GLOSSARY OF COLLEGE FINANCIAL AID TERMS

Your guide to all the terminology and lingo used in higher education.

CSS Profile

A financial aid form prepared by the College Board that is required for students who seek aid from certain four-year universities. There is a fee to submit the form; however, eligible students can receive a fee waiver (i.e. you don't have to pay). You can check what colleges take the CSS profile by visiting: https://cssprofile.collegeboard.org/

Demonstrated Need

This shows how much financial help a student needs to cover the cost of attending college. Some colleges meet full need which means an institution offers enough aid to cover the entire gap, often without loans. Colleges use the following formula to determine your need:

Cost of Attendance - Your EFC (Expected Family Contribution) = Your Demonstrated Need

Free Application for Federal Student Aid (FAFSA)

A free federal form to apply for financial aid to all colleges and universities across the country. It is required from all students who wish to apply for need-based financial aid, including grants, loans, and work-study awards.

Federal Loans

Students may take out up to $5,500 in loans their first year in college through the federal government (that limit can increase slightly in years 2, 3, and 4). Subsidized loans don't accrue interest while students are enrolled in college, while unsubsidized loans do. Both forms of federal student loans do not require payment while the student is still in college. It is likely students will take on some loan debt in college, but outside scholarships can be used to reduce that amount to a more manageable level.

Financial Aid Award Letter

A letter from a college which indicates the type and amount of financial aid that college is willing to provide the student, if the student accepts their offer of admissions and registers as a full-time student. If you have submitted all of your required documents and forms, you should receive your award letter around the time of your decision; if not, it may be delayed. Some schools include loans in their financial aid packages. Ask your counselor to help you review your award letter.

Gap / Unmet Need

This is another way to refer to your demonstrated need. If the college's financial aid (scholarships/grants + loans + work study) does not meet your demonstrated need, you have a financial aid gap or unmet need. Your gap is different at each school you receive a financial aid package from. When students can't afford their gap, it generally means that school is too expensive. You can find some scholarships which help to fund unmet need (e.g. Fidelity, Sussman Miller, Currier, Cobell, etc.).

Grants

Gifts or free money you don't have to pay back. The are money from the government, college, or other organization for a particular purpose.

Loans

Money borrowed by a student or a student's parents/guardians. Loans have to be paid back once a student graduates or leaves college. Loans can be used to build credit. There are both public and private loans.

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Net Price Calculator

Each college is required by law to provide a calculator so that students and families have transparency about how much financial aid they can expect and what the total cost of attendance will be. These are anonymous and not saved by the institution, so it's a good idea to save a snapshot of this estimate. Search the internet for "Net Price Calculator" + the name of the school, or go to their financial aid website. They usually take about 20 minutes to complete. A faster version, called MyIntuition, is available for some colleges.

Pell Grant

Eligibility for the Pell Grant is determined by the FAFSA. If awarded, the amount would be granted by the U.S. Government to whichever school you attend. It does not need to be paid back.

Scholarships

Money awarded to support a student's education, including tuition, housing, and books, based on academic achievement or other merit. Scholarships do not need to be paid back. Sometimes scholarships come with conditions, such as playing on an athletic team, being in the band, or maintaining grades above a certain GPA.

Student Aid Index (SAI)

The amount of money the government believes that your family can pay for college, calculated with the data gathered from the FAFSA. This figure often differs from the actual amount you will be required to pay, and in some cases, it can be a negative number.

Student Aid Report (SAR)

The form you receive after families have submitted the Free Application for Federal Student Aid (FAFSA). This includes the Student Aid Index (SAI), eligibility for Federal Work Study, Federal Loans, and Pell Grant. You can download this by logging into the FAFSA website.

Tuition

The amount of money that colleges charge for classes and is charged on a per credit basis. It includes what it costs the college to offer classes, including instruction, facilities, and other related expenses. Colleges may include segregated fees in their tuition, which pays for student services, activities, programs, and facilities (e.g. recreational facilities), etc.

Tuition does not include other direct costs like housing and a campus meal plan,or indirect costs like books and transportation.

Work-Study

Most colleges offer work-study programs. These programs allow students to work part time during the school year as part of their financial aid package. The jobs are usually on campus and the money earned is used to pay for tuition or other college costs; it is not a lump sum of money, but rather a biweekly type of check as a part-time job.

You will learn about your eligibility for work-study in the Student Aid Report from completing the FAFSA.