

**Providing Everything You Need to  
 Better Prepare for College**

**AMEDF** Scholars Methodology:  
 A Review

- ✓ **Complete Guide to College Funding**  
 ✓ with Session 2 One on One Conference
- ✓ **Career & Majors and CB Big Future**
- ✓ **College Choices and CB Big Future**
- **College Financial Aid (Today)**
- **College Financial Coordination (Today)**  
 – EFC, Cash-Flow Worksheet and Budget
- **One-on-one advising available (future)**

**DETERMINATION OF “NEED”**

- Expected Family Contribution (EFC)
  - Federal Methodology (FM)
  - Institutional Methodology (IM)
- Free Application for Federal Aid (FAFSA)
- CSS Profile
- Net Cost of Attendance (COA)

**Net COA – EFC = Need = Eligibility for  
 Need-based Aid**


**FAFSA & CSS Profile**

**EXPECTED FAMILY CONTRIBUTION (EFC)**

<p><b>Federal Methodology (FM) FB                  FAFSA and Assessment Rates</b></p> <ul style="list-style-type: none"> <li>• <u>Custodial</u> Parent(s) available income: <b>22-47%</b></li> <li>• Assets above allowance : <b>5.6%</b></li> <li>• Students Income <b>50%</b> (above \$6,660)</li> <li>• Student Assets: <b>20%</b></li> <li>• Income includes taxable, pretax &amp; tax-free (gifts)</li> <li>• Assets <b>exclude</b> home, retirement, life insurance, small business</li> </ul>	<p><b>Institutional Methodology (IM)                  CSS Profile and Assessment Rates</b></p> <ul style="list-style-type: none"> <li>• Custodial + <u>Natural</u> parents' available income: <b>20-45%</b></li> <li>• Assets above allowance: <b>5%</b></li> <li>• Student income: <b>50%</b> w. minimum contribution (~\$2,200)</li> <li>• Student Assets: <b>25%</b></li> <li>• Income includes taxable, pretax &amp; tax-free</li> <li>• Assets <b>include</b> home, sibling assets, business</li> <li>• <b>Considers</b> parental retirement, single-pay life insurance &amp; relative contributions</li> </ul>
--	--

**EFC (continued)**

<p><b>FM Rules of Thumb:</b></p> <ul style="list-style-type: none"> <li>• Minimize student income above \$6,660 &amp; assets</li> <li>• Shift assets from includable to favorable or excludable</li> <li>• Two-year look back (Prior-prior)</li> <li>• Filing starts <b>Oct 1<sup>st</sup></b> of year before school year</li> </ul>	<p><b>IM Rules of Thumb:</b></p> <ul style="list-style-type: none"> <li>• Minimize student income &amp; assets</li> <li>• Shift assets from includable to excludable</li> <li>• Two-year look back</li> <li>• Filing starts <b>Oct 1<sup>st</sup></b> of year before school year</li> </ul>
--	---

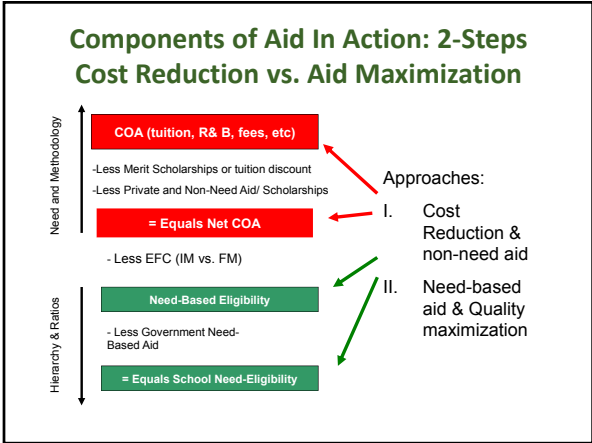
**SAMPLE CASE:** 

1. 2 parents (*older is age 45*), 2 students (*ages 17 & 13; students have no financial resources*)
2. Annual gross income from wages of **\$100k**
3. Fed tax liability of \$6,739, NY of \$4,559 and FICA of \$7,650 (*2018 tax tables/ deductions/ rates*) resulting in about **\$81,052** of net income after taxes
4. **\$11,100** in **Accumulated Savings** (non-retirement investments) (*last 2-years of redirected retirement savings*)
5. \$100,000 in home equity value

- What is the annual **EFC**?

