# Types of Financial Aid

**Sources of Financial Aid:**

* **GRANTS.** Grants are often need-based money that you do not have to pay back. Grants can come from the Federal Government, State Government, college or career school, or a private or nonprofit organization. The Federal Government offers a variety of grants to students attending four-year colleges or universities, community colleges, and career schools. Federal Grants can include; Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) Grants, and Iraq and Afghanistan Service Grants. You must submit the FAFSA to determine your eligibility for Grant money.
* **SCHOLARSHIPS**. Money that you do not have to pay back. There are thousands of scholarships, from all kinds of organizations, and they’re not hard to find. You might be able to get a scholarshipfor being a good student, a great basketball player, or a member of a certain church, or because your parent works for a particular company, or for some other reason.
* **LOANS.**  If you apply for financial aid by completing the FAFSA, you may be offered loans as part of your school’s financial aid offer. A loan is money you borrow and must pay back with interest.   If you decide to take out a loan, make sure you understand who is making the loan and the terms and conditions of the loan. Student loans can come from the federal government or from private sources such as a bank or financial institution. Loans made by the federal government, called federal student loans, usually offer borrowers lower interest rates and have more flexible repayment options than loans from banks or other private sources. The U.S. Department of Education has two federal student loan programs. 1.) The [Federal Perkins Loan Program](http://studentaid.ed.gov/types/loans/perkins) is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is lender. 2.) The William D. Ford Federal ***Direct Loan*** (Direct Loan) Program is the largest federal student loan program. Under this program, the U.S. Department of Education is your ***lender***. There are four types of Direct Loans available:
  + [Direct Subsidized Loans](http://studentaid.ed.gov/types/loans/subsidized-unsubsidized) are loans made to eligible undergraduate students who demonstrate ***financial need*** to help cover the costs of higher education at a college or career school.
  + [Direct Unsubsidized Loans](http://studentaid.ed.gov/types/loans/subsidized-unsubsidized) are loans made to eligible undergraduate, graduate, and professional students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan.
  + [Direct PLUS Loans](http://studentaid.ed.gov/types/loans/plus) are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
  + [Direct Consolidation Loans](http://studentaid.ed.gov/repay-loans/consolidation) allow you to combine all of your eligible federal student loans into a single loan with a single ***loan servicer***.
* **FEDERAL WORK STUDY PROGRAMS.** Federal Work Study Programs provide part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the student’s course of study. Following a quick overview of Federal Work-Study:
  + It provides part-time employment while you are enrolled in school.
  + It’s available to undergraduate, graduate, and professional students with financial need.
  + It’s available to full-time or part-time students.
  + It’s administered by schools participating in the Federal Work-Study Program. Check with your school's financial aid office to find out if your school participates.

*For more information on the types of financial aid available, visit* [*www.studentaid.ed.gov/types*](http://www.studentaid.ed.gov/types)*.*

Financial Aid Checklist

**September - December:**

* Complete the FAFSA (Free Application for Federal Student Aid) at [www.fafsa.gov](http://www.fafsa.gov) as soon as possible after October 1. Pay attention to the deadline, since some states require you to submit the FAFSA by mid-February or March. Keep a photocopy for your records. Have ready your SS#, driver’s license#, parents recent bank statements, and investment records.
* Start applying for scholarships and grants, which you will do throughout the school year. Visit [www.edgerton.k12.oh.us](http://www.edgerton.k12.oh.us) for a list of Edgerton local, state, and national scholarship opportunities.

