



Reviewing a Financial Aid Award

January 2017

Financial Aid Award Package

- After you apply for financial aid, the colleges you have been accepted to will notify you of your financial aid award (award package)
 - Some schools will send you a paper award letter while others will send you an email notification directing you to the school's online system
 - Most colleges begin sending financial aid awards in mid-March

Financial Aid Award Package

- A financial aid award package tells you what financial aid you can receive at a particular school
- If you've applied to several schools, be sure to compare aid offers to see which school will be the most affordable
- You'll need to tell your college which financial aid you'd like to accept
- You are not required to take all or even part of the financial aid that you have been offered

Your FAFSA helps your school determine the types of federal student aid you are eligible to receive.

TYPES OF FEDERAL STUDENT AID

As the largest provider of financial aid, the U.S. Department of Education's office of Federal Student Aid provides grants, loans, and work-study funds.



Grants are free money that do not have to be repaid.



Student loans are real loans (like a car or home loan) that need to be repaid with interest.



A work-study job gives you the opportunity to earn money to help pay your educational expenses.

AWARD

Your award letter explains the combination of federal grants, loans, and work-study a college is offering you. The offer might also contain state and institutional aid. If you receive award letters from multiple colleges or career schools, you should compare them and decide which school works best for you.



Figuring Out Net Price

- First, find the full cost of attendance for your College/University on the aid offer
- If the school doesn't list the full cost of attendance on the aid offer, ask the financial aid office for this figure or visit the school's website for this information
- Make sure it includes amounts you will pay to the school
 - Direct costs- tuition and fees as well as other costs such as housing and meals
 - Indirect costs- books, supplies, and transportation

Figuring Out Net Price

- Once you know the full cost of attending a school you can then:
 - Subtract out the financial aid that the school is offering you
 - The difference between the financial aid offered and the full cost of the school is the net price or out of pocket cost that you will be expected to pay

SAMPLE UNIVERSITY

Dear Joe Sample:

GENERAL INFORMATION

The Office of University Financial Aid has prepared this statement using the following criteria:

Academic Level: Undergraduate Freshman

Dependency Status: Dependent

College: Undergraduate

Major/Program of Study: Non-Declared Major

Housing Category: On-Campus Housing

ESTIMATED COST OF ATTENDANCE:	\$55,000
Tuition and fees:	\$39,000
Housing and meals:	\$13,000
Books and supplies:	\$ 1,000
Personal and miscellaneous:	\$ 2,000

AWARD

Description	Fall	Spring	Total	Accepted Y/N
1 President's Scholarship	\$10,000.00	\$10,000.00	\$20,000.00	Y/N
Federal Pell Grant	\$600.00	\$600.00	\$1,200.00	Y/N
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$500.00	\$500.00	\$1,000.00	Y/N
2 State Scholarship	\$450.00	\$450.00	\$900.00	Y/N
3 Federal Work-Study (FWS)	\$1,500.00	\$1,500.00	\$3,000.00	Y/N
Federal Perkins Loan	\$1,250.00	\$1,250.00	\$2,500.00	Y/N
Federal Stafford Loan – Subsidized	\$1,750.00	\$1,750.00	\$3,500.00	Y/N
Federal Stafford Loan – Unsubsidized	\$1,000.00	\$1,000.00	\$2,000.00	Y/N
Total:			\$34,100.00	

If any of the information in the table above is incorrect, please contact the Office of Financial Aid in writing or via the Ask the Counselor service.

Order in Which to Accept Aid

1. **Scholarships and grants** - Make sure you understand the conditions you must meet. You might have to maintain a certain grade-point average in order to continue receiving a scholarship
2. **Work-Study** - You don't have to pay the money back, but you do have to work for it, so take into account that that'll mean less time for studying. However, research has shown that students who work part-time jobs manage their time better than those who don't!
3. **Federal student loans** - You'll have to repay the money with *interest*. Subsidized loans don't start accruing (accumulating) interest until you leave school, so accept a *subsidized loan* before an *unsubsidized loan*.
4. **Loans from your college** - You'll have to repay the money with interest, and the terms of the loan might not be as good as those of a *federal student loan*. Be sure to read all the fine print before you borrow.
5. **Private Loans** - You'll have to repay the money with interest, and the terms and conditions of the loan almost certainly will not be as good as those of a federal student loan.