**SAMPLE CASE EFC RESULTS**

- 2019-2020 Federal Methodology: **\$14,470**
  - Parent Contribution = \$14,470
  - Student Contribution = \$0
- 2019-2020 Institutional Methodology: **\$13,668**
  - Parent Contribution = \$11,468
  - Student Contribution = \$2,200



**\*2018-19 Pell Grants, SEOG & NY TAP**

**Pell:**

- EFC Range: 0 - \$5,486
- Award Range: \$6,095 - \$652

**SEOG:**

- Neediest first w. priority for Pell recipients
- \$100 - \$4,000

**NY Tuition Assistance Program (TAP)**

- Schedule E: **\$500 - \$5,165/year**
- Net Taxable Base (NTB) income determined
- \$80,000 cap; below \$7,000 max award

\*Only 2018-19 award details are available as of October 15, 2018

**UNDERGRADUATE STUDENT LOANS**

- Direct Subsidized, Direct Unsubsidized
  - Annual & aggregate limits (pg 13)
  - Interest rate, accrual, repayment (pg 11)
- Perkins (subsidized only- pg 3)
  - Annual & aggregate limits
  - Interest rate, accrual, repayment
- Increase for Independent students
- Private ([hesc.ny.gov](http://hesc.ny.gov) for private loan comparison tool)

**COLLEGE WORK-STUDY (pg 2)**

- Special jobs allocated to “needy” students
- Taxable wages but does not count against EFC in subsequent years
- Estimate based on # hours worked per week
  - i.e. 32 week school year
    - \$8/hours at 10 hours per week
    - = \$8 x 10 x 32 = \$2,560

### SCHOOL AID

- Grants & need-based scholarships
  - **Last in first out!**
  - Based on **school's aid history and policy**
- Merit scholarships
  - Based on student's admission profile and/or skills
  - Typically a **cost reducer/discount**
  - Renewal usually **contingent upon academic progress (be mindful of GPA requirement above 3.0)**

### EXTRAPOLATION: AID HISTORY AND POLICY

	Yale	SUNY Buffalo In-state
COA	\$ 73,820	\$ 28,329
Avg. Aid Package	\$ 56,320	\$ 10,937
Avg. Non-Need	0	\$ 6,030
Avg. need-based gift aid (scholarship or grant)	\$ 54,568	\$ 4,026
Avg. need-based loan	\$ 2,423	\$ 3,922
Avg. % of need met	100%	49%
Avg. indebtedness at graduation	\$ 13,050	\$ 19,500*

Source: BigFuture.collegeboard.org, Fall 2018, \* previous data from 2017 since current year data not available

### Sample Case Results

ELITE PRIVATE: IM EFC \$13,668

- COA of \$73,820 – EFC of \$13,668 = Need or eligibility of **\$60,152**
  - Fed subsidized student loan = \$3,500
  - Fed work-study = \$2,560
- School aid eligibility
  - Need of \$60,152 – student loan of \$3,500 – work study of \$2,560 = **\$54,092**

### Sample Case Results

PUBLIC: FM EFC \$14,470

- COA of \$28,329 – EFC of \$14,470 = Need or eligibility of \$13,859
  - Fed subsidized student loan = \$3,500
  - Fed work study = \$2,560
- School aid eligibility
  - Need of \$13,859 – student loan of \$3,500 – work study of \$2,560 = \$7,799
- Unsub. Loan of \$2,000; Perkins loan?; merit scholarship?

