I can't finish it?](#)
- [Documents needed to complete the FAFSA](#)
- [Sign the FAFSA](#)
- [FAFSA on the Web Security and Privacy](#)

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What documents do I need to fill out a FAFSA?

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You will need records of income earned in the year prior to when you will start school. You may also need records of your parents' income information if you are a dependent student.

For the 2011-2012 school year you will need financial information from 2010. You may need to refer to:

- Your Social Security card. It is important that you enter your Social Security Number correctly!
- Your driver's license (if any)
- Your 2010 W-2 forms and other records of money earned
- Your (and your spouse's, if you are married) 2010 Federal Income Tax Return.
- IRS 1040, 1040A, 1040 EZ
- Foreign Tax Return, or
- Tax Return for Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federal States of Micronesia, or Palau
- Your Parents' 2010 Federal Income Tax Return (if you are a dependent student)
- Your 2010 untaxed income records
- Your current bank statements
- Your current business and investment mortgage information, business and farm records, stock, bond and other investment records
- Your alien registration or permanent resident card (if you are not a U.S. citizen)

To organize your information, you can print and complete a [FAFSA on the Web Worksheet](#) before you begin entering your information online. However, you are not required to do so. [FAFSA on the Web](#) will guide you through the questions that you must answer, and you can save your application and return to it later if you don't have the information you need to answer any of the questions.

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Student Demographics
School Selection
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Parent Demographics
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Sign & Submit
Confirmation

STUDENT

Student Demographic Information

Your last name: San Jose Your first name: Courtney Your middle initial: []

Your Social Security Number: 516-80-1925

Your date of birth (mm/yyyy): 11/05/1992

Are you male or female?
 Male Female

Your permanent mailing address (include apt. number): 4444 N Knowlton

Your city (and country if not U.S.): Peoria Your state: Illinois

Your ZIP code: 61614

Have you lived in Illinois for at least 5 years?
 Yes No

Your permanent telephone number: (309) 224-9468

Your e-mail address: rodney@bradley.edu Re-enter your e-mail address: rodney@bradley.edu

What is your marital status as of today?
 I am single

Do you have driver's license information that you want to provide?
 Yes No

Your driver's license number: 5522-65-4578 Your driver's license state: Illinois

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Help and Hints

Is the Student Male or Female?
Question 21

Your gender is used to determine if you need to register with Selective Service. Most male students must register with Selective Service to receive federal student aid.

Select male if you are male.
Select female if you are female.

10/8/22

FAFSA (FAFSA) (Webform) (January 2011)

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Student Eligibility

Are you a U.S. citizen?
 Yes (I am a U.S. citizen or U.S. national) No

Are you registered with Selective Service?
 Yes No

When you begin college in the 2011-2012 school year, what will be your high school completion status?
 High school diploma

When you begin the 2011-2012 school year, what will be your grade level?
 Never attended college/1st yr.

When you begin the 2011-2012 school year, what degree or certificate will you be working on?
 1st bachelor's degree

Are you interested in being considered for work-study?
 Yes

Will you have your first bachelor's degree before July 1, 2012?
 Yes No

Highest school your father completed:
 College or beyond

Highest school your mother completed:
 College or beyond

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Help and Hints

Student's Citizenship Status
Question 14

You must select the option that indicates your citizenship status. Select U.S. citizen or (U.S. national) if you are a U.S. citizen or U.S. national.

Select **eligible noncitizen** if you are:

- A U.S. permanent resident with a Permanent Resident Card (I-551), or a conditional permanent resident (I-551C)
- Other eligible noncitizen with an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: "Refugee," "Asylum Granted," "Parole" (I-94 number) (I-94 number)

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STUDENT

Student Eligibility continued

Enter the name, city, and state of your high school, then click Confirm.

What is the name of your high school? _____

In what city is your high school located? _____


In what state is your high school located?
Select

Help and Hints

Student's High School Name, City, and State
Question 27

Enter the name, city, and state of the high school where you received or will receive your high school diploma. Click Confirm to continue.

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School Selection

You can add up to 10 colleges to your FAFSA by entering the Federal School Code or by searching for the college using the Search option. You must add at least one college before proceeding to the next page.

Federal School Code:

OR

State:

City: (optional)

School Name: (optional)

We found 7 result(s) that meet(s) your criteria. To narrow your search results enter more information in the Search fields.

Click the Add link to add a school to your Selected Schools. Click the More Info link for additional college information.

