



Paying for college can be a nightmare. There are investment options, college funds, or just saving money. But, if you haven't been able to prepare or consider it too late to start, there are still options available.

One of the ways you can plan to help pay for your kid's college education is the Free Applications for Federal Student Aid, FAFSA, and see what aid the government can give you. Federal Student Aid is usually given in the form of grants and loans. Depending on income earned and assets owned by each family is calculated to have a certain amount they can contribute to a student going to college. That is called the EFC, Expected Family Contribution. The lower the EFC the more aid the student can receive. You can visit www.collegeboard.com or www.act.org/fane to get an estimate of your EFC.

FAFSA takes income and assets from the previous year into consideration for determining your EFC and what type of aid your family receives. The following chart shows what is and is not considered.

Considered		Not Considered	
<u>Income</u>		<u>Income</u>	
<ul style="list-style-type: none"> • Wages • Rental Income • Interest • Dividends 	<ul style="list-style-type: none"> • Taxed Social Security • Business Income • Child Support 	<ul style="list-style-type: none"> • Federal Work/Study • Student Wages < \$6,000 	
<u>Assets</u>		<u>Assets</u>	
<ul style="list-style-type: none"> • Bank Accounts • Stocks and Bonds • Second Homes (Net Value) • 529 Plans • Commercial Property (Net Value) • Business Assets (over 100 full-time employees) 		<ul style="list-style-type: none"> • Jewelry • Life Insurance • Tax Deferred Annuities • Retirement Plans (401k, 403b, IRAs) • Primary Home Value and Mortgage • Business Assets (100 or under full-time employees) 	<ul style="list-style-type: none"> • Pension Assets • Personal Debt

*An asset protection allowance is automatically subtracted from the reportable (considered) assets. Two parent families are allowed around \$50,000, single parent families are allowed around \$15,000, and student assets are allowed \$0.

The following are programs available to FAFSA applicants.

GRANTS:

Tuition Assistance Program – A need based grant available for New York State residents enrolled full-time in a New York State college (either public or private), requires no payment. Awards range from \$500 - \$5,000 a year depending on need. No assets are considered but net taxable income must be less than \$80,000.

Pell Grant – A need based grant available to full-time and part-time undergraduate students, requires no payment. Awards range from \$555 to \$5,550 per year depending on need. Adjusted Gross Income usually must be less than \$45,000. Certain assets count.

Supplemental Educational Opportunity Grant – Available to full-time and part-time undergraduate students, requires no payment. The student must demonstrate extreme financial need. Student may receive up to \$4,000 per year.



JOBS:

Work/Study – Available to full-time and part-time students. It is earned money, usually minimum wage employment on campus for approximately 5-10 hours per week.

LOANS:

Direct Stafford Loan – Available for full-time and part-time students. Financial need is required in order to subsidize the loans. While the student is in college there is no requirement to start payments. For the first year the student receives \$5,500, \$6,500 the second year, and \$7,500 all subsequent years. A student in graduate school may receive up to \$20,500. Repayments begin 6 months after graduation and can be spread out over a maximum of 10 years. Fixed interest rate is at 6.8% (or 3.4% if subsidized). Up to \$17,500 can be cancelled for new teachers under certain conditions.

Perkins Loan – Available for full-time and part-time students depending on financial need. Students can receive up to \$5,500 per year. Repayments begin 6 months after graduation and can be spread out over a maximum of 10 years. No interest accrues in college. Interest rates are fixed at 5%. Cancellation provisions for certain occupations apply.

Parent Loans For Undergraduate Students (PLUS) – Available for the parents of all full-time and part-time undergraduate dependant students. There is no requirement for financial need and is available to all parents with at least minimal credit. The loan covers the full cost of college up to \$60,000 per year. Repayment may be deferred to 6 months after graduation. Maximum fixed interest rate is 7.9%.

COLLEGES:

College Based Grants and Scholarships - Available only to full-time students who receive it based on financial need or earn it by merit. Students can receive anything up to the full cost of tuition. This is not a loan and requires no payments.

More information on these programs can be found at studentaid.ed.gov and www.staffordloan.com.

EFC Reference

An average family of four with one parent over 45 earning income, under \$58,000 in assets, and the student earning less than \$6,000 in wages has approximately the following EFC (more assets and higher student wages raises the EFC).

Income (Before Taxes)	EFC for One College Student	EFC for Two College Students (per student)
\$35,000	\$803	\$708
\$50,000	\$3,177	\$1,513
\$80,000	\$10,721	\$6,014
\$100,000	\$16,958	\$9,133
\$150,000	\$32,164	\$16,736
\$200,000	\$47,051	\$24,179
\$230,000	\$55,870	\$28,589

**These numbers are approximations*

Please, contact us if you have any questions or concerns regarding FAFSA or other college savings programs.