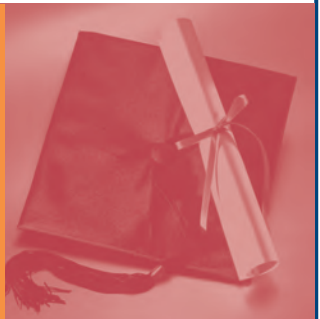


Parent Guide to Financial Aid



FINANCIAL
AID



Connecticut Student Loan Foundation

INVEST
in your
FUTURE

College Planning Services

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Introduction

The Connecticut Student Loan Foundation has developed this guide to assist parents as they make their way through the financial aid process. The guide starts by reviewing the components of financial aid and explaining how aid is determined. You will also learn which financial aid forms are required, how to review college aid awards, the primary ways families pay for college, and if you or your student plan to borrow, how to be a wise consumer. Let's get started.

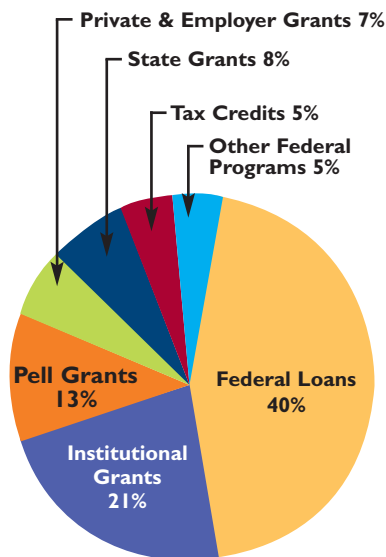
COLLEGE IS AN
INVESTMENT
IN YOUR
CHILD'S FUTURE

Editor's Note: Information provided in this guide was accurate as of July 2008. Changes to existing federal laws and regulations could result in changes to federal loan programs, grants, and tax incentives.



What is Financial Aid?

There are two primary types of aid. *Gift aid*, money that does not have to be repaid, which usually includes scholarships and grants, and *self-help* which includes loans and work programs.



According to the College Board report, *Trends in Financial Aid 2007*, undergraduate students received an estimated \$97.1 billion in financial aid during the 2006–2007 school year. Federal loans comprised the largest amount of student aid at 40%, followed by institutional grants at 21%, Federal Pell Grants at 13%, state grants at 8%, private and employer grants at 7%, and other federal programs at 5%.

Federal tax incentives, although a relatively small component of financial aid at 5%, help millions of families recoup some of the money they have paid out for higher education. The tax credits include the Hope Scholarship Tax Credit and the Lifetime Learning Tax Credit. There is also a tax deduction for the interest paid on education loans.

A small portion of federal student aid is set aside for work-study programs. This form of self-help aid allows students to secure campus-based or community-based employment so that they can earn money to help defray some of their college expenses.

The College Board report does not include private educational loans as part of its student aid profile but estimates that students and parents borrowed an additional \$17.3 billion from non-federal sources to finance higher education.



Gift Aid

SCHOLARSHIPS

Most scholarships are awarded to students in recognition of a talent or special ability. These awards cover a wide variety of categories including academic performance, athletic ability, and artistic and creative talents. Some scholarships are also awarded for outstanding civic involvement and leadership ability.

Scholarships are available from a broad range of organizations including the federal government, state and local governments, colleges and universities, corporations, non-profit agencies, churches, employers, unions, and civic organizations. Many of these scholarships will require the student to complete a special application. Some, such as the National Merit Scholarship, use students' PSAT and SAT scores to determine eligibility.

Finding Scholarship Opportunities

Searching for scholarships can be time consuming and intimidating. That doesn't mean it is not worth the effort. It simply means students should start early researching the types of scholarships available. Sophomore year of high school is not too early!

When researching potential scholarship opportunities, students need to carefully review applications to determine if they meet the student eligibility requirements. Other factors to consider include the complexity of the application process, deadlines for applications, and the number of scholarships being awarded.

Before students begin searching for national scholarships, they should have thoroughly reviewed all available scholarship opportunities at the state, local, and regional level. Students can check with their school counselor for this information. A list of regional foundations is included



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on page 28 of this guide. Also, ask family members if there are any scholarships available through their employer, union, church, or civic affiliations.

An excellent site for students to visit before they begin their scholarship search is www.scholarshiphelp.org. This site will show students how to focus their scholarship searches, provide some insight into how their applications will be judged, and give helpful tips on ways to present winning applications. Another good informational source is www.scholarshipcoach.com. Students can get some great pointers on how to conduct their searches.

