



MEFA's Guide to **College Financing**

mefa
COUNSELOR

About MEFA

- MEFA is a not-for-profit state authority that works to make higher education more accessible and affordable through community education programs, college savings plans and low-cost financing options.
- MEFA created the U.Fund[®] and the U.Plan[®] college savings plans and has provided affordable fixed interest rate college loans for nearly 30 years.
- MEFA has assisted hundreds of thousands of families in financing a college education.

Your one-stop resource for free college enrollment information from a source you trust

- Download college financing e-books
- Access on-line seminars and videos
- Use “Ask the MEFA Expert” tool to get answers to your financial aid and financing questions
- Link directly to YourPlanForCollege
- Access financial aid applications, calculators, a scholarship search engine, and more

MEFA Counselor Emails

Semi-monthly email assistance relating to deadlines, helpful hints, recommendations

- Sample Topics
 - **November:** Establishing the college list
 - **January:** FAFSA and deadline reminders
 - **March, April:** Understanding and comparing award letters
 - **May:** College financing options
- Your information will be used only by MEFA and you can opt out at any time

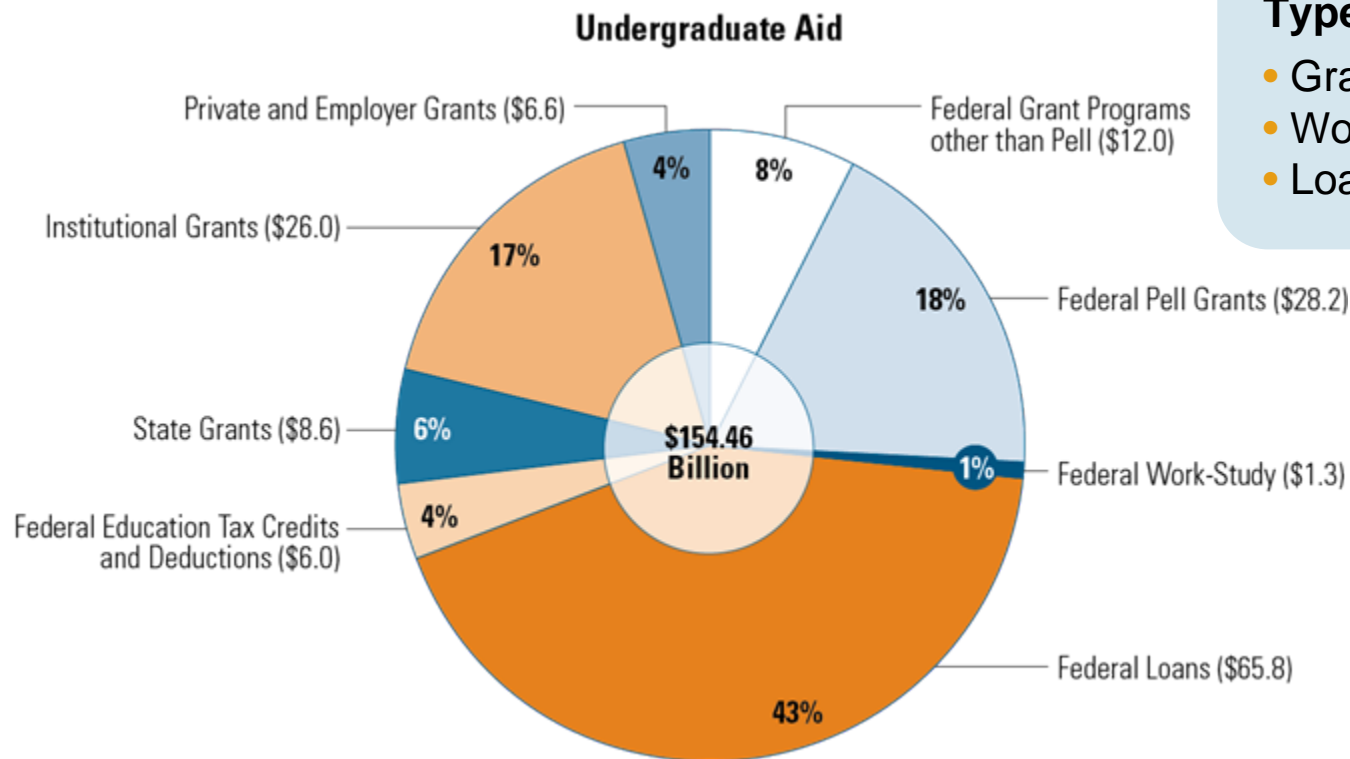
Sign up tonight on the seminar evaluation form

Seminar Topics

- How do you apply for financial aid?
- How are financial aid decisions made?
- What do financial aid awards look like?
- How can families pay their share of college costs?
- What free resources are available to help families?

