Dear Valued Student of OLOLC:

February is **Financial Aid Awareness Month (FAAM)!** This issue of the Financial Aid e-Gazette is dedicated to equipping you with the tools necessary for completing financial aid and scholarship application(s) for the 2008-09 Academic Year.

I encourage you to check your OLOL email account and our Financial Aid webpage for important, time sensitive messages and scholarship opportunities. I also hope that you will attend the information session that is scheduled this month, which was planned especially with the students of OLOLC in mind.

All of the 2008-09 documents and forms have been uploaded to our webpage and there is also a checklist to facilitate a smooth processing timeline. We have started mailing 2008-09 Missing Information Letters and will begin packaging Monday, March 17.

Don’t forget that our **priority deadline is Monday, March 3** and “the early bird gets the worm!”

Sincerely,

Tiffany D. Magee
Director of Financial Aid
The FAFSA is the Free application for Federal Student Aid. The federal government uses this form to determine your eligibility for financial aid, which can include grants, scholarships, work-study and loans. The FAFSA is used to determine how much of this aid you're eligible for. Think of it this way:

**FAFSA**  **Financial Need– EFC= Financial Aid**

The **EFC** is your **Expected Family Contribution**. According to the government, your family can contribute this amount in the coming academic year to your college costs. Your school will try to meet your financial need through aid made up of funds from federal, state, school and private sources and send you a financial aid award letter. This may include grants, scholarships, student employment and loans.

**The FAFSA in Three Easy Steps**

**Step 1: Gather all form needed to complete FAFSA**
You'll need the following to fill out the form:

◊ Your social security number and driver’s license
◊ Current bank statements
◊ Current mortgage and investment records (if any)
◊ Alien registration card (check [www.fafsa.ed.gov](http://www.fafsa.ed.gov) for more information on eligibility
◊ 2007 student and parent (if dependent-federal tax return (estimates are OK on tax questions)
◊ 2007 untaxed income records (if any)
◊ 2007 W2 forms and other record of money earned

**Step 2: Complete FAFSA**

◊ Complete the FAFSA on the Web: [www.fafsa.ed.gov](http://www.fafsa.ed.gov).
◊ If you completed the FAFSA last year, you may receive a Renewal FAFSA link via e-mail, which should arrive early January. Call 1-800-4-FED-AID if you do not receive a Renewal FAFSA link by February 1st.
◊ Once finishes, print the FAFSA summary as well as the “Submission Confirmation” page (or write down your confirmation number and date). If completing the paper version, make a copy for your records before mailing.

**Step 3: Review your Student Aid Report (SAR)**

The SAR is proof that your FAFSA was received. You should receive your electronic SAR in 1-3 days if you signed with your PIN (paper FAFSA takes 2-3 weeks).

**FAFSA Renewal**

A Renewal FAFSA is a shorter version of the regular FAFSA form. If you filed out the complete FAFSA in a previous year, ask your college financial aid office if you can fill out the Re newal, or call 1-800-4-FED-AID to find out if you qualify.

**What is I find errors on my SAR?**

◊ Report errors immediately to your financial aid office. You can also make corrections online at: [www.fafsa.ed.gov](http://www.fafsa.ed.gov).
◊ If you don’t receive your SAR in 3-4 weeks, call 1-800-433-3243 (1-800-433-3243)

**PIN: Your Key to Online Identification**

The personal Identification Number (PIN) is the code that the U.S. Department of Education uses to identify you online. A PIN allows you to do the following on a FAFSA:

◊ Check the status
◊ Make corrections
◊ Fill out online renewal form next year
◊ Electronically sign to speed up the process

To obtain a PIN, eligible students AND parents can visit [www.pin.ed.gov](http://www.pin.ed.gov) (students and parents can each receive their own PINs). Click on “Apply for PIN” near the top of the page. Allow four hours for PIN instruction to be sent via e-mail.

Do not reveal your PIN to anyone. The PIN allows anyone to electronically sigh federal student aid documents and access your confidential information.

