

Parents of High School Seniors: Financial Aid Application Time Is Here!

Applying for college financial aid is a huge, integral part of the college process and families must understand how to properly complete the Free Application for Federal Student Aid (FAFSA) and how the Expected Family Contribution (EFC) is calculated. First though, families should take the time to understand the financial aid process and a few terms and definitions.

By far, the financial need of the student this is the most important factor in determining financial aid. Most of the financial aid given by the Federal and State governments is based on the financial need of the student and most of the financial aid given by colleges is need-based and is determined by the EFC of the family.

What is the EFC?

The Expected Family Contribution (EFC) is the dollar amount the family is expected to contribute to the total cost of college for the academic year. The EFC is computed by using family financial data submitted on the FAFSA financial aid application form. The EFC is then subtracted from the Total Cost of Attendance (tuition, fees, room and board, books and supplies, personal expenses, cost of a computer, and transportation to and from college) to arrive at the student's "need", or eligibility for financial aid.

Needs Analysis Example

If the "cost of attendance" at a particular college was \$36,000 and the "expected family contribution" was calculated to be \$8,000, the "financial need" of the student would be \$28,000. In this case, the student would be eligible to receive \$28,000 in financial aid. If the student had other "resources" the financial need would then be reduced on a dollar-for-dollar basis for these resources.

Applying for federal financial aid is FREE. To be considered for nonfederal aid, such as institutional aid, however, a student may have to fill out additional institutional financial aid forms such as the College Search Service (CSS) Profile and pay a processing fee.

When do you complete the FAFSA?

The FAFSA cannot be completed until **January 1st** of the student's senior year of high school. It is recommended that the FAFSA be completed as soon as possible after this date. The reason is that most colleges have a finite amount of financial aid that is given to them by the federal and state governments and the students who apply first for financial aid are the first in line to receive this money. If you wait to the last minute to complete the FAFSA, the college may not have any money left to give.

Most families assume they cannot complete the FAFSA until their taxes have been completed and filed. This is absolutely wrong. You can complete the FAFSA by estimating your income and taxes. You should estimate your taxes by using your last year's tax return. If your income was not that much different from the previous year's income, you can complete the FAFSA and make adjustments once you receive the Student Aid Report (SAR).