Stafford Annual Loan Limits Dependent Undergraduate Student

- **Freshman: 0-29 credits**
 - **Sophomore: 30-59 credits**
 - **Junior/Senior 60+ credits**
- **\$5,500** (of that amount, no more than \$3,500 subsidized)
 - **\$6,500** (of that amount, no more than \$4,500 subsidized)
 - **\$7,500** (of that amount, no more than \$5,500 subsidized)

Stafford Annual Loan Limits

Independent Undergraduate Student

- **Freshman: 0-29 credits**
 - **Sophomore: 30-59 credits**
 - **Junior/Senior 60+ credits**
- **\$9,500** (of that amount, no more than \$3,500 subsidized)
 - **\$10,500** (of that amount, no more than \$4,500 subsidized)
 - **\$12,500** (of that amount, no more than \$5,500 subsidized)

Only Borrow What You Need

- You should only borrow what you need,
 - if your in-direct expenses are not as high as the amount estimated by the school, you have the right to turn down all or part of the loan amount
 - The award letter should tell you how to accept part of your aid

Additional Steps for Loans

- If you do accept all or part of a federal loan you will need to complete additional steps
- The Financial aid office will guide you through the steps of completing a Master Promissory Note which is a contract between the student and the lender agreeing to pay back the loan
- You will also be asked to complete an Entrance Counseling session if you are a first-time borrower
- Both are completed online

Comparing Award Letters

- There is no standard format for award letters, making it difficult to compare packages from different schools. Compare each package to make sure you understand what each school will cost **you** to attend
- Because your financial aid package is created for you and is based on the cost of attending a particular school, your aid amounts will vary from school to school

Comparing Schools

The screenshot shows a web browser window with the URL <https://bigfuture.collegeboard.org/pay-for-college/financial-aid-awards/>. The page title is "Compare Your Aid Awards" and the breadcrumb trail is "Home / Pay for College / Financial Aid Awards / Compare Aid Awards Calculator". There are social media share buttons for "ShareThis" and "Like 122".

Compare Your Aid Awards

It's Easy to Compare Your Aid Awards

- Before you get started, check out our [tips for using the comparison tool](#).
- Enter the student's cost and aid information in the blank fields. Then click on the Calculate button.
- Click on the links in the left column for advice about what to enter in each field.

Do not use commas when entering dollar amounts (e.g., enter 2000 — not 2,000).

Save your work
Sign in to collegeboard.org to save or retrieve your information.
[Sign In](#)

State You Live In	School 1	School 2	School 3	School 4
<input type="text" value="No selection"/>				
College or University Name	<input type="text" value="Harvard"/>	<input type="text" value="Yale"/>	<input type="text" value="Sunny"/>	<input type="text" value="Wilmington"/>

Cost of Attendance

	School 1	School 2	School 3	School 4
Tuition and Fees	\$ <input type="text" value="30000"/>	\$ <input type="text" value="35000"/>	\$ <input type="text" value="25000"/>	\$ <input type="text" value="18000"/>
Room and Board	\$ <input type="text" value="13000"/>	\$ <input type="text" value="13000"/>	\$ <input type="text" value="12000"/>	\$ <input type="text" value="9000"/>
Books and Supplies	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1500"/>	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>
Travel	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>
Personal Expenses	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>	\$ <input type="text" value="1000"/>

Financial Aid

	School 1	School 2	School 3	School 4
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Navigation: Welcome! [Sign up](#) [Sign in](#) [Me](#) [My Colleges](#) [My Plan](#)

Comparing Schools Continued

Travel [?](#) \$ 1000 \$ 1000 \$ 1000 \$ 1000

Personal Expenses [?](#) \$ 1000 \$ 1000 \$ 1000 \$ 1000

Financial Aid [?](#)

	School 1	School 2	School 3	School 4
Gift Aid ?				
• Grants and Scholarships	\$ 5800	\$ 5800	\$ 5800	\$ 5800
• Other Gift Aid	\$ 20000	\$ 10000	\$ 5000	\$ 1250
Self-Help Aid ?				
Student Loans ?				
• Federal Direct Loans	\$ 5500	\$ 5500	\$ 5500	\$ 5500
• Federal Perkins Loan	\$ 0	\$ 0	\$ 0	\$ 0
• Other Student Loans	\$ 0	\$ 0	\$ 0	\$ 0
Work ?				
• Work Study/Job Offer	\$ 3000	\$ 3000	\$ 3000	\$ 3000

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Comparing Schools-Continued

The screenshot shows the BigFuture website interface. At the top, there's a navigation bar with links for SAT, PSAT/NMSQT, AP, College Planning, College Search, YouCanGo!, CLEP, and More. A search bar is present with the text "Find Colleges, Advice and More". Below the navigation bar, the BigFuture logo is displayed along with navigation links: Get Started, Find Colleges, Explore Careers, Pay for College, Get In, and Make a Plan. The main heading is "Compare Your Aid Awards" with a sub-heading "It's easy to compare your aid awards." Below this is a table titled "Results" comparing four schools: Harvard, Yale, SUNY, and Wilmington. The table lists various financial metrics such as Total Cost of Attendance, Total Financial Aid, Family Share of Costs, and the percentage of award that is Gift Aid, Loan, or Work. At the bottom of the table are links for "Recalculate" and "Save Info". Below the table, there is a section titled "Now What?" with a paragraph of text explaining that users are not expected to pay the entire family share of costs all at once. The footer of the page includes a "Welcome!" message and buttons for "Sign up", "Sign in", "Me", "My Colleges", and "My Plan".

