# WEBINAR Financial Aid 101

CFPB FinEx Webinar | November 8, 2023

#### **Presenters:**

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#### Today's agenda

- > Welcome
- > Financial aid and the CFPB's Your financial path to graduation tool
- > U.S. Department of Education's Federal Student Aid Resources
- > U.S. Department of Education's College Scorecard
- > Lesson plans
- Questions and Answers (Q&A)

## Gaby Watts

Senior Director for Student Service Office of Postsecondary Education U.S. Department of Education

gaby.watts@ed.gov



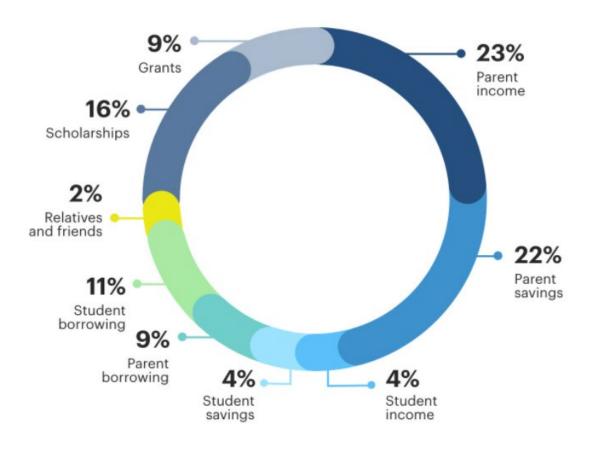


## Your financial path to graduation

CFPB Section for Students and Young Consumers | 2023

When most families hear "financial aid," they think of scholarships. But there's a lot more to it than that.

# Share of college costs paid by each funding source





#### When/where families can take action

The application process as a point of intervention

- Target schools where your child is above average
- Find schools that meet your child's needs

Thinking ahead about presenting a strong application to schools

Use the Grad Path tool with a sample letter to have an early conversation about the impact of student debt with your kids



#### Federal and private loans have important differences

	Federal	Private
When does repayment start?	End of grace period – in-school deferment	May require payments during school
How long is the grace period?	6 months	May not have a grace period
Who services the loan?	Servicer assigned randomly (unless you consolidate or enter PSLF)	May be the lender or another company
What are the repayment plan options?	Several plans to choose from, depending on the type of loans and amount of debt	Not required to offer multiple repayment plans



#### Federal Aid

Federal Supplemental Education Pell Grant Subsidized Loan Unsubsidized Loan Work-Study Opportunity Grant (FSEOG) can be need-based non-need-based need-based grant need-based grant need-based loan or non-needloan based Paid out as wages when a student Accrues interest Does not accrue Does not need to Does not need to interest until until loan is finds a work-study be repaid be repaid repaid repayment eligible job Loan needs to be Loan needs to be repaid repaid



### Sample Cost of Attendance

	FALL (4 Months)	SPRING (5 Months)	TOTAL	SUMMER (1 to 3 Months)	TOTAL
Tuition	\$5,100	\$5,100	\$10,200	\$0	\$10,200
Fees	\$36.00	\$36.00	\$72.00	\$0	\$72.00
Living Expenses	\$10,400	\$13,000	\$23,400	\$0	\$23,400
Books and Supplies	\$1,200	\$1,200	\$2,400	\$0	\$2,400
Transportation	\$550	\$550	\$1,100	\$0	\$1,100
Personal Expenses	\$2,100	\$2,625	\$4,725	\$0	\$4,725
TOTAL	\$19,386	\$22,511	\$41,897	\$0	\$41,897



#### Sample financial aid communication

1 Your Financial Aid	<u>Amount</u>	Accept (Y/N)	Loan Amount*
A Stephen B L Penrose Scholarship	\$14,000		
BLomen-Douglas Scholarship	\$14,926		
CCollege Bound Scholarship	\$11,904		
DFederal Pell Grant	\$4,770		
E Direct Subsidized Loan	\$3,500		
E Direct Unsubsidized Loan	\$2,000		
F Federal Work Study	\$2,500		
2 Award Total	\$53,600		

<sup>\*</sup>You may request a different loan amount, but please pay attention to the annual loan limits based on your class level. (Refer to general information sheet). Subsidized loan and work study eligibility is based on estimates and may change once your FAFSA results have been reviewed. Work study should not be used in calculating your payment. Work study wages are paid directly to the student.