**January/February:**

* Complete any required college specific financial aid application materials before deadlines. If your college requires you to submit the [CSS Financial Aid PROFILE](http://www.finaid.org/fafsa/cssprofile.phtml), be sure to submit it by the deadline. Promptly request to any schools request for additional information or documentation, such as copies of federal tax returns, verification worksheets, or other forms.
* Review your Student Aid Report (SAR). After you apply, you’ll receive a Student Aid Report. Your SAR contains the information reported on your FAFSA and usually includes your Expected Family Contribution (EFC). The EFC is an index number used to determine your eligibility for federal student aid. Review your SAR information and make any corrections or changes, if necessary. The school(s) you list on your FAFSA will get your SAR data electronically.
* Contact the school(s) you might attend. Make sure the financial aid office at each school you are interested in has all the information needed to determine your eligibility. If you’re eligible, each school’s financial aid office will send you an award letter showing the amount and types of aid (from all sources) the school will offer you. The award letter describes the types and amounts of financial aid for which you qualify, the cost of attendance, and your expected family contribution. You can compare award letters from the schools to which you applied and see what aid you can receive from each school.

**March/April/May:**

* If your family's financial circumstances have changed significantly since you submitted the FAFSA, send a letter to the financial aid administrator at the school, requesting a professional judgment review of your case. Describe the change in circumstances, and include documentation if possible.
* If your financial aid application is selected for verification, the school will require you to submit additional documentation, such as signed copies of your tax returns, W-2 and 1099 forms. The federal government selects 30% of the FAFSAs for verification. Some schools, to be fair, require all students to complete verification.
* Compare the financial aid packages from each school. Do not look solely at the total amount of aid, but conduct a bottom-line analysis of the net out-of-pocket cost of attending each school. Different schools, for example, may have different costs for room and board.
* Decide which school you want to attend and accept their offer. Also, accept the financial aid award package by signing it and sending it in with a copy of your SAR. Keep a photocopy for your records. The school may also require a nonrefundable deposit to confirm that you will attend.
* If you previously attended any institution of higher education, you must request that each institution send a Financial Aid Transcript (FAT) to the school you will attend, even if you did not apply for or receive any financial aid from the institution.
* Apply for education loans (Student Loans and Parent Loans). If you don't receive enough aid from the school's aid package and government loans, investigate Private Loans.

**June/July/August:**

* You will probably receive your first bill for tuition, fees, room and board during the summer. Ask the school about interest-free or low-cost tuition payment plans that let you pay your tuition in monthly installments, instead of a lump sum up front.
* If you applied for education loans, the financial aid office will provide you with information about the disbursement of the loan proceeds. You may be required to visit the financial aid office to sign the promissory note and complete college entrance counseling. Make sure you read and understand all of your rights and responsibilities.
* Notify the financial aid office of any outside or private scholarship, grant, or other types of student aid you have received or expect to receive.
* If you were awarded Federal Work-Study (FWS) assistance, visit the student employment office to find out how students are placed in FWS positions and what FWS campus jobs are available, including descriptions of job responsibilities and wages.

**Subsequent Years:**

* You will need to reapply for financial aid each year you are in school. Even if you did not qualify this year, you should reapply next year, since financial circumstances can change. The number of family members in college, for example, can have a big impact on your eligibility for financial aid.

* If you submitted a FAFSA during the previous year, you may be able to complete the shorter Renewal FAFSA form instead. The Renewal FAFSA will be mailed to your home. The Renewal FAFSA preprints most of your answers from the previous year's FAFSA. Verify that the old responses are still accurate and supply corrections or new answers where appropriate. If you don't receive a Renewal FAFSA by February 15, fill out a new FAFSA form.
* Continue to apply for [Scholarships](http://www.finaid.org/scholarships/) as your qualifications change and as new scholarships get added to the on-line databases.

**Don't Think You Are Eligible for Financial Aid?**

Don't assume that you don't qualify for financial aid. Nearly all US citizens or eligible non-citizens enrolled at least half-time are now eligible for some form of financial aid, including Student Loans and Parent Loans. Even if you don't qualify for a grant, you may still be eligible for other forms of financial assistance.

Many families don't apply for financial aid because they believe that they earn too much money. However, you don't need to be poor to get financial aid. Some loans and scholarships are available regardless of need, and the number of family members in college can significantly affect your eligibility for aid. Many factors are used to determine your eligibility for financial aid, and there is no simple cut-off based on income. Talk to the school's financial aid administrators if you have any questions.

