

John Sklencar, RFC®
Physicians Private Client Group
President and Founder
600 West Germantown Pike
Suite 400
Plymouth Meeting, PA 19462-1046
610-940-1733
info@PhysiciansWealthAdvisor.com
www.PhysiciansWealthAdvisor.com



Financial Aid for College

I hope you find our eCommunications to be helpful, educational, informative, and worthwhile. Contact us if you have questions or concerns as they relate to your specific circumstances or would like to discuss any of these topics in greater detail. We welcome your calls and feedback. To save time, try our [Calendar Link](#) to schedule a convenient time. During these unprecedented times, many folks are seeking professional guidance. Feel free to share this information with friends, family, associates, and others who can benefit or may seek professional help or advice from a seasoned veteran who has weathered numerous Black Swan events. We look forward to being a resource and being available to help guide you through these treacherous times.

Very best regards,

John M. Sklencar, RFC

About John M. Sklencar, RFC

John M. Sklencar is Registered Financial Consultant (RFC) with the International Association of Registered Financial Consultants and has been providing financial advice since 1982. In 2010, John became President and Founder of **Physicians Private Client Group (PPCG)**, an award winning wealth management firm based in Plymouth Meeting, PA to better serve the Retirement, Investment, Insurance and Financial Planning needs of Physicians, Dentists, Hospitals, Medical Practices, Professionals and Accredited Investors throughout the Mid-Atlantic states. PPCG specializes in designing and implementing highly customized, cost effective Retirement Plans for Medical Practices and Professionals and Wealth Accumulation, Preservation, Protection, Distribution and Transfer strategies for individuals. Mr. Sklencar has been dedicated to helping the medical community since 1984.

In 2018, the **Philadelphia Inquirer, Daily News and Philly.com** awarded John with "**Influencer of Finance in Wealth Management.**" In **April 2014 & 2013** - John Sklencar was "**Selected as a Top Financial Advisor for Dentists by Dental Practice News.**" In **2012, 2006 and 2004**, John M. Sklencar was named as "**One of the top 150 Financial Advisor's for Physicians in the United States**" by Medical Economics. In 2010, Mr. Sklencar formed **Physician's Private Client Group** to market niche financial services to medical professionals throughout the Mid-Atlantic region.

Through his affiliation with **FSC Securities Corporation since 1994**, Mr. Sklencar has been able to develop a team of nationally recognized industry experts across multiple disciplines where he has access to many of the countries leading Attorneys, Economists, Money Managers, Pension Administrators, Financial Institutions and Insurance Providers to provide his client's with a unique array of boutique solutions, strategies, services and programs individually tailored to each clients specific goals and objectives.

From 1994 to 2004, Mr. Sklencar has been a **Registered Principal** with FSC Securities Corporation. In 1994, John served as **Vice President** with CDC Associates, Inc., a **Registered Investment Adviser**. From 1988 to 1993, John was a **Senior Financial Counselor** with **AMA Investment Advisers**, a wholly-owned subsidiary of **The American Medical Association**. Mr. Sklencar traveled the country conducting financial education workshops, provided comprehensive financial plans and implemented retirement, investment and insurance strategies for many physicians and their families. In 1979, John began his career as **Internal Auditor** for the **Internal Revenue Service** where he gained invaluable insight into tax law. Between 1982 and 1988, John held various positions for several prominent Philadelphia investment, banking and insurance institutions, including **Provident Mutual**, **Meritor Financial Group** and **John Hancock Financial Services**.

Mr. Sklencar has been providing educational seminars, workshops and webinars for associations, hospitals, organizations, medical practices and specialty societies, including the **Holy Family University Masters Program**, **Internal Revenue Service**, the **American Medical Association**, the **Medical Society of New Jersey** and the **Montgomery and Chester County Medical Societies**. John is committed to help educating investors about all aspects of financial and retirement planning. John has been a sought out speaker for **Successful Money Management Seminars** and **Financial Strategies for Successful Retirement**.

Mr. Sklencar has a Bachelor of Science degree in **Accounting** from **Drexel University**. Mr. Sklencar is a current member of the **Society of Financial Professionals**. John holds the following **FINRA** securities registrations: **Series 6, 7, 24, 63, 65**. He is licensed for **Life & Health insurance in NY, PA & NJ**. He attends annual Firm Compliance & Continuing Education Requirements. Mr. Sklencar served as **Secretary** on **Warwick Township's Water & Sewer Board** and their Finance Committee. John is a member of the **American Friends of Italy**, a local non-profit that helps various local charities. John was a **Charter Founding Board member of the Greater Jamison Business Association** and **Charter Founding Board member of A.O.H. Division 88 - Officer Danny Boyle**. John is an active member in a variety of community groups and has been instrumental in implementing successful fund raising campaigns for several non-profit organizations.



