MODULE 1 – Application Process and Document Requirements

SLIDE 1 – Title Slide

Welcome to the Maryland Student Loan Ombudsman's Educational Curriculum - Module 1: Application Process and Documentation Requirements for Student Loans.

This presentation was prepared by the Maryland Student Loan Ombudsman in the Office of the Commissioner of Financial Regulation at the Maryland Department of Labor.

For more information about the Ombudsman and the Office of the Commissioner of Financial Regulation, please visit our website at www.labor.maryland.gov/finance.

SLIDE 2 – U.S. Department of Education's Free Application for Federal Student Aid (FAFSA)

Federal Student Aid Programs are based on the concept that it is primarily you and your family's responsibility to pay for your education. A dependent student is assumed to have the support of parents, and so the parents' information has to be assessed along with the student's in order to get a full picture of the family's financial strength. This does not mean your parents are required to pay anything toward your education if you are a dependent student; it is simply the way that the federal government looks at everyone's eligibility in a consistent manner. Conversely, an independent student is assessed under the assumption that the student does not have the financial support of their parents.

In order to determine your eligibility for student financial aid, either as an undergraduate or graduate student, you must complete a Free Application for Federal Student Aid (or FAFSA) form with the U.S. Department of Education.

Students have three preparation options:

- Online at studentaid.gov/fafsa
- By using the myStudentAid mobile app (available on the App Store or Google Play); or
- Or by calling 1-800-433-3243 to obtain a PDF copy of the FAFSA form - which you can then complete, print out, and submit by mail.

In order to complete your FAFSA form, you must first create a Federal Student Aid ID (or FSA ID), which is made up of a username and password.

Your FSA ID allows you to access the U.S. Department of Education's online systems. It is used to confirm your identity while accessing your financial aid information and electronically signing your federal student aid documents.

You can begin applying for aid on October 1st of each year and you will need to complete a new FAFSA form for every year in which you attend college and seek federal financial aid.

Some financial aid is provided on a first-come, first-served basis, so students are encouraged to submit their FAFSA as soon as possible.

SLIDE 3 – U.S. Department of Education's Free Application for Federal Student Aid (FAFSA)

Your dependency status determines whose information you must report on the FAFSA form. If you are a dependent student, you will report your own and your parents' information. If you are an independent student, you will report your own information (and, if you are married, your spouse's).

To complete the FAFSA form, you'll need:

- An FSA ID to sign electronically.
- Your Social Security Number.
- Your Alien Registration Number if you are not a U.S. citizen.
- Your federal income tax returns, W-2s, and other records of money earned. U.S. tax information from the past two years is used to complete the financial sections of the FAFSA. Note that you may be able to electronically transfer your federal tax return information into your FAFSA if you complete it online.
- Bank statements and records of investments may also be required to complete your FAFSA as well as.
- Any records of untaxed income.

If you are a dependent student, you will also need most of this information for your parents.

Once submitted, your FAFSA information is shared with the colleges, career schools, or universities you list on your FAFSA application. Each college's financial aid office will use your information to determine how much aid you may receive at their school.

Certain schools may also have other forms of aid available, but you will need to check with each school's financial aid office to be certain.

Your FAFSA information also goes to Maryland's higher education agency, as well as to other state agencies where your chosen schools are located.

After completing the FAFSA, you will receive a Student Aid Report. The Student Aid Report provides you with your potential eligibility for different types of financial aid, your Expected Family Contribution, and a summary of the data that you provided in your FAFSA. You should carefully review your Student Aid Report for errors and make any corrections as necessary. An electronic version of the Student Aid Report (called an Institutional Student Information Record) is made available to the colleges, schools or universities you included on your FAFSA. The Institutional Student Information Record is also sent to state agencies that award need-based aid.

SLIDE 4 – Expected Family Contribution (EFC)

The Expected Family Contribution (EFC) is an estimate of a student's (and for a dependent student, his or her parents') ability to contribute to a year of post-secondary education expenses.

The EFC is used in the student financial aid process to determine an applicant's eligibility for need-based federal student aid - and in many cases, state and institutional or college aid.

As previously mentioned, the EFC is located on the Student Aid Report and Institutional Student Information Record, both of these are sent after the FAFSA is processed. If the FAFSA has not yet been filed, there are a number of calculators on the Web that will give a good approximation of a family's EFC. See the PDF version of this educational curriculum for links to EFC calculators.

The EFC is not what a student's family actually pays, it is just an estimate. The actual amount paid is usually higher - sometimes much higher.

SLIDE 5 – Remember!

Remember!

You have to apply for need-based aid each year that you plan to attend college on a full time basis.

Therefore, you must submit a new FAFSA every year. Each time you submit a new FAFSA, your EFC will be recalculated, and your financial aid may be adjusted accordingly.

SLIDE 6 – Maryland Scholarships, Grants, and Loan Assistance Repayment Programs

Financial preparation is key to ensuring your dream of going to college.

Whether you plan to attend a two-year or a four-year college, the State of Maryland offers a variety of state grants, scholarships, and loan assistance repayment programs that may be of benefit to you.

The Maryland Higher Education Commission's SmartSAVE website features a list of scholarships and grants to assist you in attaining your higher education goals. Grants and scholarships are money that students are given for their college education and generally there is no requirement for the student to pay back money from grants or scholarships.

The financial assistance resources featured on the SmartSAVE website include available Scholarships and Grants for Maryland students attending a Maryland institution.

If you need assistance repaying loans, visit the SmartSAVE website for information about Maryland's Loan Assistance Repayment Programs. These programs allow a student to pay back a portion of their student loans or debt to the bank or the lender once the student graduates, based upon agreed-to criteria.

In order to avail yourself of these programs, you must create an online account with the Maryland Higher Education Commission. Information you will need to create your account includes:

- A current email address.
- Your prior year's tax information, or your parent's or legal guardian's tax information, depending upon whether you are dependent or independent. You will use the same tax records as you do for your FAFSA.
- If you are a male between 18-25 years old, you need to provide proof that you have registered with the Selective Service System.

Links for Maryland's Smart SAVE website are at the end of this module.

SLIDE 7 – Private Loans

The documentation requirements for private loans will generally be the same as they are for government loans, although each private loan provider may have specific requirements.

You can typically find the requirements for private loans on the providers' website, with their application forms, or on their printed informational literature.

SLIDE 8 – Module 1 Resources

This concludes the Maryland Student Loan Ombudsman's Educational Curriculum for Module 1: Application Process and Documentation Requirements for Student Education Loans.

Please make note of these resources that were referenced in this module.

- Federal Student Aid - U.S. Department of Education/FAFSA
  studentaid.ed.gov/sa/fafsa

- 2019-2020 FAFSA on the Web Worksheet (provides a preview of the questions on the FAFSA form)
  studentaid.ed.gov/sa/sites/default/files/2019-20-fafsa-worksheet.pdf

- Maryland Higher Education Commission (MHEC) – SmartSAVE (scholarships, grants, and loan assistance programs)
  mhec.maryland.gov/pages/smartSAVE.aspx
  mhec.maryland.gov/pages/smartSAVE-scholarships.aspx

- Selective Service System
  www.sss.gov/register/who-needs-to-register/

See also the PDF version of the Maryland Student Loan Ombudsman's full Educational Curriculum - which is available on the website of the Office of the Commissioner of Financial Regulation at www.labor.maryland.gov/finance.