

Educational Funding Solutions

Financial News & Views – February 2012



You and EFS BOTH Have TEAM Responsibilities

Are you sighing with relief now that your admissions applications are in and your acceptance letters are beginning to arrive? Don't relax just yet!! While we're busy filing your FAFSAs, you have some important things to do!!

Please remember that TEAMWORK is absolutely critical to your success in the next six steps of the college funding process. Post our checklist in this newsletter somewhere handy to make sure you are staying on track!

You must meet school deadlines to ensure the funds you need to pay for your "College Dream"

1) YOU send us your 2011 financial update and if you're a continuing student, your renewal fee.

Some of you have not sent EFS your 2011 financial update form. **We cannot do anything until we hear from you.** The deadline for FAFSAs (new & renewals) is March 2, if you want any chance of FREE money. Miss the deadline, and you only get loans. But EFS's deadline is February 10th so we have processing time!!!! The March 2nd deadline does NOT apply to having supplied tax return information on the FAFSA.

AVOID EXTRA FEES; GET US YOUR UPDATES BEFORE FEB. 10th!!

*Fax or deliver your 2011 update to EFS by February 10th
or pay a \$150 rush fee to meet the March 2 FAFSA deadline.*

If schools require the CSS Profile, check the deadlines. If you are paying us to file your Profile, get us your update 10 days before the first deadline. NOTE, many FAFAs were due on or before 2/1 and some are due by 3/1. If you have already received a confirmation of Profile filing from EFS, you are all set. No changes can be made to the Profile once it has been submitted. Returning students will have a later deadline.



IMPORTANT NEXT STEPS – PLEASE POST!

****Cal Grant Deadline - [March 2, 2012](#)**

Check with your school to see if they will be filing the Cal Grant for you.

If not, visit www.calgrant.org for information and downloadable forms. The Cal Grant is based on information from the FAFSA and GPA verification by your student’s school. Educational Funding Solutions can NOT file the Cal Grant for you!! Typically, all students applying to any CA school have to apply for the Cal Grant, regardless of eligibility, to be eligible for any financial aid. This applies to all transfer students also.

****FAFSA deadline for *most* schools – [March 2, 2012](#)**

This is for your estimated financial information, NOT tax return information!

**** Spring Break**

A good time for *seniors* to make one last visit to campuses they are considering and for *juniors* to explore campuses on their wish list.

****Juniors - Focus on Your Grades:** Colleges will be looking at your cumulative GPA through your JUNIOR year. Senior grades won’t be on your college applications !!

****Seniors - You need to maintain your grades!!** If you do not, colleges can and will rescind your admission! Plan now to visit or revisit schools you are considering during your Spring break. You may not find them as good a fit as you thought a year ago!

Please send us acceptance letters, scholarship offers and all financial aid packages.

Continuing Students - Make sure you send your renewal FAFSA information to Educational Funding Solutions ASAP. With Federal and California budget crunches, it is more important than ever to file early and be in front of the line when financial aid is handed out.

Juniors should take SAT I and 3 SAT IIs early and often. EFS also recommends taking the ACT.

SAT www.collegeboard.org

Test Date	Register
3/10/12	2/10/12
5/5/12	4/6/12
6/2/12	5/8/12

ACT www.act.org

Test Date	Register
4/14/12	3/9/12
6/9/12	5/4/12

2 Day SAT Prep Workshop – Fee \$150

March 31st 8-3 and April 7th 8-noon

Conejo Valley Adult School – To pay with credit card and register, visit www.conejoadultschool.org

2) EFS files your FAFSA (and CSS Profile, if necessary). EFS reviews your financial update to optimize your aid and files your FAFSA (and CSS Profile, if agreed per your contract). We may call and ask questions. Then we file for you and send you filing confirmation for your records.

