



Ocean Educational Consulting

Financial Add Letter Translator

Financial Aid Packages

Once you have submitted the FAFSA, each school will put together a financial aid package for you. You can expect to receive the financial aid package letters in March or April, after you have been accepted to the college.

As a general rule, private schools with large endowments offer larger amounts of financial aid in the form of grants. In 2001, for example, Princeton University enacted a “no loan” policy, which means that they offer financial aid packages comprised entirely of grants and scholarships. In other words, Princeton will meet the entire financial need with no loans.

Other schools—private as well as public universities—have followed suit, pledging to cover the entire cost of attendance (minus the EFC) for their students. The list of schools participating in this program changes from year to year. For the most recent list, go to the Summary of Pledges at the Project on Student Debt website, www.projectonstudentdebt.org/Type_and_Coverage.vp.html.

No-loan schools, however, remain the minority. If there is a big gap between your EFC and the total cost of the college, you can expect to be offered some percentage of aid in the form of loans. You will need to pay careful attention to this when you compare the various offers from the schools.

Another type of financial aid that interests people is called “merit aid,” and this is what folks often refer to when they say, “Johnny is going to get a basketball scholarship.” Merit aid is given to students based on strong academics, athletic ability, or other talents. It is not based on financial need.

Although recipients of merit aid may have financial need, their awards are based on these other skills and talents. Merit aid is generally offered in three different ways: from state funding, from the colleges, or from private entities. Colleges use merit aid as a way of recruiting outstanding students that might go to other colleges. Most colleges award some forms of merit aid, but, as you might guess, these awards are highly competitive.

After you have been accepted to a college, you will receive a financial aid letter from each school. These letters can be confusing. They all have different formats and even very similar schools can offer very different financial aid packages.

Once you get your letters, it is important to carefully read through them to see what the school is actually offering. Below, we have provided a sample financial aid letter with the types of information that you should see in your offer letter.

At the top, you'll see the total costs of attending the university. Below that, you see the total college costs, the EFC from the FAFSA, and the difference between the two, which is the financial need. Then there is a chart with the names of the various financial awards with the total amount of money offered. As you can see, the offer letter includes both loans and grants. When you receive your actual offer letters, it is important that you sit down and decipher exactly what the schools are offering in the form of financial aid.

Sample Financial Aid Letter

March 17, 2011

Ms. Jane Doe
123 Sample St.
Sampleville, CA 99999

Dear Jane:

Congratulations on your admission to University of X. We in Student Financial Aid look forward to working with you and your family over the next four years.

We have reviewed your application for financial aid for the 2011-2012 academic year and are pleased to make this tentative offer of financial aid based on a careful analysis of the information you provided.

Your need was calculated using the Budget and Resources detailed below:

<u>Budget</u>	<u>Amount</u>
Tuition and Fees	40,732
Room	7,275
Meals	4,500
Books/Supplies	2,763
Travel	400
Total Budget	55,670

<u>Resources</u>	<u>Amount</u>
Parental Contribution	9,760
Student Contribution	1,900
Total Resources	11,660

Financial Need (Budget – Resources) = 44,010

To meet your financial need, we are offering you the following assistance:

<u>Sources</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Scholarship	19,005	19,005	38,010
Work-Study	1,500	1,500	3,000
Federal Loan	1,500	1,500	3,000
Total Awards	22,005	22,005	44,010

Sincerely,
Student Financial Services

Once you have all of your aid offers in hand, it is very important that you compare them. It will be nearly impossible, however, to easily compare them in the format of the different letters. What you need to do is examine each letter and write down the information required on the next worksheet.

Worksheet - Comparing Financial Aid Offers

College						
Total Cost of Attendance						
Grants/Scholarships						
Grants/Scholarships						
Work-Study						
Loans						
Total Aid Offered						
Total Aid Offered						
EFC						
EFC						
Unmet Need (subtract EFC from Total Aid Offered)						
Unmet Need (subtract EFC from Total Aid Offered)						

Questions to Ask

There are also a number of questions that you should ask specifically about your financial aid offer so that you know exactly what the offer means in terms of grants/scholarships, work-study, and loans. Here are some questions to keep in mind.

Grants/Scholarships:

- What are the requirements for maintaining my scholarship? What is the school's definition of satisfactory academic progress (SAP)? What is the minimum GPA that I must have?
- Is the scholarship for the first year only? Or is it renewable each year?

Work-Study:

- Will I be assigned to a job or will I have to find one myself?
- How many hours per week will I be expected to work?
- Will I receive my paycheck or will it go directly to the college?
- What is the hourly wage?

Loans:

- What type of loan is it? Federal, private, or college?
- What is the interest rate? Does interest accrue while I am in school?
- How much will I owe when I graduate?
- What will my monthly payments be?