



*Understanding Your
Financial Aid Award Letter*



Northern Vermont University- Johnson
March 30, 2019

Workshop Goals

1. Help you read your financial aid award letters.
2. Assist you in understanding the aid being offered.
3. Help you determine which aid to accept and which aid to potentially decline.

Key Terms

Financial Aid Award Letter: A letter received, via mail or email, from the college(s) to which the student applied, typically in early to mid-April. This letter will spell out the details of the financial aid package.

Financial Aid Package: A collection of different types of aid from multiple sources (federal, state, and institutional¹). It is intended to help you fill the gap between your ability to pay (your expected family contribution or EFC) and college costs (the cost of attendance or COA). It is based on your financial need, the difference between COA and EFC.

¹ Private aid may or may not be included in a financial aid package; it will depend upon whether or not the school has been notified of this award. You may need to calculate in this aid or yourself and/or expect the school will include it once it has been made aware of all outside, private aid.

Financial Aid Refresher

Grants	A form of financial aid that does not have to be repaid.
Scholarships	A form of financial assistance that does not have to be repaid. Scholarships may be awarded based on any number of criteria, such as academics, achievements, hobbies, talents, and affiliations with various groups, or career aspirations.
Work Study	A campus-based program, awarded by the college, in which eligible students work part-time to help fund their education.
Loans	An advance of funds guaranteed by a signed promissory note in which the recipient of the funds promises to repay a specified amount under prescribed conditions. A financial source that is available to students and their parents through student loan programs with varying interest rates and repayment provisions to supplement the family's financial resources, scholarships, and grants.

Financial Aid Sources

Government	Federal and state (i.e., Pell Grant, VSAC)
Institutional	Scholarships, grants, and even loans that individual schools offer to students.
Organizational and Group Membership	Aid offered to students based on affiliation to a particular group (i.e., church group, employer, etc.)
Private Aid	Independent scholarships and financial support from companies, organizations, nonprofits, and community groups (i.e., Coca-Cola scholarship, alumni scholarships, Scholarship Foundation loans, etc.)

Why is it important to compare financial aid packages?

KNOWLEDGE

It is important to know what kinds of aid you are receiving, how much you are borrowing, and what the long-term consequences are.

FINANCIAL PLANNING

Understanding the financial repercussions is important. Consider how much debt you are willing to have, what your income may be when you graduate, and how your debt will affect your future plans and other life goals.

BARGAINING TOOL

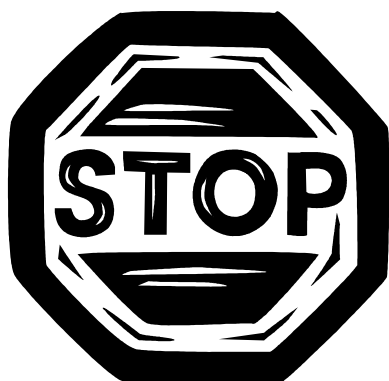
Don't be afraid to ask one school for more money. Once you compare aid, contact your school(s) to see if there is any flexibility in the kinds of aid offered or if they have more money.

SURPRISES!

Until you consider all of the numbers, you just do not know which school will be the most affordable. You may just be surprised.

MAKING A DECISION

It's important to have all the information when making such a big decision. Make an educated decision by knowing your rights, investigating your options, and taking into consideration all necessary facts and consequences.



Remember: You can ask for more money or appeal a financial aid award letter, but be able to support your request with solid reasons! If you are uncertain whether your situation may be considered a special circumstance—ASK!

How to Evaluate Financial Aid Award Letters

A financial aid award letter best serves the student if it answers these 5 questions:

1. What is the total cost (sticker price, including books, travel, and other likely expenses) for one year at this school?
2. How much free money (grants and scholarships) did the student get?
3. How much will the student have to pay (i.e., borrow, work for, or pay out-of-pocket) for the first year?
4. What are the options for raising or paying the money the student owes?
5. What is the student supposed to do next? (Whom should they call with questions or an appeal for more aid? What forms have to be submitted and by what deadline?)