You can't get aid if you don't apply. So you should definitely fill out the FAFSA and apply for financial aid if you feel you may need assistance.

Financial Aid Resources

**Financial Aid Websites:**

* [www.fafsa.ed.gov](http://www.fafsa.ed.gov): Submit the FAFSA (Free Application for Federal Student Aid)
* [www.studentaid.ed.gov](http://www.studentaid.ed.gov): Federal Student Aid, an Office of the U.S. Department of Education
* [www.ohiohighered.gov/sgs](http://www.ohiohighered.gov/sgs): Ohio Board of Regents, State Grants and Scholarships
* [www.finaid.org](http://www.finaid.org): The Smart Student Guide to Financial Aid
* [www.ed.gov](http://www.ed.gov): US Department of Education
* [www.collegesavings.org](http://www.collegesavings.org): College Savings information
* [www.ohiocollegegoalsunday.org](http://www.ohiocollegegoalsunday.org): Professional and free help completing the FAFSA
* [www.nslds.ed.gov](http://www.nslds.ed.gov): National Student Loan Data System
* [www.oasfaa.org](http://www.oasfaa.org): Ohio Association of Student Financial Aid Administrators
* [www.collegeboard.com](http://www.collegeboard.com): College Board

**Scholarship Opportunities**

Visit [www.edgerton.k12.oh.us](http://www.edgerton.k12.oh.us) → Jr./Sr. High → Guidance

All Edgerton local scholarship opportunities and applications are posted on my website. Also on my website…

* Select college, state, and national scholarship opportunities
* Scholarship search engines
* Scholarship Scam Tips
* Winning a Scholarship Reference Guide
* Scholarship Help
* Scholarship Application Tips
* Scholarship Interview Tips
* Scholarship Thank You Letter Tips
* Financial Aid Information and links
* College Planning Information
* Career Planning Information

College Cost Comparison Worksheet

This worksheet can be used as a guide to calculate a student expense budget, and to help determine the resources needed to meet the costs for the school year when comparing colleges.

|  |  |  |  |
| --- | --- | --- | --- |
| **Colleges:** |  |  |  |
| **A. Direct Educational Expenses** |  |  |  |
| Tuition: |  |  |  |
| Miscellaneous Fees: |  |  |  |
| Housing: |  |  |  |
| Meal plan: |  |  |  |
| **Subtotal A:** |  |  |  |
| **B. Financial Aid** |  |  |  |
| College/University Scholarships: |  |  |  |
| Outside Scholarships: |  |  |  |
| State/Federal Grants: |  |  |  |
| **Subtotal B:** |  |  |  |
| **C. Student Loans/Campus Work** |  |  |  |
| Student Loans: |  |  |  |
| Campus Work Study Program: |  |  |  |
| **Subtotal C:** |  |  |  |
| **Balance (Subtotal A-B-C):** |  |  |  |
| **E. Indirect/Variable Expenses** |  |  |  |
| **Books and Supplies** |  |  |  |
| **Transportation Expenses** |  |  |  |
| **Personal Expenses** |  |  |  |
| **Miscellaneous** |  |  |  |
| **Subtotal E:** |  |  |  |
| **Total (Balance + Subtotal E)** |  |  |  |

LOAN TERMINOLOGY

**Accrued Interest-** Interest that accumulates on the

unpaid principal balance of a loan

**Alternative Loan** - Private loans provide

supplemental funding when other financial aid does not

cover costs. Offered by banks and other financial

institutions. Borrower/co-borrower need to meet credit

criteria; often requires school certification; rates and

terms differ from federal loan programs

**Borrower -** The person who receives the loan

**Co-Borrower** - A person who signs the promissory

note, in addition to the borrowers, and is equally

responsible for the debt.

**Capitalization** - Accrued interest is added to

outstanding principal balance at designated times

**Consolidation Loan** –also called Loan Consolidation,

combines several student or parent loans into one

bigger loan from a single lender, which is then used to

pay off the balances on the other loans. Consolidation

loans are available for most federal loans, including

FFELP (Stafford, PLUS and SLS), FISL, Perkins, Health

Professional Student Loans, NSL, HEAL, Guaranteed

Student Loans and Direct loans. Consolidation loans

often reduce the size of the monthly payment by

extending the term of the loan beyond the 10-year

repayment plan that is standard with federal loans.