Your State	No Selection			
School Name	Harvard	Yale	Suny	Wilmington
Total Cost of Attendance	\$55,000	\$51,500	\$40,000	\$27,000
Total Financial Aid	\$34,300	\$24,300	\$19,300	\$15,550
Family Share of Costs	\$20,700	\$27,200	\$20,700	\$11,450
% of Award that Is Gift Aid	75%	65%	66%	45%
% of Award that Is Loan	16%	23%	28%	35%
% of Award that Is Work	9%	12%	16%	19%

Compare Your Aid Awards Tool

- <https://bigfuture.collegeboard.org/pay-for-college/financial-aid-awards/compare-aid-calculator>

Determining Net Costs

- Compare the net costs for all of the schools you are considering
 - The net cost is the amount you will have to pay out of your pocket
 - Because your aid offer might include student loans, it's important for you to compare the amount of debt you would be taking on at the schools you are considering

How to Cover Net Costs

- If the amount of financial aid that you are offered does not cover all of your costs you have options
 - Private loans
 - Federal Parent Plus loans
 - Payment plan option with the school
 - Private scholarships-as many as possible to help towards net costs

Private Students Loans Vs. Parent Plus Loans

- Private student loans
 - Many private student loans require payments while you are still in school
 - Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay
 - Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors
 - You may need a cosigner.

Private Students Loans Vs. Parent Plus Loans

- Parent Plus Loan
 - The Plus loan is taken out in the parent name on behalf of the student; it can never be transferred to the student
 - It has an interest rate that is fixed by the federal government for the life of the loan, for the current year it is 6.31%
 - A parent can choose to make payments while their child is in school; they can defer payment until after the student graduates but interest will accrue

Questions to Ask About Your Award Package

- Is the award likely to stay the same for all years
 - Assuming the financial information doesn't change dramatically
- Are there GPA requirements to maintain any of the awards
- How will outside scholarships impact the financial aid award

What to do After You Have Reviewed Your Financial Aid Award:

- Respond to the colleges and follow up with any additional items such as loan applications and student loan entrance counseling
- If needed contact the financial aid office to ask for a review of your financial aid award package to see if there is anything additional that you are eligible to receive or to discuss any special circumstances in your family that is not reflected on your FAFSA

Changes to Your Circumstances

- Sometimes families have special circumstances that are not reflected on the FAFSA such as unemployment or reduced work hours. If you feel you have special circumstances that may affect your ability to pay for college, contact the financial aid office at the college you plan to attend
- Some of the most common reasons for asking the financial aid office to review your situation include:
 - Loss of employment
 - Divorce or separation
 - Death or disability of a parent
 - Loss of child support or alimony
 - Unusual medical expenses
 - Elder care expenses
 - Any financial changes not reflected on the FAFSA
- The financial aid office will review your case and may require documentation before determining if your situation will result in an adjustment to your financial aid information

When Will Students Receive Their Aid

- Generally, your financial aid will cover a full *academic year* and your school will disburse your money in at least two payments per year
 - In most cases, your school must pay you at least once per term (semester, trimester, or quarter)
 - Schools that don't use traditional terms such as semesters or quarters usually must pay you at least twice per academic year—for instance, at the beginning and midpoint of your academic year
- For a parent taking out a *Direct PLUS Loan* to help pay for their child's education the loan funds will be disbursed according to the same type of schedule, usually at least twice per academic year

How will Students Receive Their Aid

- **Grants and Student Loans**
- Typically, the college first applies your grant or loan money toward your tuition, fees, and room and board if you live on campus
 - Any money left over is paid to you for other expenses. You might be able to choose whether the leftover money comes to you by check, cash, a credit to your bank account, or another method
- If your loan is disbursed but then you realize that you don't need the money after all, you may contact your school to cancel your loan within 120 days of the disbursement, and no interest or fees will be charged

How Will Students Receive Their Aid Continued

- **Work-Study**
- Your school will pay you directly (for instance, by cash or check) unless you request that the school
 - Send your payments directly to your bank account or
 - Use the money to pay for education-related charges (such as tuition, fees, and room and board) on your student account.
- Generally you will get paid at least once a month

COLLEGE

Every year, millions of new students attend college or career school for the first time. Your college or career school has a financial aid office to help guide you along the way.