**Additional FAFSA Tips**

◊ The FAFSA is FREE! If you have questions about the form, call the FASA Help Desk at: 1-800-4-FED-AID.
◊ Submit the FAFSA as soon as possible after January 1st, 2008: Early submission maximizes your chance of receiving aid.
◊ Fill out a “FAFSA on the WEB” worksheet: click “Before Beginning a FAFSA”, then “Print a Pre-Application Worksheet.” Use the print-out as a guide before committing answers online.
◊ DO NOT enter online answers directly from the paper FAFSA! Web vs. paper FAFSA question are in different order!
◊ Do not forget to sign the application: If you are filling as a dependent, make sure your parents sign too. You can use your PIN if signing electronically.
◊ Save your FAFSA online if you can’t finish it in one session: You can save each step for 45 days.
◊ Don’t leave a field blank. If a question doesn't apply enter “0”.

**Student Bulletin**

Visit [www.fastweb.com](http://www.fastweb.com) to search over $3.4 billion in scholarships!
**Student Bulletin**

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**STUDENT AID REPORT (SAR) AND EXPECTED FAMILY CONTRIBUTION (EFC)**

**What is the Student Aid Report (SAR)?**
The SAR is a summary of the information you entered on the Free Application for Federal Student Aid (FAFSA). It tells you how much federal student aid you are eligible to receive, and how much the government thinks your family can pay for your expenses. The SAR also notifies you if you are eligible for a Pell Grant. You will receive a SAR in 1-3 days after you filed an electronic FAFSA or 2-3 weeks after you filed a paper version. Check immediately for:
- Your EFC (on upper right of pg 1)
- Any mistakes or errors (pgs 5-8)

**What is the Expected Family Contribution (EFC)?**
The EFC is the amount your family will be expected to pay based on your economic situation.

**How is the ERC Calculated?**
The U.S. Department of Education uses the Federal Methodology (FM) to calculate your aid eligibility. The FM takes into account your family’s income, the number of family member (in college or not), net value of assets and your enrollment status, among other factors. To estimate your EFC, click on the “Expected Family Contribution Calculator” at http://www.finaid.org/calculators.

**What is I don’t receive my SAR?**
Call 1-800-4-FED-AID if you do not receive your SAR in 3-4 weeks.

**When do I receive my financial aid?**
Once your prospective colleges review your SAR and verify your eligibility, they will each construct an aid package and send an award letter. You do not need to accept all of the aid that’s offered to you; accept only the aid you want.

**Highlights of each page in your SAR:**
1– Into: Tracks the aid process for you. If there is an asterisk next to your EFC, you have been selected for verification.
2– Confidentiality information: Includes other reminders.
3– EFC, other info: EFC is listed at the top, along with other information, such as any issues with your aid eligibility.
4– Summary of loans: As a high school student, you probably do not have any loans in your name. Make sure the total read zero.
5-8 FAFSA Summary: Review the summary. Make corrections or changes in the spaces provided. You can also make changes online at: www.fafsa.ed.gov.
SAR Information Acknowledgement: If any information is wrong, you can correct it on pages 5-7 of the SAR or online.

*Why is there an asterisk next to my EFC?*
It means you have been selected for verification. You must provide documents to your prospective college(s) to verify the information submitted on the FAFSA is correct. About 1 in 3 FAFSAs are selected each year. If there is no asterisk, you have not been selected and do not need to submit anything else.

If your college asks for verifying documents, send them as soon as possible to avoid a delay in the aid process.

**What happens after I receive my SAR?**
Look for any mistakes or errors. Any colleges you listed on your FAFSA will also receive a copy of your SAR. If you do find an error, notify your prospective school’s financial aid office immediately to let them know.

**What if I find mistakes on my SAR?**
Make sure to let your prospective college know. Then, on the Web and using your PIN: Go to www.fafsa.ed.gov and under “FAFSA Follow Up,” click “Make Correction to a Processed FAFSA.” You will be able to check off the items you want to change and make corrections accordingly.

On paper: Flip to the last pages of the SAR and find your original FAFSA info. Make changes in the spaces provided. Only fill in the areas that need to be changed and/ or corrected. Once finished, you mail it in.
Legislature makes changes to TOPS program

The state legislature made several changes to the TOPS program during its 2007 session. These changes affect home study and displace out-of-state students specifically, as well as other students via core class and grade point average changes.