A listing of some of the more popular free scholarship search engines is provided on page 5 of this guide. Most of these sites will require the student to complete a short profile, listing their age, ethnicity, grade point average, class rank, standardized test scores, extracurricular activities, intended programs of study, and career interests. The search engines will use the profile information to sort through their database for potential scholarships. A few of these search engines will also offer a “keyword” search which is useful if a student is primarily interested in scholarships for a particular major or profession.

Many search engines will come up with hundreds of potential scholarships, some of which will not be a good match for the student. Students will have to review the list and narrow it down to the ones that appear to be a good fit.



www.gocollege.com

GoCollege is one of the few commercial-free college search engines available. After students complete the profile, they will get a brief summary of potential scholarships to review. The summary includes the name of the scholarship's sponsoring organization, a brief description, the number and amount of each available scholarship, the application deadline, and contact information.

www.brokescholar.com

This site is operated by Princeton Review. The search results are very broad and include essay contests and internships. Brokescholar also provides students with the option of doing a keyword search.

www.collegeboard.com

This is another site with a great deal of useful college-related information. The scholarship search engine uses a very brief profile and the summary of results provides the name of the scholarship, the sponsor, and the deadline.

Beware of fee-based companies or consultants who guarantee that they can obtain grants and scholarships for your student. If you are considering hiring a consultant or company to assist you with the financial aid process, first check out the company with the Federal Trade Commission. www.ftc.gov/bcp/online/edcams/scholarship/index.html.

GRANTS

Grants are awarded to students based upon their financial need. The Pell Grant is the largest need-based grant provided by the federal government. In order to qualify, a student must complete the Free Application for Federal Student Aid (FAFSA). Pell Grants are given to students who show a high degree of financial need, and awards range from \$200 to \$4,731 per year.

SEARCHING FOR
SCHOLARSHIPS CAN
BE TIME CONSUMING
AND INTIMIDATING.
THAT DOESN'T MEAN
IT IS NOT WORTH
THE EFFORT.



Connecticut Student Loan Foundation

In 2006, Congress approved two additional grant programs for Pell recipients. The first program, known as the *Academic Competitiveness Grant*, is specifically targeted for Pell-eligible students who have completed a rigorous secondary program of study. Students who qualify can receive up to \$750 for their freshman year. In addition, students who maintain a 3.0 average during their freshman year may qualify for up to \$1,300 as sophomores.

The second program, known as the *National SMART Grant*, is designed for Pell-eligible students who are entering their third or fourth year of study and are majoring in one of the following areas: physical, life, or computer science, engineering, mathematics, technology, or a select group of foreign languages. Eligible students may receive up to \$4,000 each year.

Grants are also available through some state agencies, colleges and universities, corporations, non-profit agencies, and civic organizations.

INSTITUTIONAL AID

Most colleges and universities set aside a portion of their institutional funds to provide grants and scholarships for their students. While some schools only provide need-based financial aid in the form of grants, work-study, and loans, others provide a combination of both need-based and merit-based aid. Often, when a student receives an institutional scholarship, there will be provisions the student must meet to maintain the award. For instance, if it is an academic scholarship, the student may be required to maintain a certain grade point average to keep the award.

In the case of need-based aid, if a student's family income increases, the award may be reduced or withdrawn. Many private colleges will require a family to submit an additional financial application in order to be eligible for their institutional aid. Always check with the financial aid office to see what forms they require.

BEWARE OF FEE-BASED COMPANIES OR CONSULTANTS WHO GUARANTEE THAT THEY CAN OBTAIN GRANTS AND SCHOLARSHIPS FOR YOUR STUDENT.



FEDERAL TAX CREDITS AND DEDUCTIONS

Federal tax credits and deductions are the newest form of financial aid. Starting with the Hope Scholarship Tax Credit, enacted in 1997, tax credits and deductions are a way for parents to recoup some of the money they have paid out for their student's higher education.

There are a number of tax credits you may qualify for once your student has entered college. A tax credit is money which you can subtract from the amount of taxes your family owes. In order to receive an educational tax credit, your family must complete a federal tax return, meet certain federal guidelines, and pay taxes.

Tax deductions differ from tax credits in that deductions reduce the amount of income subject to tax while credits reduce the amount of income tax paid or owed.

Hope Scholarship Tax Credit

Don't be confused by the name. The Hope Scholarship is not a scholarship but a tax credit. Your family may qualify for up to \$1,650 per year for each eligible dependent student. This tax credit can only be used for the first two years of your student's college education. In order to be eligible for the Hope credit, a family's modified adjusted gross income cannot exceed \$57,000 per year for a single taxpayer, or \$114,000 for married taxpayers who file jointly. The amount of credit a family is eligible to receive is phased out according to income. The credit decreases for single filers earning between \$47,000 and \$57,000 and for married filers earning between \$94,000 and \$114,000.