Overview of Financial Aid

Undergraduate Student Aid 09-10 (\$154.46 Billion)



Types of financial aid:

- Grants and scholarships
- Work-study
- Loans

*Source: The College Board, 2010 Trends in Student Aid

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Sources of Financial Aid

- Federal
 - Grants, work-study, loans
- Massachusetts
 - Grants, scholarships, tuition waivers
- College/University (institutional aid)
 - Grants, scholarships, loans
- Outside Scholarships

Need-based Aid

- Awarded based on family's financial need determined by standardized formula
- Includes grants, loans and/or work-study
- All federal and most state and college/institutional aid awarded based on need

Merit-based Aid

- Often distributed in recognition of student achievements
- Applications are often compared against other students who apply
- May or may not be renewable

Financial Aid Applications

- **Free Application for Federal Student Aid (FAFSA)**
 - Required by all colleges for federal and MA state aid
 - Free form
 - Must be completed each year
 - Online application recommended
- **CSS/Financial Aid PROFILE®**
 - Some colleges require this form for institutional aid
 - Cost associated
 - Online application required
- **College Financial Aid Application**
 - Required by some colleges
 - Usually part of the admissions packet

What Happens After You Apply?

- Colleges and state receive data electronically
- You will receive (electronically or by mail):
 - Student Aid Report (SAR)
 - CSS/Financial Aid PROFILE[®] acknowledgement report
- Review both for accuracy and keep for records
- Colleges may request verification documents

Expected Family Contribution (EFC)

- Family has the primary responsibility for contributing to the student's education
- An estimate of how much a family is expected to contribute toward student's education for one year
- Calculated with a formula that's the same for every family

Visit mefacounselor.org to find an EFC calculator

Federal EFC Formula

- Includes parent and student income and assets
- Includes income and asset protection allowances
- Parent and student information treated differently
- Does not include personal debt such as credit cards, auto or personal loans

Institutional Financial Aid

- Federal and MA state financial aid eligibility will be based exclusively on FAFSA and federal EFC
- Some private colleges may use CSS/Financial Aid PROFILE[®] or separate form to determine eligibility for institutional aid
- These forms ask for additional information not on the FAFSA
- A different formula may be used to measure family contribution that institutional aid is based on

Asset Impact – Family Size: 4

Parent income remains level, assets increase

	Family A	Family B	Family C
Income	\$60,000	\$60,000	\$60,000
Assets	\$0	\$75,000	\$150,000
EFC	\$4,259	\$5,339	\$8,856
Difference	\$0	\$1,080	\$4,597

This example is an estimate only. Based on 2012-2013 Federal Methodology

Income Impact – Family Size: 4

Parent assets remain level, income increases

	Family A	Family B	Family C
Income	\$60,000	\$100,000	\$150,000
Assets	\$50,000	\$50,000	\$50,000
EFC	\$4,454	\$16,346	\$28,464
Difference	\$0	\$11,892	\$24,010

