



Financial Aid Glossary

Award Letter: A letter from the college financial aid office that is sent to the student listing all financial aid awarded to the student. Award letters vary among institutions, but they generally list the expected family contribution, cost of attendance, and the terms of the aid awarded.

Cost of Attendance: The student's cost of attendance includes tuition, fees, and a standard allocation designed to cover reasonable living expenses while attending school. The cost of attendance is determined by the school using guidelines established by federal regulations.

Default: This term applies to loans. It is the failure to repay a student loan according to the terms of the loan. If you default, your school, the organization that holds your loan, the state, and the federal government can all take action to recover the money, including notifying national credit bureaus of your default.

Estimated Family Contribution (EFC): The total amount students and their families are expected to pay toward college costs. This is determined from family and student income and assets for the prior year. The amount is derived from a need analysis of the family's financial circumstances.

FAFSA: The Free Application for Federal Student Aid determines a student's financial aid. Apply online at www.fafsa.gov. Forms may be filed any time after **Oct 1** of the year for which the student is seeking aid. January of the senior year will be the first opportunity for high school students to apply.

Federal Direct Student Loan Program: Federally sponsored loan programs, which include the Stafford Loan and the Parent PLUS Loan (for parents of undergraduate students)

Financial Aid Package: The total financial aid a student receives. Federal and non-federal aid, such as grants, loans, work-study, and scholarships, are combined in a "package" to help meet the student's need.

Financial Need: The amount by which your family's contribution falls short of covering your college expenses. It is determined by subtracting the expected family contribution (EFC) from the total cost of attendance.

Gift Aid: Financial aid that does not have to be paid back, such as scholarships and grants

Grant: A type of financial aid award based on need or merit that does not require repayment

Interest: A fee charged when you take out a loan. Interest is calculated as a percentage of the principal loan amount. The rate may be constant throughout the life of the loan (fixed rate) or it may change at specified times (variable rate).

Merit-Based Aid: Financial aid that is awarded based on a student's academic, leadership, or artistic talent, or some other criteria. Merit-based aid may consider a student's grades, test scores, special talents, or extracurricular activities to determine eligibility.

Need Analysis: A process of reviewing a student's financial aid application to determine the amount of financial aid eligibility. Completing a need analysis form is the required first step in applying for most types of financial aid.

Need-Based Financial Aid: Financial aid that is awarded based on a student's financial circumstance. Need-based aid can be awarded in the form of grants, loans, or work-study.

Student Aid Report (SAR): A form sent to the student after submitting the FAFSA. The SAR shows the information that was processed and indicates Pell Grant eligibility.

Work-Study: An opportunity for a student to work part-time and attend college. Work-study is designed to help students fund their college.