

What is Financial Aid?

Q: What is FAFSA, and why does it matter?

A: The only way you can qualify for federal scholarship, grant or loan money is to fill out the Free Application for Federal Student Aid (FAFSA) first. If you don't fill out the FAFSA, you can kiss any government-given financial aid goodbye.

If you're a senior, complete the FAFSA as soon after Jan. 1st as you can. It helps to have done your taxes before filling out a FAFSA. But if you're eager to get the ball rolling sooner than Mom will finish her tax return, you can estimate your family's income, taxes and investments using last year's tax data. You'll get a chance to make changes later on the student aid report (SAR), which will be mailed to you after you turn in the FAFSA.

Q: What is FAFSA's function?

A: The FAFSA determines your expected family contribution (EFC). This is the amount that determines how much your family can put towards your education. If your EFC is below a certain amount, you'll be entitled to federal grants to help cover your school's cost of attendance (COA). A school's COA is more than tuition, room and board. It also includes the average you'll spend on books, supplies, personal expenses and transportation. College financial-aid officers subtract your EFC from the COA to determine your financial need. They try to meet

your financial need by offering you grants, scholarships, loans and work-study.

Q: What is financial aid and what's the difference between loans, scholarships, grants and work-study?

A: Grants and scholarships are money that you don't have to pay back! A loan is money that you borrow from the government or a bank. You have to pay this money back with interest. Some loans require that you start repaying while you're still in school, while some loans will start sending you bills only after you leave school.

Work-study is a type of financial aid through which your college gives you the go-ahead to find a job on campus. You can earn up to your awarded amount during the year. You'll get a paycheck, just as if you were working off campus. It's up to you to put that money towards your school expenses.

Q: I have a 4.0 GPA. Should I wait to see what colleges come to me with scholarships before approaching any schools?

A: No. You are responsible for letting colleges know you're interested in them and for getting financial aid. Don't wait for colleges or scholarships to come to you. Sure, it's nice to be recruited. But unless you let a college know you exist, it's likely they won't know to come find you.

Some colleges and universities

have merit-based grant money you'll receive on the basis of your high school grades, SAT or ACT scores. But don't rely on a college to write you a full ride just because you're smart. Check with your religious organizations, volunteer groups, music groups, ethnic communities, clubs and schools for private, merit-based scholarships. You may have to write a lot of essays, but top students are strong candidates, and you'll be thankful for the cash.

Still have questions like what is financial aid and what is FAFSA? Explore all the financial aid articles at NextStepU.com/fafsa-financial-aid.cat.

UPDATE TO KNOW:

Under the current FAFSA, students must wait until January 1 for the release of the form. An upcoming change will allow for an earlier submission date, allowing students to file a 2017-2018 FAFSA as early as October 1 (starting in 2016).

This means that, beginning next year, millions of students will be able to access, complete and submit their FAFSA forms as early as October 1 each year.

The bottom line? You will be able to access, complete and submit the 2017-2018 FAFSA anytime between October 1, 2016 through June 30, 2018.