Showing 1 - 7

Help and Hints

State

Select the state where the school you are searching for is located. We will search our database to find all Federal School Codes for the state you selected. You may narrow your search by also selecting a city and/or school name.

[More>>>](#)

Student Dependency Status

- Born before 01/01/1988**
- On active duty in U.S. Armed Forces**
- Orphaned**
- Ward of the court since age 13**
- In legal guardianship**
- Married**
- Veteran of U.S. Armed Forces**
- In foster care or an emancipated minor**
- Graduate student**
- A parent of a child he/she is supporting**
- Homeless or at risk of homelessness**
- Supporting other dependents**

In cases of divorce or separation

When parents are divorced or separated, who completes the parent section?

- Use the information of parent (and step-parent) with whom the student lived in 2011.**
- If period of residency is equal or indeterminate, use information of parent who provided the greatest support.**
- If “supporting” parent is remarried, you must include the information of his/her spouse.**

Student Demographics | School Selection | Dependency Status | **Parent Demographics** | Financial Information | Sign & Submit | Confirmation

Parent Demographics Information

Application was successfully saved

What is your parents' marital status as of today?
 Married or Remarried

When did your parents get married or remarried? Enter the month and year (mm/yyyy)
 08/2009

What is your father's/stepfather's Social Security Number?
 262-56-2465

What is your father's/stepfather's first initial?
 R

What is your mother's/stepmother's Social Security Number?
 - - - - -

What is your mother's/stepmother's first initial?
 -

Your parents' e-mail address:
 rodney@bradley.edu

Re-enter your parents' e-mail address:
 rodney@bradley.edu

Have your parents lived in Illinois for at least 5 years?
 Yes No

Your parents' number of family members in 2011-2012 (household size)
 If you are not sure who is considered a family member, click Household Size to answer the questions on the worksheet.
 3 HOUSEHOLD SIZE

How many people in your parents' household will be college students between July 1, 2011 and June 30, 2012?
 1

Help and Hints

Mother's / Stepmother's Social Security Number

Question #4

For an extra level of security, select the Virtual Keyboard icon and use your mouse to select the characters.

Enter your mother's or stepmother's Social Security Number (SSN).

Enter the number without the dashes. For example, 123456789. If your mother / stepmother does not have a Social Security Number, enter all zeros (e.g. 000000000).

The Social Security Number must match exactly the SSN on the Social Security card.




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Have your parents completed a 2011 IRS income tax return?

What income tax return did they file for 2011?

If your parents filed a 1040, could they have used a 1040A or EZ?

A response of "Will File" increases the chances of an "audit."



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Parent Financial Information

What type of income tax return did your parents file for 2010?
(IRS 1040)

What was your parents' adjusted gross income for 2010?
\$100,000.00 INCOME ESTIMATOR

How much did your father/stepfather earn from working (wages, salaries, tips, etc.) in 2010?
\$100,000.00

How much did your mother/stepmother earn from working (wages, salaries, tips, etc.) in 2010?
\$0.00

As of today, is either of your parents a dislocated worker?
 No

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Help and Hints

Is Parent a Dislocated Worker?

Question #2

Answer this question about the parent who is completing the application.

A person may be considered a dislocated worker if he or she:

- is receiving unemployment benefits due to being laid off or losing a job and is unable to return to a previous occupation,
- has been laid off or received a lay-off notice from a job was self-employed but is now unemployed due to economic conditions or natural disaster, or
- is a displaced homemaker

Select Yes if your parent is a dislocated worker.

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Parent Financial Information continued

Enter the amount of your father's income tax for 2010
\$20,000.00

Enter your father's exemptions for 2010
4

Did your father have any of the following items in 2010? Check all that apply and provide amounts.

Additional Financial Information

- American Opportunity, Hope or Lifetime Learning tax credits
- Child support paid
- Taxable earnings from Work-study, Assistantships or Fellowships
- Grant and scholarship aid reported to the IRS
- Combat pay or special combat pay
- Cooperative education program earnings

Untaxed Income

- Payments to tax-deferred pension and savings plans
- IRA deductions and payments to self-employed SEP, SIMPLE and Keogh
- Child support received
- Tax exempt interest income
- Unlabeled portions of IRA distributions
- Unlabeled portions of pensions
- Annuities, trust, and other non-employment income, claims, and others

Help and Hints

Parents' Education Credits

Question #1a

Check the box if your parents received education credits (American Opportunity, Hope or Lifetime Learning tax credits) in 2010.