3 Estimated Cost of Attendance (COA)		4 Expected Family Contribution (EFC)		
Tuition and Fees	\$49,780	Parent Contribution	\$5,205	
Room and board	\$12,524	Student Contribution	\$2,144	
Books & Incidentals	\$1,400			
Travel	\$250			
		Total EFC	\$7,349	
Total COA	\$63,954	Financial Need (COA-EFC)	\$56,605	

www.Scholarship360.org



#### It's never too late to start saving and budgeting for college.

#### Due to:

- Loan fees
- Typical interest rates
  - Lower at the moment
- Interest capitalization (interest on interest)
- Typical repayment periods
  - More than half on plans for 20+ years

Every \$1 borrowed can cost \$2 (or more!) to repay.

Contributions from savings and income go farther than you may realize.



# Tools for students, student loan borrowers, and educators

#### Grad Path

## We built a tool based on our research that equips students to turn financial aid offers into plans to pay for school.

## www.consumerfinance.gov/gradpath



# Grad Path provides students and families with:

- An interactive plan that can be saved and revised
- Simple explanations of jargon and financial concepts
- Money saving tips
- Running total of uncovered costs
- Projected debt and information to help decide if it's affordable
- Apples-to-apples comparisons of multiple aid offers
- Suggested next steps



#### Federal Student Aid



# RESOURCES FROM FEDERAL STUDENT AID

*November 8, 2023* 





## ABOUT FEDERAL STUDENT AID



### WHAT WE DO

- Manage student financial assistance programs that provide grants, work-study, and loans to students attending college or career school
- Develop the Free Application for Federal Student Aid (FAFSA®) form and processing more than 17.6 million FAFSA forms each year
- Accurately disburse, reconcile, and account for all federal student aid funds that are delivered to students each year through approximately 5,600 colleges and career schools
- Manage outstanding federal student loan portfolio and secure repayment from federal student loan borrowers
- Monitor all program participants (such as schools, financial entities, and students) to ensure compliance with the laws, regulations, and policies governing the federal student aid programs
- Offer free assistance to students, parents, and borrowers throughout entire financial aid process



#### FINANCIAL AID TOOLKIT

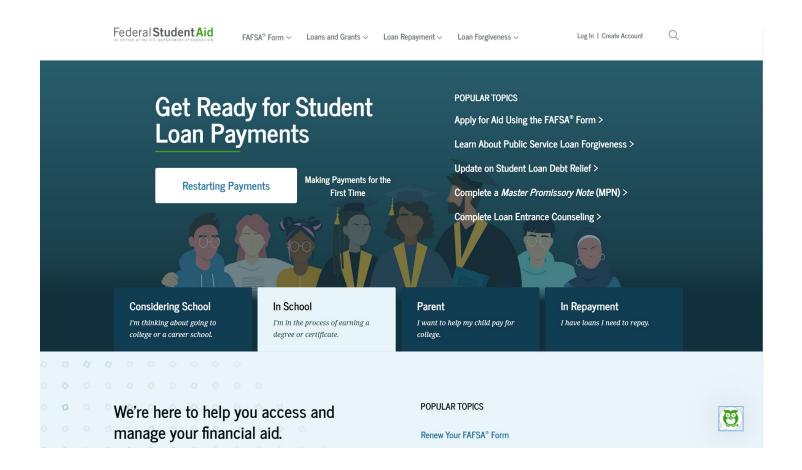


The Financial Aid Toolkit provides federal student aid information and outreach tools for counselors, college access professionals, mentors, and others.

https://financialaidtoolkit.ed.gov/tk/



#### STUDENTAID.GOV



The Federal Student Aid website (<a href="https://StudentAid.gov/">https://StudentAid.gov/</a>) includes the FAFSA form and other resources that help students with preparing and paying for postsecondary.



#### **FAFSA UPDATES**

The FAFSA is form that students fill out annually to receive financial aid in the form of grants, loans, work study, etc.

Important updates to the FAFSA for the 2024-2025 award year:

- Expected Family Contribution (EFC) will be changed to the Student Aid Index (SAI), which is a number that determines each student's eligibility for certain types of federal student aid
- Number of family members in college is no longer a factor in the need analysis
- Students who are separated will no longer need to indicate that they are married on the FAFSA (considered dependent unless independent by a criterion other than marriage)
- Simplified Needs Test (SNT) and Auto-Zero were eliminated
- Changes in allowances against income and what qualifies as an asset



