# FAFSA Lesson Plans

RaiseMe

## **LESSON PLAN INSTRUCTIONS**

# **Objective:**

Seniors will begin to narrow down the list of colleges where they will apply. Students will describe why completing the FAFSA is important. They will be able to recite the information they need to complete, and their parents to gather, prior to its completion.

## **()** Key Points:

- Narrow down your list of colleges early through carefully considering what institution is the right college for you as an individual.
- Completing the FAFSA is the gatekeeper not only for federal financial aid, but state and institutional aid as well.
- Gather the necessary information and complete the FAFSA early so that you can earn the largest possible amount of financial aid.
- You'll need to complete the FAFSA every year that you plan to attend college.
- There are a ton of common mistakes that people make when trying to fill out the FAFSA—don't make those mistakes!

# **Activities:**

- 1. FAFSA Micro-scholarship one-pager
- 2. What's A FAFSA? A complete guide to the application
  - a. Students will learn exactly what they should gather prior to getting the FAFSA. Have students make a checklist and check off items periodically throughout the week once they've gathered the necessary items.
  - b. Students will be able to follow the steps in filling out their FAFSA by themselves or with a parent.
  - c. Students will learn the common mistakes that people make when filling out the FAFSA.

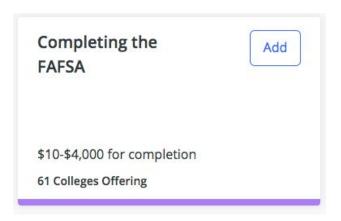
# Requirements:

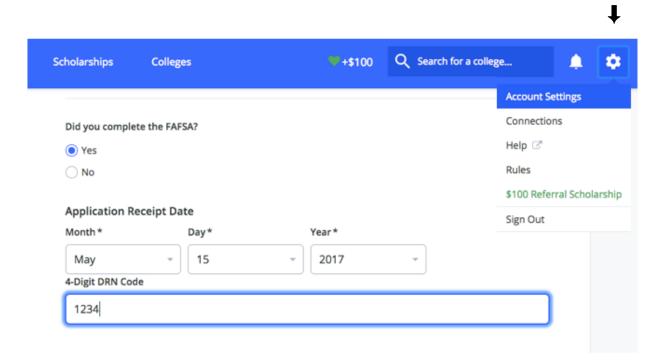
- 1. Printed hard copies of the worksheet
- 2. Optional: printed hard copies of the FAFSA one-pager to distribute to parents

# **FAFSA Micro-Scholarship on RaiseMe**

Once you've completed the FAFSA your senior year, be sure to add this achievement to your RaiseMe portfolio. You can earn **up to \$4,000** from participating colleges for completing this crucial step in the financial aid process!

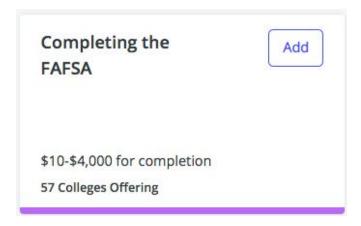
The easiest way to log your FAFSA completion is to click the gear wheel in the top right corner of the web page and select "Account Settings". Scroll all the way to the bottom to input your FAFSA submission date, as shown below.





Note: This question about FAFSA completion will only appear in Account Settings if you are a senior.

## What's a FAFSA? The Complete Guide to the Application



We're sure that some of you may have noticed this micro-scholarship award on RaiseMe and wondered what a FAFSA was. If you guessed the *"Final Award For Student Achievements"* you're not *too* far off.

The Free Application for Federal Student Aid (FAFSA) is one of the most important forms a student should complete during senior year if they plan on going to college. You see, every year the federal government awards more than **\$150 billion** in financial aid for students who want to attend college—but **a lot of states and colleges run out of those funds early.** In order to get some of that money, you need to complete the FAFSA.

When you fill out a FAFSA form, you are applying not only for federal aid, but **state and college financial aid** as well. Schools and states often use FAFSA information to award non-federal aid, so completing the FAFSA is a crucial first step in securing the full possible financial aid package to college.

The FAFSA opens on **October 1st** and as a senior, you will have to make sure to fill this out as early as possible in order to maximize the amount of financial aid that you will receive. Deadlines for submission can vary by state —find out when you need to complete the application at this url: <a href="https://fafsa.ed.gov/deadlines.htm">https://fafsa.ed.gov/deadlines.htm</a>.

It's important to note that you'll have to gather a lot of information from your parents before you get started on the FAFSA, but that doesn't mean that they should complete it for you. There are certain parts that you'll have to complete yourself, but we're here to make that a little more painless for you.

