

# Why the FAFSA Is Important

You have probably been told that filling out a FAFSA is very important, but you may be wondering why it's such a big deal.

Here you'll find information about why the FAFSA is so important, and how the information you provide is used.

## Why the FAFSA is Needed

There is a great deal of money available to help students pay for college. The federal government provides billions of dollars in financial aid, and colleges and organizations also have large sums of money set aside for students who need help paying for college.

*But how do colleges, the federal government, and others know which students really need help paying for college?*

This is where the FAFSA comes in. The FAFSA is the application that provides an estimation of how much a family could pay for college the following year. The federal government, colleges, and others need this information to help them calculate who is eligible for financial aid (grants, work-study, loans).

*If you don't fill out a FAFSA, no one will have the information they need—which means that there's a lot of financial aid money you won't have access to!*

## How the Information Is Used

After you submit a FAFSA, you receive a **Student Aid Report (SAR)**. This report will also be sent to the colleges listed on your FAFSA. The SAR will include your SAI (Student Aid Index).

Your SAI provides colleges with an estimation of what your family could afford to pay for college the following year. Colleges, federal and state aid programs, and lending institutions use this SAI figure to help them determine if you have a financial need, and if so, what that need is.

### Determining financial need

Other factors may be considered, but a student's financial need is primarily determined by comparing their SAI to the cost of attendance (COA) at a particular college.

#### Check out this example.

Josh's Student Aid Report (SAR) shows that his Student Aid Index (SAI) is \$12,000. To get an idea of how much financial need he will have at each college he's considering, his family created the following table.

	<u>Private U</u>	<u>State U</u>	<u>City CC</u>
<u>COA</u>	\$45,000	\$23,000	\$15,000
<u>Minus SAI</u>	-\$12,000	-\$12,000	-\$12,000
<u>Financial need</u>	\$33,000	\$11,000	\$3,000

While the financial need amounts will likely change as colleges take other factors into consideration, whether Josh attends a college that costs \$45,000 or \$15,000, his SAI doesn't change. The only thing that changes is Josh's financial need.

*For more on financial aid,  
watch this quick video.*



# 10 Reasons to Fill Out the FAFSA

Here are ten excellent reasons you should fill out the FAFSA, even if you don't think you will qualify for financial aid.

## Why You Should Fill Out a FAFSA

### 1. You can get “free” money

When you submit a FAFSA, you automatically apply for federal grants, such as the Pell Grant and FSEOG. To be eligible to receive free government money for college (money you don't have to pay back), you must complete a FAFSA.

### 2. Almost everyone qualifies

Many students don't fill out the FAFSA because they think they won't qualify for aid. The truth is that almost every student is eligible for some type of aid, whether it's grants, loans, or both.

### 3. It's free and fast

The FAFSA is free to fill out, and it takes less than 30 minutes to complete if you have everything ready when you begin.

### 4. The FAFSA may be required

Students who are applying for scholarships are often required to complete a FAFSA. Many schools want documentation showing that a student isn't eligible for need-based aid before they award their merit-based aid (scholarships).

## 5. It may help you get scholarships

Lots of organizations, businesses, and clubs award scholarships, and many require submission of the FAFSA as part of the application process.

## 6. You can get a federal loan

Federal loans, which are offered by the federal government, are available to any college student. Federal loans have much lower interest rates than those offered by private lenders. To apply for a federal loan, you must complete a FAFSA.

## 7. You'll make informed decisions

If you complete a FAFSA, the schools that have accepted you will put together a financial aid package for you, showing you just how much it will cost to attend their college. Comparing these packages will help you make the best college choice for you and your family.

## 8. You only need to complete one

Regardless of how many colleges you apply to, you only need to complete one FAFSA.

## 9. Some federal loans are forgiven

While there are strict eligibility requirements, it is possible to have federal student loans forgiven (which means you may not have to pay all of the money back). Some examples of borrowers who may have their loans forgiven are teachers, public service employees, and employees of non-profits.

## 10. It shows colleges you're serious

When you request to have your FAFSA results sent to specific schools, it lets them know that you are interested in attending, and more likely to enroll.