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amounts

Additional Financial Information

American Opportunity, Hope or Lifetime Learning tax credits

Child support paid

Taxable earnings from Work-study, Assistantships or Fellowships

Grant and scholarship aid reported to the IRS

Combat pay or special combat pay

Cooperative education program earnings

Untaxed Income

Payments to tax-deferred pension and savings plans

IRA deductions and payments to self-employed SEP, SIMPLE and Keogh

Child support received

Tax exempt interest income

Untaxed portions of IRA distributions

Untaxed portions of pensions

Housing, food and other living allowances paid to military, clergy, and others

Veterans noneducation benefits

Other untaxed income not reported such as workers' compensation or disability

As of today, what is your father's total current balance of cash, savings, and checking accounts?
\$25,000 00

As of today, what is the net worth of your father's investments, including real estate (not your father's home)?
\$100,000 00

As of today, what is the net worth of your father's current businesses and/or investment farms?
\$75,000 00

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Help and Hint

Parents' Education Credits
Question 91a

Check the box if your parents received education credits (American Opportunity, Hope or Lifetime Learning tax credits) in 2010.


Whose asset is it?

General rules about assets:

- Report the Market Value as of FAFSA filing date.
Not calendar year or fiscal year date.
- Asset value is reported as net of debt related directly to the asset.
- Ownership of an asset is determined by Social Security number.



Some common parent assets include:

- Cash/savings/checking accounts
- Real estate (except your home)
- Equities/mutual funds
- College savings/pre-paid tuition plans (529s)
- Certificates of deposit
- Bonds



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Student Financial Information

What income tax return will you file for 2010?

What was your adjusted gross income for 2010?
 \$3,500.00 INCOME ESTIMATOR

How much did you earn from working (wages, salaries, tips, etc.) in 2010?
 \$3,000.00

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Help and Hints

Student's Type of 2010 Tax Form Used
Question 33

You must select the income tax return that you filed or will file for 2010.

- IRS 1040
- IRS 1040A or 1040EZ
- A foreign tax return
- A tax return for a U.S. territory or a Freely Associated State (including Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, and Palau tax returns)


Related Topics:

[Foreign Tax Return](#)

[Trust Territory Tax Return](#)



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STUDENT

Student Financial Information continued

Enter the amount of your income tax for 2010
 \$3,500.00

Enter your exemptions for 2010
 0

Did you have any of the following items in 2010? Check all that apply and provide amounts

Additional Financial Information

American Opportunity, Hope or Lifetime Learning tax credits

Child support paid

Taxable earnings from Work-Study, Assistantships or Fellowships

Grant and scholarship aid reported to the IRS
Student grant and scholarship aid reported to the IRS in your adjusted gross income includes AmeriCorps benefits (stipends, living allowances, and interest accrual payments), as well as grant and scholarship financial aid, fellowships, and assistantships

\$0.00

Combat pay or special combat pay

Cooperative education program earnings

Unreduced Income

Payments to tax-deferred pension and savings plans

IRA deductions and payments to self-employed SEP, SIMPLE and Keogh

Child support received

Tax exempt interest income

Help and Hints

Student's Grant and Scholarship Aid Reported in AOI
Question 43d

Check the box if you (or your spouse) received grant and scholarship aid and reported the value to the IRS as part of your (or your spouse's) adjusted gross income in 2010.

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Sign & Submit

Application was successfully saved.

VIEW OR PRINT YOUR FAFSA INFORMATION

Are you a preparer?
 Yes No

How do you (the student) want to provide your signature?
 Sign Electronically With My PIN (Fastest) [Apply For A PIN](#)
 Print A Signature Page
 Submit Without Signatures

Student's Social Security Number

Student's last name

Student's date of birth

What is your (the student's) PIN?

READ BEFORE PROCEEDING
 By signing this application electronically using your Federal Student Aid PIN or by signing a signature page and mailing it to us, YOU THE STUDENT, certify that you
 1. will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education.

Help and Hints
 Are you a preparer?
 A preparer is anyone who charges a fee for helping you fill out your FAFSA.
 Typically high school counselors, school financial aid administrators, or other mentors do not charge a fee to help you complete your application, so they are not considered preparers unless you paid them for their services.
 If you are a preparer, select Yes.

Upon Submission

Confirmation

Tracking instructions

Estimated *Expected Family Contribution* (EFC)

The EFC is used to determine federal aid eligibility

It is used as a basis for state grant determination

Colleges use it to determine eligibility for some aid programs

It's NOT the amount families will actually contribute, rather it's an *index* for determining aid eligibility!

