

Financial Aid Basics

AN INTRODUCTION TO PAYING FOR COLLEGE 2013-14

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AN INTRODUCTION TO PAYING FOR COLLEGE 2013-14

Grants
Scholarships
Loans
Work-Study
Reciprocity
Family Support
Out-of-State

Which combination is right for you?

A guide to help you make the big decision.

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HOW DO I pay for college?

If you think you can't afford to go to college, think again. Financial aid has helped millions of students pay for their education beyond high school. Many students are surprised to find that they qualify for some assistance.



HOW DO I APPLY FOR financial aid?

It's not difficult to apply. By submitting one application form, you can determine your eligibility for a range of financial assistance at many colleges, universities and career schools.

To apply for financial aid, you must complete the Free Application for Federal Student Aid (FAFSA). The form is available in early winter online at www.fafsa.gov and is used to apply for a Minnesota State Grant, a Federal Pell Grant, a Stafford Loan and other financial aid available at individual colleges. The form requires you to submit information about your family's income, assets and your status as a resident. Your completed FAFSA will be made available to all the colleges you designate.

Undocumented students qualifying under the Minnesota Dream Act will not be able to complete the federal FAFSA, but can apply for state financial aid using the state financial aid application available at:

www.ohe.state.mn.us/MNDreamAct

The financial aid offices at the colleges that interest you are a good source of information about how to pay for college. Most financial aid money, regardless of the source, is made available to you through the college you plan to attend. Applying for financial aid does not cost anything. By applying, you do not commit yourself to attend any school.

Visit www.ohe.state.mn.us/paying to learn about your financial aid options.

SIX BASIC STEPS

to Applying for Financial Aid

1. Apply for admission to one or more colleges.
2. Apply for financial aid at www.fafsa.gov using the Free Application for Federal Student Aid after January 1. Undocumented students should use the state financial aid application available at www.ohe.state.mn.us/MNDreamAct
3. Apply for scholarships offered by the colleges. Ask for applications or find them online. Check out the free online scholarships sites such as www.fastweb.com to search for private scholarships.
4. Receive college admittance letters (timing varies).
5. If possible, import federal income tax information into FAFSA on the web and respond promptly to any requests from the financial aid office for tax transcripts or other information required for verification.
6. Receive letters from colleges outlining your financial aid eligibility (usually April 1 or later, depending on when you submitted your FAFSA).

WHAT TYPES of financial aid are available?

Financial aid comes in several forms:

1. **Need-based grants** from federal and state governments that you do not have to repay;
2. **Loans** from federal and state government or private banks that must be repaid with interest after you are no longer enrolled in college;
3. **Work-study jobs**, either on or off campus, that enable you to earn money to help pay the cost of attending college;
4. **Tuition reciprocity** provides reduced tuition for Minnesota students attending public colleges and universities in North Dakota, South Dakota, Wisconsin, Manitoba and one college in Iowa;
5. **Scholarships and educational benefits** for students with special circumstances and abilities. Examples include child care assistance; military benefits; merit aid for good grades and academic achievement; or scholarships based on race, ethnicity or a special talent or life circumstance.

Contact each college you are considering to find out about special assistance and scholarships.

WHERE CAN I GET additional information?

The Minnesota Office of Higher Education offers a variety of resources online at www.ohe.state.mn.us. Here you will find:

- A guide with information about Minnesota and federal financial aid
- Tuition reciprocity applications, information about the Minnesota College Savings Plan and the SELF Loan program
- A personal financial aid estimator for students and parents who want to gain general information about the types of aid for which they may qualify
- Information on Minnesota colleges, universities and career schools including their contact information, programs offered, tuition and fees, websites and FAFSA numbers
- Information on education tax credits and benefits



HOW MUCH DOES College Cost?

The cost of attendance varies from college to college. The financial aid package you receive will also vary depending upon the cost of attendance at the institution you choose. In addition to tuition and fees, there are often costs for room and board, books and other expenses. These costs are all taken into account when the college determines your financial aid award.