What is financial aid?

Financial aid is money distributed primarily by the federal government and colleges in the form of loans, grants, scholarships, and work-study jobs. A student can receive both federal and college aid, and the aid can be either need-based or merit-based.

ABCs of Financial Aid

These days, it's hard to talk about college without mentioning financial aid. Yet this pairing isn't a marriage of love, but one of necessity. In many cases, financial aid may be the deciding factor in whether your child attends the college of his or her choice, or even attends college at all.

That's why it's important to develop a basic understanding of financial aid before your child applies to college. Here are some basics to help you get started.

What is financial aid?

Financial aid is money distributed primarily by the federal government and colleges in the form of loans, grants, scholarships, and work-study jobs. A student can receive both federal and college aid. An ideal financial aid package will contain more grants and scholarships (which don't need to be repaid) and fewer loans.

Financial aid can be further broken down into two categories: need-based aid, which is based on a student's financial need, and merit aid, which is based on a student's academic, athletic, musical, or artistic talent.

Need-based aid vs. merit aid

Both the federal government and colleges provide need-based aid. The amount of federal aid available in any given year depends on the amount appropriated in the federal budget, and this aid is spread over different financial aid programs. For colleges, need-based aid comes from a college's endowment, and policies may differ from year to year and from college to college, which may result in an uneven availability of funds. Colleges are the main source of merit aid, and they often use favorable merit aid packages to attract the best and brightest students to their campuses, regardless of their financial need.

The availability of college grant and scholarship aid tends to fluctuate from year to year and from college to college as schools decide how much of their endowments to spend, as well as the specific academic and extracurricular programs they want to target. As a family researching college options, one of the best things you can do to help your bottom line is to target colleges that offer significant grant and scholarship aid.

Every college offers a tool on its website called a "net price calculator" that you can

complete to get an estimate of how much financial aid (need-based and merit) your child might be eligible for at that college based on your family's financial picture and your child's academic credentials. Net price calculators ask for parent and student income and asset information, and they take anywhere from 10 to 15 minutes to complete. It's a great idea to try out the net price calculator from several colleges to get an idea of what your out-of-pocket costs might be at different schools.

In addition to colleges, many businesses, foundations, and associations offer smaller merit scholarships. Many have specific eligibility criteria and deadlines. To find them, start with local scholarships (have your child check with his or her high school guidance office) and branch outward. Various scholarship websites allow your child to input his or her background, abilities, and interests and receive (free of charge) a matching list of potential scholarships.

How is need determined?

Financial need is generally determined by looking at a family's income, assets, and household information. The federal government and colleges have slightly different formulas for determining a student's financial need. The general process of aid assessment is called "needs analysis."

The federal government's aid application is called the FAFSA, which stands for Free Application for Federal Student Aid. The federal government and colleges use the FAFSA when federal funds are being distributed (colleges are responsible for administering certain federal financial aid programs). The FAFSA uses a formula known as the federal methodology.

Colleges use one of two forms to determine how to distribute their own institutional aid. Most colleges use the CSS PROFILE application, while others use their own specific form. The PROFILE (or a college's own application) uses a formula known as the institutional methodology.

Under the FAFSA, your income and assets and your child's income and assets are run through a formula. You are allowed certain deductions and allowances against your income, and you're able to exclude certain assets from consideration, including retirement plans, home equity, annuities, and



What counts the most?

Your current income is the most important factor in the government's needs analysis formula, but other criteria play a role, such as your total assets, how many family members are in college at the same time, and how close you are to retirement age.

cash value life insurance. A full breakdown of the federal aid formula is beyond the scope of this discussion, but it generally works this way:

- Parent income is counted up to 47% (income equals adjusted gross income or AGI plus untaxed income/benefits minus certain deductions)
- Student income is counted at 50% over a certain amount (\$6,660 for the 2019/2020 school year)
- Parent assets are counted at 5.6% (home equity, retirement assets, cash value life insurance, and annuities are excluded)
- Student assets are counted at 20%

The result is a figure known as your expected family contribution, or EFC. It's the amount of money that you'll be expected to contribute to college costs to be eligible for aid. Your EFC remains constant, no matter which college your child applies to. You can get an advance estimate of your EFC by using the federal government's online tool called the "FAFSA4caster."