3) YOU fill-in institutional forms & send them to the colleges by school deadlines. Some colleges have their own institutional forms for aid. \$\$\$ questions on the forms **MUST** match your FAFSA and Profile. If you have questions, contact EFS. You are responsible for submitting all institutional forms to the colleges. Pepperdine, Chapman, and others use these special forms. Again, you need to **watch the due dates!!** If you miss a deadline – **NO FREE MONEY!!**

5) YOU send your 2011 taxes and W2s to EFS and to the colleges that ask for them. Mail or fax your 2011 parent and student Federal taxes to EFS as soon as possible. If you are self-employed, own a business or can defer income, you should review your taxes with EFS **BEFORE** filing with the IRS. **If required by the college, it is your responsibility** to send **COMPLETE** and signed copies of taxes to individual colleges. Some schools require taxes by **MARCH 1!** See the tax tips that follow.

6) EFS will update your FAFSA. We will review your 2011 Federal taxes and make necessary revisions to the FAFSA and advise you on aid impact.

NOTE: While all this paperwork is going back and forth between EFS, you and the colleges, your student will begin receiving college acceptances and financial aid offers. Send EFS your financial aid offers by fax or mail as soon as you get them for our analysis and review.

Start Doing Your Federal Taxes NOW!!

We know most of you don't start thinking about taxes until late March. But the college funding system throws you several curves regarding Federal taxes.

Including . . .

Curve #1 comes if you have CSS Profile colleges like USC or Stanford. These colleges require a **SIGNED, complete** copy of the parent and student (if filing) 1040 as well as W-2's by a rigid deadline. Most Profile colleges have a March 1 deadline!! Check the college due dates! So this means **completing taxes for the college well before that date.**

Curve #2 happens if you get an extension for an October filing because of K-1s or a complicated return. During the college years, you can *rarely* file later than April 15th.



IS TOO LATE!!

Curve #3 About 1/3 of families are *randomly* selected by the Department of Education for a process called VERIFICATION. If selected, you may be required to submit a signed copy of your 1040 to the final college *BEFORE* the college will award any aid dollars **INCLUDING LOANS!!!**

Curve #4 If you're self-employed, own a business or can defer income, EFS needs a copy BEFORE you submit your taxes so we can intercede if your tax professional is about to hurt your college funding!!! What you do with your taxes directly influences the aid you will receive. We want to make sure you have taken full advantage of **ALL** your options.

PLEASE NOTE: It's important to use the right tax forms!! Because everyone can use the 1040, most tax professionals use it for everyone! Many students meet the simplified needs test and should file the 1040A or 1040EZ. For financial \$\$ you want to use a short form if you can.



Private Colleges Get Creative With Financial Aid Policies

There's a small war going on between America's top private colleges and this battle for top students is welcome news for families around the country. Many of these top schools are announcing changes in their financial aid policies that will significantly reduce the cost of college, even for families with six-figure incomes.

Initiatives taken by Harvard, Yale, Penn, Swarthmore, Williams, and Duke will replace loans with grants in their student aid packages. Students that qualify for financial aid will receive that aid in grants, rather than being required to take out loans.

In addition, some schools are also capping expected family contributions at 0% to 10% of the family's earned income. Under a plan announced by Harvard University, families earning more than \$60,000 will be expected to pay a small percentage of their annual income for tuition and room and board, rising to 10 percent for those earning between \$120,000 and \$180,000 a year. Harvard will also no longer consider the equity in a family's home when calculating whether it qualifies for financial aid. This will make the cost for many families attending Harvard no more than \$18,000 a year, comparable to that of major public universities.

Furthermore, many California private colleges, such as Cal Tech, Pomona, and California Lutheran University, have announced that they will be matching the college tuition for students who are also admitted to some California public universities.

Families are worried about sinking deeper into debt or dipping into retirement savings to cover tuition and many of the top private colleges in the nation are accelerating their efforts to enhance access and affordability. Some of these initiatives include:

- Reducing loans with grants, and changing need-analysis formulas
- Tuition cuts, freezes, and guarantees
- Tuition and student aid matches
- Eliminating loan interest
- And more...