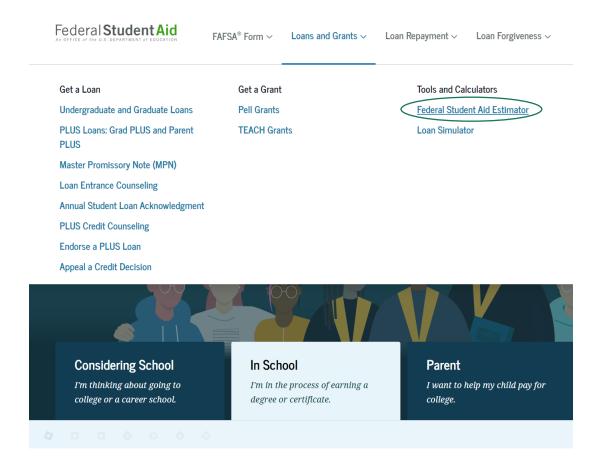
For more information, please refer to the FAFSA Simplification Act Changes for Implementation in 2024-25

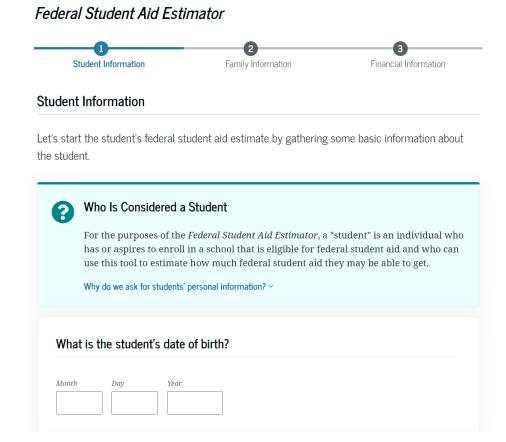


## FEDERAL STUDENT AID ESTIMATOR



#### WHERE CAN YOU FIND IT?





The Federal Student Aid Estimator can be found under the "Tools and Calculators" section in "Loans and Grants"

https://StudentAid.gov/aid-estimator/estimate/student-information



### WHAT IS IT?

- The Federal Student Aid Estimator is an online tool created by FSA through a requirement in the FAFSA Simplification Act in 2021 (amended in 2022)
- Uses a student's, their parents', and their spouses' financial + personal information to calculate the potential financial they may be able to receive
- Recommended for students who plan to attend college or career school in the next year, as well
  as parents and counselors of prospective students
- It is an **estimator**, meaning that the actual federal aid amount will only be made available after a FAFSA application submitted and processed
- Link to estimator: <u>StudentAid.gov/aid-estimator</u> (no account required)



#### WHAT DOES IT DO?

- Allows applicants to receive a non-binding estimate of their federal financial aid, including early estimates of their eligibility for federal student aid
- Provides a first look at estimates for the new Student Aid Index, which replaces the Expected Family Contribution (EFC) starting in award year 2024-25, allowing users to plan ahead for higher education
- Requires students to answer a few simple questions pertaining to federal student aid eligibility and their financial situation
- Calculates an approximate award amount for Pell grants, federal direct loans, and work study funds



#### RETURN TO REPAYMENT

#### Helpful Resources for Borrowers

- How to Avoid Student Aid Forgiveness Scams
- Become a Public Service Loan Forgiveness (PSLF) Help Tool Ninja
- Tackling the Public Service Loan Forgiveness Form: Employer Tips
- Student Loan Forgiveness (and Other Ways the Government Can Help You Repay Your Loans)
- <u>5 Things to Know Before Consolidating Federal Student Loans</u>
- What to Know About Federal Family Education Loan (FFEL) Program Loans
- 3 Ways to Qualify for Total and Permanent Disability (TPD) Discharge
- Return to Repayment page includes resources for outreach such as the SAVE Plan Fact Sheet and a Repayment Checklist for borrowers
- Resources for borrowers include articles on loan forgiveness and discharge options, avoiding scams, etc.
  - https://financialaidtoolkit.ed.gov/tk/announcement-detail.jsp?id=return-to-repayment



### **SOCIAL MEDIA**



<u>linkedin.com/company/federal</u> <u>studentaid</u>



twitter.com/FAFSA



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<u>instagram.com/federalstudent</u> <u>aid</u>