An important point is that your EFC is not the same as your child's financial need. To calculate your child's financial need, subtract your EFC from the cost of attendance at your child's college. Because colleges aren't all the same price, your child's financial need will fluctuate with the cost of a particular college.

Example: You fill out the FAFSA, and your EFC is calculated to be \$25,000. Assuming that the cost of attendance at College A is \$65,000 per year and the cost at College B is \$45,000, your child's financial need is \$40,000 at College A and \$20,000 at College B.

The PROFILE application basically works the same way. However, the PROFILE generally takes a more thorough look at your income and assets to determine what your family can afford to pay; for example, the PROFILE might look at your home equity or amounts you've contributed to medical and dependent care flexible spending accounts. In this way, colleges attempt to target those students with the greatest financial need.

What factors count the most in needs analysis? Your current income is the single most important factor, but other criteria play a role, such as your total assets, how many children you'll have in college at the same time, and how close you are to retirement age. These factors can change every year.

Submitting aid applications

The best way to complete the FAFSA is to fill

it out and submit it online at fafsa.ed.gov (it can also be completed manually and mailed to the address listed on the form). The online route is best because mistakes are flagged immediately and electronic FAFSAs take only one week to process (compared to two to four weeks for paper FAFSAs). To submit the FAFSA online, you and your child will each need to obtain an FSA ID, which you can also do online.

The FAFSA relies on income tax information from two years prior (for example, the 2020/2021 FAFSA will rely on your 2018 tax return) and current asset information. The FAFSA has the ability to directly import your tax information using the IRS Retrieval Tool, which is built into the form, though you will also need to answer additional questions. The FAFSA can be filed as early as October 1st in the year prior to the year your child will be attending school. For example, for the 2020/2021 school year, the FAFSA can be filed beginning October 1, 2019, and it will use income information from your 2018 tax return.

Private colleges typically require both the FAFSA and the standard PROFILE form or their own aid form, which you'll need to submit by each individual college deadline. The PROFILE form is generally submitted in late fall or winter, but is often required earlier if your child is applying early decision or early action. In addition to the form itself, the PROFILE will typically require you to submit tax returns, and possibly other financial documents, at a later date. If so, you'll receive instructions on how to do this.

After your FAFSA is processed, your child will receive a Student Aid Report highlighting your EFC; colleges listed on the FAFSA will also receive a copy of the report. Then, once your child is accepted at a particular college, the financial aid administrator at that school will try to craft an aid package to meet your child's financial need.

Comparing aid awards

Sometime in late winter or early spring, your child will receive financial aid award letters that detail the specific amount and type of financial aid that each college is offering. Colleges aren't obligated to meet all of your child's need. In fact, it's not uncommon for colleges to meet only a portion of a student's need, a phenomenon known as getting "gapped." If this happens to you, you'll have to make up the shortfall, in addition to paying your EFC. On the flip side, if a college says it is meeting "100% of your demonstrated need," remember that the college is the one who



determines your need, not you, and that you'll still have to pay your EFC.

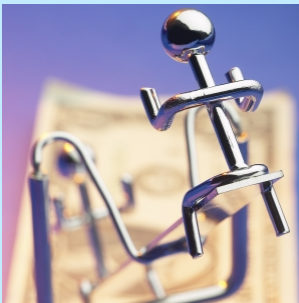
Read each award letter carefully and make sure you understand exactly what the college is offering. When comparing aid packages, the goal is to compare your out-of-pocket cost at each college. To do this, look at the total cost of attendance for each college and subtract any grant or scholarship aid the college is offering. If the grant or scholarship is merit-based, find out if it's guaranteed for all four years and what requirements must be met in order to qualify for it each year. If the grant or scholarship is need-based, ask whether you can expect a similar amount each year if your income and assets stay roughly the same (and you have the same number of children in college), and ask whether it will increase to keep up with annual increases in tuition, fees, and room and board.

The difference between the total cost and any grant or scholarship aid is your out-of-pocket cost or "net price." Compare this figure across all colleges. Once you determine your out-of-pocket cost at each college, determine how much, if anything, you or your child will need to borrow. Then multiply this figure by four to get an idea of what your total borrowing costs might be. Armed with this information, you'll be in a position to make the best financial decision for your family.