A financial aid award letter receives “**extra credit**” if they answer these additional questions:

1. How many hours a week would a student have to work to earn the work-study award?
2. What does the student have to do to renew each of the scholarships and grants each year? What is the likelihood that the student will meet those conditions?
3. What are the terms, conditions, and monthly payments of the loans?
4. Is it made clear that the student or parent can decline to take any or all of the awarded loans?
5. If a PLUS loan is included in the award, is it made clear this is dependent on the parents’ credit, and that parents with acceptable credit can get a PLUS loan from any school?
6. How much will it cost to graduate from this college?

Still trying to estimate the true cost for the degree?


1. Visit <http://nces.ed.gov/collegenavigator>. Enter the school name to view retention and graduation rates.
2. Calculate next year’s true Cost of Attendance by adding up tuition, fees, room and board, books, travel, and miscellaneous expenses. Subtract free money.
3. Multiply your net cost by four if the federal statistics indicate most students at your school graduate in four years. If most students take longer, multiply by five, or even six, depending on the school. Increase the total by about 10 percent to account for probable inflation.

Important things to look for, consider, and ask!

COSTS	<ul style="list-style-type: none"> ○ Does the award letter state the school's cost of attendance (COA)? ○ If so, does it include ALL projected costs (i.e., tuition, fees, room, board, books, transportation, and personal expenses)?
REQUIREMENTS	<ul style="list-style-type: none"> ○ Are all scholarships renewable? ○ Do you have to maintain a certain G.P.A.? ○ Can you switch majors and keep the scholarship?
FAMILY	<ul style="list-style-type: none"> ○ What is your expected family contribution (EFC)? ○ Is there any unmet need²?
LOANS³	<ul style="list-style-type: none"> ○ What kinds of loans did the school offer? ○ How much are you willing to borrow? ○ What are the interest rates and other terms?
ADJUSTMENTS	<ul style="list-style-type: none"> ○ Does the school have a policy for changing aid (known as aid displacement) if a student receives a non-institutional scholarship?
NEXT YEAR	<ul style="list-style-type: none"> ○ Does the financial aid package cover the same expenses every year? ○ Are grants and scholarships increased as costs go up?

² Unmet need is the difference between the cost of the school and the amount of financial aid awarded. This is beyond EFC and any loans the student must borrow.

³ Always, always, always read all loan obligations!

	Syracuse	Minnesota	Purdue
COST OF ATTENDANCE - Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)	34970	16240	27672
Room & Board	12850	7576	9120
Books & Supplies	1308	1000	1270
Personal Expenses	900	2000	25
Transportation Expenses	600	194	300
Miscellaneous Expenses	1332	+	2180
1 TOTAL COST	51960	27010	40567
2 EXPECTED FAMILY CONTRIBUTION Student Aid Report (SAR)	0	0	0
FINANCIAL AID - Amount indicated on the financial aid award letter			
Federal Pell Grant	5550	5550	5550
Federal SEOG Grant	1000	500	400
State Grants and Scholarships (Bright Flight, MAP, Access MO)	+	+	+
College Grants and Scholarships (Aid offered through the school)	27100	4000	4850
Other Grants and Scholarships	750	750	500
Work Study	3200	2700	2500
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID	37600	13500	13800
LOANS - Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized - 3.4%	3500	3500	3500
Federal Perkins Loan - 5%	2000	+	2000
Federal Stafford Loan - Unsubsidized - 6.8%	2000	2000	2000
Federal PLUS Loan* (NOTE: Credit based; parent must qualify.) - 7.9%	 CAUTION	8010	19267
Alternative Loans* - Interest rate variable; depends on credit rating	+	+	+
4 TOTAL LOANS	7500	13510	26767
GAP BETWEEN COST AND AID Cost of attendance (line 1) minus [lines (2), (3) and (4)]	6860	0	0
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4) + Gap	14360	13510	26767
ESTIMATED TOTAL LOAN AMOUNT OVER FOUR YEARS Total Loan Amount x 4 Years (Does not include fees & interest)	57440	54040	107068

