

**College Financial Strategies & FAFSA Changes**  
**Impacting your Clients**



**Cozy Wittman**  
 612-850-5729  
 cwittman@collegeinsidetrack.com



1

---

---

---

---

---

---

---

---



Helping families successfully navigate college search for 15 years

Help students identify right fit schools – Academic, Social, Financial

Reduce the stress between parents and kids during this journey

2

---

---

---

---

---

---

---

---

**Agenda**

- FAFSA Review
- Changes on the FAFSA
- Need v Merit
- Creating a Family Financial Strategy
- Loans and their Strategic Use

3

---

---

---

---

---

---

---

---

## FAFSA Review

- Filled out fall of senior year and each subsequent fall
- Determines need at both Federal and Collegiate levels
- May be a factor in the addition of merit grants & scholarships
- Application for the Federal Student Loan Program
- Creates a great deal of confusion and stress

4

---

---

---

---

---

---

---

## How is the FAFSA used by colleges?

- FAFSA is used to determine need based aid by the *college*
- Families can be need based at some schools and not at others



5

---

---

---

---

---

---

---

## Asset/Income Assessment on FAFSA

### Parents

- 5.64% assets – income up to 47%

### Students

- 20% assets – income 50%

### Grandparents

- Not assessed at all

6

---

---

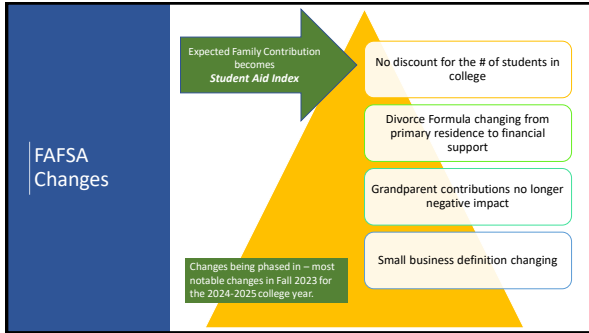
---

---

---

---

---



7

---

---

---

---

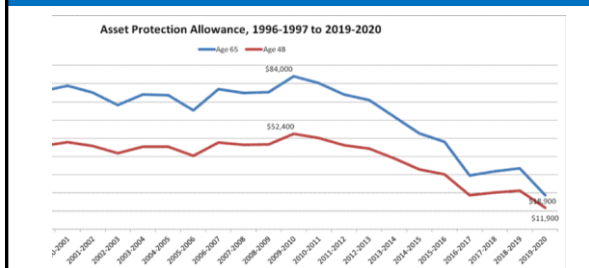
---

---

---

---

10 years ago, a family could shelter \$52,400 in assets, today that number is \$6-7K (down from \$11,900)



8

---

---

---

---

---

---

---

---

An over focusing on “need” means people blind themselves to the best options to reduce cost!

High Net worth families should still fill out their FAFSA

Looking for ways to “reduce” assets doesn’t generally work

Assets only account for 5.64% of the formula, their impact is minimal compared to income

9

---

---

---

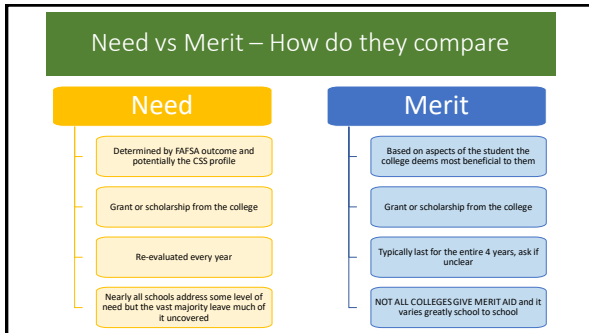
---

---

---

---

---



10

---

---

---

---

---

---

---

---

### Anatomy of 1 College's Merit Aid

• Demonstrated Interest	\$3,000
• Lives out of state	\$2,000-\$15,000
• Every "A" on the transcript	\$62 per "A"
• Rigorous class	\$400 for every AP, IB, etc
• Excellent letter of recommendation	\$1,800
• Increase ACT score	\$425 per point above avg
• FAFSA	\$1,800
• CSS/Profile	\$2,500
• Essay	\$1,100-8,500 for excellent

