

Who should apply for college aid? Every student

Bad times mean more families could qualify for financial help

By Sandra Block

Most people won't bother to pick up a penny on the sidewalk. If they're in a hurry, they may not even stop for a dime. Most will, however, stop to pick up a \$5 bill, even if they're late for lunch.

Many parents of college-bound students take the same approach to financial aid. Those who expect to receive a lot of money take the time to fill out the forms. Families who believe they'll receive only a small amount of aid — or none at all — don't bother. Last year, 25% didn't complete the federal application for financial aid, according to student lender Sallie Mae.

But unless you're reading this from the deck of your yacht, you should apply for financial aid. The recession has made it more difficult for many families to pay for college. At the same time, though, economic setbacks could increase your eligibility for federal and institutional assistance.

For the 2007-08 academic year, undergraduate students received an average of \$4,656 in grants and \$3,650 in federal student loans, according to the College Board.

The two primary documents you'll need:

- ▶ **Free Application for Federal Student Aid, or FAFSA.** This document is used to determine your eligibility for federal aid, state aid and scholarships. The Department of Education uses your FAFSA to determine how much your family can afford to contribute to a child's college expenses.

You can apply online at www.fafsa.ed.gov. You can also obtain an estimate

of how much federal aid you'll receive at www.fafsa4caster.ed.gov.

Even families who are convinced they're ineligible for need-based financial aid should fill out the FAFSA. Otherwise, you'll be ineligible for federal student loans, which are available to all students.

- ▶ **CSS/Financial Aid Profile.** This document is used by many private colleges and universities to determine eligibility for institutional aid. Find this form at the College Board's website, profileonline.collegeboard.com

How to increase your chance of receiving aid:

- ▶ **Know your deadlines.** Some colleges and universities require you to have your application in by the end of this month. Others give you until March. If a school has a limited pool of money, students who meet the deadline will get priority, says Stephen Joyce, student aid director for Bowdoin College, a private college in Brunswick, Maine.

- ▶ **But take the time you need to get it right.** While it's important to meet the deadlines, "It's more important that you file accurately and understand how to present your case to your best advantage," says Kalman Chany, author of *Paying for College Without Going Broke*. "Most people have little clue as to how their responses influence how much aid they qualify for."

To fill out the form, you'll need your driver's license, latest federal tax return, W-2 forms, bank statements and investment account information.

The process will be easier if you've already done your 2008 taxes. However, if

you have an early deadline, you can use estimated income figures and revise the information after you file your taxes.

- ▶ **Advise financial aid offices of recent setbacks.** If you were laid off late last year, your 2008 tax return probably won't reflect your current financial situation. When applying to state colleges and universities, include a letter explaining your job loss, Joyce says. If you're applying to a private school, include the information in the comment section of the CSS Profile, he says.

- ▶ **Be aware of recent changes in the financial aid formula.** This year, the formula won't include untaxed Social Security benefits when calculating how much a family can afford to pay, Chany says. That benefit could help older parents with college-age children, as well as widows or widowers who receive Social Security survivor's benefits.

- ▶ **Understand how the bear market will affect your eligibility for aid.** Most parents saw the value of their 401(k) plans and other retirement savings plans plummet last year.

Unfortunately, that won't increase your eligibility because the financial aid formula doesn't count retirement plans. However, non-retirement assets are included, so losses in taxable investments could boost your eligibility.

The federal financial aid formula doesn't count equity in your primary residence, so a decline in the value of your home won't affect eligibility for federal aid. However, some private schools include home equity in their aid formula. If you're among the millions of homeowners who are "underwater" — you owe more on your home than it's worth — you could be eligible for more institutional aid.

Objectives

- ▶ Read the article “Who should apply for college aid? Every student”
- ▶ Create an account at the No. 1-ranked scholarship search site
- ▶ Evaluate scholarships for appropriate fit to student’s information and aspirations
- ▶ Discuss the pros and cons of applying for a scholarship

Preparation

Each student will need:

- ▶ A copy of the article “Who should apply for college aid? Every student”
- ▶ A copy of the worksheet
- ▶ Online access
- ▶ Parental permission to create an account at Fastweb.com, the largest scholarship search site on the Internet. This account requires some personal information like name, address and year of graduation.

