

# Understanding your financial aid award letter

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 aid award letter. This letter 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 letters—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 parttime 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 award letters?

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

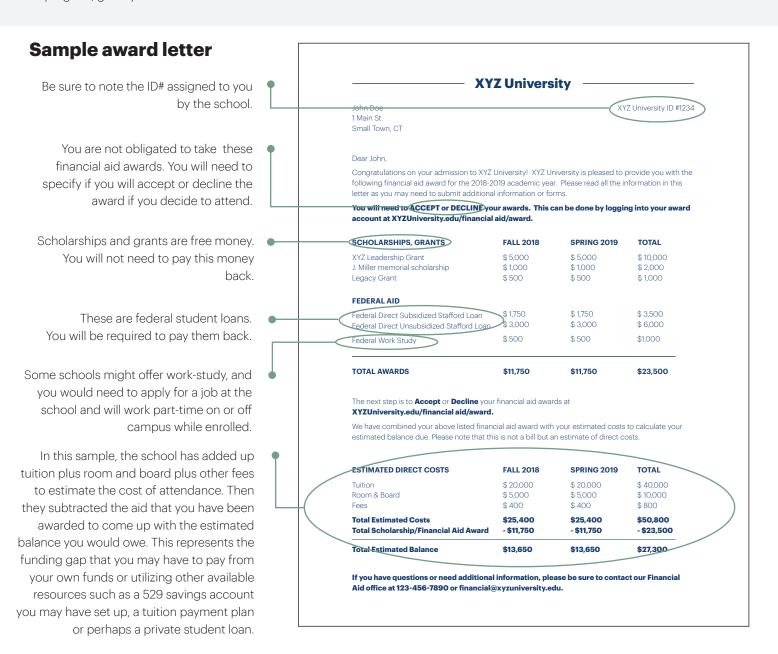
- Cost of attendance (COA): The college will calculate an estimated cost for one year. It includes tuition, room and board, books, and supplies—even transportation and personal expenses.
- Expected Family Contribution
  (EFC): Your EFC is an index number that your school uses to determine how much financial 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.



### Understanding your financial aid award letter

## Helpful hints

- You might be required to respond to the award letter, 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 award letter—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.



#### Learn more at SallieMae.com/AwardLetters

Sallie Mae does not provide, and this information does not constitute, financial, tax or legal advice. Consult your own attorney or tax advisor regarding your specific circumstances. Sallie Mae does not make any claims, promises or guarantees about the accuracy, completeness, or adequacy of the information contained herein.

©2019 Sallie Mae Bank. All rights reserved. Sallie Mae, the Sallie Mae logo, and other Sallie Mae names and logos are service marks or registered service marks of Sallie Mae Bank. All other names and logos used are the trademarks or service marks of their respective owners. SLM Corporation and its subsidiaries, including Sallie Mae Bank, are not sponsored by or agencies of the United States of America. MKT13961 0119