

Financial aid glossary

Award letter. A means of notifying students of the assistance the college/university has offered. The letter describes the type(s) and amount(s) of aid, and lists specific information on the students' responsibilities and the conditions that govern the award. Generally, the award letter gives students the opportunity to accept or decline the aid. The letter also includes a deadline date by which to respond.

Cost of attendance (also known as **cost of education** or **budget**). The student's cost of attendance, covering not only tuition and fees (including loan fees), books, and supplies, but also the student's living expenses while attending school. The cost of attendance is estimated by the school, within guidelines established by federal regulations. The difference between the cost of attendance and the student's expected family contribution determines the student's need for financial aid.

CSS/Financial Aid PROFILE®. A Web-based application service offered by the College Board and used by some colleges, universities, and private scholarship programs to award their own financial aid. Students register for and complete the PROFILE at the College Board Web site (www.collegeboard.com). CSS® provides a customized application for each registrant, based on the student's registration information and the requirements of the colleges and programs to which he or she is seeking aid. Students complete the online application and supplements, if required. CSS processes and reports the application data to institutions. CSS/Financial Aid PROFILE may not be used to apply for federal aid. Students pay a fee to register for PROFILE and for the reports sent to institutions and programs that use it.

Expected Family Contribution (EFC). The total amount students and their families are expected to pay toward college costs, from their income and assets, for one academic year. The amount is derived from a need analysis of the family's financial circumstances. The Federal Methodology is used to determine a student's eligibility for federal and state student aid. Colleges and private aid programs may use a different method to determine eligibility for nonfederal financial aid—frequently, the Institutional Methodology, developed and maintained by CSS.

FAFSA on the Web. An electronic option for completing the Free Application for Federal Student Aid (www.fafsa.ed.gov).

Federal Methodology (FM). The process of analyzing the student's household financial information on the FAFSA to calculate an expected family contribution and the student's eligibility for federal and state aid.

Financial need. The amount by which your family's contribution falls short of covering your expenses. Assessments of need may differ, depending on the need-analysis method used. The Federal Methodology is used to determine the student's eligibility for federal and state financial aid. Many private schools use the Institutional Methodology to determine the need for their private sources of funds. (*See also* Expected Family Contribution.)

Free Application for Federal Student Aid (FAFSA). A form completed by all applicants for federal aid. The FAFSA is available on the Web at www.fafsa.ed.gov. In many states, completion of the FAFSA also establishes a student's eligibility for state-sponsored aid programs. There is no charge to students for completing the FAFSA. Forms are widely available in high schools and colleges, and may be filed anytime after January 1 of the year for which the student is seeking aid (e.g., after January 1, 2008, for academic year 2008-09).

Financial aid glossary (page 2)

Grant. See Scholarship.

Independent student. Students who are either at least 24 years old, enrolled in a graduate or professional program, married, a veteran, an orphan, or have legal dependents (not including spouse). Independent students do not need to provide parental information to be considered for federal aid programs. However, private institutions may require independent students to provide parental information in order to be considered for nonfederal funding.

Need-analysis form. The starting point in applying for financial aid. Students must file the Free Application for Federal Student Aid (FAFSA) to apply for federal financial aid programs. For many colleges, FAFSA may be the only need-analysis form a student must file. For other schools, particularly private colleges, additional forms, such as the CSS/Financial Aid PROFILE, may be required. Students applying for state financial aid programs should check with their state agency to find out if they must file other application forms in addition to FAFSA.

Need-based financial aid. Financial aid (scholarships, grants, loans, or work-study opportunities) given to students who have demonstrated financial need, calculated by subtracting the student's expected family contribution from a college's total costs.

Need-blind admissions. The policy of determining college admissions without regard to a student's financial need or financial aid status.

Need-conscious admissions. A policy that considers financial aid status for at least some of its applicants in making admissions decisions.

Parents' contribution. The amount the student's family is expected to pay toward college costs from its income and assets. The figure is derived from a need analysis of the parents' financial situation. The parents' contribution and the student's contribution together constitute the total family contribution, which, when subtracted from the college expense budget, equals financial need. Generally, students are eligible for financial aid equal to their financial need.

Scholarship or grant. A type of financial aid that doesn't have to be repaid. Grants are often based on financial need. Scholarships may be based on need, on need and other criteria, or solely on other criteria such as academic achievement, artistic ability, or talent in the performing arts.

Section 529 plans. State-sponsored college savings programs, named for the section of the Internal Revenue Code that provides the plan's tax breaks.

Self-help. Student financial aid, such as loans and jobs, that requires repayment or employment.

Student Aid Report (SAR). A report produced by the U.S. Department of Education and sent to students who have filed the Free Application for Federal Student Aid (FAFSA). The SAR contains information the student provided on the FAFSA as well as the federally calculated result, which the financial aid office will use in determining the student's eligibility for a Pell Grant and other federal student aid programs.

Work-study. An arrangement by which a student combines employment and college study. The employment may be an integral part of the academic program (as in cooperative education and internships) or simply a means of paying for college (as in the Federal Work-Study Program).

Twelve myths about paying for college

Billions of dollars in financial aid are available to those who need help paying for college. Yet a lot of misinformation clouds the facts about what type of aid is available and who is eligible. Here are some myths dispelled for those confronting the process of securing financial aid.

College is just too expensive for our family

- Despite the media hype, a college education is more affordable than most people think, especially when you consider that college graduates earn an average of \$1 million more over the span of their careers than high school graduates. The average yearly tuition at a four-year public college in 2006–2007 was just \$5,836. There are some expensive schools, but high tuition is not a requirement for a good education.

There's less aid available than there used to be

- In fact, student financial aid in 2006–2007 rose to a record level of \$135 billion. Most students receive some form of aid. Less of this aid now comes in the form of grants, however; most aid is awarded through low-interest loans or institutional and other grants. You should carefully consider the financing packages you've been offered by each college to determine which makes the most financial sense.

My family's income is too high to qualify for aid

- Aid is intended to make a college education available for students of families in many financial situations. College financial aid administrators often take into account not only income but also other family members in college, home mortgage costs, and other factors. Aid is awarded to many families with incomes they thought would disqualify them.