Cal Grant Deadline – March 2nd

FAFSA + VERIFIED GPA = A CAL GRANT APPLICATION

Find out how your student's school will submit their verified Cal Grant GPA. Start the process early to get your GPA submitted by March 2. If your school does not submit your GPA for you, you must fill out a paper GPA verification form that the school can sign. Don't forget to mail the form after both you and your school sign it. To check out the status of your Cal Grant, set up your [WebGrants for Students](#) account to access your information 24 hours a day, seven days a week. Register at www.calgrant.org

Colleges Focus On Student Majors

Knowing Which Ones Could Save You Thousands of Dollars in Education Costs

Can you imagine a teenager trying to choose a career direction? Many adults still question whether or not they chose the right career. Yet, choosing a career path is one of the most important decisions that students face today – and colleges recognize the importance too.

Today, more and more colleges are increasing their staff of advisers focusing on undergraduates who can't settle on a major. They've discovered that the more a student wanders through the college experience, the less likely they are to stay in college – costing the college and the family thousands of dollars.

Students who do not plan their career path may end up receiving degrees in declining-growth fields, or fields with a surplus of applicants, resulting in their inability to find employment after graduation. A wise choice can lead to a rewarding occupational experience and the security of an adequate income.

The difficulty in choosing a career is that it often requires a considerable commitment in education and training to prepare for that career. Students that change their major midstream may find that many of their college credits cannot be applied to the new major, forcing them to spend five or six years to achieve a four-year degree.

DISCOVER PROGRAM HELPS!! Our EFS Discover Program was instituted to address these issues. Evaluating the student's interests, abilities and values are invaluable in helping students to plan effectively, determine a major and select a school that will fit the parents' budget. Have your student call for an appointment right away.

Juniors should come in as soon as possible if they have not taken the Discover Program!!

Asking the Right Questions About Your Potential Career Interest

Another excellent way to learn more about an occupation is to talk with professionals in that field of interest. To get an interview, just call the professional; introduce yourself, then explain that you wish to seek a first hand opinion of the benefits of their job or profession. Many professionals would welcome a student's interest in their field. Here is a list of suggested questions to ask:

1. How long have you been in this field?

2. Why did you decide to work in this field?
3. How did you get your 1st job in this field?
4. How has this field changed since your first job?
5. Do you know what the future outlook is for this field?
6. How competitive is this field?
7. What do you like about your occupation?
8. What do you dislike about your occupation?
9. What are your primary duties during a typical day?
10. What kinds of education or training are required in this occupation?
11. What are the entry-level salary and benefits in this occupation?
12. What are the expected salary and benefits in this occupation after ten years?
13. What are the chances for advancement in this occupation?
14. What additional training or education is needed for advancement?
15. Where else can I look for information pertaining to this occupation?

Armed with answers to the above questions and with solid research and planning, students can make a wise choice of career direction.

What If You Don't Qualify For Financial Aid?

Every year families go through the tedious process of filling out financial aid forms in hopes of getting enough money to make college affordable for their student(s). But the truth is unless they understand the financial aid system inside and out, they will get little or no aid. If they do get aid, most of it is in the form of loans, which today have a high fixed interest rate.

However, that's not the REAL problem. The real problem is even if the student is awarded some grant money, the family will struggle financially to pay the balance due the college. The 'balance due the college' is usually determined by the Expected Family Contribution (EFC) of the family.

The EFC is computed by using family financial data submitted on the FAFSA financial aid application form. Private colleges may use their own Institutional EFC forms. The EFC is then subtracted from the Total Cost of Attendance (tuition, fees, room and board, books and supplies, personal expenses, cost of a computer, and transportation to and from college) to arrive at the student's "need", or eligibility for financial aid.