COST OF ATTENDANCE -			
Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)			
Room & Board			
Books & Supplies			
Personal Expenses			
Transportation Expenses			
Miscellaneous Expenses			
1 TOTAL COST			
2 EXPECTED FAMILY CONTRIBUTION Student Aid Report (SAR)			
FINANCIAL AID -			
Amount indicated on the financial aid award letter			
Federal Pell Grant			
Federal SEOG Grant			
State Grants and Scholarships (Bright Flight, MAP, Access MO)			
College Grants and Scholarships (Aid offered through the school)			
Other Grants and Scholarships			
Work Study			
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID			
LOANS -			
Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized - 3.4%			
Federal Perkins Loan - 5%			
Federal Stafford Loan - Unsubsidized - 6.8%			
Federal PLUS Loan* (NOTE: Credit based; parent must qualify.) - 7.9%			
Alternative Loans* - interest rate variable; depends on credit rating			
4 TOTAL LOANS			
GAP BETWEEN COST AND AID Cost of attendance (line 1) minus [lines (2), (3) and (4)]			
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4)+ Gap			
ESTIMATED TOTAL LOAN AMOUNT OVER FOUR YEARS Total Loan Amount x 4 Years (Does not include fees & interest)			

COST OF ATTENDANCE -			
Found on award letter or listed on school website	1	2	3
Tuition & Fees (9 months)			
Room & Board			
Books & Supplies			
Personal Expenses			
Transportation Expenses			
Miscellaneous Expenses			
1 TOTAL COST			
2 EXPECTED FAMILY CONTRIBUTION Student Aid Report (SAR)			
FINANCIAL AID -			
Amount indicated on the financial aid award letter			
Federal Pell Grant			
Federal SEOG Grant			
State Grants and Scholarships (Bright Flight, MAP, Access MO)			
College Grants and Scholarships (Aid offered through the school)			
Other Grants and Scholarships			
Work Study			
3 TOTAL GRANT, SCHOLARSHIP, AND WORK STUDY AID			
LOANS -			
Federal and private loans, usually listed on award letter			
Federal Stafford Loan -Subsidized - 3.4%			
Federal Perkins Loan - 5%			
Federal Stafford Loan - Unsubsidized - 6.8%			
Federal PLUS Loan* (NOTE: Credit based; parent must qualify.) - 7.9%			
Alternative Loans* - interest rate variable; depends on credit rating			
4 TOTAL LOANS			
GAP BETWEEN COST AND AID Cost of attendance (line 1) minus [lines (2), (3) and (4)]			
YOUR ANNUAL OUT-OF-POCKET COST Expected Family Contribution (line 2) + Total Loans (line 4) + Gap			
ESTIMATED TOTAL LOAN AMOUNT OVER FOUR YEARS Total Loan Amount x 4 Years (Does not include fees & interest)			

Recommendations for additional comparison tools...

Award Letter Comparison Tool

<http://www.finaid.org/calculators/awardletter.phtml>

This tool is designed to help you compare and contrast the financial aid packages from the colleges that have admitted you. The specific aim is to highlight the differences in cost of attending each school.

Advanced Award Letter Comparison Tool

<http://www.finaid.org/calculators/awardletteradvanced.phtml>

In addition to comparing and contrasting the financial aid packages from the colleges that have admitted you, this tool also allows you to get an easy comparison of other characteristics that may affect your decision (i.e., size, student/faculty ratio, distance, location, etc.).

Compare Aid Awards Calculator

<http://apps.collegeboard.com/fincalc/ep/step6-1.jsp>

The purpose of this tool is to help you compare your financial aid award letters. Since aid may vary in type and amount, this is an opportunity to compare awards side-by-side to determine the quantity and quality.

Financial Aid Award Letter.com

<http://www.financialaidletter.com>

Confused about how to pay for college? This website is designed to allow you to read real college financial aid award letters, decode information and translate jargon, and find tips on how to raise extra cash for college.

