

4 PAYING FOR COLLEGE: UNDERSTANDING FINANCIAL AID AWARD LETTERS

After filing the FAFSA or WASFA, you'll receive a financial aid award letter from each college you applied to. Your **financial aid** award from each college will be different. You will not know which school will fit in your budget until you review ALL of your financial aid **award** packages.

TYPES OF STUDENT LOANS:

You can choose to fully or partially accept the different types of loans offered or decline them entirely.

Subsidized loans: The government pays the interest while you are in college. If you qualify, this is your best option.

Unsubsidized loans: Interest gets added to the amount you borrow as soon as you begin college.

Parent loan: A loan your parent can take on your behalf to pay for your **college expenses**. Your parent is legally tied to the loan and its repayment.

A **federal loan** has lower interest rates and better repayment options than a private loan and is determined by the FAFSA.

A **private loan** can come from banks, colleges and private organizations. Typically, they have higher interest rates and less favorable repayment options. Like unsubsidized loans, private loans gain interest as soon as you borrow the money.

TYPES OF FINANCIAL AID:

Scholarships: Money awarded based on academic or other achievements to help pay for education expenses.

Grants: Form of gift aid, usually based on financial need.

Work study: On-campus or off-campus employment that allows you to earn money for **college expenses**.

Loans: Money you borrow and have to repay over time with interest.

I got my award letter, WHAT NOW?

1. Review the offer and compare it against the expenses you need to cover. Some expenses listed in your **cost of attendance** (COA) will be billed by the college (**tuition**, room and board for dorms, etc.) while others, such as books and personal expenses, are recommended estimates.

2. Inform the college of any financial changes or private scholarships awarded since submitting your **FAFSA or WASFA**.

3. Accept the awards for the college you're planning to attend. Make sure you know about the deadlines for accepting your financial aid offer.

GOOD TO KNOW:

Accept grants, scholarships and work study before loans to reduce your debt after college. Avoid private loans and credit cards, if possible.

* COA
 - Scholarships/Grants

 MONEY GAP
 (work study/loans/savings)
 smallest MONEY GAP =
 MOST AFFORDABLE OPTION

4. Contact the financial aid office at the college if you have questions.

FEB: GRADE 12

