

## Understanding Your Financial Aid Award Letter

Use this example as a guide to your financial aid award letter. Please contact your college financial aid office if you have questions.

### Cost of Attendance (COA)

|                           |                 |
|---------------------------|-----------------|
| Tuition                   | \$10,228        |
| Health/Computer Fees      | 212             |
| Books/Supplies            | 820             |
| Room/Board                | 5,220           |
| Personal                  | 2,570           |
| Transportation            | 730             |
| <b>Cost of Attendance</b> | <b>\$19,780</b> |

**Cost of Attendance:** The total direct cost (tuition, room and board, etc.) of one year's education. Your school may also include indirect costs (books, fees, transportation, personal expenses, etc.). Our example includes both.

(Format courtesy of the University of Iowa)

### Estimated Family Contribution (EFC)

|                              |                 |
|------------------------------|-----------------|
| Total Cost of Attendance     | \$19,780        |
| Federal Student Contribution | - 632           |
| Federal Parent Contribution  | - 115           |
| <b>Financial Need</b>        | <b>\$19,033</b> |

**Family Contribution:** Amount per year parents and students are expected to give, determined by FAFSA results (EFC is \$747 [632 + 115] in example).

COA - EFC = Financial Need

### Awarded Financial Aid

|   | FALL              | SPRING     | TOTAL   |
|---|-------------------|------------|---------|
| Federal Pell Grant                        | \$814             | \$814      | \$1,628 |
| <b>Total Federal Pell Grant</b>           | <b>= \$1,628</b>  |            |         |
| Direct Stafford/Ford Loan                 | \$2,750.00        | \$2,750.00 | 5,550   |
| Direct PLUS (Parent) Loan                 | \$5,952.50        | \$5,952.50 | 11,905  |
| <b>Total Federal Direct Student Loans</b> | <b>= \$17,405</b> |            |         |

**Total Financial Aid Package Offered (grants + loans) = \$19,033**

**Financial Aid Award:** The award is broken out into grants and loans. This student's award consists of:

- Federal Pell Grant (free money)
- Federal Stafford Loan (student repays)
- Federal PLUS Loan (parent repays)

### COA - EFC - Financial Aid = Unmet Need

|                             |            |
|-----------------------------|------------|
| Total Cost of Attendance    | \$19,780   |
| EFC                         | - 747      |
| Total Awarded Financial Aid | - 19,033   |
| <b>UNMET NEED</b>           | <b>\$0</b> |

**Unmet Need:** Unmet need is equal to COA less the total of EFC and total aid amount. Our example indicates that the financial aid matches the student's need, so the unmet need is \$0.

## Comparing Financial Aid Award Letters

You may receive award letters from different colleges. Keep the following in mind when making your final decision:

**Look carefully at your award letters:** Letters from different schools will probably have their figures and costs in different formats. Compare award letters to see how their offers measure up. Ask if outside scholarships will affect your aid.

**Compare loan offers:** Interest rates, how interest compounds, repayment terms and cancellation provisions can vary widely from loan to loan.

**Compare affordability of aid offers over time:** Ask how your financial aid package will change over time. The aid package made available to you in your senior year may look very different from the one you were offered freshman year.

**Look beyond the "sticker price":** The school with the lowest cost of attendance may not be the most affordable. The amount and type of aid offered will influence affordability.

**Don't accept an offer just because it has the lowest "unmet need":** You may save more by accepting an offer with a higher unmet need, if the aid package offers more scholarships and grants instead of loans.

**Compare like terms:** How do the schools determine cost of attendance? Do they all include direct costs as well as indirect costs? How do they handle outside scholarships? What work-study options are available? What are salaries like? Can you substitute work for a loan?

**FastTip:** You can choose to accept or decline any part of your financial aid package.

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