Student Loan Repayment Calculator

<http://www.mappingyourfuture.org/paying/standardcalculator.htm>

Estimate your federal student loan payments under a standard repayment plan (equal payments) with this calculator.

What happens if I cannot afford the true costs of my school?

Find more aid!

- Appeal financial aid package with your school:
 - Special Circumstances Appeal
 - Competitive Appeal
- Look for additional scholarships:
 - www.vsac.org
 - www.fastweb.com
 - www.finaid.org
 - www.scholarships.com
 - www.studentaid.org

Reduce costs!

- Live at home if possible.
- Sharing housing with other students.
- Work a part-time job.
- Avoid bringing cars to school if possible.
- Take CLEP tests (in moderation)!

Change your plan!

- Consider a less expensive school or one that offered more aid.
- Consider two years at the community college and then transfer (there are still lots of great scholarship opportunities for transfer students)!
- Have A+? USE IT! This is a great opportunity to save money while working toward your ultimate goal. Also, investigate if your school offers a scholarship for A+ eligible students.

Should you appeal your financial aid award?

By Phone vs. Face-to-Face

For routine matters, like getting the answer to a straightforward question, a phone call is the easiest way to get in touch. Communication by email and letters come next, but you may have to wait longer for an answer. Look over the award letter before you contact the financial aid office. If you have a serious problem, the best way to address it is with a visit. Make sure to call and schedule an appointment.

Provide Clear Supporting Information

You should be ready to support your request with accurate and complete financial information. If you feel that a college has underestimated your family's financial need or if circumstances have changed since the aid application was completed, you may have to provide income statements or expense records. If you would like to be considered for additional aid because another college is offering more money, bring a copy of the other college's letter.

Negotiating

Do not expect to negotiate. Instead of using the term negotiate, financial aid staff refer to this process as an appeal.

Financial Aid Award Appeals

If you have a good reason, financial aid staff do not mind if you ask them to take a second look. It usually means you have enough interest to want to reach a bottom line that your family can afford. What are good reasons to appeal your aid award?

Financial—If your family cannot afford the family share, be prepared to present information about your financial circumstances. This can include showing new information. Success for this type of appeal depends on whether the aid office decides to increase your need and has money to add to your award.

Competitive—You may also appeal because your first choice college has given you less aid than other colleges. Show your first choice school a copy of the other college's award letter and ask if they can improve your package. Success depends on a college's policy towards competitive appeals.

Does it pay to appeal?

Yes, because you may receive more money and there is little chance you will receive less. However, it takes time to prepare an appeal and time for the college to act on it. Don't prepare an appeal just "because." If you can articulate and support your request for more aid, give it a try. Even if your appeal does not work out, keep in touch with the financial aid office.

10 Tips for Getting More Financial Aid

Clark, Kim (2010) U.S. News & World Report

10 Tips for Getting More Financial Aid:

Schools are approving a record number of appeals and giving more aid

DO:

- Make sure you have filed all necessary applications (i.e., FAFSA, CSS/Financial Aid Profile).
- Check your college's financial aid website. Look for instructions/forms for filing an appeal.
- Send a letter asking for a “**professional judgment**” review of your award. Give specific reasons why you need more aid.
- Provide documentation for your claims (i.e., copies of W2s, tax forms, hospital bills, etc.).
- Send the appeal and documentation as soon as possible. Some aid is **first come, first served**.

DON'T:

- Lie or shade the truth. Financial aid officers will ask for evidence and they will scrutinize it. The government can take back aid, fine you, and even send you to prison for lying on the FAFSA.
- Let shame, embarrassment, or ego stop you from filing a legitimate appeal.
- Demand grants to replace federally subsidized Stafford or Perkins loans or earnings from a work-study job.
- Expect a bankruptcy filing to guarantee you more aid.
- Have your appeal filed by your accountant. Financial aid officers say the most persuasive appeals are filed by students themselves. Letters from parents also are often rewarded.