My parents saved for college, so we won't qualify for aid

- Saving for college is always a good idea. Since most financial aid comes in the form of loans, the aid you are likely to receive will need to be repaid. Tucking away money could mean that you have fewer loans to repay, and it won't make you ineligible for aid if you need it. A family's share of college costs is based mostly on income, not assets such as savings.

I'm not a straight-A student, so I won't get aid

- It's true that many scholarships reward merit, but most federal aid is based on financial need and does not even consider grades.

If I apply for a loan, I have to take it

- Families are not obligated to accept a low-interest loan if it is awarded to them. One financial aid administrator recommends applying for aid and comparing the loan awards with other debt instruments and assets to determine the best financial deal.

Twelve myths about paying for college (page 2)

Working will hurt my academic success

- Students who attempt to juggle full-time work and full-time studies do struggle. But research shows that students who work a moderate amount often do better academically. Securing an on-campus job related to career goals is a good way for you to help pay college costs, get experience, and create ties with the university.

Millions of dollars in scholarships go unused every year

- Professional scholarship search services often tout this statistic. In fact, most unclaimed money is slated for a few eligible candidates, such as employees of a specific corporation or members of a certain organization. Most financial aid comes from the federal government, although it is a good idea to research nonfederal sources of aid.

My folks will have to sell their house to pay for college

- Home value is not considered in calculations for federal aid. Colleges may take home equity into account when determining how much you are expected to contribute to college costs, but income is a far greater factor in this determination. No college will expect your parents to sell their house to pay for your education.

I should live at home to cut costs

- It's wise to study every avenue for reducing college costs, but living at home may not be the best way. Be sure to consider commuting and parking costs when you do this calculation. Living on campus may create more opportunities for work and other benefits.

Private schools are out of reach for my family

- Experts recommend deferring cost considerations until late in the college selection process. Your most important consideration is to find a school that meets your academic, career, and personal needs. In fact, you might have a better chance of receiving aid from a private school. Private colleges often offer more financial aid to attract students from every income level. Higher college expenses also mean a better chance of demonstrating financial need.

We can negotiate a better deal

- Many colleges will be sensitive to a family's specific financial situation, especially if certain nondiscretionary costs, such as unusually high medical bills, have been overlooked. But most colleges adhere to specific financial aid award guidelines and will not adjust an award for a family that feels it got a better deal at another school.

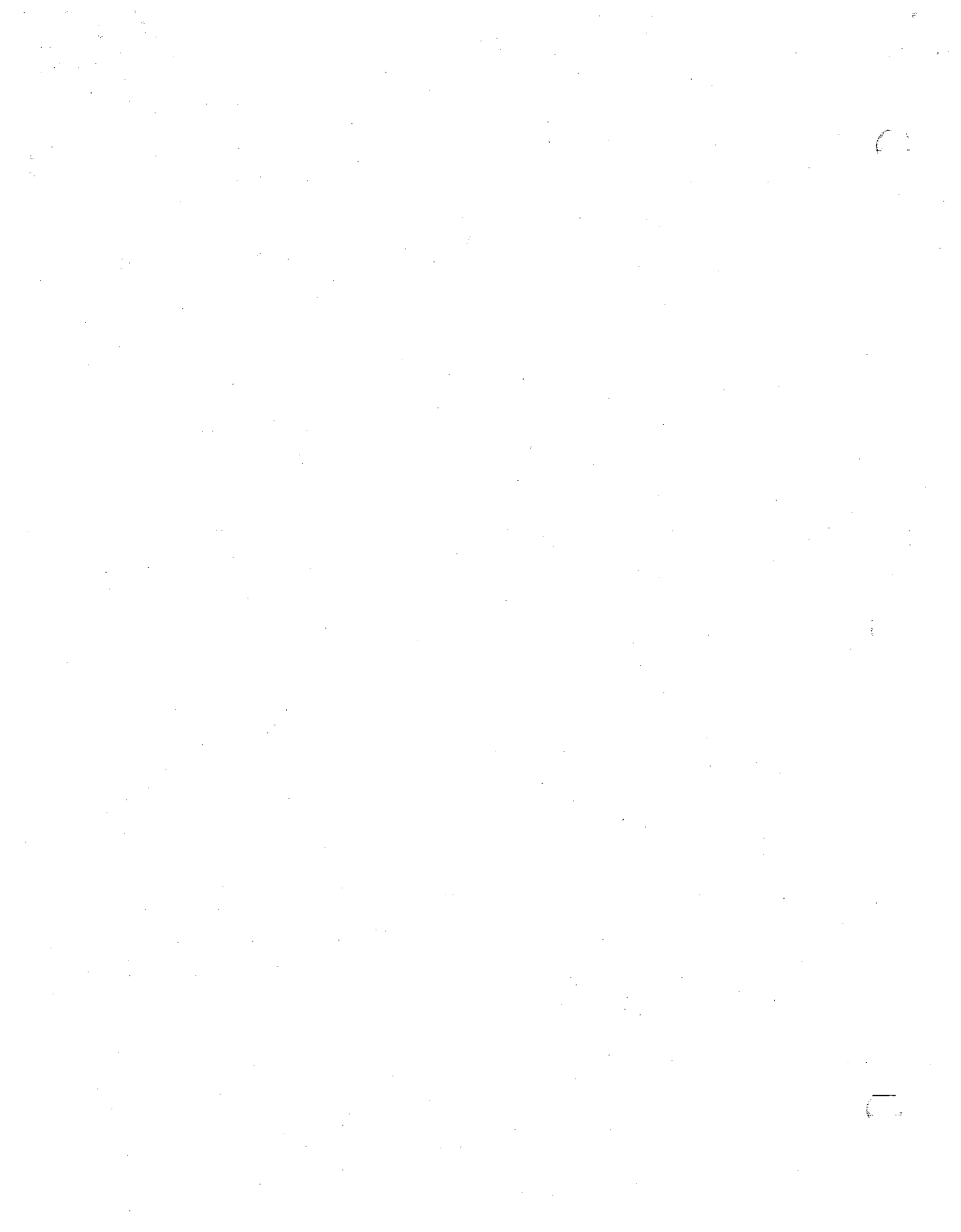
Source: www.collegeboard.com

Why go to college?

