



FINANCIAL AID BASICS

TWO (2) TYPES:

Need-based aid	Money you receive based only on your family's financial circumstances, regardless of your academic performance, talents, and other skills.
Merit-based aid	Money you receive based on your academic performance, talents, and other skills, regardless of your family's financial circumstances.

THREE (3) FORMS:

Grants and Scholarships	FREE money that you do NOT need to repay that comes from the federal government, colleges/universities, or independent organizations.
Loans	Money that you DO need to repay within a certain amount of time, that earns interest (you will end up owing more than you borrow). Federal loans for students and parents are the best kind – steer clear of private loans.
Work-Study	Federal program that provides students with jobs on campus to earn money toward their education throughout the year (approximately 10 hours per week); includes summer work expectation. [*Note: Schools also offer other on-campus work opportunities in addition to federal work-study.]

OTHER KEY TERMS:

Tuition -- The amount of money it costs only to attend class/earn credit. Does not include any other costs of attending college/university!

Cost of Attendance -- The total amount of money it costs to attend a college/university (usually listed annually). Everything is included – tuition, housing and meals, books and supplies, insurance, fees, travel, etc. ***This is the number used to calculate financial aid awards.*

Expected Family Contribution (EFC) -- The amount of money your family is expected to contribute annually to your education. This is calculated by the government and colleges/universities, and may vary from school to school. ***Note: The only financial aid that can cover the EFC is a parent PLUS loan.*

- FAFSA4caster is a tool to calculate estimated federal EFC: <https://fafsa.ed.gov/FAFSA/app/f4cForm>

Demonstrated Need -- How much money a particular family needs to make a specific school affordable (see below). This is the amount that financial aid (all forms) may cover.

Meets 100% of demonstrated need -- School provides financial aid equal to the amount of your demonstrated need.

Gapping -- School provides financial aid less than the amount of demonstrated need; students are left with a “gap” that must be filled with private scholarships.

Award Letter -- Summary of financial aid for a particular student from a particular school.

Net Price Calculator -- An online tool that you can use to estimate how much a particular school might cost for you to attend. All schools have one, but they vary a *lot* in quality. Find all school's Net Price Calculators here: <http://collegecost.ed.gov/netpricecenter.aspx>

Calculating Demonstrated Need:

$$\begin{array}{r} \text{Cost of Attendance} \\ \text{-- Expected Family Contribution (EFC)} \\ \hline \text{= Demonstrated Need} \end{array}$$

IMPORTANT DOCUMENTS:

Free Application for Federal Student Aid (FAFSA) -- All students and families must complete the FAFSA in order to qualify for need-based financial aid at *every* school.

CSS Profile -- Many schools require the CSS Profile in addition to the FAFSA to determine need-based financial aid; it asks for more details about the family's financial circumstances.

Taxes (state and federal) -- Taxes form the basis for verifying information about your family's financial circumstances, which is used to calculate need-based financial aid. It is *critical* that families complete their taxes in a timely fashion in the years leading up to a student enrolling in college.

ADVICE FOR SUCCESS:

You don't know how much a school will cost for YOU to attend until you receive your financial aid award letter.

- **Sticker price is NEVER what you pay.** Financial aid is highly individualized and each school will provide a different financial aid award. Don't let sticker price influence where you apply; the cost of a school for your family should only impact where you ultimately attend.
- **It is often cheaper to attend a more expensive school.** Private schools and out-of-state public schools often have higher sticker prices than public in-state schools, but they also often have significantly more financial aid available. You could attend an NC public university for in-state tuition, or you might attend a private school or out-of-state public school that costs \$60,000 for only \$500.
- **If you think you need help paying for college, apply for financial aid.** There is plenty of aid to go around!

Beware of scams!

- **Never pay money to get money!** Lots of companies ask for money in return for financial aid advice or scholarships. You should never pay money to get financial aid!
- **Avoid guarantees of specific dollar amounts of aid.** You may hear things like, "If you use our financial aid finder services, we guarantee you will get a least \$5,000 in financial aid or your money back." This is a scam! Most students are eligible for at least \$5,500 in federal unsubsidized loans anyway.