Estimated average annual tuition and fees for resident undergraduates attending Minnesota schools:

\$5,400	Community and technical colleges
\$7,700	State universities
\$13,800	University of Minnesota
\$14,000	Private career schools
\$34,000	Private colleges and universities

Note: Averages are estimates for 2013-2014. The most current tuition and fees for each institution is available at www.ohe.state.mn.us/tuition.

ARE THERE TAX BENEFITS for going to college?

Yes. Federal tax benefits can help offset the cost of attending college. Benefits include:

- **American Opportunity Tax Credit:** For tax year 2012, you may be able to claim a tax credit on your federal tax return of up to \$2,500 for each eligible student.
- **Lifetime Learning Tax Credit:** You may be able to claim a tax credit of up to \$2,000 for qualified tuition and related expenses per family.
- **Student Loan Interest Deduction:** You may be able to deduct interest on student loans for yourself, your spouse or other dependents. The maximum deduction cannot exceed \$2,500.
- **Employer-paid Tuition Assistance:** Some employers offer tuition and fee reimbursement. As a student, you may receive up to \$5,250 of education benefits tax free from your employer each year. Generally, you must pay tax on any amount of education benefit received from your employer that exceeds \$5,250 for the year.

For additional information on federal tax benefits, consult the Internal Revenue Service website at www.irs.gov and see publication #970 or call (800) 829-1040.

About the MINNESOTA OFFICE OF HIGHER EDUCATION

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

Visit www.ohe.state.mn.us/paying to learn more about all of the options to pay for college.

FINANCIAL AID PROGRAMS

	PROGRAM	STUDENTS APPLY TO	AMOUNT	TYPE OF AWARD	ELIGIBLE STUDENTS
Grants and Scholarships Programs	Minnesota State Grant	Complete FAFSA (www.fafsa.gov) no later than 30th day of the term*	Average award is \$1,495	Based on financial need and price of attendance	Minnesota residents, includes undocumented students qualifying under the MN Dream Act, enrolled for at least three credits in undergraduate study at eligible Minnesota institutions. Must be a high school graduate or equivalent or be 17 years of age or older, have completed less than four years of college, be a U.S. citizen or eligible non-citizen and not be in default on student loans or child support payments.
	Federal Pell Grant	Complete FAFSA (www.fafsa.gov)	\$605 to \$5,645 per year	Based on demonstrated financial need	Undergraduates. Must be U.S. citizen or eligible non-citizen, not in default on federal loans and have no drug conviction while receiving federal aid. Males must be registered for the Selective Service.
	Federal Supplemental Grant	Complete FAFSA (www.fafsa.gov)	Up to \$4,000 per year	Based on demonstrated financial need	Undergraduates enrolled at least half time. Must be U.S. citizen or eligible non-citizen. Males must be registered for the Selective Service. Priority given to Pell Grant recipients.
	Minnesota Postsecondary Child Care Grant	Campus financial aid office after completing the FAFSA (www.fafsa.gov)*	Up to \$2,800 per child per academic year if enrolled full time	Based on demonstrated financial need, family size and number of children	Minnesota residents, includes undocumented students qualifying under the MN Dream Act, with children 12 years old or younger, or 14 or younger with disability. Student must be enrolled for at least six credits in an undergraduate program at an eligible Minnesota institution and not a recipient of benefits from the Minnesota Family Investment Plan. Must be U.S. citizen or eligible non-citizen.
Work-Study Programs	Minnesota Work Study	Campus financial aid office after completing the FAFSA (www.fafsa.gov)*	Determined by institution	Part-time job based on financial need	Minnesota resident enrolled for at least six credits per term. Includes undergraduates, graduates, undocumented students who have been granted Deferred Action for Childhood Arrivals (DACA) status with work authorization and vocational students. Must be U.S. citizen or eligible non-citizen. May work during one term of non-enrollment.
	Federal Work Study	Campus financial aid office after completing the FAFSA (www.fafsa.gov)	Determined by institution	Part-time job based on financial need; more restrictive than state program	Undergraduate, graduate and vocational students. Must be U.S. citizen eligible non-citizen. Males must be registered for the Selective Service. Students must be enrolled in a participating school.
Loans Programs	Federal Stafford Student Loan	Complete FAFSA (www.fafsa.gov)	For dependent students there are up to \$5,500 per year for first-year undergraduates, \$6,500 per year for second-year undergraduates and \$7,500 per year for undergraduates in at least third-year status. Loan limits are higher for graduate, professional and independent students.	Subsidized loans based on financial need; government pays interest while student is in school, must be repaid and is not available for graduate students Unsubsidized Stafford loan available for students without financial need; borrowers pay interest while in school, must be repaid and is not available for graduate students	Any student enrolled at least half time in an eligible school in Minnesota or another state, undergraduate, graduate, professional and vocational students. Must be U.S. citizen or eligible non-citizen and cannot be in default or owe a refund on any Title IV Higher Education Act loan or grant. Males must be registered for the Selective Service.