Also, even though this guide is written for you complete the FAFSA yourself, check videos on Youtube from the experts in order to help maximize the potential amount of financial aid that you will receive!

## Information you need to gather before filling out the FAFSA:

- 1. **Your FSA ID**, which is a username and password you can create on the official FAFSA website (https://fafsa.ed.gov/) even before the FAFSA opens. Be sure to create this FSA ID yourself. Your parents may also need to create their own FSA ID.
- 2. Your Social Security Number (SSN) *OR* your Alien Registration Number (if you are not a US Citizen)
- 3. Your driver's license number. If you don't have a driver's license, you can skip this step!
- 4. Your (and your parents') Federal Income Tax Returns, W-2 Forms, and any other relevant records of money earned from the previous year.
  - You can make this step a little bit easier through using the IRS Data
     Retrieval Tool (IRS DRT), which will import your tax information. However, you should still have these forms handy in case you are not eligible to use it.
- 5. Bank statements (checking and savings) and records of investments/assets.
  - Here's a tip—people commonly misreport the value of their investments on the FAFSA. Check online to see what you can and can't list!
    - https://fafsa.ed.gov/fotw1718/help/fotw33c.htm
- 6. Records of untaxed income, if you have any. Check the official FAFSA website for specifics, but examples include:
  - Child support received
  - o Interest Income
  - Veterans noneducation benefits
- 7. A list of colleges where you'll be applying. Just like your SAT/ACT scores, your information will automatically be submitted to 10 colleges that you list upon completion of the application. It's a good idea to list all ten even if you might not apply to a few of them, in order to maximize your financial aid award.
  - You can list more than ten schools after you receive your **Student Aid Report (SAR)**. Call the Federal Student Aid Information Center and provide the **DRN** from your SAR—they'll add the colleges for you.
  - Some states require you to list your schools in a particular order to receive aid. Check to see if your state has this requirement on the Federal Student Aid website (https://studentaid.ed.gov/sa/).

## Make a checklist √

Draw boxes in the margins of the previous page next to every single item above.
 Throughout the course of the week, gather each item and check them off as you receive them. Once all seven items are checked off, consider yourself ready to start filling out the FAFSA!

## Filling out the FAFSA

Now that you've finished gathering all the data that you need ahead of the game, it's time to take action and start filling it out! Follow the following steps to fill out the FAFSA:

- 1. Go to the official FAFSA website (http://fafsa.gov), click the start button, enter in your FSA ID, and then log in. After, select the FAFSA form that corresponds with the current academic year.
  - **a. Protip:** Create a save key and share it with a parent or guardian if you want to come back to the form later.
- 2. Enter your information in the "Student Demographics" section.
- 3. List the colleges to which you want to have your FAFSA sent. You can work off of any lists you've created while researching colleges to-date!
- 4. Answer questions about your dependency status. This will indicate whether or not your parents have to complete the rest. Figure out if you're dependent or independent at the following website:
  - a. https://studentaid.ed.gov/sa/fafsa/filling-out/dependency#dependent-or-ind ependent
- 5. Pass it to your parents. They'll have to fill out the "parent demographics" information themselves. If they need some help, have them take a look at the following website for some helpful tips:
  - a. https://blog.ed.gov/2017/09/the-parents-guide-to-filling-out-the-fafsa-form/
- 6. Fill out your financial information. Remember, the **IRS Data Retrieval Tool** will allow you to quickly fill out your tax information if you've already completed your taxes from two years prior!
- 7. Sign your FAFSA form (or have your parents sign if you're a dependent student) and submit it. CONGRATULATIONS! YOU'RE ALMOST DONE...

#### Common Mistakes on the FAFSA

The FAFSA is complicated and it's easy to make a mistake. We've listed the most common mistakes that people make when attempting to fill it out so that you can avoid these pitfalls.

- 1. Not completing the FAFSA. Even if it seems difficult, you need to get it done because it will reduce your costs for college in the long run. "He that waits on fortune is never sure of a dinner."
- 2. Filling out the FAFSA late or missing deadlines. The earlier you apply, the more likely it is that you will receive a larger amount of financial aid. If you can get the FAFSA done within a few days of it opening on October 1st, you'll have saved yourself a headache in the future.
- 3. Ignoring the details. The FAFSA requires you to gather very specific information. Many people don't create an FSA ID early, visit the incorrect website, provide inaccurate details, and don't actually read the instructions carefully when attempting to fill out their FAFSA. Don't be that person!
- 4. Not listing all of the colleges you intend to apply to (or listing them in the incorrect order). Even if you don't apply to all ten colleges on your list, you should still include them on your FAFSA because the information will be shared with all of their financial aid offices. Make sure to input that list of colleges in the correct order, depending on your state's guidelines.