11

---

---

---

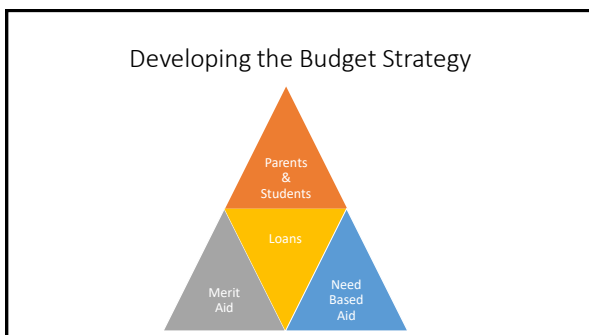
---

---

---

---

---



12

---

---

---

---

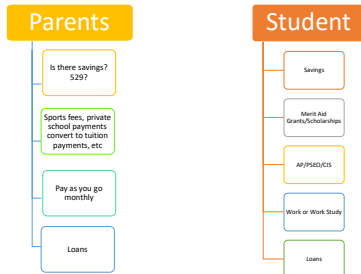
---

---

---

---

### Break Down Where Money is Coming From!



13

---

---

---

---

---

---

---

---

### 4 Tips to take with you

- Discuss financials with your clients early in the college search
- Make financial considerations an equal part of this search along with academic and social fit
- Help clients determine strategy for who has skin in the game and determine what your "maximum" bottom line is
- Have an open discussion around loans and use real world examples to illustrate payback

14

---

---

---

---

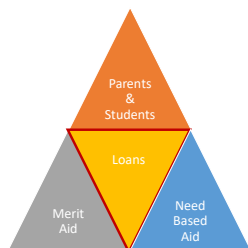
---

---

---

---

### Loan Considerations!



15

---

---

---

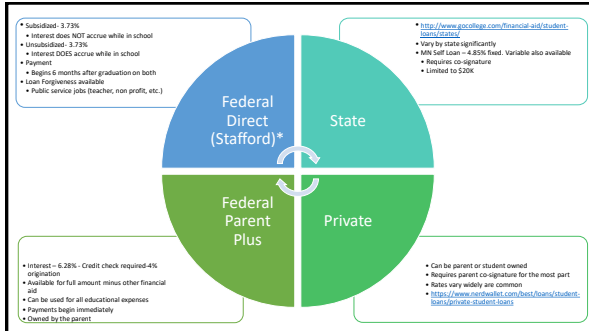
---

---

---

---

---



16

---

---

---


---

---

---

---

---



### LOAN Limits

- Federal Student loan – maximal set amount
- Freshman - \$5500 – subsidized max \$3500
- Sophomore - \$6500 – subsidized max \$4500
- Junior - \$7500 – subsidized max \$5500
- Senior - \$7500 – subsidized max \$5500
- Full amount does not have to be taken
- ONLY loan the student owns alone
- Parent Plus vs HELOC

Be clear about the terms of both federal, state and private loans!

17

---

---

---

---

---

---

---

---

### Guidelines for Debt

- Never take out more in loans than a first year salary in your chosen field
- For every \$10,000 in loans you take out, it will be roughly \$100/month loan payment
- Federal loans are only available for the year they are offered, so consider the entire 4 years before declining loans

18

---

---

---

---

---

---

---

---

## Keys to adding value to your clients

- Identify families with a sophomore or junior and encourage late stage planning – right timing is IMPORTANT!
- Grandparents are looking for ways to help- access to another generation – assuring 529's are being utilized well!

19

---

---

---

---

---

---

---



20

---

---

---

---

---

---

---