Example

Johnny wants to attend XYZ Private College. The cost is \$36,000 per year. XYZ college offers Johnny \$10,000 in grant money and \$6,000 in student loans. Is this an attractive financial aid offer? Maybe. Can Johnny get a better deal from this college? With professional help... probably. Does this offer make college affordable to the family? Probably not. You see, the real problem is Johnny's family must still come up with \$20,000 per year to pay the balance due the college. And even if Johnny's aid package was negotiated by a professional to \$13,000 in grant money and \$3,000 in student loans, the family still owes the college the \$20,000 balance.

What can this family do?

They could go into debt and take out parent (PLUS) loans at an 8.5% fixed interest rate (this could very easily lower the parent's credit rating). They could take out some loans and pay the balance out of their

income and assets. They could also take money out of their retirement to pay college expenses (this is absolutely the wrong thing to do).

As a last resort, Johnny could decide to forego his dream college and attend a public university. However, with a cost of \$15,000 and a family EFC of \$20,000, Johnny would not receive any need-based aid. Consequently, the student and parents would have to decide how to split the \$15,000 cost, which is still unaffordable to some families, especially if they have two or more children.

Is there a solution for Johnny's family? Yes there is, but it can't be found by pouring over voluminous college books in the library, or searching endlessly through Google for answers. Many families have tried to figure out how to pay for college all by themselves... and failed. And remember: even if you do get financial aid... it's the out-of-pocket EFC that usually comes back to haunt your bank account.

The solution is to educate yourself on the many financial strategies that can help you pay for college without raiding your retirement fund. Strategies such as:

- ✓ EFC strategies - minimize your EFC and maximize your financial aid eligibility
- ✓ Loan strategies - reduce your education debt so as not to jeopardize your current budget, your credit rating, or your retirement funding
- ✓ Tax strategies - increase your potential tax savings that can be converted to funding college costs
- ✓ Cash Flow strategies - find potential areas of cash flow improvement in your investments, health costs, insurance costs, mortgage costs, and current living expenses – all which can be used to help fund college costs
- ✓ Investment strategies - uncover “hidden costs” that can be converted to real dollars used to help fund college costs

What will you do if you don't qualify for financial aid? Will you need to go into debt and potentially lower your credit rating? Do you have the financial capability to educate more than one child? Will you need to raid your retirement fund to pay for college? Do you really have the time to try to figure out all this for yourself? If you don't have answers to these questions we can help. But time may be running out!

Call EFS to schedule an appointment. This is part of the package that you paid for so take advantage of the benefit.

If you have friends with college bound students, please refer them to EFS! Thanks to all of you who have sent referrals our way, we appreciate the trust you have in us!

Keeping College Information Organized

EFS recommends making/keeping a separate folder for each college you applied to. Keep information and logs of all information sent, received and required along with the due dates in individual folders. Colleges are NOT forgiving if you miss a deadline to return information. Reminder: **DO NOT** send any additional financial information, copies of tax returns or W2s unless specifically asked by the individual college. If you receive any requests for additional information you are not sure about, contact EFS ***before*** sending. Please keep us posted of the schools your student has been accepted to and any scholarships/grants received.



Financial Aid Checklist

PLEASE Post this checklist somewhere handy to make sure you are staying on track!

Watch aid application deadlines for each school carefully. Miss a deadline for just one form and you may not get anything but loans. We STRONGLY recommend that you go through all financial materials from each college and write down deadlines for each aid form on a calendar. That way you won't miss a deadline!