#### What's Next?

You should receive your **Student Aid Report (SAR)** three days to three weeks after submitting your FAFSA. Once you have it, check it over to make sure you didn't make a mistake in your application. If you did, you still have the ability to make corrections.

While you won't know *exactly* how much aid you will receive from a school, the SAR will calculate how much you are potentially eligible for and send you an award letter.

If you're worried about how you'll receive your money, contact the financial aid office of the institution where you plan to enroll. They'll let you know what steps you need to take next.

And finally, visit your RaiseMe portfolio page and mark off that FAFSA completion achievement. Well done!

#### **LESSON PLAN INSTRUCTIONS**

## **Objective:**

Students will describe why completing the FAFSA is important. They will define the difference between grants and loans as well as interpret data to describe the financial considerations to weigh when applying to colleges.

# **()** Key Points:

- Completing the FAFSA is the gatekeeper not only for federal financial aid, but state and institutional aid as well.
- A grant is gift money; it does not need to be paid back.
- A loan is money that needs to be paid back.
- Interest rates affect how much you will have to pay back on a loan.
- The cost of attending college includes tuition, room and board, and out of pocket expenses.
- The cost of attendance minus financial aid equals the amount a student and their family will pay each year of college. (cost of attendance - financial aid = \$ family will pay)
- First year retention and graduation rates indicate how many students progress through the college and successfully earn a degree.
- Future salary and outcomes data for a college's graduates gives you an indication of the career and financial trajectory you might expect if you graduate from that college.

# **Activities:**

- 1. Worksheet: FAFSA- Planning Ahead for Financial Aid
  - a. Estimated time: 25-30 min
  - b. Students will identify the different federal aid types and explain the difference between subsidized and unsubsidized loans. Students will interpret financial aid information on a college profile in RaiseMe and weigh that against graduation rate and expected salary outcomes for graduates.

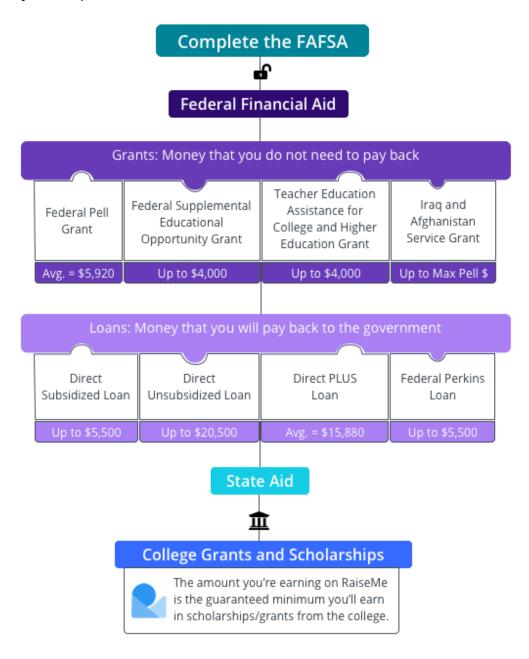
# **@** Requirements:

- 1. Printed hard copies of the worksheet
- 2. Access to a computer to reference college information in their RaiseMe account

## **Worksheet: FAFSA - Planning Ahead for Financial Aid**

I bet you didn't know that each year, the federal government provides more than \$150 billion in financial aid for college or career school! In order to get a share of that aid, you **must complete** the Free Application for Federal Student Aid (FAFSA) your senior year.

When you fill out a FAFSA form, you are applying not only for federal aid, but **state and college financial aid** as well. Colleges and states often use FAFSA information to award non-federal aid, so completing the FAFSA is a crucial first step in securing the full possible financial aid package to college. The flow chart below illustrates the aid sources available to you once you complete the FAFSA:



#### **Federal Financial Aid**

The federal government awards financial aid in three forms: grants, loans, and work-study.

<b>Grants</b> (Define it:)	
, ,	

There are 4 grants that the government can award:

#### 1. Federal Pell Grant

a. Eligibility: For students pursuing an undergraduate degree who demonstrate financial need. Most every high school applicant will be considered for this grant. The maximum award in the 2017-18 school year was \$5,920.