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Sign & Submit

Application was successfully saved

VIEW OR PRINT YOUR FAFSA INFORMATION

Are you a preparer?
 Yes No

How do you (the student) want to provide your signature?
 Sign Electronically With My PIN (Fastest) [Help](#)
 Print & Signature Page
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Student's Social Security Number

Student's last name

Student's date of birth

What is your (the student's) PIN?
 Apply For A PIN

READ BEFORE PROCEEDING

By signing this application electronically using your Federal Student Aid PIN or by signing a signature page and mailing it to us YOU THE STUDENT certify that you

1 will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education.

Help and Hints

Are you a preparer?

A preparer is anyone who charges a fee for helping you or out your FAFSA.

Typically high school counselors school financial aid administrators or other mentors do not charge a fee to help you complete your application so they are not considered preparers unless you paid them for their services.

If you are a preparer select Yes.

Upon Submission

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The EFC is used to determine federal aid eligibility

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Colleges use it to determine eligibility for some aid programs

It's NOT the amount families will actually contribute, rather it's an *index* for determining aid eligibility!

Resource-based eligibility

The “Federal Methodology” has three parts:

\$ Cost of Education

\$ Parent’s Contribution (PC)

\$ Student’s Contribution (SC)

Federal Methodology – Parent Income

2011 Taxable and Non-taxable Incomes

Less –

Federal, State income taxes paid

Social Security tax

Household expenses allowance

Equals -

**“Discretionary income” — in theory, what you
have to spend on whatever — like college!**

Federal Methodology – Parent Assets

Add –

**Net value of investments
Net value of business/farm
Cash, savings, checking**

Subtract -

“Rainy Day” allowance (Age of the parent)

Multiply -

By conversion factor of 12%

Equals -

Parent expectation from assets

Federal methodology – parent contribution

Add –

Income and asset contributions

Multiply -

Conversion factor of 22% to 47%

Divide-

By number of students in college

Federal Methodology – student contribution

2011 taxable and non-taxable incomes

Less –

Federal, state income taxes paid

Social Security tax

Income protection allowance - \$3,750

Multiply -

By conversion factor of 50%

Federal methodology – student assets

Add –

Net value of investments

Net value of business/farm

Cash, savings, checking

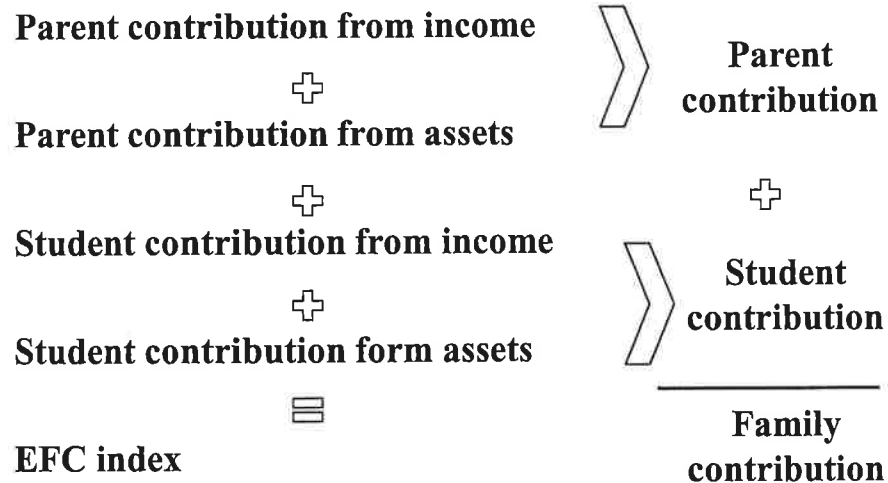
Multiply -

By conversion factor of 20%

Equals -

Student expectation from assets

Federal methodology



Important consideration

The calculated parent and student Contributions always remain the same regardless of the college.

The variable is the cost of education.

The cost of college

$$\text{Financial need} = \frac{\text{Catalog price (list price)} - \text{EFC index}}{\text{EFC index}}$$

Financial Aid Packaging

Colleges take the EFC number and implement to a institutional financial model to produce a student's financial award.

These policies will vary per institution

Actual cost of college

Catalog price (list price)	\$35,000
<u>— Financial award</u>	<u>\$20,000</u>
Net price	\$15,000

Managing the cost

12 monthly payments	\$1,250
120 monthly payment	\$195
<hr/>	
12 monthly payments (\$6,000)	\$500
120 monthly payments (\$9,000)	\$117
<u>1st year payments</u>	<u>\$617</u>