<u>youtube.com/@FederalStudentAid</u> <u>Youtube.com/@FSAOutreach</u>

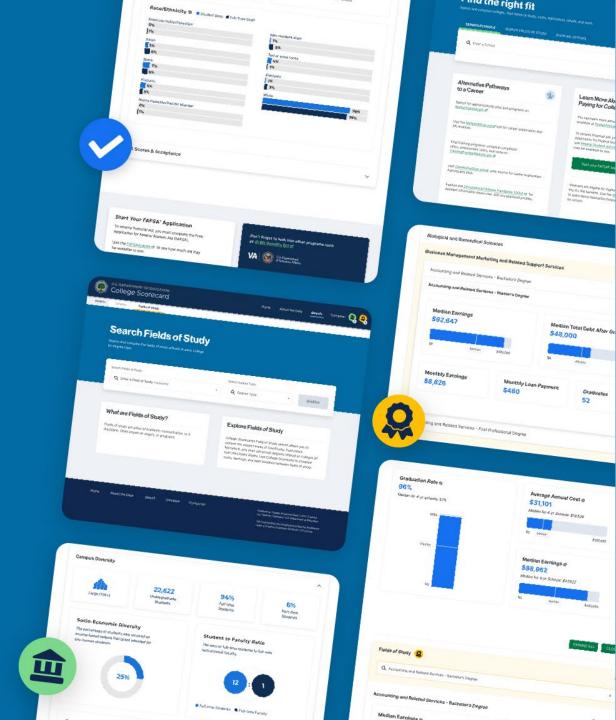
## College Scorecard

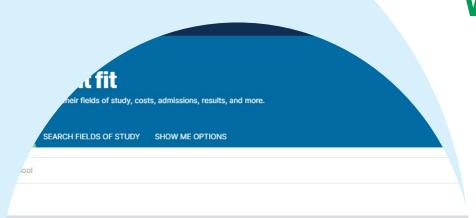


# Find the right fit.

Search and compare colleges: their fields of study, costs, admissions, results, and more.







## WHAT IS COLLEGE SCORECARD?

College Scorecard brings together information on college costs, graduation rates, student loan debt, post-college earnings, and more. The goals of this effort are to:



- 1. Provide students and families with information to make more informed choices:
  - •User-centered website for students, their families, and their counselors
- 2. Provide policymakers and stakeholders information to enable more informed decision making:
  - •Unprecedented amounts of data released on institutional outcomes, including former students' earnings, the debt loads of college graduates, and repayment rates of borrowers
- 3. Make data widely available so others can multiply these efforts:
  - •Open API so that developers can access and analyze the data easily

# active Pathways areer apprenticeship jobs and programs on apprenticeship gov v. NextMove.org v. tool for career exploration and job analysis. rograms: compare completion rates, employment rates, hiningProviderResults.gov v.

tlook Handbook (OOH) 

reference for detailed to the profiles.

#### Learn More About Paying for College

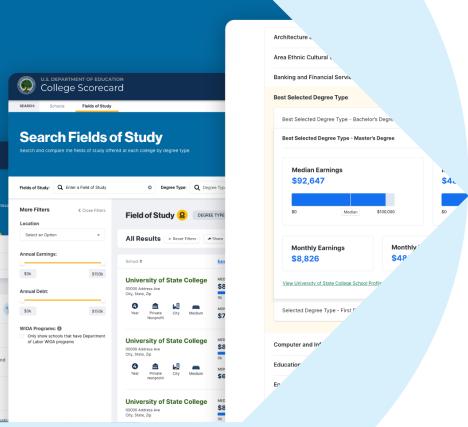
You can learn more about the types of financial aid th  $\underline{StudentAid.gov}\,\underline{\textbf{c}}$ 

To receive financial aid, you must complete the Free Federal Student Aid (FAFSA®) form. You can use <u>F</u>′ <u>Estimator</u> **Z**′ to see how much aid may be availabl

Start Your FAFSA® Application &

benefits. Use the GI Bill® comp

collegescorecard.ed.gov



# BENEFITS OF USING COLLEGE SCOCRECARD



- Inform Decision-Making
- Plan Your Finances
- Compare Schools Easily
- Tailor to Your Needs
- Trustworthy Information



## U.S. Department of Education

## NAVIGATING COLLEGE SCORECARD

collegescorecard.ed.gov

#### Find the right fit

Search and compare colleges: their fields of study, costs, admissions, results, and more.

SEARCH SCHOOLS SEARCH FIELDS OF STUDY SHOW ME OPTIONS Q Enter a School CUSTOM SEARCH ▼

There are 3 distinct ways to begin your search. Search by school name, field of study, or a broad list of school characteristics.

U.S. DEPARTMENT OF EDUCATION

College Scorecard

#### **Alternative Pathways** to a Career



Search for apprenticeship jobs and programs on apprenticeship.gov .

Use the MyNextMove.org & tool for career exploration and job analysis.

Find training programs: compare completion rates, employment rates, and more on TrainingProviderResults.gov ℃.

Visit <u>CareerOneStop.org</u> ☑, your source for career exploration training and jobs.

Explore the Occupational Outlook Handbook (OOH) & for detailed information about over 300 occupational profiles.

#### **Learn More About Paying for College**



You can learn more about the types of financial aid that are available at StudentAid.gov 2

To receive financial aid, you must complete the Free Application for Federal Student Aid (FAFSA®) form. You can use Federal Student Aid Estimator & to see how much aid may be available to you.