In order to be eligible, your student must be enrolled at least half-time at an eligible postsecondary institution and be registered in an eligible program leading to a degree or certificate.



Lifetime Learning Tax Credit

Under the terms of the Lifetime Learning Credit, your family could be eligible to claim a tax credit of up to \$2,000 per tax year, for any qualified higher education expenses incurred. Like the Hope Credit, the Lifetime Learning Credit is subtracted from the amount of taxes your family owes.

The total amount of qualified educational expenses you can take when calculating your credit is \$10,000, with the maximum credit equaling 20% of these expenses.

To qualify, your family's modified adjusted gross income must meet the same guidelines set for the Hope credit (maximum of \$57,000 for single filers or \$114,000 for married filers). The amount of credit is also phased out according to income.

Comparison of Education Credits

| Hope Scholarship Tax Credit | Lifetime Learning Tax Credit |
|---|---|
| Up to \$1,650 per eligible student | Up to \$2,000 credit per return |
| Income limits for 2007 Single Filer: \$57,000 Joint Filers: \$114,000 | Income limits for 2007 Single Filer: \$57,000 Joint Filers: \$114,000 |
| Credit is available only two years of postsecondary education. | Credit is available for all years of postsecondary education. |
| Credit is available only to students pursuing an undergraduate degree or other recognized credential. | Credit is available to students who are taking a wide variety of educational programs, including non-degree programs. |
| Students must be enrolled at least half-time in a matriculating course of study. | Students must be enrolled in one or more courses. |
| Credit is only available for students without felony drug convictions. | Felony drug rule does not apply. |

(Note: Information is as of June 30, 2008, the IRS has not published the income limits for 2008 as of the printing of this guide.)



Tuition and Fees Deduction

If your family's annual income exceeds the limits for the Hope Credit and Lifetime Learning Credit, you may still be able to claim a Tuition and Fees Deduction. The maximum deduction for 2007 was \$4,000. Deductions can be used to offset only what you've paid in tuition and fees at an eligible institution of higher education. To qualify, students must be enrolled in one or more courses at an eligible school. Eligible schools include most accredited, public, nonprofit, and proprietary postsecondary institutions. To qualify for this deduction your modified adjusted gross income cannot exceed \$80,000 per year for single tax filers or \$160,000 for married filers.

Student Loan Interest Deduction

If your family's annual income exceeds the limits for the Hope Scholarship and Lifetime Learning Tax Credit, you may be able to take advantage of the student loan interest deduction. The maximum reduction to taxable income is capped at \$2,500 and is based on the amount of interest paid each year on student loans for qualified expenses. In order to be eligible for this deduction, the taxpayer must be legally obligated to pay for this loan and have an annual income that does not exceed \$70,000 for single filers or \$140,000 for married filers.

Claiming Multiple Credits and Deductions

You may not claim a Hope Credit, a Lifetime Learning Credit, and a Tuition and Fees Deduction for the same student during one calendar year. If you have more than one family member attending an institution of higher education, you may be able to claim credits for each student. For more information regarding educational tax credits and deductions visit the Internal Revenue Services website at <http://www.irs.gov> and download IRS Publication 970, *Tax Benefits for Education*.



Self-Help Aid

AS COLLEGE PRICES
HAVE INCREASED,
STUDENTS AND
FAMILIES ARE RELYING
MORE HEAVILY ON
BORROWING.

STUDENT EMPLOYMENT

Income earned from work-study can help students pay for their books and supplies, assist with personal expenses, and provide students with a certain level of financial stability. Work-study jobs are usually on campus so transportation is not an issue. Some work-study jobs can include community service activities. Eligibility for work-study is determined by the financial aid office and is listed on your student's financial aid award letter. When students receive notice of eligibility for work-study, it does not mean that they will automatically get a job. They must find out what jobs are available and apply for them.

LOANS

As college prices have increased, students and families are relying more heavily on borrowing. In fact, according to a recent study done by the New England Board of Higher Education, the average student loan debt for Connecticut residents who graduated in 2005 was \$19,440.

If you decide that you and/or your student will need to take out an educational loan, your first step is to learn as much as you can about the loan process and the types of loans that are available. Be a conservative borrower by borrowing only what you need.

Federal Loan Programs

The federal government offers low interest loan opportunities for both students and parents. These loans include the Federal Stafford Loan and Perkins Loan programs for students, and PLUS Loans for parents and graduate students.



Federal Stafford Loans

Under the Federal Stafford Loan program, matriculated students attending school at least half-time can borrow at a low, fixed rate. Repayment begins six months after the student leaves school or drops below half-time status. There are two types of Federal Stafford Loans: *Subsidized* and *Unsubsidized*.