If you'd like to lobby a particular school for more aid, tread carefully. A polite letter to the financial aid administrator followed up by a telephone call is appropriate. Your chances of getting more aid are best if you can document a change in circumstances that affects your ability to pay, such as a recent job loss, unusually high medical bills, or some other event that impacts your finances. Your chances of getting more aid by asking one college if they'll match a favorable aid offer from another college is a less reliable strategy, but may be worth a shot if the colleges are direct competitors.

How much should I rely on financial aid?

With all this talk of financial aid, it's easy to assume that it will do most of the heavy lifting when it comes time to paying the college bills. But the reality is you shouldn't rely too heavily on financial aid. Although aid can certainly help cover your child's college costs, student loans often make up the largest percentage of the typical aid package, not grants and scholarships. Remember, parents and students who rely mainly on loans to finance college can end up with a considerable debt burden that can have negative implications for years after graduation.



Positioning Your Income and Assets to Enhance Financial Aid Eligibility

There are a number of strategies you can implement to try to enhance the amount of federal financial aid your child receives. These strategies take advantage of the federal rules about which family income and assets are counted in determining your family's expected family contribution (EFC).

Note: *The FAFSA relies on current asset information but income information from two years prior, which is referred to as the "prior-prior year" or the "base year" (e.g., the 2020/2021 FAFSA relies on your 2018 tax return; 2018 is the base year).*

Strategies to reduce income

- Time the receipt of discretionary income to avoid the base year
- Pay all federal and state income taxes due during the base year, which will reduce assessable cash and increase your tax deduction on the FAFSA
- Have your child limit his or her income for

the base year to the amount of the student income protection allowance

Strategies to reduce assets

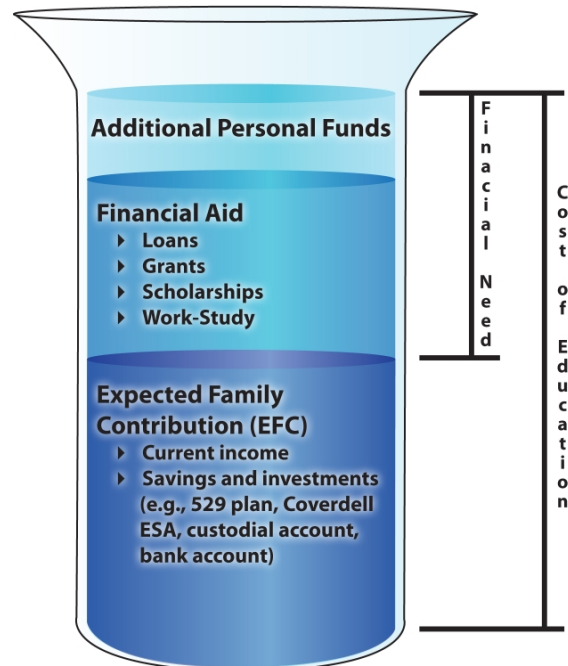
- Use cash (an assessable asset) to pay down consumer debt, which is not counted in the federal methodology
- Use cash to make large planned purchases the year before your child starts college
- Use counted assets to pay down your mortgage, which increases your home equity (an excludable asset)
- Shift counted assets above your asset protection allowance (a sum automatically excluded from consideration) to assets excluded by the federal methodology (e.g., home equity, retirement plans, cash value life insurance, annuities)
- Use your child's assets to pay for the first year of college, which reduces (for subsequent years) the student asset contribution factored into your EFC



Your expected family contribution

Your expected family contribution, or EFC, is the same regardless of the college your child chooses. The difference between your EFC and the cost of a particular college equals your child's financial need, which is a variable.

Finding the Funds to Pay for a College Education



Finding the funds to pay for your child's college education is like filling a test tube. The length of the tube represents the cost of education at any one school--tuition, fees, books, room and board, transportation, and personal expenses.

The first ingredient is what you'll have to contribute from your own pocket: the expected family contribution (EFC), which is determined by the federal government's financial aid formula. This can come from savings and/or loans.

Your EFC is the same regardless of the college your child chooses. The difference between your EFC and the cost of a particular college equals your child's financial need, which is a variable.

To meet this financial need, your child might be eligible for financial aid in the form of loans, grants, scholarships, and/or work-study funds from the federal government, college, and/or independent organizations. Your child may not receive all the financial aid he or she needs. If so, you'll have to top off the tube with more of your own funds, which are in addition to the EFC.