Unemployment rate in 2004 (percent)	Level of education completed	Median earnings in 2003 (dollars)
1.7	Professional degree	95,699
1.8	Doctorate	79,403
2.5	Master's degree	59,508
3.0	Bachelor's degree	49,889
3.7	Associate degree	37,605
4.5	Some college, no degree	35,714
5.0	High school graduate, no college	30,766
8.5	Less than a high school diploma	22,939

Source: U.S. Department of Education

Handout 8C



Senior-year calendar for students applying for financial aid

September

- When you write or e-mail colleges that interest you, ask for financial aid info, including what forms to file and their due dates. Put this data on your calendar and to-do list. Note:
 - All colleges ask you to fill out the FAFSA (Free Application for Federal Student Aid) not just for grants/scholarships, but also for college loans. See November.
 - Some colleges require the CSS/Financial Aid PROFILE®. Get a PROFILE Registration Guide from a counselor or click on the Pay for College link at collegeboard.com and fill out the application online. You can register as early as October 1.
 - Ask if your colleges require their own aid forms, too.
- If you plan to apply for Early Decision, ask whether your college offers an early estimate of financial aid eligibility and which forms to file.

October

- Research aid opportunities using your library, financial aid guidebooks, and Web sites, including Scholarship Search on collegeboard.com. Your counselors may have other resources, too. Look for the following:
 - federal financial aid sources;
 - private scholarships;
 - state and local programs; or
 - scholarships, including merit and departmental scholarships, offered by colleges to which you'll apply. Reference materials include books (*College Board Scholarship Handbook*) and search engines (e.g., collegeboard.com); both report on national sources of aid. For local and state aid sources (often overlooked!), see your counselor and the public library.
- Begin work on aid applications. Private scholarship programs may have very early deadlines.
- Ask a counselor if there will be a family financial aid night at your school or elsewhere in your area this fall. Be sure to attend: The event may be your single best source of information.
- Use financial aid calculators like those at collegeboard.com to estimate your family's college costs.

Senior-year calendar for students applying for financial aid (page 2)

November

- The Free Application for Federal Student Aid (FAFSA) will be available in school and at www.fafsa.ed.gov. It can't be submitted before January 1. You can download a worksheet to organize your information.
- Visit www.pin.ed.gov and get a personal identification number (PIN). You will need a PIN to use as an electronic signature if you complete the FAFSA online at www.fafsa.ed.gov (not at www.fafsa.com, which is a Web site that charges at least \$79.95 for its services).

December

- You and your family may want to save final pay stubs for the year. On aid forms that you'll file early in the new year, use the stubs to estimate income.

January

- Submit your FAFSA as soon as you can after (but not before) January 1. Men 18 or older must register for the Selective Service to receive federal financial aid. To register, complete a check-off box on your FAFSA, or register at any post office.

February

- Parents and students are encouraged to complete and file income tax returns as soon as possible. Colleges may request copies of your tax returns to finalize aid offers.

March

- As you receive letters of acceptance, check with aid offices to see if additional documentation must be submitted. Some colleges may request copies of your family's income tax forms, W-2 forms, and other materials.

April

- Use the online Compare Your Aid Awards tool at collegeboard.com to help you understand and compare financial aid award offers from two or more colleges. Talk with financial aid officers if you have questions. If you get no aid (or not enough), ask whether other financing plans are available.

May

- If you've been offered aid from your chosen college, be sure to accept the offer as instructed in your award letter. (Note: You'll need to reapply for financial aid every year.)
- If you've received aid from other schools, let them know that you won't be attending.

Source: The College Board

Financial aid checklist for students and parents/guardians

Use this sheet as a personal record and as a reminder of the steps to take to obtain financial aid. Check off each step as you complete it.

For you and your parents or guardian

- If you are in doubt as to whether or not to apply for aid, apply!
- Obtain a social security number if you do not have one.
- Do not wait for college acceptance letters before filing for aid. File in January or February—the earlier the better. You do not have to have completed your tax returns prior to filling out the FAFSA or the PROFILE. An estimate of income is adequate. You cannot file the FAFSA until after January 1, but complete it before February 1 if at all possible.
- Consider completing the FAFSA online at www.fafsa.ed.gov. You will need a PIN, or electronic password, before completing the form—available at www.pin.ed.gov. Get your PIN well in advance of your deadline because it must be assigned and e-mailed back to you before you can begin. Filing online is much faster than by mail and the Web site has prompts that help you avoid making mistakes.
- If you are applying to colleges that require PROFILE, try to file that form in late November or early December—as soon as you know the colleges to which you plan to apply. If you are applying under an Early Decision plan, complete your PROFILE in October or early November.
- Income tax forms should be filed as soon as possible (preferably in January) in order to provide accurate data on financial aid forms. Some colleges have early February deadlines.
- Inform each college about your interest in applying for aid. Make a list of the financial aid priority dates and deadlines at the colleges to which you are applying. Ask each college if it requires supplemental forms, and obtain them as needed.
- If mailing in the FAFSA, do not enclose any supplementary letters or information in the envelope with the form. These materials will be discarded. If you have information about special financial need in your family, write a letter and send it directly to the financial aid office of each college to which you are applying for aid.
- Apply for federal and state funds by completing the appropriate questions of the FAFSA.
- Check for scholarships for which you might be eligible:
 - each college/postsecondary institution (your best source)
 - those posted in the counseling office
 - local and state scholarships
- Begin your Stafford student loan application by checking appropriate boxes on the FAFSA.

Financial aid checklist for students and parents/guardians (page 2)

Details to remember

- In all written communications to financial aid offices, put your name and social security number on every page.
- Keep your financial aid worksheets. Always make photocopies for your records.
- If you have questions about an item, do not guess. See your counselor or an accountant, or speak with the college financial aid officer directly.
- Do not leave blank spaces on the forms. Use zeros instead.
- Proofread! And again, make copies of everything!