- EFS Parent & Student Financial Update Form - Send to EFS Immediately***
We need this information to file your FAFSA and FAP by state and school deadlines. Check this box when you send EFS the forms.
- FAFSA has been Filed***
Required by ALL colleges if you want ANY type of financial aid, including scholarships and low-interest loans. Must be filed NO LATER than March 2 EVERY year. Check box when you get confirmation of your filing in the mail from EFS.
- Grade Point Verification Submitted (California School Only)***
To be eligible for a Cal Grant, you or your school must submit a Grade Point Verification form no later than March 2. Request the form from your school registrar or attendance office. If your school submits the form for you, get written confirmation.
- CALL EFS if you add or change the colleges on your application list***
If you have added or deleted colleges since you sent us your update form, call, fax or e-mail us. We need to know which colleges should receive your information so we can update your FAFSA.
- Institutional Forms – Completed by Student***
Some colleges have their own form to apply for aid. You may receive forms from colleges via mail or access them on college websites. If there are \$\$\$ questions on the forms, they must match your FAFSA and CSS Profile. If you have questions, contact EFS. Check this box when you mail them to your college(s) with a postal "Certificate of Mailing" by college deadlines.
- FAP – Filed by School Deadlines***
About 10% of private colleges require the CSS Financial Aid Profile (FAP) IN ADDITION to the FAFSA. Watch FAP deadlines!! Check this box when you file the CSS Profile online. If you had EFS file the FAP for you, you will receive confirmation from us that application has been submitted. Business/Farm Supplement. If you applied to an FAP school and your parents are self-employed or own a business, you may be required to send a Business/Farm Supplement directly to each FAP college. After you or a CPA completes the form, fax a copy to EFS for review. Check this box when you have mailed a signed copy to each FAP college. Non-Custodial Parent Statement (NCPS) If parents are divorced, many FAP schools require the Noncustodial Parent (the one NOT claiming the student on their taxes) to file a statement about their personal finances. They need to go online and file the form.
- 2011 Taxes and W2s – Send a Copy to EFS (See Tax Tips in this newsletter)***
We need your 2011 parent and student Federal taxes to make \$\$\$ corrections to FAFSA. Check this box when you send your taxes to EFS. If you are self-employed, own a business or can defer income, meet with EFS BEFORE sending to colleges or IRS.
- 2011 Taxes – Send a Copy to Colleges (if requested or required)***
You are responsible for sending a COMPLETE and signed copy of your Federal taxes to individual colleges, when required. Check box when you mail taxes to colleges with "Certificate of Mailing" by school deadlines. DON'T VOLUNTEER. Send taxes ONLY when requested in writing OR required by a fixed due date (usually FAP colleges).
- Financial Aid Offers from Colleges – Send to EFS***
Aid offers will arrive from mid-March to mid-April for "first year" students. Transfer and returning students' offers may arrive as late as May or even June! Mail/fax them to EFS for review. We'll let you know whether to accept or negotiate. Watch our next newsletter for more on how to review and interpret aid offers.

IMPORTANT: If you have moved, changed your home or cell phone numbers, changed or added PARENT or STUDENT email addresses, please notify EFS via e-mail at info@educationalfundingsolutions.com. Schools send crucial information to the student's e-mail address, and unless the student's current e-mail address is on file with the colleges and EFS, you may miss some important deadlines. **Make sure you frequently check your spam or junk mail folders so you do not miss any correspondence from the colleges!**

College Waitlist Secrets (Excerpts from various articles from U.S. News & World Report)

As if the college application process wasn't drawn out enough, more colleges are putting a greater number of applicants on waitlists. The good news is that many colleges eventually accept more students off those lists. Colleges are starting to reveal details about how they decide whom to choose from their waitlists. Many students are surprised to learn that besides the standard factors such as the student's grades and eagerness to attend the college, some colleges also consider an applicant's prospective major, home state or the ability to pay the schools full list price!

The National Association of College Admissions Counselors found that 39% of colleges put some students on a waitlist, which is higher than the five year average of 35%. However, fewer than 30% of the students who agree to stay on a college's wait list are eventually accepted. At many elite schools the chances are even slimmer.