Note: This illustration represents one possible financial situation. Actual percentages vary from student to student.



Major Federal Financial Aid Programs

There are several federal financial aid programs that can help students and their families pay for college and graduate school. These include federal loans, grants, and work-study. To be considered for any these programs, you must fill out the government's Free Application for Federal Student Aid form, or FAFSA.

Loans

The main federal education loans are the Direct Subsidized Stafford Loan, the Direct Unsubsidized Stafford Loan, the Direct PLUS Loan, and the Perkins Loan. Federal education loans generally offer more generous repayment options than private student loans.

Direct Stafford Loans

Direct Stafford Loans are low-interest, federal student loans that can be either subsidized or unsubsidized. Subsidized loans are only available to undergraduate students with financial need; unsubsidized loans are available to undergraduate and graduate students and are not based on financial need. With a subsidized loan, the federal government pays the interest that accrues while the student is in school, during the six-month grace period after graduation, and during any deferment periods. With an unsubsidized loan, the borrower is responsible for paying the interest that accrues during these periods.

Direct PLUS Loans

Direct PLUS Loans are unsubsidized loans made to parents with good credit histories who want to help pay for their dependent child's undergraduate education (Parent PLUS Loans) or to graduate and professional students (Grad PLUS Loans). Like unsubsidized Stafford Loans, PLUS Loans are not based on financial need, but borrowers must pass a credit check.

PLUS Loans have no dollar borrowing limits per year; graduate students and parents are able to borrow up to the full cost of attendance. Graduate borrowers who obtain Grad PLUS Loans have a six-month grace period before they must start repaying their loans. However, parents who obtain a Parent PLUS Loan have no grace period; once the funds are dispersed, parents must begin to repay the loan within 60 days of the last disbursement for that academic year.

Perkins Loan

A Perkins Loan is low-interest federal loan available to undergraduate and graduate students with the greatest financial need (i.e. the lowest expected family contributions, or EFCs). The Perkins Loan program is a campus-based program, which means the loan is available only from individual colleges, not the federal government. The Perkins Loan program is a first-come, first-served program. Each college receives a certain amount of money for this program, and once the funds are awarded, there are no more until the following year.

Grants

There are two main federal education grants: the Pell Grant and the Supplemental Educational Opportunity Grant (SEOG).

Pell Grants are reserved for undergraduate students with the greatest financial need, and the grant is available to all students who qualify. The SEOG is also reserved for undergraduate students with the with the greatest financial need. The SEOG is administered on campus, which means that each college receives a limited amount of money for this program, and the financial aid administrator at each college decides which students will receive this grant based on their level of financial need.

Work-study

The federal work-study program is a federally-sponsored financial aid program that subsidizes jobs for both undergraduate and graduate students. It is based on a student's financial need.

The federal work-study program is a campus-based program. This means that each college receives a certain amount of money for the program, and once the money is awarded, there is no more until the following year. If your child qualifies for a work-study job, the amount of the total work-study award will depend on your child's level of financial need, the time your child applies, and the total funds available at your child's college or university. Jobs can be either on- or off-campus, and they pay at least minimum wage. Money earned in a work-study job is paid directly to the student at least once per month.



Comparison of Federal Higher Education Loans

	Direct Unsubsidized Stafford Loan	Direct Subsidized Stafford Loan	Perkins Loan	Direct PLUS Loan
Description	A federal student loan available to students regardless of financial need	A federal student loan available to students with financial need	A federal student loan available to students with the greatest financial need	A federal loan available to parents and students with good credit histories regardless of financial need
Available to	Undergraduate and graduate students enrolled at least half-time	Undergraduate students only enrolled at least half-time	Undergraduate and graduate students (can be less than half-time)	Parents of undergraduate students enrolled at least half-time, and graduate and professional students
Lender	Federal government only	Federal government only	College	Federal government only
Borrower	Student	Student	Student	Parent or graduate/professional student
Based on financial need	No	Yes	Yes	No
Interest rate for 2019/2020	4.53% fixed for undergraduates; 6.08% fixed for graduate students	4.53% fixed	5% fixed	7.08% fixed
Interest subsidized	No	Yes ¹	Yes ¹	No
Grace period	6 months	6 months	Generally 9 months	6 months
Loan limits for 2019/2020	<p>Dependent undergraduates: 1st year - \$5,500 (\$3,500 subsidized), 2nd year - \$6,500 (\$4,500 subsidized), 3rd to 5th year - \$7,500/year (\$5,500 subsidized), \$31,000 maximum</p> <p>Independent undergraduates and dependent undergraduates whose parents don't qualify for PLUS loans: 1st year - \$9,500 (\$3,500 subsidized), 2nd year - \$10,500 (\$4,500 subsidized), 3rd to 5th year - \$12,500/year (\$5,500/year subsidized), \$57,500 maximum</p> <p>Graduate students: \$20,500 per year, \$138,500 maximum including undergraduate loans</p>		<p>Undergraduate students: \$5,500/year \$27,500 limit</p> <p>Graduate students: \$8,000/year \$60,000 limit (including undergraduate loans)</p>	Student's total cost of education, minus any other financial aid received