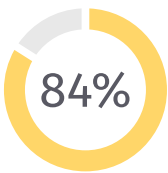


*For information and tips on how to make college affordable, check out this short video.*

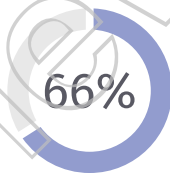
## Federal Aid by the Numbers

Filling out the FAFSA can help you get access to thousands of dollars in financial aid. Here are some key statistics about federal financial aid.

### Receiving financial aid is common.

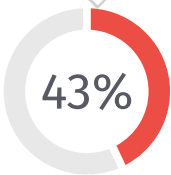


**84%** of first-year students receive financial aid.



**66%** of students apply for federal aid using the FAFSA.

### Grants are the most common form of federal financial aid.



**43%** of students are awarded federal grants.

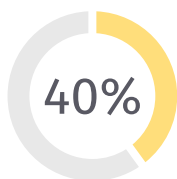


The average federal grant amount awarded to each student is **\$5,179**/year.

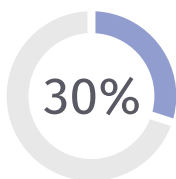


Pell grants are available for income-eligible students. They range from around **\$600** to **\$6000**.

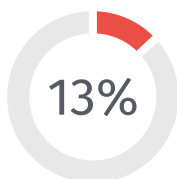
## Many students and parents take out a federal loan to help pay for college.



**40%** of undergraduates take out loans.



**30%** of students receive federal student loans.

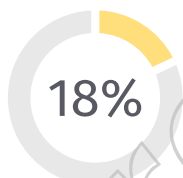


**13%** of parents take out federal loans on behalf of their children.



Students take out an average of **\$8,285** of federal student loans yearly.

## Work-study is less common.



**18%** of students participate in federal work study, with recipients typically earning **\$2,000–\$5,000** per year.

## A lot of federal aid goes unclaimed.



Over **\$2 billion** in Pell grants (which is free money!) went unclaimed in 2021.

**It pays to fill out the FAFSA!**

*College can be expensive, and it helps to be informed. Check out this short video on college costs.*



# Types of Federal Aid

Federal financial aid provides over \$100 billion in grants, work-study, and loans each year to help students pay for their education. This aid makes college possible for millions of students! How can you have access to federal financial aid? *You fill out a FAFSA!*

## The Types of Federal Aid

### Grants

*Grants are funds given to students, usually because of financial need. Grants are free money—they do not have to be paid back.*

The Pell Grant and the Federal Supplemental Educational Opportunity Grant (FSEOG) provide billions of dollars each year to income-eligible families. When students and parents submit a FAFSA, they automatically apply for these grants. The FAFSA also serves as the application for grants provided by individual states and colleges.

### Work-Study

*Work-study programs provide students who have financial need with part-time jobs to help fund their education.*

Work-study jobs can be either on- or off-campus. They usually have flexible hours so that students can schedule their work around their classes. Most students work 10–15 hours a week until they have earned the amount stipulated in their award letter.

## Loans

*When grants, scholarships, and work-study don't provide enough money to cover a family's financial need, the student or parent can take out a loan to cover the remaining cost.*

### Direct Student Loans

College students are eligible for Federal Direct Loans. First-year students can borrow up to \$5,500 a year. Second-year students can borrow up to \$6,500 a year. Repayment doesn't begin until six months after the student has left college.

*Direct Loans are either subsidized or unsubsidized. Direct Subsidized Loans are available for students with financial need; Direct Unsubsidized Loans are available for students without financial need. A Direct Subsidized Loan is preferable because the government pays the interest on the loan while the student is in college.*

### Direct PLUS Loans

These loans are available to parents with good credit. Parents can apply for a PLUS Loan for the total cost of attendance, minus any financial aid the student has received.

*For more on student loans, watch this quick video.*



## Am I Eligible for Federal Aid?

The only way to know for sure whether you qualify for federal aid is to complete and submit a FAFSA. Most students are eligible for some type of aid.

Every year, there are hundreds of thousands of students who could have gotten money to help them pay for their education, but they didn't because they didn't complete the FAFSA. *Don't be one of those students!*



# The FAFSA Application Process

Students and families often find the thought of completing the FAFSA overwhelming and intimidating, but it doesn't have to be.

By following these simple steps, you can complete the FAFSA quickly and easily, and be on your way to achieving your college goals.