After you've filed the forms

- If you properly complete the financial aid forms, you will receive a Student Aid Report (SAR) in approximately four to six weeks (online applications are processed in two weeks). It will give you your eligibility index for federal and state aid.
- If there are errors or incorrect information on the SAR, you can make corrections online (if you filed online). Or check with the financial aid office of the college you plan to attend; it may be able to submit all necessary corrections for you.
- Financial aid offers are sent by colleges either with, or shortly after you receive, a letter of acceptance. You will be asked to sign an acceptance of the amount received, and the money will be sent to the college/postsecondary institution.
- Ask your counselor for assistance if you have general questions. Specific questions should be directed to the college financial aid officers.

Sources: Glenbrook High School, Illinois, and Amherst Regional High School, Massachusetts

Tracking your financial aid applications

	Required forms	Priority date/deadline	Date completed
College			
FAFSA			
PROFILE			
College forms			
Tax forms			
Other			
College			
FAFSA			
PROFILE			
College forms			
Tax forms			
Other			

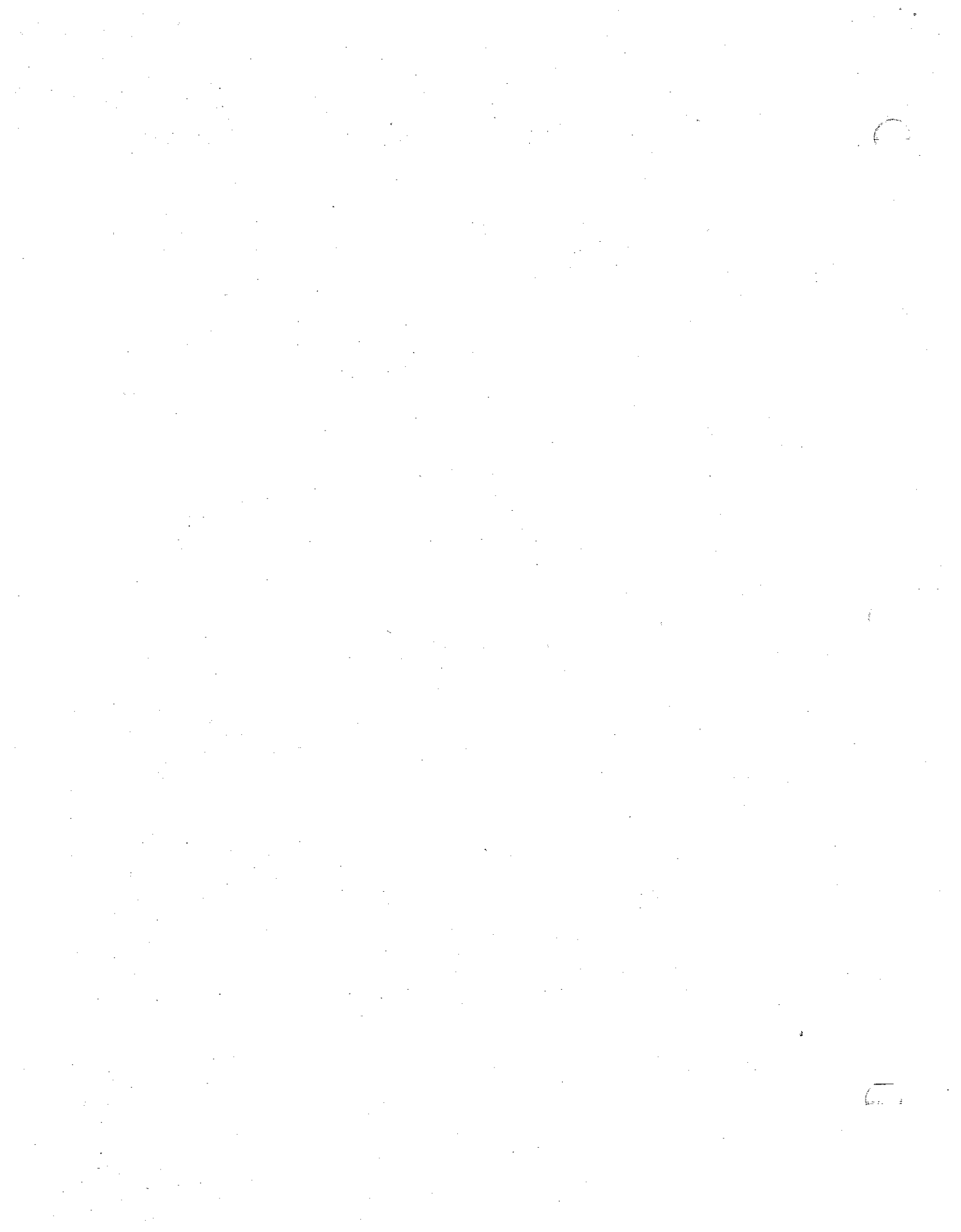
Tracking your financial aid applications (page 2)

	Required forms	Priority date/deadline	Date completed
College			
FAFSA			
PROFILE			
College forms			
Tax forms			
Other			
College			
FAFSA			
PROFILE			
College forms			
Tax forms			
Other			