¹ The federal government pays the interest on the loan while the student is in school at least half-time, in a grace period, or in a deferment period.



Financial Aid Calendar

If your child is applying for financial aid for college, here is a calendar highlighting the important tasks to be done during senior year of high school. The dates are generally relevant for students applying regular decision.

<p>September</p> <ul style="list-style-type: none"> • Create a timetable of financial aid deadlines for each college • Obtain an FSA ID at fafsa.ed.gov as a prerequisite for submitting the FAFSA online (only need to do this once) • Obtain a username and password at collegeboard.org as a prerequisite for submitting the CSS Profile online 	<p>October</p> <ul style="list-style-type: none"> • Gather last two years of tax returns for parent and student • Complete and submit the FAFSA as soon as possible after October 1 • Complete and submit the CSS Profile if student is applying to college early action or early decision 	<p>November</p> <ul style="list-style-type: none"> • Research college and private scholarships and gather supporting materials (students may be considered for college scholarships automatically when they apply)
<p>December</p> <ul style="list-style-type: none"> • Complete and submit the CSS Profile if student is applying regular decision • Complete additional college-specific aid forms, if any 	<p>January</p> <ul style="list-style-type: none"> • Complete and submit private scholarship applications • Review Student Aid Report (SAR) from FAFSA showing your expected family contribution (EFC) 	<p>February</p> <ul style="list-style-type: none"> • Verify that all required federal and college financial aid forms have been submitted, and submit any additional documents as requested • Continue to complete and submit private scholarship applications
<p>March</p> <ul style="list-style-type: none"> • Watch for college acceptances; if acceptance contains offer of merit aid, make sure to understand requirements of any merit scholarships • Receive financial aid award letters from colleges detailing financial aid package; read each award letter carefully • Watch for notifications from private scholarship sources 	<p>April</p> <ul style="list-style-type: none"> • Compare financial aid awards by comparing out-of-pocket costs at each college as well as total overall costs • Decide on a single college! • Sign and return financial aid award letter 	<p>May</p> <ul style="list-style-type: none"> • Contact financial aid office to confirm all paperwork is in • Notify financial aid administrator of any changes in circumstances that may affect your family's ability to pay EFC
<p>June</p> <ul style="list-style-type: none"> • High school graduation! 	<p>July</p> <ul style="list-style-type: none"> • Student signs student loan promissory notes, if applicable • Student receives federal student loan counseling, if applicable 	<p>August</p> <ul style="list-style-type: none"> • Congratulations! Off to college!

Securities, Insurance, and Advisory Services offered through FSC Securities Corporation, Member [FINRA](#) / [SIPC](#) . Physicians Private Client Group (PPCG) was formed to better serve the Retirement, Investment, Insurance and Financial Planning needs of Physicians, Dentists, Medical Practices, Hospitals and Accredited Investors. PPCG is not affiliated with FSC Securities Corporation nor is it registered as a Broker/Dealer or Investment Advisor.

Inquirer "Influencer of Finance 2018" was awarded by Philadelphia Media Network who accepted nominations of professionals from all areas of the financial advisory industry and determined nominees' eligibility based on the following criteria: professional accomplishments, community involvement, and leadership and promise. Third party awards, rankings, and recognitions are no guarantee of future investment success and do not ensure that a client or prospective client will experience a higher level of performance or results. These ratings should not be construed, as an endorsement of the advisor by any client not are they representative of any one client's evaluation.

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individuals personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable. We cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



John Sklencar, RFC®
Physicians Private Client
Group
President and Founder
600 West Germantown Pike
Suite 400
Plymouth Meeting, PA
19462-1046
610-940-1733
info@PhysiciansWealthAdvisor.com
www.PhysiciansWealthAdvisor.com