This example is an estimate only. Based on 2012-2013 Federal Methodology

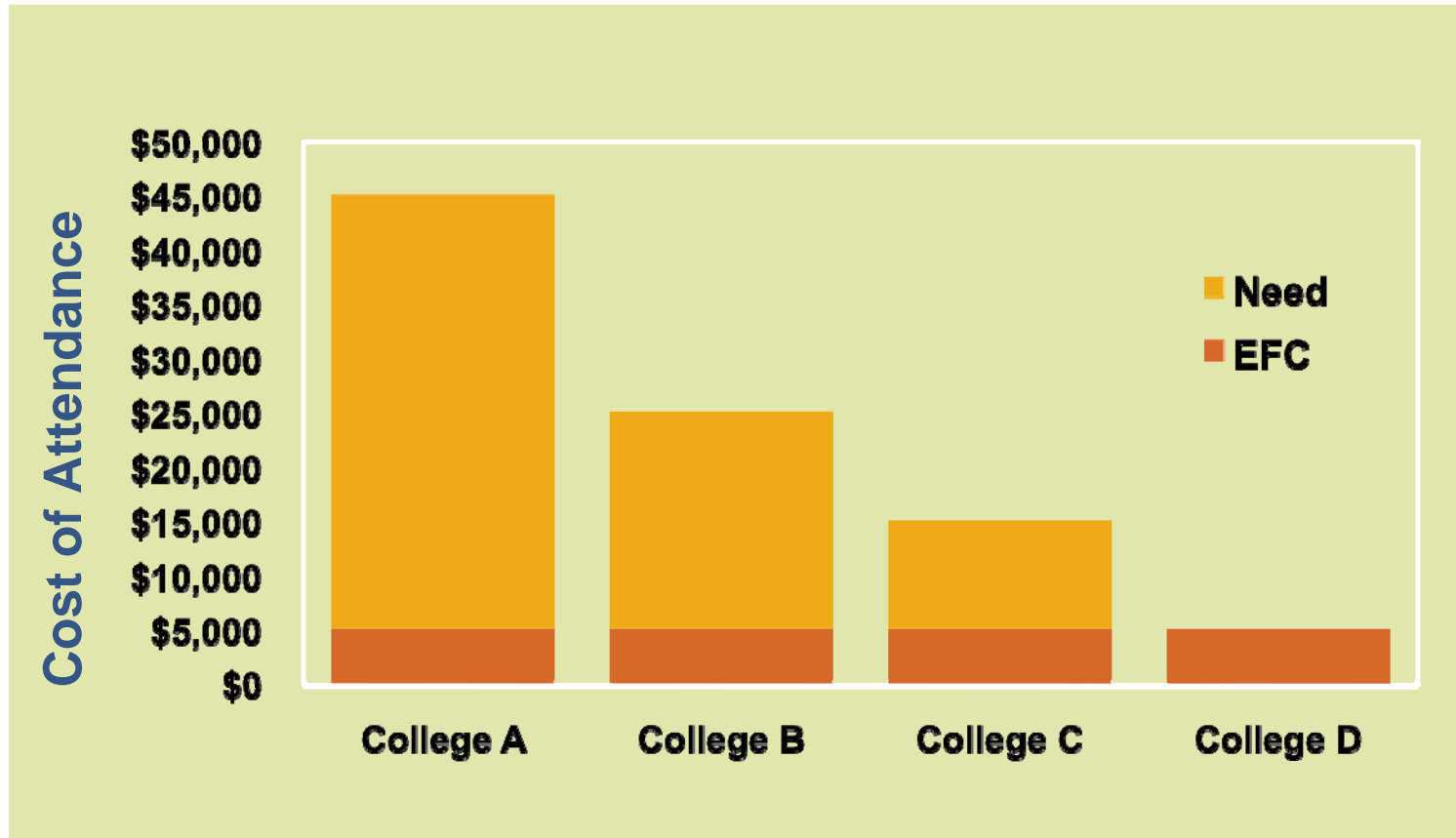
Financial Aid Formula

Cost of Attendance (COA)