**GPA Changes**

Beginning with 2008 graduates, the initial eligibility core curriculum grade point average requirement for the TOPS Performance and Honors awards will be changed from 3.50 to 3.00.

**Displaced Students**

The exceptions for hurricane displace out-of-state graduates, who earned a Louisiana Distance Diploma, were extended to include 2007 graduates.

To earn a TOPS award, those students must have had:

◊ an ACT score equal to that required for students graduating from a Louisiana high school
◊ a cumulative GPA of 2.50 on all courses attempted for the Opportunity award
◊ a cumulative GPA of 3.50 for the Performance and Honors awards

Core curriculum requirements were waived and residency was based on the student having lived in Louisiana and state high school all of the 10th grade year or having a parent/court-ordered custodian actually living in one of the designated

**Home Study Students**

Beginning with 2008 graduates, ACT requirements for students participating in BESE approved home students participating in BESE approved home study programs will be:

◊ TOPS Tech award: 19
◊ Opportunity award: 22
◊ Performance award: 24
◊ Honors award: 28

Home Study students continue to be exempt from GPA and core curriculum requirements.
**Education Tax Breaks Can Add Up**

WASHINGTON — College is one of the most expensive investments a parent can make in a child's future. But there's a consolation prize that comes with the hefty price tag: bigger tax breaks. With average yearly in-state costs at $13,589 for a public university and $32,307 for a private college, according to the College Board, any education tax break is a boon. But be careful; in most cases you can't use the room-and-board part of that bill — a sizable chunk of the cost — in figuring your tax benefit. Still, two tax credits, a student loan interest deduction and a deduction for tuition and fees — not just for your dependent's education, but yours and your spouse's as well — can lessen the sting of college bills. Credits are among the tax code's biggest prizes because they are a dollar-for-dollar reduction in tax liability, while a deduction simply reduces the income against which tax is assessed.

Here are education tax benefits for 2007. You can claim them for qualifying education expenses for yourself, your spouse or a dependent for whom you claim an exemption on your tax return. You can't take any of them if your filing status is married filing separately. Tax credits: There are two. Calculate them using Form 1098-T, which a college must send every enrolled student by the end of January. To claim a credit, attach Form 8863 to your 1040 or 1040A form. The Hope credit, worth up to $1,650 per student in 2007, can be taken only in the first two years of post-secondary education, providing the student is enrolled at least half time. For each student you can claim 100 percent of the first $1,100 in qualified education expenses and 50 percent of the next $1,100. The Lifetime Learning credit is worth up to $2,000 per return — not per student, so you can combine expenses from more than one student. This credit isn't limited to college expenses — non-degree work is OK, even if it's just a course or two. There's also no limit on the number of years in which the Lifetime Learning credit can be claimed. The calculation is 20 percent of the first $10,000 of qualifying education expenses. Both credits phase out — gradually decrease — as income goes up. A taxpayer who has over $57,000 in modified adjusted gross income (AGI), $114,000 for joint filers, can't claim a credit.

**Tuition and fees deduction:** Depending on your income, you may be able to take a deduction of up to $2,000 or up to $4,000 for tuition and fees. But no deduction is allowed for modified AGI above $80,000 for single filers, $160,000 for joint filers. Use the new Form 8917 to figure the deduction; attach it to your 1040 or 1040A. Interest on student loans. Up to $2,500 of interest on student loans is deductible. Taxpayers with modified AGI over $70,000 for individual filers, $140,000 for joint filers, don't qualify for the deduction. Forms 1040 and 1040A have a worksheet for figuring this deduction, and the lender — a bank or other qualified institution — must send you Form 1098-E stating the amount of interest paid in 2007. One of the bugsaboos of figuring education tax benefits is the issue of what qualifies as education expenses. Generally, room and board aren't qualifying expenses for purposes of your 1040. Tuition and any mandatory fees — like a college's required Internet fee or student activity fee — are OK, if paid directly to the school. And if a student withdraws from college, you can deduct qualified education expenses not refunded by the institution. Books, supplies and equipment like a computer don't qualify as education expenses, unless they're required by the school for enrollment or attendance and paid directly to the school. Those plane and bus tickets home? Not eligible.