A Subsidized Stafford Loan is provided to students based on financial need. In order to determine eligibility for a Subsidized Stafford Loan, students must complete a FAFSA. For those students who qualify, the federal government will pay all accruing interest while the student is attending college on at least a half-time basis and during the authorized six month grace period. The government will also pay the interest during authorized periods of deferment.

An Unsubsidized Stafford Loan is not based on financial need. Any student who has completed the FAFSA is eligible. Although the loan principal does not have to be repaid until the student leaves school or falls below half-time status, interest is charged as soon as the disbursements are made. If the student chooses not to pay the interest while in school, the interest will be capitalized, meaning all the unpaid interest will be added to the loan principal.

The interest rate for Unsubsidized Stafford Loans is fixed at 6.8%. Effective, July 1, 2008, the interest rate for Subsidized Stafford Loans will decrease to a fixed rate of 6%. There is a 1% federal default fee charged on all Stafford Loans. Effective, July 1, 2008, the origination fee will be decreased to 1%.

Annual Stafford Loan Limits as of July 1, 2008

| Dependant Students | Maximum Loan |
|---------------------------|---------------------|
| First Year Student | \$5,500 |
| Sophomore | \$6,500 |
| Junior | \$7,500 |
| Senior | \$7,500 |

Independent students and Dependent students whose parents are ineligible for the PLUS Loan may qualify for additional unsubsidized loan amounts.



Students who borrow Subsidized or Unsubsidized Stafford Loans are limited to the amount they can borrow annually.

Federal Perkins Loans

This loan program is a low interest loan for undergraduate students who show exceptional financial need, as determined by the college's financial aid office. The loan is made directly through the college your student is attending. Eligible students may qualify for up to \$4,000 annually. The Perkins Loan currently has a fixed interest rate of 5%. Payments are deferred while the student is in school and during a nine month grace period after the student leaves school or drops below half-time status. The typical repayment period is normally up to ten years.

Federal PLUS Loans

PLUS Loans were originally designed for parents who wanted to finance their student's undergraduate education. Under recent legislation enacted by Congress, PLUS Loans are also available to students who wish to finance graduate school.

Parents who are interested in obtaining a PLUS Loan must be a U.S. citizen or permanent resident, credit-worthy, and have a dependent student attending college. Parents may borrow up to the entire cost of their student's education, minus any financial aid the student has received. PLUS Loans that originated under the Federal Family Education Loan Program (FFELP) after July 1, 2006 have a fixed interest rate of 8.5%. Parents are not required to begin paying on the loan until six months after their student has graduated or stopped attending school.



BEFORE SIGNING
ON THE DOTTED
LINE FOR AN
EDUCATION LOAN,
BE SMART
AND COMPARE.

Other Financing Alternatives

If a student needs to borrow more than the maximum allowed under the Stafford or Perkins Loan programs, there are a variety of alternative loan programs from which to choose. These programs tend to have more stringent lending criteria, often requiring credit-worthiness or a co-signer. Some states offer educational loan programs to supplement federal loans. The Connecticut Higher Education Supplemental Loan Authority (CHESLA) administers the Connecticut Family Education Loan Program (CT FELP) for Connecticut residents enrolled at least half-time in a college or university. These loans offer a low fixed rate. To learn more about CT FELP loans, visit their website at www.chesla.org. For more information on alternative student loans, visit www.simpleretuition.com.



How Financial Aid Is Determined

All parents want their student to receive the best possible financial aid package but few understand how aid is actually determined. The formula used to compute how much financial need a family has is derived by taking the total Cost of Attendance (COA) for the college and subtracting the Expected Family Contribution (EFC). The remainder is the Financial Need. All need-based aid is figured from this bottom line.

$$\begin{array}{r} \text{Cost Of Attendance} \\ - \text{Expected Family} \\ \text{Contribution (EFC)} \end{array}$$

= Financial Need

COST OF ATTENDANCE

When a school computes its cost of attendance it takes into account its fixed costs, such as tuition, fees, and room and board (if applicable). They also include a budget for unfixed costs such as books and supplies, personal expenses, travel, and when applicable, commuting costs.

EFC AND THE FAFSA

In order to determine the Expected Family Contribution (EFC) and a student's eligibility for federal aid, a Free Application for Federal Student Aid (FAFSA) must be completed and submitted to the Federal Processing Center. Once the application is reviewed, the student will receive a Student Aid Report (SAR) which lists the Expected Family Contribution, the monetary amount the family will be expected to contribute towards the student's education. The Student Aid Report will also note whether the student is eligible to receive a Pell Grant. Each college the student has listed on



the FAFSA will also receive an Institutional Student Aid Report.

