

Financial aid basics and education funding flowchart

Federal Financial Aid:

When determining if you are eligible for **federal financial aid**, the information you supply about your finances is included in a formula established by the U.S. Congress that calculates your Expected Family Contribution (EFC). EFC is the amount that your family is expected to contribute towards your child's education. The EFC calculation includes the following information:

- 5.6% of certain parental assets
- 22% to 47% of parental income
- 20% of certain assets of the student
- 50% of the student's income

These amounts are then used in the following equation to determine your family's financial need.

$$\begin{aligned} &\text{Cost of College Attendance} \\ &- \text{Expected Family Contribution} \\ &= \text{Financial Need} \end{aligned}$$

Keep in mind, having a financial need does not guarantee financial aid.

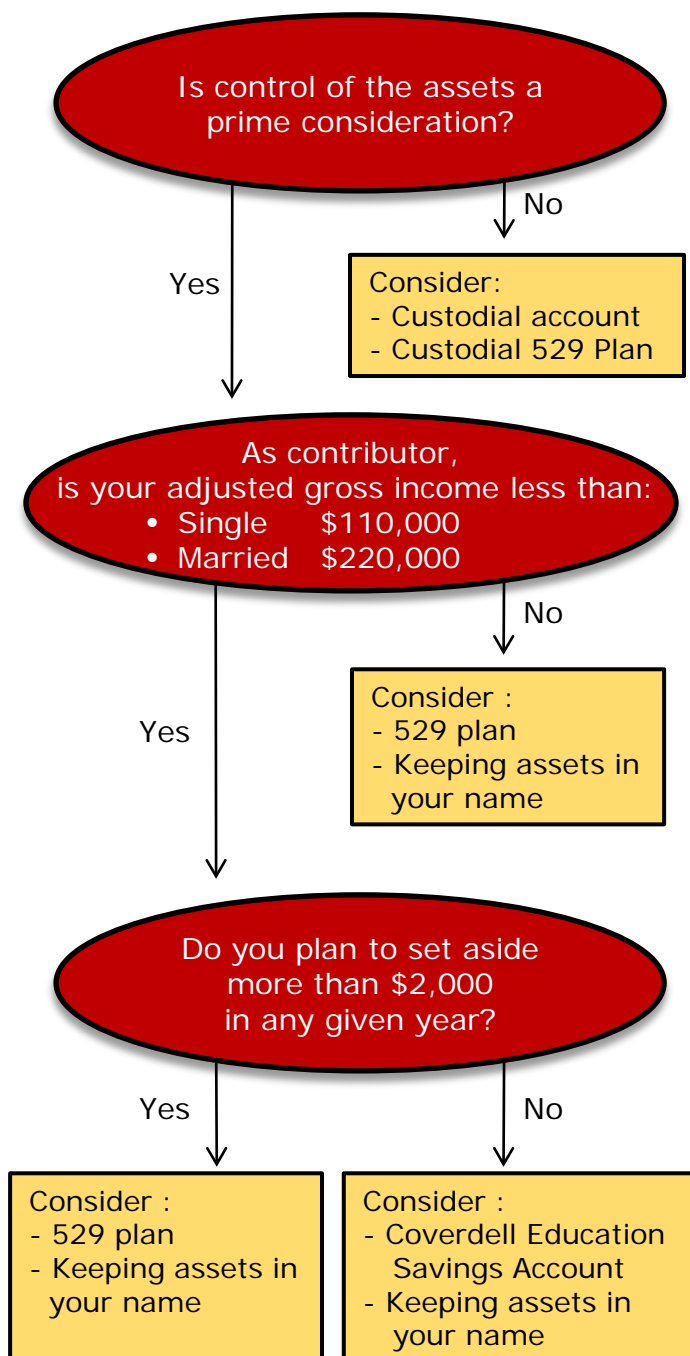
The following table illustrates the impact of various education savings vehicles on financial aid.

	529 Savings Accounts*	Education Savings Accounts	Parent's Name	Custodial Account
Assets of Parents	X†	X	X	
Income of Parents			X	
Assets of Student				X
Income of Student				X

*Effective July 1, 2009, 529 Plans and ESAs are considered to be parental assets in the EFC computation for a dependent student regardless of whether the account owner is the child or the parent.

†529 Plans owned by someone other than the parent or student are not considered assets in the EFC formula, but distributions from them may be considered income to the student.

Note: There are two formulas that can be used to calculate the EFC. The Federal Methodology formula and the Institutional Methodology formula. The information provided on this page pertains to the Federal Methodology only.



Please consider the investment objectives, risk, charges and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your financial advisor. Read it carefully before you invest.

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