

FREQUENTLY ASKED QUESTIONS ABOUT FINANCIAL AID

What types of aid are available?

The term *Financial Aid Package* in college admissions refers to the combination of financial assistance a student receives along with a college acceptance. Although some funding typically comes from the government, the college will be the responsible party for allocating amounts and organizing the various sources into a Financial Aid Package for the student. This financial assistance is need-based, and comes in two primary forms:

Funding awarded that does not need to be repaid

Usually called a grant or scholarship, this type of funding can be awarded by the Federal Government; the state government by the state in which a student resides, not where the college is located; or the college the student will attend. Federal and state funding is typically called a grant; common examples are the Federal Pell Grant and Pennsylvania's PHEAA Grant. Funding from a college is typically called a scholarship, and is often tied to the student maintaining a certain grade point average during the four years they attend college.

Funding awarded as a loan that will need to be repaid

As with grants, loans can come from Federal and/or state agencies. Common examples are the Federal Perkins Loan, Federal Stafford Loan, and SEOG Loan. Typically, colleges do not make loans to their students. The repayment terms on these loans can vary, such as the interest rate charged; the timing for when interest begins to accumulate; the timing for when repayment begins; and the timing for when the loan is due to be repaid in full.

An additional component in the Financial Aid Package can be:

Work-Study

A Work-Study component in the Financial Aid Package is a commitment to provide the student with a job that will produce a certain income that may be applied toward tuition or given to the student for their use. The funding for this job can come from either the Federal Work-Study program or a program implemented by the college.

Besides financial aid, are there other ways to help pay for college?

Several other sources of financial support exist. These options are based on need, merit, or some other factor.

Athletic Scholarships

Division I and Division II colleges and universities may offer a student a full or partial athletic scholarship. Division III colleges and universities do not offer scholarships to student athletes. For more specific information on athletic scholarships, see your counselor or log on to the NCAA website at www.ncaa.com

Scholarships from private sources

A great number of private scholarship funds exist that have specific requirements for their awards. These can be funds set up by individuals, corporations, community groups, or others. The Lower Merion Township Scholarship Fund is a local example. Outside sources may award funding based on academic performance, but funding might also be tied to a particular interest or demographic characteristic of the student. Please see the *Resources* section at the end for more information about how to research scholarships.

Private loans

Another way a family can fund the cost of college is to take out a loan from a bank or credit union. Similar to financial aid loans mentioned above, the repayment terms on a bank loan can vary widely, and it is important to understand the terms: the interest rate, the obligation for repayment, the person(s) liable for the obligation.

How do I know or find out if I am eligible for aid?

You will not know the details of a Financial Aid Package until the end of the college admission process after being accepted, but you can get a sense of your family's situation by using the *Net Price Calculator*, which is an online tool that colleges are required to offer on their websites by the Federal Government. By entering some basic information about your family income and assets, you will receive an indication of the amount you would be expected to pay toward that college's tuition. This amount is called the *Expected Family Contribution* (or EFC). Note that financial aid for most colleges will address the ***total cost of college, but scholarships are used towards tuition only.***

How do I apply for financial aid? What information will I have to provide?

We recommend that you discuss financial considerations as a family early in the college process, since it is important for students to understand financial concerns and have realistic expectations before they apply. Many colleges have financial aid deadlines the beginning or middle of February. Whereas admission deadlines may be more fluid, financial aid deadlines are firm, therefore it is very important to follow the financial aid dates that colleges and universities disperse to prospective students.

The majority of colleges ask students to apply for financial aid by filling out a form called the *Free Application for Federal Student Aid* or as it is more commonly known, the *FAFSA*. The FAFSA is

somewhat similar to a federal tax form, and requires information about the family's income; bank accounts and other assets, the parents and guardians as well as the student's. For most colleges, you will only need to submit the FAFSA to apply. Some highly selective institutions require a form called the CSS Profile, while others have their own specific financial aid forms. The FAFSA and CSS Profile are filed electronically. It is important to complete any and all forms the colleges and universities require.

What is the timing to apply for aid and learn of my award?

The timing for a financial aid decision is usually between the end of February and the beginning of April, depending upon the college or university. Your financial aid package will be sent separately from the offer of admission. Because of the timing of the package, you have approximately a month to six weeks to compare packages before making a final decision upon which college to attend. All colleges require a student to deposit their money to hold a seat at one college on or before May 1 which is the National Candidates' Reply Date.

If a student has applied to two or more colleges, he or she may be in a position to compare financial aid packages. In some cases, students can negotiate with their first-choice college to seek a better financial aid package, asking the college to match a more generous package awarded by another institution. In the *Resources* section below, we mention some tools for comparing packages and making a decision once packages have been received.

Will my aid award stay the same for all four years, or can it change? Will I have to re-apply?

The Financial Aid Package that comes after a college acceptance pertains to the student's freshman year only. You and your family will need to re-apply for aid each year. If the family's financial situation (income, net assets, etc.) remains fairly consistent year to year, it is likely that the financial aid package will remain the same.

CLOSING ADVICE

Financial concerns can often be one of the most stressful aspects of the college application process. This is an emotional time for many families, as they contemplate the transition ahead to a student leaving home and embarking on a new phase of life. Furthermore, many people may be uncomfortable discussing personal finances or may not feel that they are qualified to understand the different components of financial aid. To help manage this process, we recommend to:

Start early.

Well before you need to fill out an application, spend time thinking about financial aid. Consider your family's situation and needs; check out many different resources and read college websites to gain a better understanding of how financial aid works.

Speak with your counselor and others who have experience with college admission.

Hearing about the options for financial aid and learning about others' experiences will help you be more informed about the process.