The Truth About Your EFC

Your EFC is an estimate of what you can contribute towards your student's education. It is not an estimate of the cash left on hand after you have paid your bills. Your EFC is determined by a formula that takes into account:

- ★ Parent and student income
- ★ Parent and student assets (your primary home and pension are not considered for the federal analysis)
- ★ Family size
- ★ State of residence
- ★ Age of older parent

The federal methodology used to consider a family's expected contribution is an "income driven" formula because parents and students are not asked any questions regarding their debts on the FAFSA. Often, parents feel their EFC does not match what they can actually afford to contribute towards their student's education.

Estimating Your EFC

If you are interested in calculating your EFC before January of your student's senior year, you can go to www.fafsa4caster.ed.gov and complete the online worksheet. You will receive an estimated EFC and a sample award letter.

FINANCIAL MATTERS AND YOUR STUDENT

It is a good idea to speak with your student early in the college search process to discuss how much you are willing to contribute towards the cost of his or her education. Encourage your student to apply to a variety of schools but make sure that at least two of the schools are academically and *financially* safe colleges. These are schools that your student could afford to attend without incurring an excessive amount of debt. Do not wait until the financial aid

SPEAK TO YOUR
STUDENT ABOUT
HOW MUCH YOU ARE
ABLE TO CONTRIBUTE
TOWARDS HIS/HER
EDUCATION.



award letters arrive to tell your student how much you are willing to contribute.

Frequently Asked Questions About The FAFSA

What information is required?

The FAFSA contains a series of questions regarding student and parent income and assets. Before beginning the application, you should have all pertinent financial data on hand (see box). If you are completing the FAFSA before you have filed your federal tax return, you are allowed to use estimates as long as you update the financial information once your tax return has been completed. You are not required to submit copies of your financial information

Information Needed for FAFSA Completion

| Parents | Student |
|---|---|
| Social Security Number or Alien Registration Number | Social Security Number or Alien Registration Number |
| W-2 or end-of-year pay stub | W-2 or end-of-year pay stub |
| Tax return | Tax return (if filed) |
| Untaxed Income Records | Untaxed Income Records |
| Current Bank Statements | Current Bank Statements |
| Current business, real estate, farm, stocks, bonds and other investment records | Current business, real estate, farm, stocks, bonds and other investment records |
| | Driver's License Number (if applicable) |
| Personal Identification Number (PIN) is recommended | Personal Identification Number (PIN) is recommended |



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when you submit your FAFSA although the college your student decides to attend may ask for your tax information at a later date.

Who should complete the FAFSA?

Most federal aid is available to U.S. citizens and eligible non-citizens. *(The recently established Academic Competitiveness Grants and the SMART Grant are available only to U.S. citizens.)*

The FAFSA must be completed by the student and, if the student is considered a dependent, the student's natural or adoptive parent(s) must fill out the parent section. If you're not sure whether your child is considered a dependent or independent student, see the chart at the bottom of the page.

In the case of divorced or separated parents, the parent with whom the child has resided for most of the previous twelve months is considered to be the "custodial parent" and should complete the form. The non-custodial parent is not required to submit information. However, if the child is living with a parent



If you answered yes to any of these questions, you are considered an independent student. Students with unusual circumstances should contact a college financial aid counselor for assistance.

| Are You an Independent Student? | Yes | No |
|--|------------|-----------|
| Were you born before January 1, 1986? | | |
| Are you married? | | |
| Are you enrolled in a master's, doctorate or professional program (beyond a bachelor's degree)? | | |
| Do you have children who receive more than half of their support from you? | | |
| Do you have dependents (other than children or spouse) that live with you, receive more than half of their support from you, and will continue to receive more than half of their support from you through June 30, 2010 | | |
| Are both your parents deceased or are you a ward of the court (or were a ward of the court until age 18)? | | |
| Are you a veteran of the U.S. Armed Forces? | | |
| Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training? | | |



and a stepparent, the stepparent will be required to complete the form.

If you are caring for a student who is not your natural or legally adopted child, you should not complete the FAFSA. In these instances, students need to contact a financial aid officer at the college they are most interested in attending and ask for assistance.

When do I have to submit the FAFSA?

For students planning to enroll in college in September 2009, the Federal Processing Center will accept your FAFSA as early as January 1, 2009, but no later than June 30, 2010. It is important to note that most schools set their own deadlines for FAFSA completion. For students seeking regular admission to a college, the FAFSA should be submitted by early February. Students who are seeking early acceptance into a college may have to complete the form earlier. Check with the colleges to which your student will be applying for their FAFSA deadlines. Keep in mind that a FAFSA must be completed for every year your student attends college and wishes to receive some form of federal aid.

How should the FAFSA be completed?

