



Frequently Asked Questions

Our **Paying for College** material covers the “big picture,” including subjects every student should know when applying for aid and going off to college. These topics include filling out the FAFSA, understanding the Estimated Family Contribution, repaying aid, and budgeting money.

But financial situations differ, so we’ve created a list of frequently asked questions to help you get started faster. If you have a question that’s not on this list, we recommend that you contact your school’s aid office.

Should I apply for financial aid, even if I don’t think I’ll get it?

It is true that most financial aid is designed for students from lower-income families. But keep in mind that financial “need” varies according to the cost of the school you plan to attend and the number of family members in college at the same time. If a sibling is also in college, your family’s “need” nearly doubles. If three family members attend school, the “need” nearly triples!

The bottom line is that most students are eligible for some form of financial aid, including such non-need-based programs as unsubsidized Stafford Loans and PLUS loans for parents. Even if you currently plan on attending an inexpensive state school that you can easily afford, you may still want to apply for aid in the event you change your mind and attend a more expensive school. Many families receiving financial aid at such schools have incomes in the \$80,000 and above range.

If I receive financial aid, do I need to reapply for it every year?

Unless you have an awesome 4-year scholarship, the answer is yes - but you don’t have to fill out a completely new FAFSA for federal aid. Each year a special renewal application or a pin number you can use to access your online application will be mailed to the same address as the original FAFSA. If you or your parents move during the school year, be sure to notify the government by calling 1-800-4FED-AID.

Will applying for financial aid hurt my chances of admission?

No. Most schools practice “need-blind admissions” and ignore financial circumstances when admitting students.



In cases of separation or divorce, which parent needs to fill out the FAFSA?

The parent the student lives with is responsible for filling out the FAFSA. In cases of shared custody, the parent with whom the student lived the longest during the past twelve months should complete the FAFSA. If the child spent an equal amount of time with both parents, then the parent who provides more financial support should fill out the FAFSA. The custodial parent must also include the amount of any child support or alimony on the FAFSA.

The non-custodial parent is often required to fill out additional information for institution-based financial aid. Check with each college on your list to find out their requirements.

In cases of remarriage, does the stepparent living with the child need to fill out the FAFSA?

Yes, if the stepparent is married to the custodial parent. The stepparent must fill out his or her income and assets from the previous year, even if they weren’t married to the child’s custodian at the time.

Is employer-assistance for graduate schools tax-free?

Generally not, although job-related education may sometimes be considered a tax-free fringe benefit. If you are self-employed, a certain amount of career-related educational expense may also be deducted as a business expense. Consult with your accountant if this situation applies to you.

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What is "verification?"

Verification is the process of making sure that the information on a student's FAFSA is accurate. Some applications need to be verified because of inconsistent information. Others are just chosen at random. If you're asked to verify your information, respond as soon as possible to ensure that you'll receive financial aid. You must submit the required proof to your financial aid office by August 31 or within 60 days after the last day of enrollment, whichever comes first. Not to scare you, but this is similar to an IRS audit!

Do I need to be accepted to a university before I apply for financial aid?

No. But remember you can't complete the FAFSA before January 1. If you are applying to a college that requires you to file a College Scholarship Service Profile (CSS Profile) form in addition to the FAFSA, you can complete the Profile form earlier. It is usually available by October 1st. Just be sure to use carefully estimated income. Many early decision programs use this estimated income information to give you an estimated aid award at the time you are admitted.

How do I apply for federal need-based aid?

Simply fill out a FAFSA. The information you enter is used to compute your expected family contribution (EFC) toward your college expenses. If that amount falls below the approved budget of the university, you're eligible for need-based aid.

Why does my college expect a larger family contribution than the one on the Student Aid Report?

Many colleges and universities use a different formula than the government's to determine financial need. For instance, many colleges count home equity as an asset, whereas the government formula excludes your primary residence. Some schools also include anticipated summer earnings as part of the expected student contribution.