**Credit Scoring -** A method, based on statistical

analysis of applicant characteristics, through which

lenders determine the applicant's qualification for credit.

**Credit -worthy** - An individual with no negative credit

history per the criteria established by the lender.

**Default** - Failure to make scheduled monthly payments

according to the agreed - upon terms. Occurs at 270

days delinquency (as of 10/7/98).

**Deferment -** A period during which a borrower, who

meets certain criteria, may suspend loan payments. For

some loans the federal government pays the

interest during a deferment. On others, the interest

accrues and is capitalized, and the borrower is

responsible for paying it.

**Delinquency –** Occurs due to failure to make

monthly loan payments when due. Delinquency

begins with the first missed payment.

**Direct Lender (FDLP)** - schools that are given loan

funds directly from the federal government to award

and disburse to eligible students; also known as the

William D. Ford Direct Loan Program for Stafford and

PLUS

**Disbursement** - when funds are made available to

the student at the school; school determines dates

based on academic year and federal regulations

**Disclosure Statement/Notice of Guarantee**

**(NOG)** - notice to student regarding loan given at

time of guarantee by lender; indicates amounts of

disbursements and payment dates

**Electronic Funds Transfer (EFT)** - Any transfer of

loan funds from lender to school that is initiated

Through electronic means rather than a paper based

transaction, such as a check.

**Entrance/Exit Interview** - pre- and post counseling

of student borrowers provided by the school and required

by the federal government

**Federal Direct Student Loan Program (FDSLP)**

Stafford and Plus loans are available directly from the

federal government rather than through private

lenders. Selected colleges and universities participate

in this program.

**Federal Family Education Loan Program**

**(FFELP)** - Stafford and PLUS loans are financed by

private lenders and guaranteed by the federal government

**Forbearance** - Temporary cessation of regularly

scheduled payments or temporarily permitting smaller

payments than were originally scheduled.

**Federal Stafford Loan** - Loans guaranteed by the

federal government and available to students to fund

education.

**Subsidized** - federal government pays interest

on loan while student is in school, during grace

period and times of deferment; based on need

**Unsubsidized** - student is responsible for

interest on loan; not need based

**Grace period** - Specified period of time between the

date a student graduates or drops below half-time

status and the date loan repayment begins.

**Guarantee Agency/Guarantor** - agency that

guarantees the funds for the federal government to

the lenders; Great Lakes Higher Education

Corporation and United Student Aid Funds are two

common agencies in Ohio

**Master Promissory Note (MPN) -** A promissory note

under which the borrower may receive loans for either a

single academic year or multiple academic years.

The MPN forms, developed by FFELP participants and

approved by the Department, are the Stafford Master

Promissory Note (Stafford MPN) and the PLUS Application

and Master Promissory Note (PLUS MPN).Can be used for

10 years of loan borrowing from point of signing

**NSLDS** - National Student Loan Data System; federal

database of student borrowers and their borrowing levels

**PLUS** - Federal Parent Loan for Undergraduate

Students program

**Prepayment** - Paying off all or part of a loan before

it is due

**Repayment** - repaying student loan as agreed upon

in promissory note; students should check with lender

at time of repayment to understand responsibilities

**Secondary Market** - Institutions, like Sallie Mae,

that buy student loans from the institutions that

originate or own them.