You may submit a FAFSA electronically through the Department of Education's website (www.fafsa.ed.gov) or you can submit a paper application. Online applications are usually processed within two weeks of submission while processing time for the paper application is between 4 – 6 weeks.

What is a PIN?

A PIN is a unique four digit number that is used on the electronic FAFSA in place of the student's (and parent's) signature. To apply for a PIN, both the parent and student can go to www.pin.ed.gov and complete the applications. PIN applicants have the choice of selecting their own numbers or the federal government will assign them. You can apply prior to completing the FAFSA and you will receive your PIN verification within five days. There is also a real-

Benefits to Electronic Filing:

- ★ Quickest processing time
- ★ Self-edits (does the adding and subtracting for you)
- ★ You can save it and complete it at a later date
- ★ Provides an instant confirmation that your application has been received

Remember: No FAFSA= No Federal Aid



time PIN feature on the FAFSA website which allows students and parents to apply for their PINs as they complete the application.

Why should I complete a FAFSA?

If you want your student to be considered for any federal financial aid, a FAFSA must be completed. In addition, many states use it to calculate eligibility for state aid. The Connecticut Department of Higher Education requires students who are applying for the Capitol Scholarship to complete a FAFSA. Also, some colleges may use the FAFSA to determine eligibility for institutional aid.

How can I add more schools to my FAFSA?

Both the paper and online FAFSA provide a limited amount of space to list colleges. If your student is applying to more schools than the

1. FAFSA form permits, you have two options:

Submit your FAFSA and wait to receive your Student Aid Report (SAR). Once you receive your SAR, you can go online at www.fafsa.ed.gov and use the special link for adding more schools. You will need to use your PIN in order to access

2. the information.

Call the Federal Student Aid Information Center at 1-800-433-3243 and ask a customer service representative to add the colleges to your processed FAFSA. Before any colleges will be added, you will be asked to verify your student's name, social security number, and four-digit Data Release Number (DRN), which can be found on the top right hand corner of your Student Aid Report.

Where can I get help completing the FAFSA?

If you have any questions or would like someone to assist you with the completion of your financial aid forms, the Connecticut Student Loan Foundation can help. The CSLF resource center is located in Rocky Hill, Connecticut. Students and families can meet with an experienced advisor for confidential, one-on-one assistance.

IF YOU NEED
ASSISTANCE
COMPLETING THE
FAFSA CALL
OUR HOTLINE AT
866.752.6443



You can also call our toll-free hotline at (866) 752-6443 or email plan4if@mail.cslf.org.

Other Financial Aid Applications

In addition to submission of a FAFSA, many private colleges require students who are seeking institutional aid to complete a supplementary financial aid application. One of the most common applications used by private institutions is the College Board's CSS/Financial Aid PROFILE. The application must be completed online at www.collegeboard.com and can be completed as early as October 1st. There is an application fee required to complete the CSS/Financial Aid PROFILE, with additional charges for every school to which the application will be sent. Fee waivers are available for students who meet certain criteria.

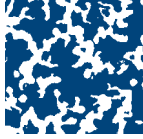
If your student is applying to a private college, be sure to check with the financial aid office to find out if they require any supplementary financial aid applications and the deadlines for submission.

The Awarding of Financial Aid

Let's assume that you have completed all the necessary college applications and financial aid forms. What happens next? Hopefully, your mailbox will soon be filled with college acceptance letters. You should also be receiving a financial aid award letter from each of these schools.

AWARD LETTERS

Award letters are usually sent to students in March or April. Most award letters will list the type and amount of financial aid the student is eligible to receive as noted in the Sample Award Letter



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on page 22.

Notice that next to each type of aid offered, the student is given the opportunity to accept or decline the aid. Students who do not wish to participate in work-study are free to decline the aid. This is also true for scholarships,

Sample Award Letter

Dear Susan:

Congratulations on your acceptance to Invest in your Future University. Please review your financial aid package and after each award item, note whether you accept or decline the aid.

This award is based on a college budget amount of \$18,000 for an on-campus student.

| | Fall | Spring | Total | Accept | Decline |
|--------------------------------------|---------|---------|--------------------|---------|-----------------|
| Federal Pell Grant | \$1,000 | \$1,000 | \$2,000 | A _____ | D _____ |
| ACG Grant | \$ 375 | \$ 375 | \$ 750 | A _____ | D _____ |
| CT Independent College Student Grant | \$1,000 | \$1,000 | \$2,000 | A _____ | D _____ |
| Capitol Scholarship | \$1,000 | \$1,000 | \$2,000 | A _____ | D _____ |
| University Grant | \$1,000 | \$1,000 | \$2,000 | A _____ | D _____ |
| Federal Stafford Loan (subsidized) | \$1,750 | \$1,750 | \$3,500 | A _____ | D _____ |
| Federal Work Study | \$ 750 | \$ 750 | \$1,500 | A _____ | D _____ |
| | | | Total Award | | \$13,750 |

You must sign this letter to certify that you are accepting financial aid and the provisions attached to receiving aid. If we do not receive your signed letter by XYZ date, this award will be cancelled.