If I win an outside scholarship, do I have to report it to the financial aid office?

Yes. Any financial aid must be reported to the financial aid office. However, this should not deter you from applying for scholarships. A scholarship may provide more aid than your current aid package - and scholarships do not need to be repaid. Although the college is required by federal regulations to recalculate your aid package, the scholarship may merely replace loans as part of your aid. Your total aid package may not exceed the school's cost of attendance by more than \$400 - if it does, the school must reduce your aid package accordingly.

Can I change my financial aid package?

Yes. For instance, you can request to have Federal Work-Study replace need-based loans. You can also refuse to take the loan if you change your mind - only take the loan if it is an absolute necessity!

Should I be a part-time student so I can work more to pay for college?

Better to be a full-time student who works part-time than a part-time student who works full-time. A college degree means higher wages, and going to school part-time to earn more money actually delays your earning those higher wages. In addition, most financial aid requires students to be enrolled at least half time, if not full time. So unless there are special circumstances - like you are a professional studying for another career or if you are a parent who needs more money to raise children - going to school full-time is the best route.

Don't most scholarships go to outstanding students or athletes?

Although many scholarships are awarded for some form of athletic, artistic, or academic merit, that doesn't mean you have to be a genius to get one. Scholarships are often awarded for specific interests or majors, although not necessarily for academic brilliance. Many scholarships are also established for financially needy students, or for students who fit certain criteria. Keep your eyes open for all kinds of scholarships. In fact, many universities award grants based only on need. Grants are also considered "free money" because they are funds that are given to you and which don't require repayment or work.

A scholarship search service says that billions of dollars in financial aid are unclaimed each year. Should I use them to help me get some of this money?

This myth is perpetuated by search services that charge a generous fee to help you find all this "free" money. In fact, most of this "unclaimed aid" consists of employer benefits that are untouched because employees and their families are not currently attending college - so obviously this money is "unclaimed" because it's not needed! Beware of any search service that uses this kind of promotion - it's misleading and unlikely to find you any more money than you could get by searching for free on the Web.

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Will I get more aid if I'm considered an "independent student?"

Maybe. For instance, independent students can receive more money in Stafford Loans. But you should understand that "independence" doesn't necessarily guarantee more financial aid. It only means that your parents' finances are irrelevant to your education. To be declared "independent," a student must be one or more of the following: at least 24 years old, a veteran, a graduate or professional student, an orphan, married or have other dependents. For complete details, see the "Are You Independent" module.

Won't saving for college just reduce my eligibility for financial aid?

While you may not receive as much need-based aid, you probably also won't have to borrow as much in student loans. This will save you money in the long run, because you won't have to pay interest on money you don't borrow.

Savings accounts are considered assets, which are included in the expected family contribution towards college expenses. However, financial need is determined more by income than by assets. A common strategy is to make sure you save college money in the parents' name, not the student's. Although the parents may pay higher taxes, only 5.6% (and that's after a protection allowance has already been subtracted) of their assets are considered when determining federal financial need, versus a whopping 20% of the student's assets. Please consult with an accountant when planning a college savings plan!

Can you get more financial aid by bargaining with aid administrators?

While entire books have been written on "negotiating" with aid offices, remember that colleges are not like department stores that claim to match their competitors' prices. Most schools, especially those with competitive admissions, do not try to match the aid offered by another school. They award aid based on institutional guidelines and do not negotiate.

If you have a serious difference in the cost of attending two similarly priced colleges, make absolutely sure you provided the same information to both schools. Mistakes in filling out the mountains of forms that come with applying for both college and financial aid are quite common - and are a major source of the disparities most families find.

However, the school may adjust need-based financial aid in special circumstances, such as a major change in parents' income or a death in the family. You should also make sure when applying for aid that you are automatically considered for merit-based aid when you apply for need-based aid. Otherwise, find out what you need to do to apply for any other aid offered by your school.

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