Start Your FAFSA® Application ☑

Veterans are eligible for higher education funding through the G.I. Bill programs and compare benefits by school.

You can further customize and refine your search. You may filter selections by degree type offered, graduation rate, cost, acceptance rate, etc.

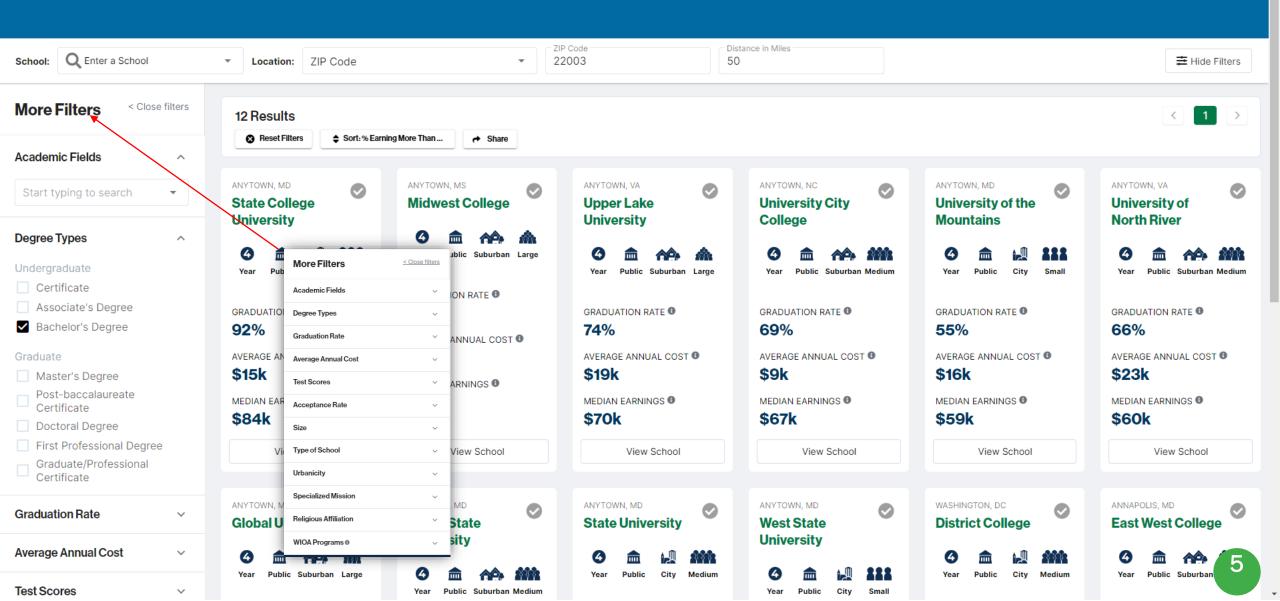


#### **Search Schools**

U.S. DEPARTMENT OF EDUCATION

College Scorecard

Search schools that might be a good fit, and add to your compare list to see how they match up.



# University of State College

22,563 undergraduate students website.edu ♂



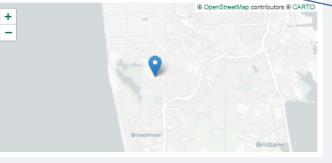
« Back



Midpoint for 4-yr Schools







View on map €

Build a list of up to 10 schools and compare each school side by side.

Special Designations:

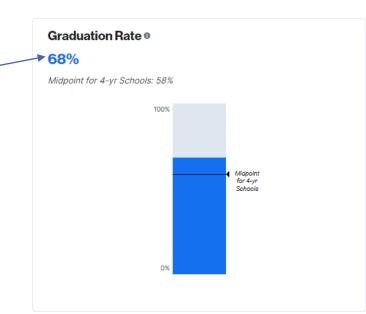
Asian American and Native American Pacific Islander-Serving Institution

Hispanic-Serving Institution

Midpoint for All Schools

Collegetown, CA 94132

Share of students who graduated within 8 years of entering this school for the first time.





School's cost of attendance minus any grants and scholarships students typically receive.

This is the median annual earnings of individuals that received federal student aid and began college at this institution 10 years ago, regardless of their completion status.