Admissions officers say there are a few steps that students can take to ease the anxiety and improve their chances:

- Choose among the colleges you have been accepted to and send a deposit and commitment letter by the May 1 deadline. Admissions officers say that the single most important action for all wait-listed students is to be realistic about the low acceptance rates for those on a wait list and make sure they have some other colleges lined up.
- Don't automatically ask to stay on a college's wait list. Colleges typically ask a wait-listed student to mail a card or letter stating their continued interest in getting a shot at admission in May, June or even later. If you are happy with your choices, don't say "yes" to the wait list.
- Ask the schools about your chances. Some schools rank their wait-listed students. Lower ranked students have lower odds of getting accepted; however many schools do not rank. They instead look to the waitlist to replace the kind of student they have been counting on with a similar student – such as someone to fill a spot in the orchestra, a team or a major. This system makes any individual student's chances much harder to predict.
- Ask the school about criteria for getting on the list.
- Be eager and creative, but not scary and desperate. There's a fine line between admirable, persistent and stalking. Most admissions officers say students can help their causes by obeying the school's instructions and perhaps sending a well-written letter updating their achievements and explaining why they should be admitted.

Today, things are pretty messy in the high-stakes college admissions landscape. More students are applying to more colleges to maximize their chances of securing a spot. In turn, colleges are accepting and rejecting more applicants. Since it is becoming so hard to predict which students will attend, the admissions officers are building large wait list pools as insurance. The wait list is now the defining endgame in college admissions. If the wait list is indeed the endgame, then you should be able to make some game-changing moves if you're placed on one. Here are some things to keep in mind:

- First and foremost – and this is a no brainer-return the card or fill out the online form to indicate your interest in staying on the wait list. Many colleges want an answer on your decision by mid-April. Think about whether you really want to attend that school. You shouldn't stay on the list if there is any doubt about whether you would enroll there if accepted because if and when the time comes, you might only have a few hours to confirm. If you say "yes" to the waitlist and you subsequently turn down the offer, you could be taking someone else's spot. You wouldn't want to be the student whose spot was taken!
- If you have new information or special accomplishments to boast about – strong third quarter grades, new standardized test scores, a track team win etc, let the colleges know.
- Crafting a well written letter to the admissions committee that expresses your commitment to the school, as well as the academic reason for wanting to attend, could tip the scales in your favor. In the letter, relay in a short paragraph why the school is a good fit for you and how you can contribute to the school. Selective schools look for that person on the wait list who fills the "empty space on their grid".

This is a great time in your life. Don't let the wait list anxiety ruin your entry into the college world.

Q: *My parents are separated and on the way to being divorced. Which one do I use for the FAFSA?*

A: This is one of the most confusing situations we face with divorced families!! If the parents are separated or divorced as of the date of filing the FAFSA, ONLY the custodial parent’s data is used for the FAFSA. The custodial parent is “officially” defined as the parent with whom the student lived the most during the past 12 months. But another way to define the custodial parent is the one who provided the most financial support (i.e., more than 51%) during the past twelve months. This means that a parent paying child support can often claim a student who is physically living with the other parent. This is known as “tax custody” instead of “physical custody”. In tax custody, the custodial parent is the one who claimed you as a dependent on their tax return. Note that this is NOT necessarily the same as the parent who has “legal” custody. We frequently need to adjust the tax custody of our students to better reflect their status under one of the definitions.

Q: *How do we include child and spousal support received from the non-custodial parent in the FAFSA?*

A: You account for child support as “additional income.” Spousal support/alimony is added to and included in the supported parent’s Adjusted Gross Income as taxable income. The same amount is subtracted from the supporting parent’s AGI. NOTE – We need to review which parent is the physical and which is the tax custodian to determine which AGI we use.

Q: *My parents are divorced, and my custodial parent has remarried. Does my step-parent have to report his or her income and assets on the FAFSA?*

A: Yes, once a custodial parent remarries, the new step-parent is treated as if they are a biological parent when it comes to reporting their income and assets. If your non-custodial parent remarries, the non-custodial step-parent does not count for the FAFSA. Remarried noncustodial parents ONLY count when you file a Financial Aid Profile.



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