



# Understanding your financial aid offer

After you've filed the FAFSA—that's the Free Application for Federal Student Aid—any colleges that you included on your FAFSA and have accepted you will use your information to calculate your financial aid. They'll follow up with a financial offer. This offer covers only one year, which means you'll need to complete the FAFSA every year to apply for financial aid. Schools may have different names for the offers—award letters, merit letters, or financial aid packages—but they all include the same basic information.

## Financial awards

Start by locating the total amount of financial aid you're being offered. This might include grants, scholarships, and work-study, which is a paying job on campus. And good news: you don't have to pay any of these back.

- **Grants:** Grants are typically need-based and awarded by both federal and state governments, and individual colleges. You have to submit the FAFSA to qualify for them.
- **Scholarships:** Scholarships are offered by colleges and universities, federal and state governments, religious groups, professional associations, employers, and other organizations and companies. There are millions of scholarships available—you just have to look! They can be need-based, merit-based, or based on your hobbies and interests. You don't have to be number one in your class or an all-star athlete to get free money for college. But you need to do the legwork to find scholarships and apply. You can search for scholarships for free with [Sallie Mae® Scholarship Search](#).
- **Work-study:** Work-study programs are offered by federal and state governments, as well as schools. They offer part-time jobs that let students earn money to help pay education expenses. Be sure to submit the FAFSA to be considered for work-study.
- **Federal student loans:** A federal student loan comes from the federal government. You'll have to pay back the money you borrow, plus interest—whether you graduate or not. Federal student loans are legal agreements, so be sure you understand the terms of the loan before signing the promissory note.

## What should you do with the information in your financial aid offers?

You'll want to compare each school's offer. A great way to do this is with a spreadsheet. Make a column for each school and create a row for the COA. Then add another row for financial aid that you've been offered. Subtract the financial aid from the COA. The remainder is sometimes called "the gap" or your out-of-pocket costs. It's the amount you may need to pay on your own—by using your savings, finding more scholarships, or taking out private student loans.

## Estimate of costs

Schools will often include the estimated costs to attend and the estimated amount you may be responsible to pay after your financial aid. This information generally includes

- **Cost of attendance (COA):** The college will calculate an estimated cost for one year. It includes tuition, room and board, books, and supplies—even transportation and personal expenses.
- **Expected Family Contribution (EFC):** Your EFC is an index number that your school uses to determine how much financial aid you're eligible for. Your EFC is calculated according to a formula established by law and the information from your FAFSA. It's not (despite its name) how much your family will have to pay for college.



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## Helpful hints

- You might be required to respond to the financial aid offer, whether you're accepting what they are offering or not. Look for the response deadline and don't miss out.
- You don't have to accept all of the financial aid listed on your offer—it's not an "all or nothing" package. For example, you may decide not to do a work-study program, given your course load.
- Contact the school's financial aid office to learn how you can be considered for more financial aid. Every school has a separate process.
- The decisions you make about paying for college will impact the amount of debt you have after you graduate. Take time to weigh all your options.

## Sample financial aid offer

Be sure to note the ID# assigned to you by the school.

You are not obligated to take these financial aid offers. You will need to specify if you will accept or decline the offer if you decide to attend.

Scholarships and grants are free money. You will not need to pay this money back.

These are federal student loans. You will be required to pay them back.

Some schools might offer work-study, and you would need to apply for a job at the school and will work part-time on or off campus while enrolled.

In this sample, the school has added up tuition plus room and board plus other fees to estimate the cost of attendance. Then they subtracted the aid that you have been awarded to come up with the estimated balance you would owe. This represents the funding gap that you may have to pay from your own funds or utilizing other available resources such as a 529 savings account you may have set up, a tuition payment plan or perhaps a private student loan.

### XYZ University

John Doe  
1 Main St.  
Small Town, CT

Dear John,

Congratulations on your admission to XYZ University! XYZ University is pleased to provide you with the following financial aid offer for the 2018-2019 academic year. Please read all the information in this letter as you may need to submit additional information or forms.

**You will need to ACCEPT or DECLINE your offer. This can be done by logging into your account at [XYZUniversity.edu/financialaid/award](http://XYZUniversity.edu/financialaid/award).**

<b>SCHOLARSHIPS, GRANTS</b>	<b>FALL 2018</b>	<b>SPRING 2019</b>	<b>TOTAL</b>
XYZ Leadership Grant	\$ 5,000	\$ 5,000	\$ 10,000
J. Miller memorial scholarship	\$ 1,000	\$ 1,000	\$ 2,000
Legacy Grant	\$ 500	\$ 500	\$ 1,000

  

<b>FEDERAL AID</b>			
Federal Direct Subsidized Stafford Loan	\$ 1,750	\$ 1,750	\$ 3,500
Federal Direct Unsubsidized Stafford Loan	\$ 3,000	\$ 3,000	\$ 6,000
Federal Work Study	\$ 500	\$ 500	\$ 1,000

  

<b>TOTAL OFFER</b>	<b>\$11,750</b>	<b>\$11,750</b>	<b>\$23,500</b>
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The next step is to **Accept** or **Decline** your financial aid offer at [XYZUniversity.edu/financialaid/award](http://XYZUniversity.edu/financialaid/award).

We have combined your above listed financial aid offer with your estimated costs to calculate your estimated balance due. Please note that this is not a bill but an estimate of direct costs.

<b>ESTIMATED DIRECT COSTS</b>	<b>FALL 2018</b>	<b>SPRING 2019</b>	<b>TOTAL</b>
Tuition	\$ 20,000	\$ 20,000	\$ 40,000
Room & Board	\$ 5,000	\$ 5,000	\$ 10,000
Fees	\$ 400	\$ 400	\$ 800
<b>Total Estimated Costs</b>	<b>\$25,400</b>	<b>\$25,400</b>	<b>\$50,800</b>
<b>Total Scholarship/Financial Aid Offer</b>	<b>-\$11,750</b>	<b>-\$11,750</b>	<b>-\$23,500</b>
<b>Total Estimated Balance</b>	<b>\$13,650</b>	<b>\$13,650</b>	<b>\$27,300</b>

**If you have questions or need additional information, please be sure to contact our Financial Aid office at 123-456-7890 or [financial@xyzuniversity.edu](mailto:financial@xyzuniversity.edu).**

Learn more at [SallieMae.com/AwardLetters](http://SallieMae.com/AwardLetters)

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