## 2. Federal Supplemental Educational Opportunity Grant (FSEOG)

a. Eligibility: For student pursuing an undergraduate degree with exceptional financial need.

#### 3. Teacher Education Assistance for College and Higher Education (TEACH) Grant

a. Eligibility: For student planning to complete coursework in college to begin a teaching career. To receive the grant, a student must sign an agreement to teach for four years after college.

## 4. Iraq and Afghanistan Service Grant

a. Eligibility: For students who are not eligible for the Pell because they have less financial need. A parent or guardian must have died as a result of military service in Iraq or Afghanistan.

<b>Loans</b> (Define it:)		

A loan is borrowed money. To protect the borrower (in this case the government) from the risk of not getting paid back, an **interest rate** will be applied to the repayment plan. This means that you are paying off what you owe to the borrower (the government) plus a percentage extra to compensate for the amount of time it takes you to fully pay back the borrower.

There are 4 loan programs that the government will offer:

#### 1. Direct Subsidized Loan

- a. Students who demonstrate need will qualify for this loan.
- b. The government will pay the interest on this loan while you are enrolled in college! This means that you only pay interest once you graduate, and the interest rate is fixed (so you don't have to worry about it getting larger over time). *The current interest rate is 4.45%*

#### 2. Direct Unsubsidized Loan

a. The student will pay interest on this loan from the beginning, but the interest rate is fixed. *The current interest rate is 4.45%* 

## 3. Direct PLUS Loan

- a. For parents of dependent undergraduate students.
- b. The parent will pay interest from the beginning, but the interest rate is fixed. *The current interest rate is 7%*

#### 4. Federal Perkins Loan

- a. For undergraduate students with exceptional financial need.
- b. Students pay interest from the beginning, but the rate is fixed. *The current interest rate is 5%*

**Work-Study:** Students with demonstrated need have the option to hold part-time jobs while enrolled in college to help pay for out-of-pocket expenses while on campus.

- Work-study jobs are made available by the college
- Some colleges fill these jobs on a first come-first serve basis, so it's important to get in touch with the college's financial aid department to secure an interview

When a college sends you your full financial aid package, it may include a combination of grants, loans, and work-study options. Based on what you read above, rank those three aid types in the order you'd want to accept them:

1.		 	 
2.			





What is the difference between a subsidized and unsubsidized loan? Which is better for your wallet?

To illustrate what loan repayment could look like in the future, let's walk through a quick calculation:

Imagine that you are offered a \$1,000 loan.

- Each month, the base fee you are paying back the government is \$50.
- If this is a Federal Perkins Loan, the interest rate is 5%.



How much would you need to pay in total each month including the interest?

Show work here

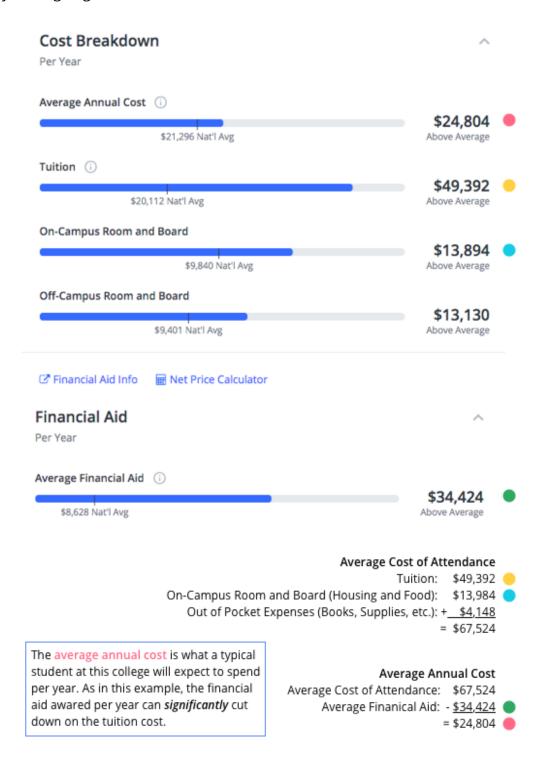
50 \* 0.05 = X (the amount added in interest)

\$50 + X = Total monthly payment

Based on that total monthly payment, how many months will it take to pay off the \$1,000 loan?