The tax code is firmly against double-dipping; you can't claim both a tuition and fees deduction and an education tax credit for the same student in the same tax year. You can't take both tax credits for the same student that year. You cannot take the credits or tuition and fees deduction for qualified education expenses paid with tax-advantaged funds from 529 tuition plans or the Coverdell Education Savings Account. You've already received the tax benefit from such accounts — the earnings and distributions aren't taxed if used for education. Finally, you can't claim education credits or deductions if the student is also claiming them on his or her tax return. That may mean figuring your return and your student's tax return several ways to determine which way best helps the family's overall tax situation. For more information on education tax benefits, see the Internal Revenue Service's Publication 970, "Tax Benefits for Education," available online at [http://www.irs.gov/formspubs/index.html](http://www.irs.gov/formspubs/index.html)
College students and recent grads anxiously eying the quickly approaching April 15 tax deadline can take some solace in four tax breaks that can add up to serious savings. Some will be filing early in anticipation of their tax refunds. Others will be holding off for the last possible moment to delay the inevitability paying their annual tax bill. Either way, college students - especially student financial aid recipients - should take advantage of these tax breaks.

**Student Loan Interest**

Current college students paying interest on unsubsidized loans and student loan borrowers who have graduated or withdrawn and are repaying their loan can claim a tax deduction on their federal student loan interest. Students lucky enough to have parents helping with their student loan bill can still claim the interest rate reduction according to Kiplinger. In the past, if parents repaid student loans for their child, neither could reap the tax benefit. Now the IRS treats student interest payment as if it had been paid by the student borrower, even if mom and dad made the payments. A student loan borrower who is not claimed as a dependent can qualify to deduct up to $2,500 for student loan interest.

**Moving Expenses**

Students who are required to move to take their first job will qualify for a moving expense deduction. Students (or any others) who have moved more than 50 miles for work can deduct the cost of moving themselves and their stuff. Expenses associated with driving your car to the new area will also get you a deduction of 20 cents per mile plus parking fees and any tolls.

**Child Tax Credit**

Students with children or other dependents should make sure they claim a child tax credit for each eligible child. Students may claim anyone who is their son, daughter, stepchild, foster child, brother, sister, stepsister, or a descendant of any of these who is younger than 17 in 2007 and who did not provide more than half of their own financial support. The person must have lived with the taxpayer for more than half of the year and must be a U.S. citizen, national, or resident alien. This credit is phased out based on income and the total credit cannot exceed the amount of taxes owed. An Additional Child Tax Credit is available to certain individuals who get less than the full amount of the child tax credit. This credit can provide students a refund even if they owe no taxes.

**Additional Resources**

- [NASFAA's Parent and Student Guide to Federal Tax Benefits for Tuition and Fees](#)
- [The 13 Most Overlooked Tax Deductions](#) (Kiplinger)
Q: Can I move money out of my 401(k) to fund a 529 education plan for my son?

A: When it comes to paying for college, it's hard to beat a 529 plan.

Each of the states offer 529 college savings plans, which are great for parents or anyone trying to send kids to school. Money socked away in 529 savings plans can accumulate for years and then be withdrawn tax free to pay college expenses. Yes, I said tax free. It's a sweet deal, and everyone planning to pay for college should open one.

What if your child gets a scholarship or doesn't go to college? Do you lose your 529 money? Nope. You can withdraw the money in the 529 and pay the tax plus, typically, a 10% penalty. Or, better yet, you can reassign the money to a family member who wants to go to college, including yourself.

But, here's the issue: You must put cold, hard cash into the 529 to reap its benefits. You can't transfer stock or mutual funds into 529 plans.

And, no, you can't transfer money saved in your 401(k) plan into a 529 plan, according to Greg Rosica, a tax partner at Ernst & Young and contributing author of the Ernst & Young Tax Guide 2008.

