

Learn about Types of Aid and the Expected Family Contribution (EFC)

This lesson is designed to help students understand the factors that contribute to their Expected Family Contribution (EFC) and learn about the difference between federal student aid and financial aid offered by a college or university.

OBJECTIVES

Students will:

1. Learn how colleges and universities use the EFC to calculate the amount of financial aid a student is eligible to receive
2. Use information from a sample student to practice calculating an EFC using the EFC Calculator
3. Evaluate the EFC of the sample student and brainstorm ways the sample student could pay for college
4. Research information required to complete their own EFC

ACTIVITIES

PART 1

Content Knowledge

Warm-Up: On a piece of paper, respond to the following journal prompt: *How do you think colleges and universities determine the amount of financial aid granted to you?* Discuss student answers after giving them enough time to respond to the question in writing.

Defining the Terms: Have students watch this [60-second video](#) that explains the various types of aid. Then review the terms and definitions below.

1. Financial aid: A term for monetary resources that help pay for a college education. Most students use at least one of these three types of financial aid:

- Gift Aid: Scholarships and grants, which do not have to be repaid
- Student Loans: Money you borrow and typically start repaying after graduation
- Federal Work-Study: Part-time employment that helps pay for college costs

2. Federal aid: Financial aid from the federal government to help you pay for education expenses at an eligible college or career school; grants, loans, and work-study are types of federal student aid.

3. Non-federal financial aid: Financial aid that can come from the state in which you live, the college you attend, or a private/nonprofit organization.

Grade Level: 11

MEFA PATHWAY SECTIONS
WITHIN THIS LESSON:

- EFC Calculator

DOMAIN:

- Financial Literacy

TIME:

- 45 minutes

MATERIALS NEEDED:

- Internet connection to work with the MEFA Pathway website
- Sample student information for EFC Calculator (included)
- *Expected Family Contribution (EFC) Research* handout (included)
- [Types of Aid](#) video

FUTURE READY SKILLS:

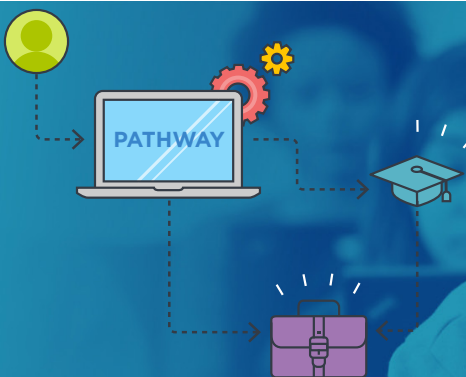
- Evaluating
- Problem Solving

VOCABULARY:

- FAFSA
- Financial Aid
- Gift Aid
- Student Loans
- Work-Study

Email any questions to:
info@mefapathway.org

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LESSON PLAN

4. FAFSA: Free Application for Federal Student Aid; The FAFSA is required to apply for Federal Pell Grants, federal loans, and work-student programs, as well as aid from states and some colleges and universities. Filing it gives you automatic consideration for federal and state, as well as many college-based, grants. After you submit the FAFSA, you will receive a Student Aid Report (SAR) by email that summarizes your FAFSA information. You will fill out the FAFSA during your senior year of high school; access to the form opens on October 1st.

5. Expected Family Contribution (EFC): Your Expected Family Contribution (EFC) is the number that's used to determine your eligibility for federal, state, and some college-based financial aid. It is intended to represent the amount your family can pay for one year of college costs. This number results from the financial information you provide on your FAFSA. Your EFC is reported to you on your SAR.

NOTE: Factors that contribute to the EFC include parent age, number of people in the household, number of students attending college, student annual income, total value of student assets, total value of parent assets, student federal income tax payment, parent annual income, parent federal income tax payment, and parent marital status.

PART 2

Applying Information

Split students up into groups of three or four and distribute one sample student to each group. Using the information provided about their sample student, have the students log in to MEFA Pathway and under *Pay for College*, click on *EFC Calculator* and ask the groups to calculate the EFC for their sample student.