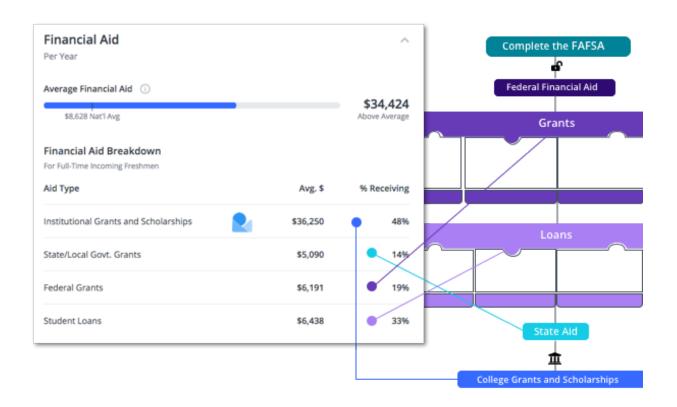
## **RaiseMe for Financial Aid Planning**

It's important to look closely at the colleges you are interested in to understand the full scope of cost and how financial aid can impact the final price tag. Each college listed on RaiseMe has an "About" page that will give you a ton of information about the institution. Today we're going to take a closer look at the cost and aid sections:



In the above example, it's important to notice how much the average financial aid package is at the school and to see the degree to which it cuts down the overall cost. That's why "Average Annual Cost" is listed first on the page, because that is how much the average student *actually* pays each year.

Let's look closer at the Financial Aid breakdown for this college:

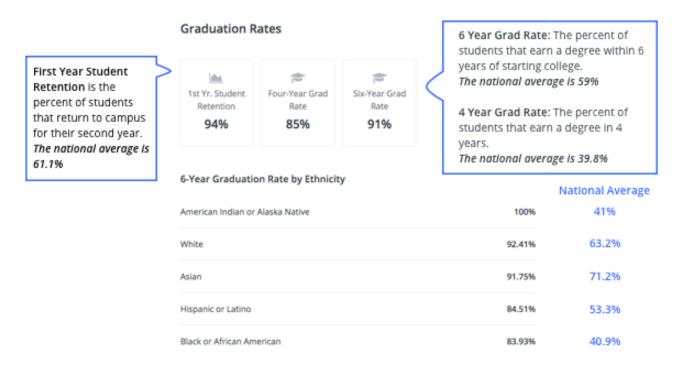


As we discussed above, **filling out the FAFSA is the required first step** to be considered for all the aid types possible, so it's really important that you fill it out! Above you are shown the average award offered by the college for each type of aid, so you can get a sense for what's possible should you be accepted.

Notice that at this college close to **half** (48%) of all admitted students are offered grants and scholarships. This is what you see calculated on your RaiseMe portfolio next to the colleges you follow. In addition to that money, you could also be awarded federal and state aid, meaning your full financial aid package is likely to be even more than what you see on RaiseMe!

Remember that most federal and state grants and loans are awarded based on the financial need demonstrated by you and your family. The average award amount listed above gives you a sense of what's possible but don't think of that number as set in stone. Your need-based aid is reflective of your personal situation so this number will differ for each person and their family situation.

The About page of a college profile on RaiseMe will also include Graduation Rates.



National Average Data: nces.ed.gov

The **First Year Student Retention** is important to note, as it can show you how happy a freshman student was at that college. If the percent of students returning for a second year is high, you can expect that most students are very satisfied with their experience!

The **Four Year** and **Six Year Grad Rates** are really important to know in advance. If the majority of students are graduating with a degree that means it was worth the investment of money and time to attend that college. If, however, a college has a grad rate below 50% that means that more than half of the students they enroll as freshmen don't walk away with a degree. It is not worth taking out loans or risking going into debt if you aren't confident that the college has the right resources and staff to support on-time graduations.



Why do you think graduation rates are reported by ethnicity? What might this tell you about the institution and their ability to teach and support different identity groups?

Another section to be aware of in the College About page is the Salary and Outcomes information of graduates.



For **Salary After Attending**, it's encouraging to see a salary above the national average, especially if the annual cost to attend that college was somewhat high. Comparing those two numbers can give you a sense for whether or not your degree earned will be well worth the cost.

Remember the monthly loan payment exercise in the prior section? Above you can see an example for the real **Average Monthly Loan Payment** for this college's graduates. It's positive to see that this is pretty far below the national average. Also, compared against the average salary, the loan payment seems manageable. This is another strong indicator that attending this college is a smart financial investment.



For a college you are interested in, go to the About page on RaiseMe and answer the following questions:

College Name:			
Average Financial Aid Award:	Average Monthly Loan Payment:		
Average Annual Cost:	Salary After Attending:		
4 Year Grad Rate: 6 Year Grad Rate: _	Grad Rate for your ethnicity:		