Federal Student Aid Application Process

Step 1	Get a PIN, a personal identification number. A PIN lets you apply, "sign" your online FAFSA, make corrections to your application information, and more—all online. Go to www.pin.ed.gov .
Step 2	Collect the documents needed to apply, including income tax returns and W-2 forms (and other records of income). A full list of what you need is at www.fafsa.ed.gov . Tax return not completed at the time you apply? Estimate the tax information, apply, and correct information later.
Step 3	Complete the Free Application for Federal Student Aid (FAFSA) between January 1, 2006, and July 2, 2007 (no exceptions to either date!). BUT, apply as soon as possible after January 1 to meet school deadlines (see note at bottom of page). Apply online (the faster and easier way) by going to www.fafsa.ed.gov .
Step 4	Review your Student Aid Report (SAR)—the result of your FAFSA application. If necessary, make changes or corrections and resubmit your SAR for reprocessing. Your complete, correct SAR will contain your Expected Family Contribution (EFC)—the number used to determine your federal student aid eligibility.
Step 5	If you are selected for verification, your school's financial aid office will ask you to submit tax returns and other documents, as appropriate. Be sure to meet the school's deadline, or you will not be able to get federal student aid.
Step 6	Whether you're selected for verification or not, make sure the financial aid office at the school has all the information needed to determine your eligibility.
Step 7	<p>All students: Contact the financial aid office if you have any questions about the aid being offered.</p> <p>First-time applicants: Review award letters from schools to compare amounts and types of aid being offered. Decide which school to attend based on a combination of (a) how well the school suits your needs and (b) its affordability after all aid is taken into account.</p>
<p>Note: You also might be able to get financial aid from your state government, your school, or a private scholarship. Research nonfederal aid early (ideally, start in the spring of your junior year of high school). Be sure to meet all application deadlines!</p>	

Source: U.S. Department of Education



What you should know about FAFSA: The Free Application for Federal Student Aid

Read the form

Many questions on the FAFSA are straightforward, such as asking for your social security number or your date of birth. But many require you to read the instructions to make sure you answer the question correctly. Words like *household*, *investments*, and even *parent* all have common meanings but are specifically defined for purposes of student financial aid. So be sure to read the instructions.

If you have a special family situation, you may have additional questions. You should ask for clarification from a financial aid administrator at a college you wish to attend.

Apply early

Deadlines for aid from your state, school, and private sources tend to be much earlier than deadlines for federal aid. To make sure that any financial aid package your school offers you will contain aid from as many sources as possible, apply as soon as you can after January 1 of your senior year or the year you apply to college.

The U.S. Department of Education will process your FAFSA right up until June 30 of the year you will enroll in college. However, for you to actually receive aid, your high school must have your correct, complete information before your last day of enrollment as a high school student. So it is important to apply early to make sure you leave enough time for your high school to receive your information and make any necessary corrections.

Your family doesn't need to file a tax return before you submit your FAFSA

Filling out a tax return first will make completing the FAFSA easier. However, your parent or guardian does not need to submit a tax return to the IRS before you submit your FAFSA. Once the tax return is filed, you must correct, on your FAFSA, any income or tax information that may have changed. Inaccurate information on your FAFSA may delay your receipt of federal student aid. Also, you will be required to return federal aid you improperly received based upon incorrect information.

You can file your FAFSA electronically

The fastest way to apply for financial aid is to fill out and submit a FAFSA over the Internet. Also, your information is edited before you submit it, so if you made errors or left out any information, you can make the necessary corrections before you submit the form. This reduces the chance that your data will be rejected and makes it less likely that you will have to correct your information later. To submit your application using FAFSA on the Web, go to www.fafsa.ed.gov.

What you should know about FAFSA (page 2)

There may be additional forms

The FAFSA is the one application for federal student aid. Many schools and states rely solely on this information. However, the college or state may require you to fill out additional forms. These additional forms may have deadlines that are earlier than the federal student aid deadlines, so be sure to check with the financial aid office at the college you plan to attend.

Source: *U.S. Department of Education*

Creative avenues of financial aid

Credit through testing

Students can earn college credit by taking an examination. Through programs such as the College-Level Examination Program* (CLEP*), and the Advanced Placement Program* (AP*), you may receive college credit for a course by passing a standardized test. The more courses a student tests out of, the fewer courses he or she pays for and more time is available for other interests or other courses. There are usually requirements for testing out of courses before college credits may be earned.

Cooperative (co-op) education

Co-op programs are a blend of classroom study and work experience related to the major. During the undergraduate program, co-op students alternate work assignments with college studies. The college arranges the job and work schedule, but the employer pays for the time worked. The money earned on the job helps cover college costs.

Accelerated graduation

Students may take the maximum course load, to earn more credits for the same price and thus graduate earlier. Some colleges offer a “time-shortened degree option” for students who want to graduate in three years, thereby saving a year of college costs. This accelerated option should be considered only by students who believe they can manage the heavy academic load. Ask the admissions counselor for advice on this option.

Two years, then transfer

Because costs at a community college generally are lower than at four-year colleges, students can attend a community college for the first two years, then transfer to a four-year college. Students who do well at the community college are likely to qualify for a financial aid package at the four-year college. Two years at a community college can save a bundle on room, board, and transportation costs.

The military

If a student is bright and physically fit, the armed forces will definitely be interested. The armed forces can offer an array of attractive educational benefits to help pay for college. Full college scholarships, education assistance plans, and career experience are just a few of the benefits students can enjoy courtesy of Uncle Sam. Students will be required to complete the Armed Services Vocational Aptitude Battery (ASVAB) to qualify for certain careers. The high school counselor can arrange for students to take the test and can also suggest materials that will help them prepare for the test.

Creative avenues of financial aid (page 2)

Part-time employment

Recent studies show that more than half of all college students work part-time to help cover college costs. Keep in mind that a student's first priority is to stay on top of his or her studies. Students should not jeopardize course work by taking on more work hours than they can handle. Research shows that more than 20 hours of part-time work a week may have negative effects on a student's grades.

Apprenticeships

Apprenticeships provide structured, on-the-job training under the supervision of a qualified member of a profession. Of the 20,000 occupations listed in the *Dictionary of Occupational Titles*, the Bureau of Apprenticeship Training considers only about 800 to have apprenticeship opportunities. Federal regulations prohibit anyone under 16 to be considered as an apprentice. Apprenticeship programs have different requirements. For example, some require a high school diploma, some require specialized course work, and some have few requirements except motivation. If you are considering an apprenticeship, check with your school counselor, local state employment office, or the Bureau of Apprenticeship Training in your area.

AmeriCorps

AmeriCorps is a network of national service programs that engage volunteers to meet critical needs in education, public safety, health, and the environment. AmeriCorps members are eligible to receive an education award after successfully completing a term of service. The amount of the award depends on the program in which you participate. For more information, go to www.americorps.org.