## Steps for Filling out the FAFSA

### Step 1: Gather your materials

To complete the FAFSA, you and your parents will need the following: social security or alien registration number; driver's license (if you have one); federal income tax returns, W-2s, and other financial records; bank statements; records of any untaxed income; and your list of colleges.

### Step 2: Create an FSA ID

Your FSA ID is a username and password combination that is unique to you. You will use your FSA ID every time you log in to complete or edit the FAFSA. Visit [studentaid.gov/fsa-id](https://studentaid.gov/fsa-id) to create your FSA ID. If you are filing as a dependent, at least one parent will also need an FSA ID.

### Step 3: Complete the application

The FAFSA opens on October 1 for the following school year. Using the materials you've gathered, complete all sections of the application. There are separate sections for you and your parents. Be sure to save your work if you cannot finish in one sitting.

## Step 4: Review your SAR

If you submit the FAFSA electronically, you will receive a Student Aid Report (SAR) within 3–5 days. This report will also be sent to the colleges you listed on the FAFSA. Your SAR will include:

- 1) your Student Aid Index (SAI)—the number colleges use to calculate financial aid awards
- 2) a summary of all of the information you provided on the FAFSA.

*Review your SAR carefully to make sure that everything is correct.*

## Step 5: Make necessary changes

If you need to make any changes to your FAFSA, log in using your FSA ID and choose the menu option **Make FAFSA Corrections**. You will receive confirmation within 3–5 days that your corrections were processed.

## Step 6: Compare packages

Colleges that have accepted you will use the information from your SAR to determine if you have a financial need. They will then put together a financial aid package for you. This package will be made up of grants, scholarships, work-study, and/or loans. Financial aid packages will vary from college to college so it's important to compare these packages carefully.

## Step 7: Do it again next year

You're required to submit a new FAFSA every year, but it gets easier each time you do it.



*The more on the FAFSA, watch this short video and visit [fafsa.gov](https://fafsa.gov).*

# After You Complete the FAFSA

So you've submitted your FAFSA. Great job! You now may be eligible to receive thousands of dollars to help you pay for your college education. *What happens next?*

Filling out the FAFSA is the hardest part, but it's not the last step. Here's what will happen after you submit your FAFSA.

## What to Expect

### Confirmation

When you submit your FAFSA, you should receive a confirmation email that indicates your application was received and is being processed. Electronic applications are processed within 3–5 days. Paper applications are processed within 7–10 days. Make note of your confirmation number and/or print it out for your records. *If you did not receive a confirmation number, visit [studentaid.gov](http://studentaid.gov) for assistance.*

### Student Aid Report (SAR)

Once your application is processed, you will receive a Student Aid Report, or SAR. Your SAR is a summary of all the information you provided on your application. It's important to review your SAR carefully to make sure everything is correct. If anything is wrong or missing (even something as small as a misplaced decimal point), your aid could be delayed or not go through at all.

## Student Aid Index (SAI)

Your SAR (Student Aid Report) will include your Student Aid Index, or SAI. The SAI figure is an eligibility index for student aid. An applicant's SAI provides colleges with an estimation of the amount their family could afford to pay for college the following year. The lower the SAI amount, the higher the financial need, and the greater the eligibility for federal financial assistance.

## Financial Aid Packages

Once your financial need is determined, the college's financial aid office will put together a financial aid package for you.

Financial aid packages are a combination of grants, scholarships, work-study, and/or loans. While it would be great if packages were mostly made up of grants and scholarships (free money), the majority of financial aid comes in the form of loans.

Because financial aid packages will vary from college to college, it is very important to carefully compare them. Consider not only how much aid is offered, but also the type of aid that's offered. Check out this example:

*Sara applied for financial aid at two colleges. Both colleges cost \$24,000 and both offered her a financial aid package worth \$9,000. College X's package included \$3,000 in grants, \$3,000 in scholarships, and \$3,000 in loans. College Y's package included \$2,000 in grants, \$1,000 in scholarships, and \$6,000 in loans.*

*College X offered Sara a better package because it offered more free money and fewer loans.*



VIDEO

*Regardless of how much aid you receive, it's good to look for ways to cut college costs. Check out this video for tips.*