– **Expected Family Contribution (EFC)**

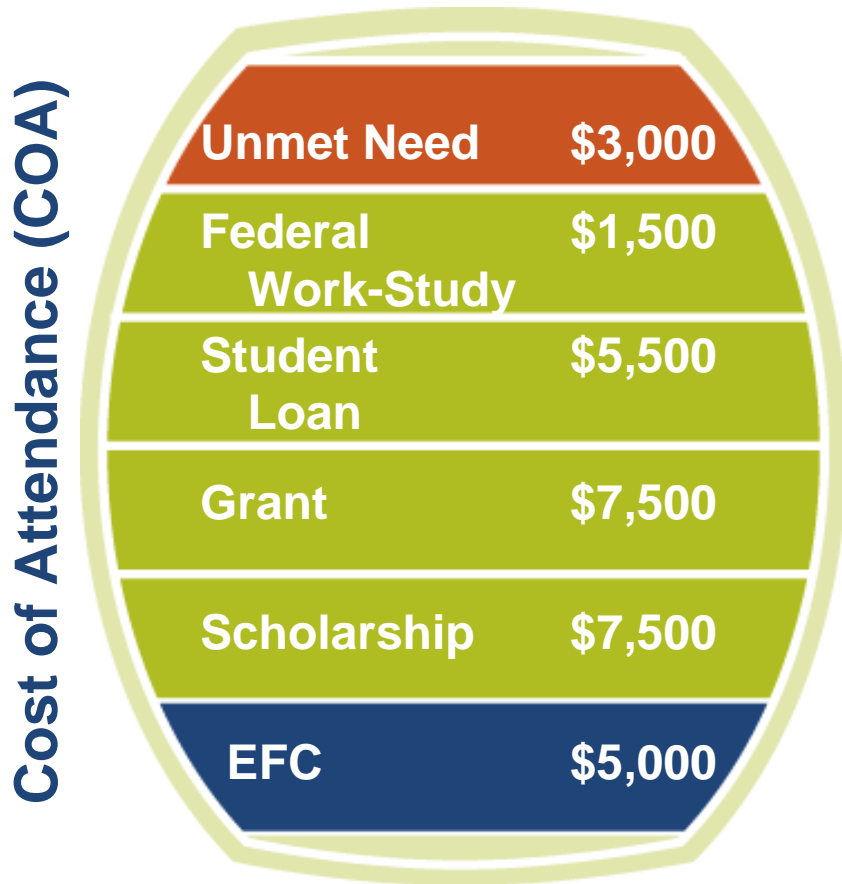
= Financial Aid Eligibility/Financial Need

How the Formula Works



Visit mefacounselor.org to learn about net price calculators

Financial Aid Awarding



COA	\$30,000
– EFC	\$5,000
<hr/>	
= Financial Need	\$25,000
– Scholarships/Grants	\$15,000
– Student Loan	\$5,500
– Federal Work-Study	\$1,500
<hr/>	
= Unmet Need	\$3,000

This example is an estimate only.

Comparing Award Letters – Award Totals Vary

COA: \$30,000

EFC: \$5,000

Total Need: \$25,000

	College A	College B	College C
Grants/Scholarships	\$18,000	\$15,000	\$10,000
Student Loans	\$5,500	\$5,500	\$5,500
Work-Study	\$1,500	\$1,500	\$1,500
Total	\$25,000	\$22,000	\$17,000
Unmet Need	\$0	\$3,000	\$8,000

**Visit mefacounselor.org to access
a College Cost Calculator**

This example is an estimate only.

Comparing Award Letters – Award Totals Are Equal

COA: \$30,000

EFC: \$5,000

Total Need: \$25,000

	College A	College B	College C
Grants/Scholarships	\$15,000	\$5,000	\$0
Student Loans	\$5,500	\$5,500	\$5,500
Parent Loan	\$0	\$10,000	\$16,500
Work-Study	\$1,500	\$1,500	\$0
Total	\$22,000	\$22,000	\$22,000
Unmet Need	\$3,000	\$3,000	\$3,000

This example is an estimate only.

Options for Paying the College Bill

- Past Income
 - Savings
 - Other Assets
- Present Income
 - Salary
 - Payment Plans
- Future Income
 - Parent Loans
 - Student Loans

Combination Payment Examples

Visit mefacounselor.org to access a Monthly Payment Calculator

Example \$6,000 balance due

- 1 Payment plan** = \$600/month for 10 months
- 2 MEFA loan** (fixed interest rate, deferred repayment)*
= \$96.05/month for 11 years after student leaves school
- 3 Customized combination plan**
 - \$150/month for 10 months (\$1,500 monthly payment plan)
 - \$72.04/month for 11 years after student leaves school

(\$4,500 MEFA loan, includes fees)*

Example monthly payment based on the current deferred repayment MEFA loan fixed interest rate of 8.09% and 4% fees.