Source: *Frederick County, Maryland, Public Schools*

Comparing financial aid award letters: A worksheet

Note: Students can compare award letters online at www.collegeboard.com.

	College 1	College 2	College 3
Step 1. List the name of each college you want to consider attending, the award deadline, and the total cost of attendance. This figure should be in your award letter. If not, refer to the college catalog or the college financial aid office.			
Name of college			
Award deadline date			
Total cost of attendance			
Step 2. List the financial aid awards each school is offering. Don't forget that grants, scholarships, and work-study do not have to be repaid, while all loans must be repaid.			
Grants and scholarships			
• Pell Grant (federal)			
• SEOG (federal)			
• State			
• College			
• Other			
Total grants/scholarships			
Percent of package that is grant/scholarship			
Work-study opportunities			
Loans			
• Stafford-Direct (federal)			
• Perkins (federal)			
• Other			
Total loans			
Percent of package that is work or loans			
Total financial aid award			
Grants and scholarships + work-study + loans			
Step 3. Calculate what it will cost you to attend each college you are considering. For each college, enter the total cost of attendance. Then, subtract the total financial aid award from the total cost of attendance. That number is the net cost, or what it will cost you to attend that college.			
a) Total cost of attendance			
b) Total financial aid award			
c) Net cost to attend (a minus b)			

Source: Meeting College Costs. *The College Board*. Published annually.

Handout 8J



Avoiding scholarship scams

Scholarship scams have been around for years. According to the Federal Trade Commission, if you hear these lines from a scholarship service, you may be getting duped:

- “The scholarship is guaranteed or your money back.” No one can guarantee that you’ll get a grant or a scholarship. Refund guarantees often have conditions or strings attached. Get refund policies in writing, and read the fine print.
- “You can’t get this information anywhere else.” There are thousands of scholarships you can research through free means. It’s highly doubtful that a company would have an exclusive list of scholarships that you can’t find through another source.
- “I just need your credit card or bank account number to hold this scholarship.” Don’t give your credit card or bank account number without getting information in writing first. You might become the victim of an unauthorized withdrawal from your account.
- “We’ll do all the work.” Don’t be fooled. You must apply for scholarships or grants yourself.
- “The scholarship will cost money.” Don’t pay anyone who claims to be “holding” a scholarship or grant for you.
- “You’ve been selected” by a “national foundation” to receive a scholarship, or “You’re a finalist” in a contest you never entered. Before you reply to a scholarship offer you didn’t initiate, check it out. Make sure the foundation or program is legitimate.

What to do if you suspect an offer is a scam

Start with your school counselor. Also, the following organizations can help you decide if an offer is legitimate. They will tell you whether they have received any complaints about the company, or whether the company is currently under investigation. Look for these organizations online or call for more information:

- Better Business Bureau (BBB) in the city where the scholarship service is located
- Federal Trade Commission, 1 877 FTC-HELP or www.ftc.gov/scholarshipscams
- State bureau of consumer protection
- State attorney general’s office
- National Fraud Information Center (NFIC), www.fraud.org

For more information about scholarship scams, visit www.finaid.org.

For more information about college costs and financial aid, visit the Pay for College section at www.collegeboard.com.

Source: *Education Loan Program, The College Board*

Handout 8K



Twenty questions to ask about financing college

Phase 1. Questions to ask during the application process

1. What are the average costs for tuition and fees, books and supplies, room and board, transportation, and other personal expenses for the first year? What are the ranges of room costs (single, double), board costs (21 meals?), and special tuition rates (flat rate for 15–18 credits, etc.)? By how much will total costs increase each year? (A three- to five-year printed history of tuition and fee increases, as well as room and board increases, should be available.)
2. Does financial need have an impact on admissions decisions?
3. Does the decision to apply for Early Decision affect financial aid?
4. Does the institution offer financial aid programs as well as merit or other scholarships that do not include consideration of financial need? How and when should applications for need- and merit-based aid be completed?
5. What noninstitutional sources of aid and information are available? (Check with the financial aid office regarding fee-based sources.)
6. What application forms are required for completing the financial aid process? What is the priority deadline for applying for financial aid? When will I be notified about financial aid decisions?

Phase 2. Questions to ask as you decide which college to attend

7. How much financial aid will I receive? Will I be billed for my share of the costs? Are there any other costs not accounted for in the aid offer that I should plan for, such as expenses for books, room and board, transportation, or personal needs?
8. If I and/or my family cannot meet the financial responsibilities with our current income or assets, what financing options are available to help us pay our share?
9. Will the financial aid office provide me with an explanation of how my expected family contribution, financial need, and award package were determined?
10. If the financial award package is insufficient, then under what conditions, if any, will the aid office reconsider its offer?
11. What are the terms and conditions of the aid programs included in my award package (e.g., treatment of outside scholarships, loan repayment policies, renewal criteria)? Regarding renewal, what are the academic requirements or other conditions for the renewal of financial aid, including scholarships?

Twenty questions to ask about financing college (page 2)

12. How will my aid package change from year to year? Will loan amounts increase? What impact will cost increases have on the aid package? What will happen if my financial situation changes? What will happen if my or another family member's enrollment status changes?
13. What amount of student loan debt does your typical student borrower have once he or she finishes college?

Phase 3. Making sure you understand the financial obligations of college

14. When can I/my family expect to receive bills from the college? How many times a year will bills be sent? If the bill is not paid by the deadline, will there be penalties? Does the college accept payment by credit card? Is there an option to pay monthly?
15. Is all financial aid credited to my account, or will I receive checks for some or all of the financial aid awarded? What about student employment earnings? If the aid exceeds billed charges, how do I receive the funds?
16. How much money will I need during the first week of school for necessities such as books and a parking permit? Can I use financial aid to pay for books and supplies? Can books and supplies be charged to my account? What typical out-of-pocket expenses do most students have during the year?
17. Is information provided to students regarding budgeting resources, money management, and credit card usage?
18. Are there banking services with no-fee ATMs and/or check-cashing facilities on or near campus? Does the college have a debit card?
19. Will the college be responsive to midyear changes in family financial situations?
20. Regarding student employment, including the Federal Work-Study Program: How are jobs assigned? How many hours per week will a student be expected or allowed to work? How often and in what manner will I receive earnings payments? Will earnings be automatically credited to my account?