**Servicer** - Organization that administers and collects

loan payments. May be either the loan holder

Financial Aid Acronyms and Abbreviations

ACE American Council on Education

ACG Academic Competitiveness Grant

AGI Adjusted Gross Income

ATB Ability to Benefit

ATS Agreement to Serve

AY Academic Year or Award Year

BPOS Bulk Publication Ordering System

CCRAA College Cost Reduction and Access Act of 2007

CIP Code Classification of Instructional Programs

COA Cost of Attendance

CPS Central Processing System

CR Continuing Resolution

CSR (@ FSAIC) Customer Service Representative

CSS College Scholarship Service

DHS US Department of Homeland Security

DL Direct Loan

DRN Data Release Number

ED U.S. Department of Education

ECASLA Ensuring Continued Access to Student Loans Act of 2008

EFA Estimated Financial Assistance

EFC Expected Family Contribution

EFT Electronic Funds Transfer

EIN Employer Identification Number

ESAR Electronic Student Aid Report

ETV Education Training Voucher

FAA Financial Aid Administrator

FAFSA Free Application for Federal Student Aid

FAO Financial Aid Officer

FDSLP Federal Direct Student Loan Program

FERPA Family Education Rights & Privacy Act

FFEL Federal Family Education Loan

FFELP Federal Family Education Loan Program

FM Federal Methodology

FOTW FAFSA on the Web

FSA Federal Student Aid

FSAIC Federal Student Aid Information Center

FSEOG Federal Supplemental Educational Opportunity Grant

FTC Federal Trade Commission

FWS Federal Work-Study

FY Fiscal Year

GA Guaranty Agency

GAO U.S. General Accounting Office

GEAR UP Gaining Early Awareness and Readiness for Undergraduate Programs

GED General Education Development [certificate]

GLHEC Great Lakes Higher Education Corporation

HEA Higher Education Act of 1965, as amended

HEOA Higher Education Opportunity Act of 2008 (see HEA)

HERA Higher Education Reconciliation Act of 2005

HTML Hypertext Markup Language

IBR Income-based Repayment

IFAP Information for Financial Aid Professionals

IM Institutional Methodology

IPEDS Integrated Post-Secondary Education Data System

IRS Internal Revenue Service

ISIR Institutional Student Information Record

LEAP Leveraging Educational Assistance Partnership (was SSIG)

LLR Lender of Last Resort

MLN Mailing List Number (at FSA PUBS)

MPN Master Promissory Note

NASFAA National Association of Student Financial Aid Administrators

NCAN National College Access Network

NSLDS National Student Loan Data System

NT4CM National Training for Counselors & Mentors

OACAC Ohio Association for College Admission Counseling

OAS Ohio Academic Scholarship

OASFAA Ohio Association of Student Financial Aid Administrators

OBR Ohio Board of Regents

OCAN Ohio College Access Network

OCG Ohio Choice Grant

OCOG Ohio College Opportunity Grant

OhioCAP Ohio College Access Portal

OIG or Office of Inspector General

OIG Ohio Instructional Grant

OMB Office of Management and Budget

OTTA Ohio Tuition Trust Authority

PDF Portable Document Format

PHEAA Pennsylvania Higher Education Assistance Agency

PIN Personal Identification Number

PJ Professional Judgment

PL Public Law

PLUS Parent Loan for Undergraduate Students

PSAT/NMSQT Preliminary SAT/National Merit Scholarship Qualifying Test

SAIG Student Aid Internet Gateway

SAP Satisfactory Academic Progress

SAR Student Aid Report

SASCCO Student Access & Success Coordinating Council of Ohio

SC Special Conditions

SII State Investment in Instruction (formerly State Share of Instruction)

SMART Science and Mathematics Access to Retain Talent

SNT Simplified Needs Test

SOTW SAR on the Web

SSA Social Security Administration

SSI Supplemental Security Income

SSIG (cf. LEAP) State Student Incentive Grant

SSN Social Security Number

SSS Selective Service System

STEMM Science, Technology, Engineering, Mathematics, Medicine

TANF Temporary Assistance for Needy Families

TEACH Teacher Education Assistance for College and Higher Education

TIN Taxpayer Identification Number

TTY Teletype

UGMA Uniform Gift to Minors Act

URL Uniform Resource Locator

USPS U.S. Postal Service

UTMA Uniform Transfer to Minors Act

VA U.S. Department of Veterans Affairs

WIC Special Supplemental Nutrition Program for Women, Infants, and Children