Director of Financial Aid

Student Certification: Please read and sign below:

I have read the award letter and understand the conditions of accepting each award and agree to comply with the policies and practices governing student financial aid.

Student Signature: _____ Date: _____



grants, and loans.

While this sample award letter lists the budget the school used for cost of attendance, some schools may disclose their cost of attendance on another form.

Not all colleges are able to meet a student's full financial need. When this happens there is a gap between the amount of aid awarded and the expected family contribution. If your student decides to attend a school whose award package does not meet your full financial need, you and your student will be expected to come up with additional resources.

Comparing Award Letters

You should carefully review and compare your student's financial aid awards. Sometimes a school with a higher cost of attendance will provide a better financial aid package than a school with a lower cost of attendance. To assist you in comparing your awards, CSLF has developed a college cost comparison worksheet that you can access from our website at www.cslf.com.

Be Aware of Deadlines

Many schools have a May 1st deadline for when students must submit their signed award letters and deposits. If you have special circumstances and need an extension, contact the financial aid office to make the necessary arrangements.



IMPORTANT QUESTIONS TO ASK YOUR FINANCIAL AID OFFICER

Before you sign on the dotted line and send in your deposit check, it's a good idea to speak with the college's financial aid officer. These are just a few of the questions you should ask:

- ★ How will private scholarships affect the aid package?
- ★ Can I count on this level of aid for all four years?
- ★ Are there any requirements in order to keep the grants and/or scholarships offered?
- ★ Are there any other resources for financial assistance?
- ★ How does the financial aid office handle special circumstances?
- ★ What type of appeal process does the school have?
- ★ At what rate did your tuition and fees rise over the past 3 years?



TOP 10 RULES FOR SURVIVING THE FINANCIAL AID PROCESS

1. Begin saving early.
2. Communicate the amount you can afford to spend to your student.
3. Plan ahead by visiting some school and scholarship websites.
4. Investigate which forms need to be completed and the deadlines for submission.
5. Complete all applications early.
6. Keep copies of your completed applications and follow up with schools to make sure they received them.
7. Carefully compare all financial aid award letters.
8. Before signing on the dotted line, read all the fine print.
9. If you plan to borrow, be an educated consumer.
10. Don't be tricked. Beware of financial aid scams that promise you scholarships for a fee.

Remember, college is an investment in your student's future and like any investment, you need to do your part to ensure the best possible return.



How Families Pay for College

There are many ways families finance their children's college educations and not all of them are recommended. Listed below are some payment options with the most financially advantageous strategies at the top of the list. Review the list and check off the options that may work best for your family. Then work with your student so that everyone understands the budget and their financial responsibilities.

Ways to Pay for College

- ★ Gifts from grandparents and other relatives – If you are among the lucky families with a relative who is willing to help out, it can be a lifesaver!
- ★ Withdrawals from college savings plan (such as a 529 or ESA account) – If you set aside funds for college, you're going to need them now!
- ★ Proceeds from an inheritance – An education is one of the most enduring gifts that can be financed through an inheritance.
- ★ Withdrawal from parent and student savings – Most families will have to use their savings.
- ★ Withdrawal from parent and student investments – If you have limited savings, you may decide to cash in a portion of your investments.



- ★ Tuition Payment Plan – Many schools offer a tuition payment plan option in which a family can pay a portion or all of their student's tuition by monthly payments spread over the year.
- ★ Student and/or parent loans – Always check out the federal and state loan programs first. They tend to have the best terms.
- ★ Financing all or some of the costs through a home equity loan – Many families use the equity in their homes as a retirement investment. Be careful not to drain all of your equity.
- ★ Withdrawals from an Individual Retirement Account (IRA) – You can use your IRA to finance higher education without incurring a penalty.
- ★ Paying expenses from current cash flow – Most families cannot handle all college expenses using this method.
- ★ Borrowing against a retirement account – This is one of the more risky methods. Do not do this unless you have a clear understanding of the terms of the loan.
- ★ Maxing out your credit cards – This is not advisable and should be avoided unless you can pay the account off within thirty days.