Source: *The College Board*

Financial aid resources for students and families

Web sites

AmeriCorps. AmeriCorps is a network of national service programs that connects more than 70,000 Americans each year in intensive service to meet our country's critical need in education, public safety, health, and the environment. Full-time AmeriCorps members who complete their service are eligible to receive an education award. Members who serve part-time receive a partial award: www.americorps.org.

College Board. Here you'll find a scholarship search, and various tools in the Financial Aid Easy Planner. You will also be able to apply online for CSS/Financial Aid PROFILE®, which is required by some colleges: www.collegeboard.com.

FAFSA on the Web. The Web site for the Free Application for Federal Student Aid. This form must be submitted in the senior year (after January 1) for families applying for need-based aid. Students may complete it electronically: www.fafsa.ed.gov.

FastWeb. This site provides extensive information on merit- and need-based scholarships and aid: www.fastweb.com.

FinAid! This is a good site for information about types of financial aid and about applying for financial aid: www.finaid.org.

Finding Education Beyond High School: The Guide to Federal Student Aid. This is a comprehensive resource on financial aid from the U.S. Department of Education. Grants, loans, and work-study are the three major forms of aid available through the department's Federal Student Aid office. Updated annually. Go to www.studentaid.ed.gov and type Student Guide into the search engine.

Internal Revenue Service. Get information on Hope and Lifetime Learning tax credits: www.irs.gov.

Mapping Your Future. Here you'll find general information about scholarships, financial aid, planning a career, selecting a college, and paying for it: www.mapping-your-future.org.

Sallie Mae. This site provides information about planning for college, applying for loans, managing your loans, finding a job, and using financial aid services: www.collegeanswer.com.

Student Aid on the Web. Get general information from the U.S. Department of Education: www.studentaid.ed.gov.

Financial aid resources for students and families (page 2)

Books

Getting Financial Aid. New York: The College Board. Published annually.

Fully explains the financial aid process and the types of aid available; gives information on costs and available aid (including special merit scholarships) at each college; provides worksheets.

College Board Scholarship Handbook. New York: The College Board. Updated annually.

A no-nonsense guide to more than 2,100 college scholarships, internships, and loan programs for undergraduate study at U.S. colleges.

Meeting College Costs. New York: The College Board. Published annually.

A workbook that guides families through the complexities of funding a college education.

What College Really Costs. Illinois: Sourcebooks. Updated annually. Written by the staff of U.S.

News and World Report, this book covers savings and how to pay for college, and has brief descriptions of expenses and financial aid at four-year colleges.

Financial aid overview for parents

Understand Your Options

Finding the money to pay for college is a concern of many parents because they think they can't afford it. It's important to know that families with lower incomes will have plenty of options for assistance. Even middle-income families have financial aid options. Families will be expected to pay as much as they can toward the cost of college, but are encouraged to apply for financial aid to cover what they can't pay for. Keep in mind that the most important thing families can do to plan financially for college is to start saving for college early. Having savings or assets will not exclude you from financial aid. When you apply for federal financial aid, the government determines how much you need, and their estimate is usually conservative. College costs add up when you consider tuition, fees, cost of books and other supplies, and either room and board or transportation expenses. Although most colleges try to meet each family's needs, they aren't always able to do so. Saving for college helps considerably.

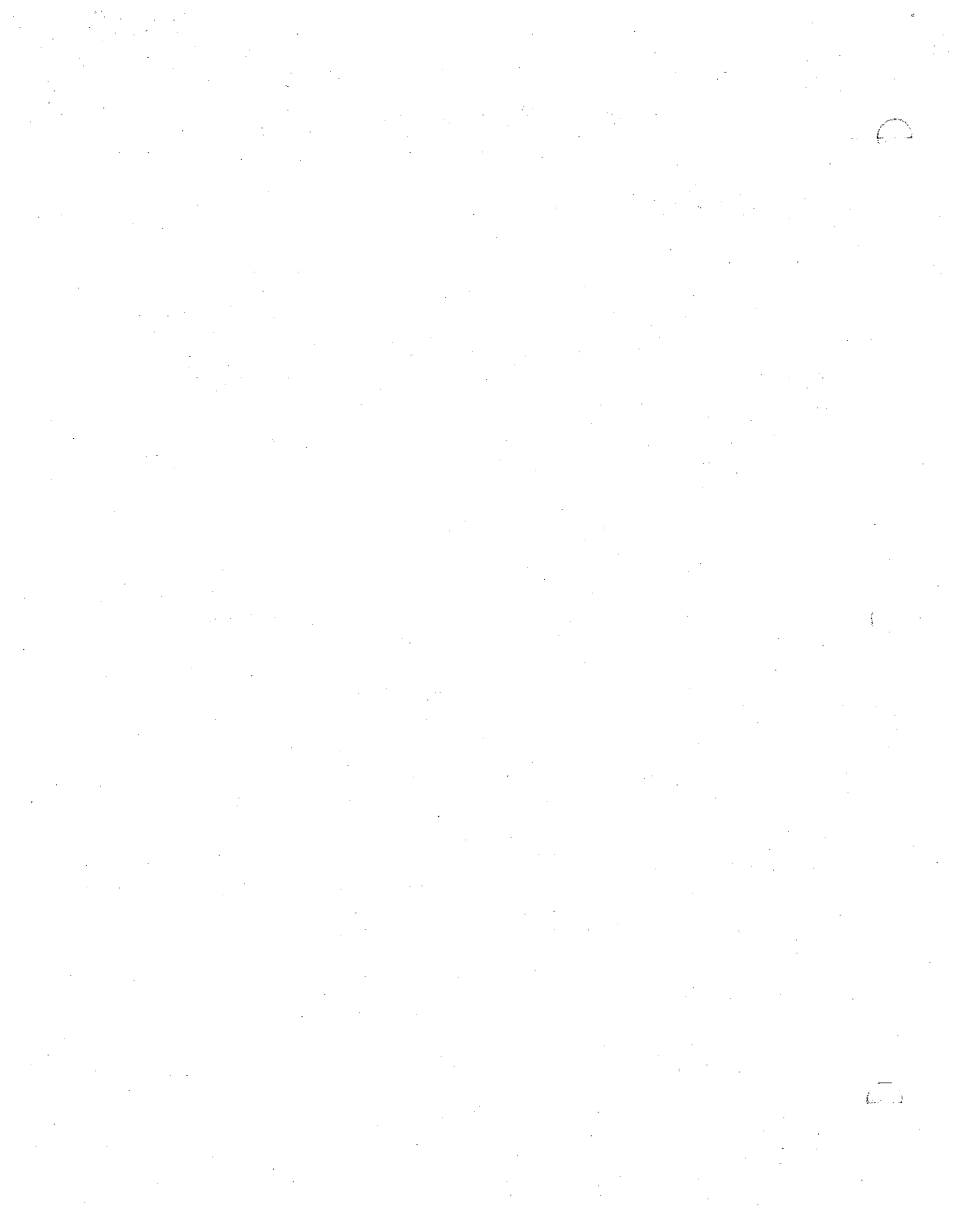
Where's the Money?