PART 3

Evaluating Information

Using the calculated EFC for the sample student, have groups brainstorm ways they could pay for college if they were the sample student. How would they cover the amount of the EFC yearly? Have students discuss their ideas as a group.

PART 4

Critical Thinking/Creative Application

Students should complete the *EFC Research* handout in preparation for calculating their EFC. Students may need to talk with their parents about some of the information. Remind them that their parent(s)'s financial information does not need to be exact for this class assignment. However, also remind them that when they fill out their FAFSA during their senior year, their numbers need to be exact.

Email any questions to:
info@mefapathway.org

Sample Student Information

Student A: Michael

Michael is one of three children and his parents are married. His mother is 42 years old, and his father is 44 years old. Michael will be the first child in his family heading off to college. He has never had a job as he's been incredibly busy playing competitive tennis. Michael currently has \$8,600 dollars in savings (thanks to birthday presents and gifts of inheritance), which are his only assets to date. His father works as a physician's assistant and makes \$102,000 (before taxes) per year; his mother no longer works. Last year his parents paid roughly \$11,000 in federal taxes. Between the two of his parents, their total assets equate to roughly \$120,000.

Student B: Evelyn

Evelyn is an only child and lives with her mother, who was widowed several years ago. Her mother is 46 years old. In order to pay for her own entertainment and recreation, Evelyn works a part-time job as a cashier at a grocery store. Last year she made \$7,000 before taxes. Last year she paid \$80 in federal taxes. She currently has \$3,500 in savings, which are her only assets to date. Her mother works as a corporate administrator and makes \$78,000 per year before taxes. She paid \$7,000 in federal taxes. Her total assets equate to \$55,000.

Student C: Robert

Robert is the youngest of two and will be the second child to go to college; his sister is currently a sophomore in college. His parents are divorced, and he spends the majority of his time with his father. Both of his parents are 44 years old, but his mother is 7 months older than his father. Robert works at soccer camps in the summer and on spring break. Last year he made \$3,000 before taxes. Last year he paid \$0 in federal taxes.

He currently has \$3,000 in savings and \$1,500 in checking, which are his only assets to date. His mother works as an office assistant and makes \$55,000 per year before taxes. She paid \$7,000 in federal taxes. Her total assets equate to \$35,000. Robert's father works in the insurance industry and makes \$83,000 per year before taxes and pays \$11,500 in federal taxes per year. His total assets equate to \$100,000.

Student D: Mary

Mary is the middle of five and will be the third child to go to college; her sister is currently a junior in college, and her brother is a recent graduate. Her parents are married. Her father is 54, and her mother is 46. Mary works part time at the local steakhouse as a hostess. Last year she made \$6,500 before taxes. Last year she paid \$30 in federal taxes. She currently has \$1,000 in savings and \$1,500 in checking, which are her only assets to date. Her mother works as a kindergarten teacher and makes \$52,000 per year before taxes. Mary's father works in construction and makes \$76,000 per year before taxes. Together they pay \$13,000 per year in federal taxes. Their total assets equate to \$65,000.

Expected Family Contribution (EFC) Research

Conduct research in preparation for calculating your EFC. You may need to talk with your parents/guardians about some of the information. The numbers they provide you can be estimates for the purposes of this assignment. However, when you fill out your FAFSA during your senior year, your numbers need to be exact in order to qualify for and receive financial aid.

1. What is the age of your oldest parent?
2. How many people are in your family?
3. How many children in your family will be in college when you attend college (include yourself)?
4. What is your total annual income?
5. What is the total value of your assets? (include money in any checking accounts, savings accounts, cash, and stocks)
6. What is the total value of your parents' assets? (include money in any checking accounts, savings accounts, cash, stocks, second homes, and rental homes)
7. What is your most recent FICA contribution amount? (multiply your gross income (money before taxes by 7.65%)
8. What was your most recent federal income tax payment?
9. What is the total value of your business or farm-related assets?
10. What is your parents' total annual income?
11. What was your parents' most recent FICA contribution amount? (multiply their gross income (money before taxes) by 7.65%)
12. What was your parents' most recent federal income tax payment?
13. What is the total value of your parents' business or farm-related assets (if any)?
14. What is your parents' marital status?