Fixed or Variable Interest Rates

- **Predictable fixed interest rates loans**
 - Stable, monthly payments
 - Not affected by changes in the economy
- **Variable interest rates loans**
 - Rate increases/decreases depending on market conditions
 - May feature a lower rate vs. fixed option
 - Requires flexible budget, in case of higher payments

Factors to Consider When Choosing a Loan

- What is the interest rate and APR?
- Is the interest rate fixed or variable?
- Who is the primary borrower (student or parent)?
- When does the loan repayment begin?
- How much will the monthly payment be?
- How many years will you be making payments?

MEFA Counselor Services

- mefacounselor.org
- MEFA Counselor Email Service for Parents
- E-books, on-line seminars and calculators
- “Ask a MEFA Expert” and Customer Service Center
- Follow us on Twitter! **@mefatweets** 
- Like us on facebook: **facebook.com/mefaMA** 

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Have younger children? Visit mefa.org

Fall Priority Activities
Understanding Financial Aid
Attend a Seminar
Tools & Resources

Welcome to MEFA Counselor

All the college planning resources you need right at your finger tips. This website will be updated regularly to help you every step of the way, from researching careers and finalizing the college list to applying for financial aid and paying the college bill.

[Learn More](#)

Financial Aid Timetable

Activity	
November – December	CSS/Financial Aid PROFILE® or institutional applications are due for Early Action/Early Decision.
January 1	FAFSA is available.
February – April	Most financial aid applications are due at colleges.
March – April	Award letters are sent to accepted students.
May 1	Deadline to select college and submit tuition deposit.
July – August	First semester tuition bills are due.
December – January	Second semester tuition bills are due.
January – April (following year)	Students must reapply for financial aid for next academic year.

MEFA Counselor Email

Want hints and tips on planning, saving, and paying for college? Sign up MEFA Counselor emails.

[Email Signup](#)

Attend a MEFA Seminar

Hear from the experts - attend an in person seminar to learn more about the financial aid process.

[Find a Seminar >](#)

College Financing e-book

Everything you need to know about the financial aid process. Available for your e-reader or as a PDF.

[Download e-book](#)

your plan for college

Create a FREE account to use the Commonwealth's new college and career planning website:

- Organize your academic info, test scores, activities and personal information

Admissions Tool Kit

Jumpstart your college applications with worksheets and strategies for organization and planning:

- Finding the Right Fit
- Visiting and Comparing Colleges

Need Help?

Email
Send questions to info@mefa.org

Phone

YourPlanForCollege.org

Massachusetts' new FREE college and career planning tool is available through an initiative of the Governor's Readiness Project in collaboration with MEFA, Department of Higher Education, and the Department of Elementary and Secondary Education.

- College Planning Tools Include:
 - Skills and interest assessments
 - Career exploration
 - College search
 - SAT, ACT, MCAS test prep tutorials
 - Financial aid and scholarship information including college financing calculators
- Available in English and Spanish

your plan
for college

Where it all begins

FAFSA Day Massachusetts

Free assistance in completing the FAFSA!

- Sunday, January 29, 2012 at 2:00 pm
- Over 25 locations across Massachusetts
- Visit **www.fafsaday.org** for additional dates and locations near you
- Administered by the YMCA and the Massachusetts Association of Student Financial Aid Administrators (MASFAA) with support from the Lumina Foundation for Education



After The Acceptance Regional Seminars

- Over 25 Locations Across Massachusetts in April
- Follow up to College Financing Seminars to provide key, timely information
- Topics include:
 - Helping families understand award letters and bills
 - Explaining loan options (parent and student)
 - Payment Plans
 - Working with the Financial Aid Office for special circumstances such as job loss or other reduction of income
- Register for MEFA Counselor Emails to receive location details

What You Can Do Now

- Complete the seminar evaluation and sign up for MEFA Counselor emails
- Visit www.fafsaday.org to find the closest FAFSA Day location, date and time and mark it on your calendar
- Bookmark www.mefacounselor.org to access free college enrollment publications, webinars, the FAFSA and CSS/Financial Aid PROFILE[®], calculators, and more

Thank You

Please complete seminar evaluation and sign up for MEFA Counselor emails.