CLOSE ALL

EXPAND ALL

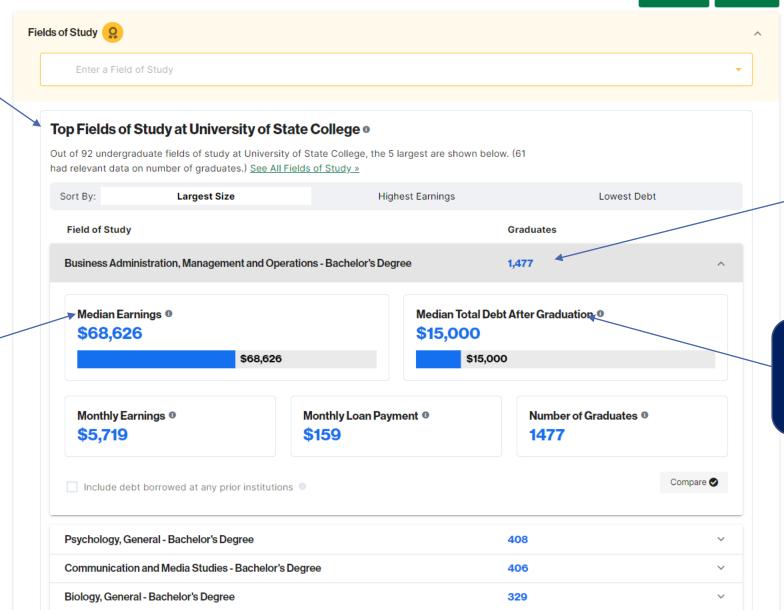


Median annual earnings

of students four years

after graduation.

U.S. DEPARTMENT OF EDUCATION College Scorecard



The total number of students, including those who did and those who did not receive federal financial aid, who graduated in this field of study.

Median cumulative federal debt of federal loan borrowers who graduated in the indicated field of study.





Use this button to explore more data about the institution.

#### Start Your FAFSA® Application

Start Your FAFSA® Application 🗹

## Other Sources

Don't forget: Do fill out the FAFSA® form, but also look into other programs such as GI Bill Benefits  $\mathbb{Z}^*$ 



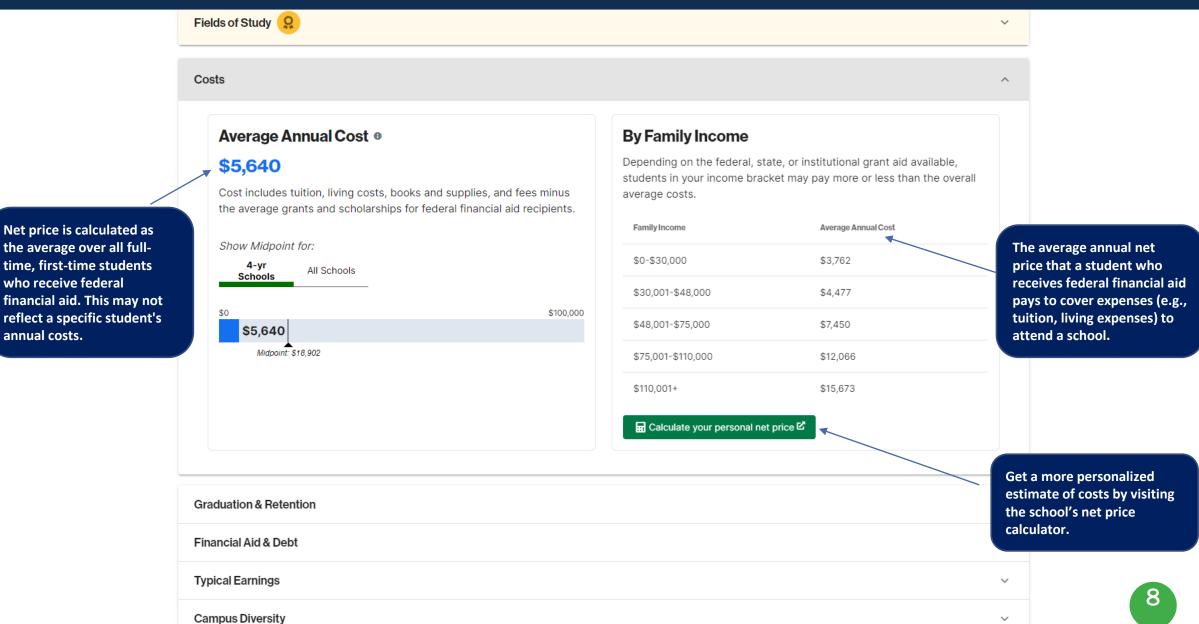


U.S. Department of Veterans Affair



annual costs.

Test Scores & Accentance



The share of full-time, first-time undergraduate students who borrowed federal loans to help pay this school.

u.s. DEPARTMENT OF EDUCATION College Scorecard

Federal Student Loans

Students Receiving Federal Loans 

Median Total Debt After Graduation 

The typical total debt for undergraduate borrowers who complete college.