That may be bad news for those who have large balances in their 401(k)s, but little or no other savings.

Rosica says there are other options. Some 401(k) plans allow investors to borrow money that could be used to pay for college, Roscia says. But this is not advised, due to the large "opportunity cost" of doing so, he says. In other words, if you take money out of a 401(k) plan, you miss the opportunity to have that money continue building value you will need when you are retired. You would also need to pay the money back under the terms and conditions of your 401(k)'s plan.

Another possibility, Rosica says, is that you can take money out of an individual retirement account, or IRA, to pay college expenses due in 12 months or less for yourself or dependents. Withdrawals from IRAs used for education expenses due in the next 12 months will still be taxed. But the withdrawals will not get hit with the typical 10% early withdrawal penalty. It's not a great option, but it's an option worth mentioning.
How to Get Uncle Sam's Help With Student Loans

Instead of paying off your student loans, you can work them off with the government's help. While most people know that the government offers various types of student loans, some may not be aware that Uncle Sam also offers graduates a number of ways to pay back loans. By volunteering, or working in community-service positions, graduates can have their debt paid for, diminished and sometimes eliminated by the government. Volunteering for the Peace Corps, AmeriCorps or the Volunteers in Service to America (VISTA), for instance, can earn graduates money toward their loan repayment.

The organization may forgive 15% of a Perkins loan per year for the first two years of service and up to 20% per year for the third and fourth years of service, according to Molly Jennings Levine, a Peace Corps public affairs specialist. This means up to 70% of a Perkins loan can be paid for through service in the Peace Corps. "This benefit is definitely attractive to many people that are interested in serving in the Peace Corps," Levine says. Volunteers with other federal consolidation loans qualify for deferment of these loans for up to three years during service. The actual length of the deferment actually depends on the lender.

AmeriCorps and VISTA also offer money toward the payment for education. Volunteers can receive the Segal AmeriCorps Education Award. The award is good for $4,725 for a year of service. The money can be used toward educational expenses, educational training or to repay qualified loans. AmeriCorps is allowed 70,000 members a year by Congress, according to Siobhan Dugan, public affairs specialist at the Corporation for National Community Service. After a year of service each volunteer receives the Segal AmeriCorps Education Award. Volunteers then have seven years to put their award to use. Graduates looking to go into education may want to carefully consider where to teach. Under the National Defense Education Act, teachers may qualify to have their federal loans paid for. In addition to this Act which applies to teachers all over the nation, many individual states have programs set up to help teachers pay back student loans.

Graduates looking to go into education may want to carefully consider where to teach. Under the National Defense Education Act, teachers may qualify to have their federal loans paid for. In addition to this Act which applies to teachers all over the nation, many individual states have programs set up to help teachers pay back student loans. Teachers in schools serving low-income families across the nation can qualify for up to $5,000 toward their Stafford loans while qualified math, science and special education teachers can get up to $17,500 for their student loans. To be eligible for these loan repayment programs, teachers must complete five consecutive years of teaching and must meet specific state-regulated standards. In addition to the national repayment programs, many states offer similar repayment programs, funds and scholarships. The different state programs all offer teachers repayment options for their federal Stafford and Perkins student loans.

The government program offering the most in student loan payment is the Army National Guard. Graduates in the Army National Guard may be eligible to have their loans paid for by the government. The program offers members up to $20,000 toward their loan payments. Guard members can receive 15% or $5,000 a year toward the outstanding principle balance on their student loans.

Like in the teaching field, many states offer different loan repayment and scholarship opportunities to members of the Army National Guard.

Government Loans:

Students looking for loans to pay for their education can apply to receive a Perkins loan, a Direct loan, a Stafford loan or a combination of the three. Parents looking to take out a loan to support their children are eligible to apply for a PLUS loan. With a Federal Perkins Loan, undergraduate students can receive up to $4,000 a year maxing out at $40,000 while graduate students are eligible for $6,000 a year maxing out at $60,000. This money is lent to students by their college or university and the actual amount is determined by financial need and the availability of funds at the school.

Source: www.thestreet.com