

Deciphering Financial Aid Alphabet Soup

Does planning for financial aid have you feeling lost? Here's a map.

"Make sure to use your PIN to check the SAR on your FAFSA and see if your EFC will qualify you for a PELL grant."

Say what?

If you're having trouble navigating your way through the modern financial aid system, you're not alone. Finding, applying and receiving different types of financial aid can be one of the biggest headaches associated with college-bound children or grandchildren. But it doesn't have to be that way.

With only a little know-how and some planning, you can find your way through the maze known as financial aid. Initial confusion can disappear with a small amount of studying. (Besides, your kids are expected to study hard the next few years, so you should set a good example!) One of the most crucial pieces of advice college planners have to offer is to **ALWAYS** apply for financial aid, even if you believe you won't qualify.

Administered by the U.S. Department of Education, **FAFSA** stands for Free Application for Student Financial Aid. Anyone can apply, and depending on how soon you apply and the money available, families with many different levels of income can receive some type of aid. Each school to which your child applies will put together a financial aid award package based on the results of your FAFSA form. When you apply, you are given a **PIN** (Personal Identification Number), which functions just like a PIN that a bank gives you. You use this PIN to log on to your forms and sign them when you are finished.

FAFSA forms have a mathematical formula that determines your EFC. **EFC** stands for Estimated Family Contribution. It is the amount of money a family is expected to contribute toward a child's education. This number does not represent how much the family can afford, but rather what the calculator indicates you should be able to afford. This may require you to take out an extra loan as a family or withdraw savings, but the number helps determine how much aid you are eligible to receive. Your EFC is given to you when you submit your FAFSA. It is located on your SAR.

The **SAR** is your Student Aid Report, and it's a summary of all the answers and information you've entered into the FAFSA form. You should print a copy of your SAR to keep for your own records. That way, when you fill out the individual school financial aid forms, your information will be consistent.

Once the schools receive your information, they will put together a financial aid package and present it to you. Your package can contain a wide variety of options for you to choose from, including grants, loans and scholarships. If your EFC is low, you may be offered a PELL Grant which helps pay for college and does not need to be paid back.

Your financial aid package may also include an option of work-study, which allows your child to make extra money by working at a job on campus. Most packages also include a variety of loan options. Some loans are government-subsidized; others are not. There are many different types of loans available to parents and students, and you should analyze your current financial situation carefully before choosing one. Government subsidized loans are offered interest-free while your student is in school and allow the student to wait six months after college graduation before beginning to pay back the principal. However, there is a limit to how much you can borrow, and you must complete your degree by a certain date, so make sure you plan wisely.

The next time someone asks if you used your PIN to check the SAR on your FAFSA to see if you are eligible for a PELL, you can reply with a resounding and confident "Yes!"

I am happy to schedule an appointment to review your College financing options and how they fit into your Financial Plan.

Kind regards,

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