\$13,750

The median cumulative federal debt of undergraduate borrowers who graduated.

At some schools where few students borrow federal loans, the typical undergraduate may leave school with \$0 in debt.

#### Typical Monthly Loan Payment o

\$146

This is based on a standard 10-year payment plan, other <u>payment options</u>  $\underline{\mathbf{g}}$  are available, like income-driven repayment. An <u>income-driven repayment</u>  $\underline{\mathbf{g}}$  plan sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size.

The share of borrowers that graduated with federal student loans in repayment that belong to each status category two years after entering repayment.

#### Repayment Rate • Ge

Percentage of borrowers in each category 2 years after entering repayment. For category definitions, please see the glossary.

Only show data for those who graduated

Repayment Status	Percent
Making Progress	36%
Not Making Progress	19%
Deferment	14%
Paid in Full	14%
Forbearance	12%
Delinquent	2%
Defaulted	2%
Discharged	0%

#### **Get Help Paying for College**

Submit a Free Application for Federal Student
Aid (FAFSA®) form. You may be eligible to
receive federal grants or loans.

Start My FAFSA® Form

"Making progress" means graduates were making regular payments and the sum of all outstanding loan balances is less than the sum of the original loan balances.

### **Compare all metrics** from the school

U.S. DEPARTMENT OF EDUCATION College Scorecard

> Midpoint for School Type Midpoint for All Schools

#### Average Annual Cost ®

Cost includes tuition, living costs, books and supplies, and fees minus the average grants and scholarships for federal financial aid recipients.

2-YEAR SCHOOLS



4-YEAR SCHOOLS



#### Graduation Rate®

4-YEAR SCHOOLS

Ready to Compare:

2-YEAR SCHOOLS National 2-year Midpoint: 32% Northern State Community College 100% 26% Midpoint

schools at the same time.

Compare up to 10

National 4-year Midpoint: 58%

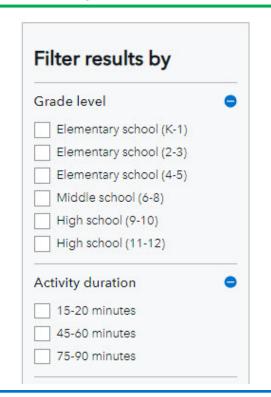


Q 0 Fields of Study

# Classroom activities

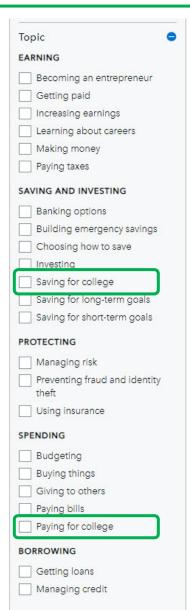


# Find youth financial literacy activities



#### **Activities identify:**

- Student characteristics such as ELL and Low income
- National standards
- Activity type such as individual or whole class
- Teaching strategy such as blended learning or gamification
- Building block
- · Content area





#### Understanding prepaid cards

UPDATED JUL 10, 2020

🗘 Ideal for: High school (11-12)

Students play a game and answer questions to learn about prepaid cards and explore whether they'd consider using them.

#### **KEY INFORMATION**

**Topic:** Spend (Buying things, Paying bills)

Activity duration: 45-60 minutes

#### BUILDING BLOCK

Financial knowledge and decision-making skills

www.consumerfinance.gov/teach-activities/

### Try a youth financial literacy activity

### Playing an investment game

**UPDATED MAY 04, 2020** 

Students work in groups to explore real-world scenarios that can affect stock investments.

#### Big idea

Understanding the basic concept of the stock market and the risks involved can help you become better informed about investing.

#### Essential questions

- What can make a stock price rise or fall?
- What risks are involved when investing in the stock market?

#### Objectives

- Learn how various factors or events can affect stock prices
- Understand the importance of considering risk when making investment decisions

#### What students will do

- Work in groups to review scenarios that may affect an imaginary company's stock price.
- Brainstorm on why they think the stock price rose or fell.
- Reflect on the risks and rewards of stock investing.

### Download activity

#### Key information for this activity

#### Building block

(What are the building blocks?)