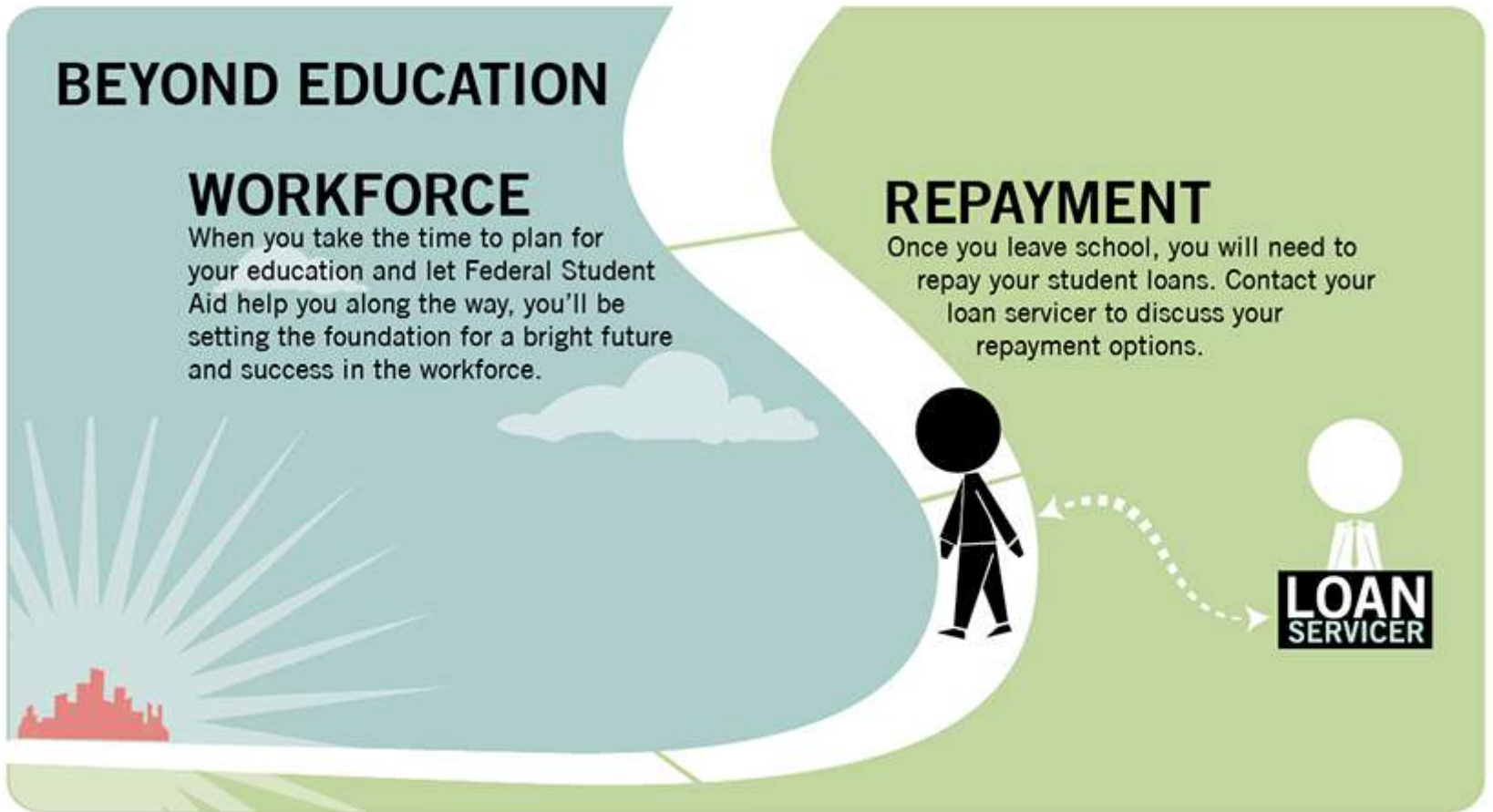
BEYOND EDUCATION

WORKFORCE

When you take the time to plan for your education and let Federal Student Aid help you along the way, you'll be setting the foundation for a bright future and success in the workforce.

REPAYMENT

Once you leave school, you will need to repay your student loans. Contact your loan servicer to discuss your repayment options.



Resources

- www.fafsa.ed.gov
- <https://studentaid.ed.gov/sa/>
- <https://bigfuture.collegeboard.org/pay-for-college/financial-aid-awards/compare-aid-calculator>
- <http://delawaregoestocollege.org/>

Questions?

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