Financial aid comes from a number of sources and includes grants and scholarships, student loans, and work-study programs. Most colleges offer some form of financial aid, and the more expensive colleges tend to have the most aid available. Financial aid also comes from many types of government and private organizations. Many people are surprised to learn that not all scholarships are based on academic or athletic achievement. There are many scholarships and grants available for students from various backgrounds and with various special needs and interests. Money from scholarships and grants does not have to be paid back. Money from loans does have to be paid back but, in most instances, not until after a student graduates.

While many parents feel overwhelmed with the prospect of seeking financial aid, remember that both the school counselor and the fafsa.ed.gov Web site can provide information. Don't allow yourself to be swayed by services that charge money to find you aid; this information is available for free. Consider asking at your local bank about low-interest college loans and about your state's 529 College Savings Plan. It is never too late to start saving for college, and whatever savings you have will not prevent your child from receiving scholarships. Once your child has chosen a particular college, that college will probably be the best resource for finding aid.

Source: CollegeEd®, 3rd Edition, The College Board

Handout 9D



How financial aid works and how it makes college affordable

Financial aid is intended to make up the difference between what your family can afford to pay and what college costs. More than half of the students currently enrolled in college receive some sort of financial aid to help pay college costs.

In a nutshell

The financial aid system is based on the goal of equal access—that anyone should be able to attend college, regardless of financial circumstances. Here's how the system works:

- Students and their families are expected to contribute to the cost of college to the extent that they're able.
- If a family is unable to contribute the entire cost, financial aid is available to bridge the gap.

Who decides how much my family is able to contribute?

The amount a family is able to contribute is frequently referred to as the Expected Family Contribution, or EFC. The figure is determined by whomever is awarding the aid—usually the federal government or individual colleges and universities.

The federal government and financial aid offices use “need formulas” that analyze the family's financial circumstances (things like income, assets, and family size) and compare them proportionally with other families' financial circumstances.

What the EFC figure means for most families

First, most families can't just pay the EFC out of current income alone. But, not to worry—the formulas assume that families will meet their contribution through a combination of savings, current income, and borrowing.

Second, financial aid is limited. The formulas therefore measure a particular family's ability to pay against other families' ability to pay.

Three main types of financial aid

Financial aid is any type of assistance used to pay college costs that is based on financial need.

1) Grants and scholarships

Also called gift aid, grants don't have to be repaid and students don't need to work to earn them. Grant aid comes from federal and state governments and from individual colleges. Scholarships are usually awarded based on merit.

How financial aid works and how it makes college affordable (page 2)

2) Loans

Most financial aid comes in the form of loans, aid that must be repaid. Most loans that are awarded based on financial need are low-interest loans sponsored by the federal government. These loans are subsidized by the government so no interest accrues until students begin repayment after they graduate.

3) Work

Student employment and work-study aid help students pay for education costs such as books, supplies, and personal expenses. Work-study is a federal program that provides students with part-time employment to help meet their financial needs and gives them work experience while serving their campuses and surrounding communities.

Don't rule out colleges with higher costs

Say your family's EFC is \$5,000. At a college with a total cost of \$8,000, your child would be eligible for up to \$3,000 in financial aid. At a college with a total cost of \$25,000, he or she would be eligible for up to \$20,000 in aid. In other words, your family would be asked to contribute the same amount at both colleges.

Source: www.collegeboard.com

10 questions for the financial aid office

Each college has its own financial aid policies—how outside scholarships are treated, whether or not aid awards can be appealed, etc.—information that may or may not appear in materials they send your child. Make the most of your next campus visit and schedule an interview with a member of the financial aid staff. He or she will be able to answer specific questions about costs, the financial aid process, and options for financing your child's education.

Here are 10 questions to get you started:

1. What's the average total cost—including tuition and fees, books and supplies, room and board, travel, and other personal expenses—for the first year?
2. By how much will total costs increase each year? How much have tuition and fees and room and board increased over the last three to five years?
3. Does financial need have an impact on admissions decisions? How is financial aid affected if my child applies for Early Decision?
4. Does the school offer both need-based and merit-based financial aid? Are there other scholarships available that aren't based on financial need? Does my child need to create a separate application for merit-based scholarships?
5. What is the priority deadline to apply for financial aid?
6. When will we be notified about financial aid award decisions?
7. If the financial aid package isn't enough, under what conditions, if any, will the aid office reconsider the offer?
8. How will the aid package change from year to year? What will happen if my family's financial situation changes? What will happen if my child's enrollment status (or that of a family member) changes?
9. What are the terms and conditions of the aid programs included in the aid package? What are the academic requirements or other conditions for the renewal of financial aid, including scholarships?
10. When can we expect to receive bills from the college? Is there an option to spread the yearly payment over equal monthly installments?

Source: www.collegeboard.com

Handout 9I