Financial habits and norms

#### School subject

CTE (Career and technical education), English or language arts, Math, Science, Social studies or history

#### Topic

Save and invest (Investing)

#### Audience

**Grade level:** High school (9-10), High school (11-12)

Age range: 13-15, 16-19

**Student characteristics:** English language learners, Special education

#### Activity characteristics

Activity type: Small group

Teaching strategy: Gamification, Simulation

Bloom's Taxonomy level: Understand, Apply

# Activity: Planning your financial path to college graduation

- Scenario: Imagine that your friend Emmett has been accepted to three colleges, and each school offered him a financial aid package. He's asked for your help understanding these financial aid offers so he has a true sense of what his actual costs will be.
- Use Emmett's financial offer and the CFPB "Your financial path to graduation" tool to help him out.
  - ☐ Look for strategies to cover costs
  - ☐ Can he afford his loans?
  - ☐ Are these loans worth the investment?
  - ☐ Reflect on strategies that high school students can use to help pay college costs.





# Activity: Learning how FAFSA works

- The Federal Student Aid Estimator tool helps students estimate the type and amount of federal financial aid they may be eligible for to help pay for college or career school.
  - In groups, students will use the information on an imaginary college applicants who is applying for financial aid to attend Pretend University in New Mexico to experience how the Estimator tool works.
  - Students then discuss the similarities and differences between the Estimator results the four students received.
  - At the end, the teacher can have students enter their own information into the Estimator to begin planning for their own experience.

### Federal Student Aid Estimator

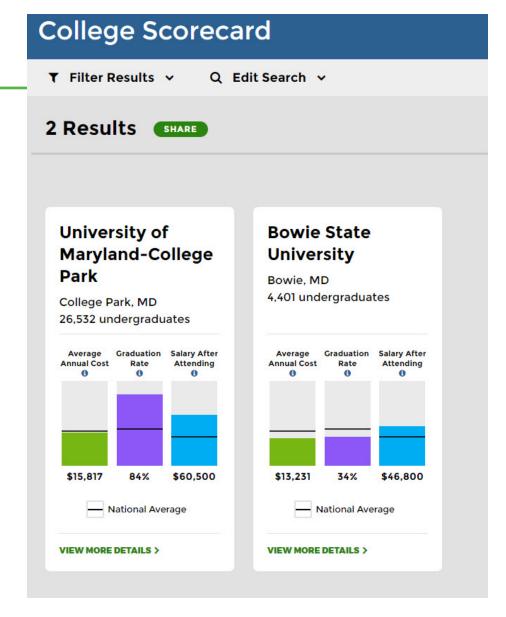


consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/teach/activities/learning-how-fafsa-works/



# Activity: Comparing higher education choices

- Students explore higher education options by comparing similarities and differences between two colleges near where they live.
- Students will use the U.S. Department of Education's College Scorecard website to find nearby colleges and universities.
- Choose two schools to compare and contrast by reviewing features such as public vs private, average annual cost, overall graduation rates and majors available.





# Activity: Using a student loan calculator

- Use a student loan calculator to calculate monthly loan payments and how much you can save on interest by paying a little extra each month.
  - Explore how paying extra on a loan can reduce the loan's total cost.
    - This includes the benefits of prepayment.

Prepayment calculator:

https://finaid.org/calculators/prepayment/

Make a repayment plan:

https://studentaid.gov/manage-loans/repayment/plans



consumerfinance.gov/practitioner-resources/youth-financial-education/teach/activities/using-student-loan-calculator/



# Activity: Talking with your family about paying for post-secondary education

### Plan a conversation

- Who will you speak with? When would be a good time to have a conversation?
- Why is post-secondary education important to you? Why is it worth the cost?
- What questions and concerns will you get from the person you talk to? What information do you need to answer those questions?

### Some talking points

- Discuss the different types of financial aid and how it can help you pay for higher education.
- Determine whether you would be eligible for each financial aid option.
- Think about how you would pay this money back after you finish your education.



An important step, complete the FAFSA.



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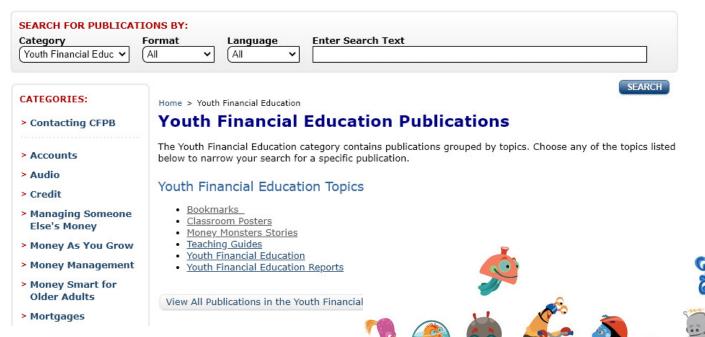
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Students and young consumers resources -

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# Questions?



Lyn Haralson CFPB Financial Education CFPB\_FinEx@cfpb.gov