### EDUCATION TAX CREDITS (Bipartisan Budget Act of 2018)

- American Opportunity Credit (\$90k/\$180k-2017)
  - **Per student**
  - **40% refundable with no tax liability**
  - 4 years of undergrad only
  - 100% of 1<sup>st</sup> \$2k and 25% of next \$2k qualified expenses (max is \$2,500/student/year)
- Lifetime Learning Credit (\$64k/\$128k-2017)
  - **Per tax return**
  - 20% of up to \$10k in qualified expenses
- **Phase outs apply** based on income
- **Does not reduce need-based eligibility!**

### DEFINITIONS: (**Funding Education Guide**)

- COA (pg 7)
  - Books & Supplies, Computer, Transportation, Personal
  - School estimate vs individual
- EFC (pg 7)
- Need (pg 7)
  - See chart: COA - EFC = Need
- Aid Eligibility: Qualifiers for various sources of aid
  - More narrow definitions (pgs 7-8)
  - Additional qualifiers for Pell, SEOG, NY TAP, Fed student loan, PLUS

### Private Loan Comparison Tool

Lender	Loan Program Name	Educational Program	Interest Rates		Fees	Monthly Cost (Based on Current Rates)		Projected Total Cost (Based on Current Rates)		More Info
			Fixed or Variable	Range		Min	Max	Min	Max	
Citizens Bank	Citizens Student Loan - Interest Only Repayment Option	Undergraduate	Variable	2.92%-9.18%	0	\$96.24	\$127.65	\$12,720.23	\$18,988.73	<a href="#">Click Here</a>
Citizens Bank	Citizens Student Loan - Interest Only Repayment Option	Undergraduate	Fixed	5.49%-10.99%	0	\$109.77	\$139.11	\$15,471.53	\$21,187.16	<a href="#">Click Here</a>


### Private Loan Example

<b>Lender Name</b>	Citizens Bank
<b>Loan Product</b>	Citizens Student Loan - Interest Only Repayment Option
<b>In-school Payment Required?</b>	No
<b>Variable Index</b>	
<b>Borrower Benefits</b>	50% interest rate reduction for auto payments from any eligible Charter One Account or .25% interest rate reduction for auto payments from any eligible non-Citizens Bank account.
<b>Co-signer Release Option</b>	36 Months
<b>Website</b>	<a href="#">Click Here</a>

- ### PARENTAL LOANS
- PLUS (pg 3, 11)
    - Annual limit (COA not funded by aid)
    - Interest accrual (upon disbursal)
    - Repayment (60 days after full disbursement)
    - PLUS has no income ratio test
  - Co-sign for Private student loans
  - Decision based on credit score
    - PLUS more credit friendly (credit score in the 600s)
    - Private needs credit score in the 700s
    - PLUS rejection blessing in disguise (pg 13)

- ### MANAGING AID ELIGIBILITY:
- FAFSA, CSS Profile, EFC Formula
- Minimize incomes during college years (**start 2 years before college**)
  - Student Assets:
    - Reallocate through **smart spending**
    - Reallocate to **favorable** (i.e. 529, Coverdell)
    - Exclude (i.e. Insuring a provider see- NY EPTL)
  - Parental Assets:
    - Save up to Asset Protection Allowance
    - Reallocate above allowance
    - Realize gains **2 years** before college
  - Outcome based on college selection
  - Begin college with the highest eligibility

- ### FINANCIAL AID TOOLS
- EFC: College Board (CB) EFC calculator
    - CB: ([www.collegeboard.org](http://www.collegeboard.org))
    - FAFSA: ([AMEDF Facebook](#))
  - Aid History & Details:
    - CB Big Future
    - IPEDS Data (<http://nces.ed.gov/ipeds/>)
  - [www.HESC.ny.gov](http://www.HESC.ny.gov) for NY TAP, award estimator & Private Loan comparisons
  - Scholarship search: Fastweb, College Board, *NASFAA Scholarship Inquiry letter*

- 

### WHAT WE'VE COVERED
- Estimate COA & need-based aid eligibility (COA - EFC)
  - Evaluate strategies for increasing need
  - Estimate Fed and NY aid to determine "remaining need"
  - Compare eligibility and admission profile to college's aid history & policy
  - Determine non-need aid possibilities
  - Next up:** What is our **actual budget**?