

Six Things To Know About How Financial Aid Works

So, you're thinking about applying for financial aid. Before you start, know that virtually all aid available for K-12 private schools (close to 98 percent) is provided on the basis of financial need with the primary responsibility to pay tuition falling on your shoulders. This means that the process is based on your demonstrated ability to pay tuition. "Demonstrated" means you have to show that you need help by completing applications, submitting tax forms, and providing other information that schools will require. This allows them to assess what resources you have that you should reasonably be "able" to devote towards education expenses. The process has low tolerance for "unwillingness" to pay and this means that, for most families, some degree of sacrifice is expected. The financial aid process is designed to bring tuitions within a range that is more affordable, making it more possible for those without sufficient resources to enroll a child. Here are a few burning questions that you might (or will) have on your mind:

- What documentation will I need to submit, and when is the deadline for applying?

A basic application for financial aid typically consists of a standard form such as the SSS Parents' Financial Statement (PFS), a copy of your most recently completed IRS tax return, and copies of your W-2 statement(s). Since deadlines for financial aid applications typically fall before tax return deadlines, many families use their prior year's tax forms as a guide and some schools will request a copy of that if the current year's forms are not yet completed. If you're applying to more than one school, ask each school for the exact document requirements and filing deadlines you need to follow, as they may be slightly different from one school to the next. Schools' application deadlines vary quite a bit but most fall in the range of mid-January to mid-March.

- What are the main factors that will determine our family's need?

The first step for schools is to determine your ability to pay tuition and other expenses from the resources you have at your disposal. The application is designed to take a snapshot of your financial strength, your family obligations, and any potential external sources of support available to you. The main factors at play include: all sources of your current income (what you make or earn), the value of any assets you own such your home equity, checking/savings/investment accounts, etc (what you own), major debts you are responsible to pay (what you owe), the size of the family in your household, and how many children you'll have to pay tuition for in the year (who you support). The SSS website for parents includes an [overview](#) of how these factors come into play.

- Who determines need? Is it a committee at the school, a single financial aid officer, or a computer program?

Typically, all of the above play a role. When you complete the Parents' Financial Statement, the information will feed into a processing system that uses a standard formula to estimate how much you are able to contribute. This "estimated family contribution" is forwarded through computer software to the financial aid director, admission director, or business manager at the school(s) you select to receive it. The administrator will review the estimate against any additional information or documents to make an award decision. This decision is shared with a larger financial aid committee, usually about three or four key administrators, to make sure that the decision itself is sound, fair, and comparable with aid

decisions made for other families in the pool. This approach ensures consistency and reflects that the final decisions are made by the school as an institution and not solely by a single person.

- What should I do if I have a special circumstance – a recent divorce, job loss or illness?

It depends on the situation. Divorces, recent or not, do not exempt either parent from the responsibility to help pay tuition. The central concept driving need-based aid review is that the family has the primary responsibility to pay tuition. Most schools will seek that the child's natural parents, whether married or divorced, will take that responsibility to heart and contribute as they are able (NOT as they are willing). To this end, schools will usually ask each parent to complete a separate PFS for his/her own household, so that the school can determine the need of each individually and make a decision based on what they should be able to pay together. Schools are very careful to maintain confidentiality of each application so that one parent will not see the application, documents, or other information for the other parent.

Job loss, illness, or other situations that affect your ability to pay tuition should be fully disclosed on the application so that the school can take your situation into account. For job loss, it is acceptable to estimate what you might project your income to be for the year ahead (your best guess is better than putting nothing at all). The school can base its decision on this estimated projection, instead of the standard tax year basis. If you suffer illness that impacts your ability to earn income and/or leaves you with medical expenses that strain your budget for tuition, you can indicate these expenses on the PFS. Be prepared to explain your issue in a clear but succinct matter and submit, if asked, bills or receipts that document your out-of-pocket (unreimbursed) expenses.

Schools are very sensitive to these types of family hardships but cannot fully account for them if you are not upfront, direct, and cooperative when disclosing them. Be sure to tell your story in the Notes section of the application, so the school administrator can review and consider your special situation. It may be helpful to talk to schools ahead of time, or visit their websites, to learn what their policy suggests you should do.

- Are athletic abilities, special talents, race or ethnicity, etc. considered when applying for financial aid?

Most schools do not give outright scholarships for these types of considerations or attributes (less than 2.5% of all financial aid dollars awarded in 2010-11 were based on factors other than financial need). However, these factors could come into play at some schools and situations. A common example of this is in the case of a financial aid waitlist (a list of students who showed need but did not receive aid due to lack of funds). If families decline their financial aid offer (usually because they decided to go to another school), the school reallocates those funds to students on the financial aid waitlist. The prioritizing of who gets funded first on the waitlist could be based on factors that best match the school's enrollment goals (e.g., a girl might get funded before a boy if that helps the school achieve better gender balance). While the financial need isn't really determined by special considerations, the school's priorities for funding limited resources might take them into consideration.

- What are my options if our family does not receive the aid needed to attend the school?

Tuition payment plans and tuition loans are available to help spread the costs of tuition payments over a longer period of time. If financing your family contribution helps ease the burden of lump sum

payments, talk to the financial aid administrator at the school for any payment programs they offer or recommend.

For more information, check out the free [SSS Family Guide to Financial Aid](#), available from the [SSS website for families](#), which includes many more resources and helpful guidance. You can also download a [free e-book on financial aid](#) from [AdmissionsQuest](#).

SHARED By: Mark J. Mitchell is vice president of School and Student Services By NAIS, a financial aid services provider serving more than 2,000 private schools nationally. With over 20 years' experience in financial aid administration at the higher education and pre-collegiate levels, he speaks, writes, and trains on financial aid management nationwide.