Read the article and answer discussion questions (20 minutes)

1. How many students in 2008 did not complete the application for FAFSA?
2. How much did the average student receive in grants in 2007-08?
3. How much did the average student receive in student loans?
4. What is the difference between a grant and a loan?
5. Do you think it is worth the time to fill out the FAFSA application each year? Why or why not?
6. How can you increase your chances of getting financial aid?

Quick Scholarship Options at Fastweb (30 minutes)

In addition to federal grants, there are many other grants and scholarships available. Your school guidance office will have guidelines and applications for many local scholarships like those funded by the Chamber of Commerce and Rotary Club. Other scholarships can be found on scholarship search sites like Fastweb.com. (Note: This website earns its money through advertising. So it is free for you to sign up for a membership, but you will be seeing ads throughout your time on the site.) Create a Fastweb.com account to see what scholarships in its database you might qualify for.

1. Go to www.fastweb.com
2. On the home page, answer the two questions: “Which best describes you?” and “For which school year do you need a scholarship?” Enter “student” for the first question and your current year of school for the second one. Then, enter your zip code.
3. On the second screen, fill out the answers to these nine questions. For “military affiliation,” enter non-affiliated if you are not part of an early sign-up program for the military like ROTC or National Guard. For the last question (“Help us help you”), make sure to leave the box unchecked if you don’t want Fastweb to give your information to colleges and others who may offer sales promotions.
4. Click continue.

Quick Scholarship Options at Fastweb (continued)

5. Fastweb does sometimes have other offers, like filling out surveys for other companies, listed on their website. These are ads and you need to read carefully and check the “no” box if you don’t want to sign up for these. Other ads have a small “No Thanks” listed in the bottom right corner to skip the ad and continue the application process.
6. On the next application page, fill out your name, address, phone number, date of birth and so on. You may wish to enter your ethnic origin because some scholarships are available based on ethnicity. There may be two ads on the bottom of this application page. Be sure to check the “no” box.
7. At the end of the application, you will create a username and password. Fastweb will then show you some scholarships it has in its database that match the information you entered.

The status on the left tells you if you’ve seen this scholarship listed before or if it’s new. The name of the scholarship is next. You can click on the name of each scholarship to read more about it and see if it’s something you’re interested in applying for. The amount of the scholarship is listed next and then the deadline you must apply by. Scholarship deadlines vary throughout the year. The “Type” in the last column identifies whether the application is for a scholarship, a contest, a fellowship, etc. In some instances, an ad will be embedded in your results list. In these cases, there is no type affiliated with it.

At the top of your list of scholarships are two boxes marked “Discard” and “Mark as Favorite.”

- ▶ In the “Status” column, click on the boxes for the offers you want to keep in your online account and then click “Mark as Favorite.”
- ▶ For the ones you don’t want to see again, click the box in the “Status” column and then click “discard.”
- ▶ You can file multiple offers at once as long as they are all either discarded or marked as favorite.
- ▶ To find your favorites later, click on the “Scholarships” tab on the home page; then click on the “My Favorites” tab on the orange bar at the top.

Answer the following questions:

1. How many scholarships did Fastweb find for you?
2. Of these, how many might you be interested in?
3. What was one scholarship/contest you might be interested in following up on? What is the deadline for it? Briefly state what the requirements are.
4. Did some of the scholarships seem inappropriate for you? What does Fastweb say can help you ensure that more of these offers fit your needs better?
5. What other resources does Fastweb offer?
6. Click on the “Browse Articles” section (located in the orange bar on top) and write down three of the article titles that interest you.

Debrief/Application Questions (10 minutes)

As a class, answer the following questions:

1. Was this application process painful or painless? Why?
2. What resources on this site did you find particularly useful?
3. Is there one particular resource or article here you might follow up on later?
4. Do you think FAFSA, scholarships and other awards are worth applying for? Why or why not?
5. How could a partial or full-ride college scholarship change the financial trajectory of your future (think beyond student loans)?

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