Connecticut Regional Foundations

American Savings Foundation

<http://www.asfdn.org>

Applicants must live in one of the 64 towns served by the American Savings Foundation, including Avon, Andover, Bloomfield, Bolton, Burlington, Canton, East Hartford, Farmington, Glastonbury, Granby, Hebron, Manchester, Marlborough, Newington, New Britain, Simsbury, Tolland, West Hartford, Wethersfield (partial list)

Connecticut Community Foundation

<http://www.conncf.org/scholar/scholarship.htm>

Applicants must be a United States citizen and a resident of the Foundation's 21 town service area: Beacon Falls, Bethlehem, Bridgewater, Cheshire, Goshen, Litchfield, Middlebury, Morris, Naugatuck, New Milford, Oxford, Prospect, Roxbury, Southbury, Thomaston, Warren, Washington, Waterbury, Watertown, Wolcott, and Woodbury

Community Foundation of Greater New Britain

<http://www.cfgnb.org>

Serving: Berlin, New Britain, Plainville, and Southington

Community Foundation for Greater New Haven

<http://www.cfgnh.org/page31866.cfm>

Serving: Ansonia, Bethany, Branford, Cheshire, Derby, East Haven, Guilford, Hamden, Madison, Milford, New Haven, North Branford, North Haven, Orange, Oxford, Seymour, Shelton, Wallingford, West Haven, and Woodbridge

Community Foundation of Northwest Connecticut

<http://www.cfnwct.org>

Serving: Barkhamsted, Bethlehem, Colebrook, Cornwall, Falls Village/Canaan, Goshen, Hartland, Harwinton, Kent, Litchfield, Morris, New Hartford, Norfolk, North Canaan, Salisbury, Sharon, Torrington, Warren, Washington, and Winsted/Winchester



Community Foundation of Southeastern Connecticut

http://www.cfsect.org/r_scholarships_how_to_apply.php

Serving: New London, Groton, Waterford, Ledyard, Stonington, North Stonington, Salem, Montville, East Lyme, Old Lyme, and Lyme

Doc Hurley Scholarship Foundation, Inc.

<http://www.docscholar.org/index.html>

Serving Greater Hartford – specific high schools

Hartford Foundation for Public Giving

www.hfpg.org/html/scholarships/scholarships.asp

Serving: Andover, Avon, Bloomfield, Bolton, Canton, East Granby, East Hartford, East Windsor, Ellington, Enfield, Farmington, Glastonbury, Granby, Hartford, Hebron, Manchester, Marlborough, Newington, Rocky Hill, Simsbury, Somers, South Windsor, Suffield, Tolland, Vernon, West Hartford, Wethersfield, Windsor, and Windsor Locks

Manchester Scholarship Foundation, Inc.

<http://www.manchesterscholarship.org>



Additional Financial Aid Resources

U.S. Department of Education

www.studentaid.ed.gov

The federal website for all you need to know about federal student aid including preparing, applying, choosing, funding, and repaying loans for college.

National Collegiate Athletic Association

<http://www.ncaa.org>

Lists all schools that participate in NCAA scholarship programs, their athletic programs and contacts. Also lists other NCAA-related scholarships and internship programs.

United Negro College Fund

www.uncf.org

Applications for minority-related scholarships

Hispanic Scholarship Fund

www.hsf.net

Lists opportunities for Hispanic scholarships

Americorps

www.americorps.org

This is a national service program in which students can earn money to help pay for college, or the income earned can be used to pay off higher-education debt.

Reserve Officers' Training Corp (ROTC)

www.goarmy.com/rotc (Army)

<https://www.nrotc.navy.mil> (Navy)

www.afrotc.com (Air Force)

www.marines.com (Marines)

Each branch may offer students scholarship money for education and a monthly stipend. In turn, students must commit to a specified number of years of service.



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Connecticut Student Loan Foundation

Notes



ABOUT CSLF

The Connecticut Student Loan Foundation is a non-profit corporation that administers, guarantees, and finances loans within the Federal Family Education Loan Program (FFELP). CSLF promotes access to higher education by helping students and their families plan for and pursue a postsecondary education. CSLF has more than 40 years of experience providing assistance to students, parents, and school partners. For more information, visit www.cslf.com.

ABOUT SUSIE MAE

Susie Mae, the lending division of CSLF, provides affordable borrowing solutions for students and families throughout the nation. Susie Mae offers reduced rate federal loans along with affordable and convenient private loans. Susie Mae also provides comprehensive tools and resources to help educate borrowers and promote successful repayment. For more information about Susie Mae, visit www.susiemae.com.

ABOUT INVEST IN YOUR FUTURE

Invest in your Future (IF), the early awareness and college planning division of CSLF, provides free outreach services regarding college planning and the financial aid process. The IF program is designed to promote college access and awareness and includes a college planning resources center and library, a toll-free hotline, community presentations, materials distribution, online resources, and much more. For more information about Invest in your Future, visit www.plan4if.cslf.org.

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