

RIVERTOWN PARENTS

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between school and home

A Financial Aid Primer

Applying for financial aid for the first time can be a challenge. What follows is a brief introduction to the most commonly used terms and their meanings.

FAFSA. The Free Application for Federal Student Assistance. This form is necessary for need-based financial aid. It contains approximately 90 questions. The FAFSA is free to file and it uses a **Federal Methodology (or FM)** to determine a family's EFC.

EFC. Expected Family Contribution. When you complete the FAFSA, you will be given an EFC. This is the amount of money your family is expected to contribute. You cannot view the EFC until after you submit the FAFSA.

CSS Profile. A form used by over 400 colleges (including some state public colleges) that contains more in-depth questions than the FAFSA. Each college can add their own questions to the standard 130 questions. CSS Profile schools use an **Institutional Methodology (or IM)** to determine a family's EFC.

Need-based Financial Aid. Need-based aid is financial aid offered on the basis of financial need only. All Ivy League schools, and some private colleges and universities only offer need-based financial aid. Need-based financial aid may consist of scholarships or grants (money that doesn't have to be re-paid), work-study and loans.

Merit-based Financial Aid. Merit-based aid, or a merit scholarship, is money offered to the student independently of financial need. A merit scholarship is received in the form of a grant that does not have to be repaid. Students are usually required to maintain a certain GPA to renew the award.

Need-blind. A college that practices need-blind admissions makes its admission decisions independently from the student's need for financial assistance. Some colleges are 100% need blind, while others are need-blind for only some of the admissions cycle. Check with the school.

Need-Aware. A college that is need-aware takes the student's financial need into consideration by the admissions department.

Meeting 100% of Demonstrated Need. Some colleges might be need-blind and will meet 100% of demonstrated need; others might not. Or they might meet the need but will offer many more loans than grants. Ask the school.

Government Loan Program. The US government provides a number of loans directly to students. Many of them are tied to the student's EFC. Some loans are subsidized and some are not. The most common loans are the Perkins (for high need students), the Stafford (subsidized and unsubsidized), and the Parent-Plus Loan, which is not tied to need. Each loan has its own terms and is usually disbursed by the college. The loan will be included in the financial aid letter (not Parent Plus).

Cost of Attendance (COA). The COA is the stated, or sticker price, of the college. It will often include tuition, room and board, supplies, books, and a travel allowance.

Net price. What you pay after receiving a financial aid or merit award.

Net Price Calculator. Every college has an online Net Price Calculator which **estimates** the financial aid award. It should take about 15 minutes to complete but remember that it is only an estimate. Some calculators take merit into consideration.

Tuition discounting. Another description of aid: colleges engage in various forms of tuition discounting, including merit scholarships and financial aid awards.

Front-Loading. Front loading is the practice of awarding more grant money in the financial aid award for the Freshman Year, and decreasing the award and increasing loans in subsequent years. Ask the school.

Gapping. Gapping is the practice of using mostly private loans to "gap" an award when the school does not meet 100% of demonstrated need. Ask the school.

Preferential Packaging. To attract higher calibre students, a college might award more money to one student over another, even if they both have identical need.

Books on Financial Aid

Paying for College Without Going Broke, Kal Chany
The College Solution, Lynn O'Shaughnessy

Websites on Financial Aid

www.finaid.org

www.collegeboard.org

<http://studentaid.ed.gov/home>

<https://collegeabacus.com/>

<http://www.usnews.com/education/best-colleges/paying-for-college>

<http://www.savingforcollege.com/>