

Understanding Financial Aid

What Is Financial Aid?

Money that is given or loaned to you to help you pay for college is called financial aid. It can be given to you in the form of **gift aid**, which is money that does not have to be repaid such as scholarships or **grants**; or **self-help aid**, which is money that either has to be paid back or worked for, such as loans or a work-study job. Thanks to financial aid, most students can afford to get a college education. Many families need help with college costs, so don't be shy or embarrassed about applying for financial aid—most students do! More than two-thirds of all full-time students attending college right now are receiving some kind of financial aid.

Where Does the Aid Come From?

About 60 percent of all student aid comes from the U.S. government, through grants, loans and work-study; but most federal aid comes in the form of loans. State governments also provide some aid for students who are state residents. Another source of aid is the colleges themselves, using their own funds. Nearly half of all grants given to incoming freshmen come from the colleges that admit them. Finally, there are other organizations that offer scholarships, called "portable" because they can be applied to any college. These sources are covered in greater detail in Lesson 3 of this unit.

WORDS FOR SUCCESS

gift aid *financial aid in the form of scholarships or grants that does not need to be repaid*

grants *financial aid award given to students that do not have to be paid back*

self-help aid *financial aid, such as loans and jobs, that requires repayment or employment*

Free Application for Federal Student Aid (FAFSA) *form completed by all applicants for federal student aid*

WORK ZONE

With a partner read and discuss the following statements below and check TRUE or FALSE for each.

Financial Aid Facts	TRUE	FALSE
1. Public colleges give more aid than private colleges.	_____	_____
2. Your EFC tells you how much financial aid you will get.	_____	_____
3. The lower your EFC, the more financial aid you need.	_____	_____
4. Private colleges are always more expensive than public colleges.	_____	_____
5. You can tell what a college will cost by looking at its tuition and fees.	_____	_____
6. Most college students receive some kind of financial aid.	_____	_____
7. You can tell if you can afford a college by looking at its total costs.	_____	_____
8. Your EFC is the same for every college you might apply to.	_____	_____
9. Every college will meet your full need for financial aid.	_____	_____
10. When you apply for admission, you are automatically considered for financial aid.	_____	_____

How Does This Affect My College Choices?

Because financial aid is based on a family's ability to pay, not what colleges cost, it allows any student to consider colleges in all kinds of price ranges. So while the most expensive college is not necessarily the best one for you, you should not rule out a college that is a good fit because of a high cost; it might be that financial aid will make that college affordable for you and your family.

What Do You Have to Do?

The first thing you need to know is that applying for financial aid is a totally separate process from applying for admission, with different forms and deadlines. Planning your strategy early in senior year is a smart move. Applying late for financial aid can cost you money, so getting organized by using a financial aid timeline is a good idea. That will help you keep track of all your important financial aid due dates.

The financial aid process is a team effort that will require some input from your family, so talk it over with them at the outset. You will want to schedule an appointment with your school counselor at the beginning of senior year to get everything organized. At times, the process may seem intimidating, but it's worth it! Financial aid makes college possible for millions of students every year.

What Should You Do First?

There are definite steps to follow. As soon as you have a list of colleges you like, find out what financial aid forms they require and what their deadlines are. Most colleges just require the FAFSA, but some want you to submit additional forms such as the CSS/Financial Aid PROFILE, which can be accessed through the College Board website.

Many colleges have **priority dates** instead of a firm deadline for applying for financial aid. A priority date is the date by which a college must receive an application in order to give it the strongest consideration possible. After that date, funds may be limited or used up, and you may not get as much aid as you need.

You can't submit the FAFSA until after January 1 of senior year, but because of college priority dates you will want to submit it as soon as you can after January 1. The best way to fill out the FAFSA is online. It's easier than the paper form and saves a lot of processing time. But first you need to get a personal identification number (PIN) for yourself and a parent or guardian.

DID YOU KNOW?

You will need to reapply for financial aid every year you are in college.

WORK ZONE

Read the profiles of the four families below and look at their EFCs. With a partner, discuss which factors most influenced how each family's EFC was derived. On the next page, write down your conclusions. How will the families' EFCs affect how much financial aid they might be offered?

Family 1	Family 2	Family 3	Family 4
Single parent 1 child	Two parents 2 children, 1 in college Father pays \$6,000/year for child support	Two parents 1 child	Two parents 3 children, 2 in college
Income: \$28,500	Income: \$52,000	Income: \$60,000	Income: \$81,000
EFC: \$898	EFC: \$2,356	EFC: \$7,990	EFC: \$5,027


What Comes Next?

Once all the colleges you selected receive your information, it's up to each one to put together a financial aid "package" for you. Along with a letter of acceptance, they'll give you an award letter listing each category of financial aid they are offering you. If you are accepted to more than one college, you will need to compare the award letters before you decide which one to accept. How to compare award letters is covered in Lesson 3 of this unit.

Who Can Help You?

Your school counselor can be a very valuable ally in this process. Set up an appointment soon. There are often programs offered at your school or the local library during the late fall or early winter months to help families with financial aid forms. Free help for filling out the FAFSA is also available by phone at 1-800-4-FED-AID.

TIP
Never pay anyone to help you complete the FAFSA. Go to www.fafsa.ed.gov for the free form and all the help you need.

 **LINK TO ce.collegeboard.org**

Log onto the CollegeEd online site at ce.collegeboard.org to access additional information and resources related to this lesson.

WHO Am I?

WHERE Am I Going?

HOW Do I Get There?

Family 1	Family 2	Family 3	Family 4