*Undocumented qualifying under the MN Dream Act should use the state financial aid application available at: www.ohe.state.mn.us/MNDreamAct.

FINANCIAL AID PROGRAMS

Loans Programs	PROGRAM	STUDENTS APPLY TO	AMOUNT	TYPE OF AWARD	ELIGIBLE STUDENTS
	Federal Perkins Loan	Campus financial aid office	Up to \$5,500 per year for undergraduates or \$8,000 per year for graduate students	Long-term, low interest loan based on financial need, must be repaid	Undergraduate and graduate students, must be U.S. citizen or eligible non-citizen and cannot be in default or owe a refund on any Title IV Higher Education Act loan or grant. Males must be registered for the Selective Service.
	PLUS Loan	Campus financial aid office	Up to annual price of attendance less other aid received	Fixed interest, long-term loans, must be repaid	Parents of dependent, undergraduate students and students in graduate or professional programs. Must be U.S. citizen or eligible non-citizen. Must not be in default or owe a refund on any Title IV Higher Education Act loan or grant. Males must be registered for the Selective Service.
	SELF Loan	Minnesota Office of Higher Education	Up to \$10,000 per year for four-year degree and graduate programs; \$7,500 per year for shorter programs	Variable- and fixed-interest, long-term loan options; interest paid quarterly by student while in school, must be repaid	Undergraduate, graduate and vocational students enrolled at least half time in an eligible school in Minnesota, or Minnesota residents enrolled in an eligible out-of-state school. Co-signer must be U.S. citizen or permanent resident and be credit-worthy.
Out-of-State Tuition Reduction Programs and Reciprocity	Minnesota residents attending in Wisconsin	Minnesota Office of Higher Education (visit www.getready.state.mn.us for online application) or, if attending a Wisconsin technical college, apply directly to the college		Students pay the higher of the resident tuition rate at either the institution attended, or the average rate charged at comparable home-state institutions.	Nearly all public college students. Exceptions are students in the College of Medicine, Veterinary Medicine and Dentistry at the University of Wisconsin-Madison or Milwaukee.
	Minnesota residents attending in South Dakota	School of attendance in South Dakota		Students pay the higher of the resident tuition and fee rate at either the institution attended, or the average rate charged at comparable home-state institutions.	Nearly all Minnesota residents attending public institutions in South Dakota.
	Minnesota residents attending in North Dakota	Minnesota Office of Higher Education (visit www.getready.state.mn.us for online application) or directly to the college attended if graduated from a Minnesota high school within the past 12 months		Students pay the higher of the resident tuition rate at either the institution attended, or the average rate charged at comparable home-state institutions.	Nearly all Minnesota residents attending public institutions in North Dakota. Professional programs in law, pharmacy and medicine are excluded.
	Minnesota students attending in Manitoba	School of attendance in Manitoba	Varies with cost of institution	Non-resident tuition waiver at participating Manitoba institutions.	Minnesota residents attending the University of Manitoba, University of Winnipeg, Brandon University, Red River Community College, Assinboine Community College, College Universitaire de Saint-Boniface, Winnipeg Technical College or Canadian Mennonite University.