

# Learning the Lingo of Financial Aid (from Sallie Mae, Inc.)

FAFSA? SAR? SEOG? In the land of financial aid, knowing the native dialect is half the battle. Before students can learn how to get help funding their education, they first need to understand all those strange terms and acronyms. Here's a glimpse at the language they can expect to encounter when applying for financial aid.

**Award Letter:** An official document issued by a financial aid office listing all financial aid (scholarships, grants, loans and/or work-study) awarded to the student.

**Budget:** The total cost of attending a post-secondary institution for one academic year. The student's budget usually includes tuition, fees, room, board, books, supplies, travel and personal expenses.

**Campus-based Aid:** Financial aid programs administered by the university. The federal government provides the university with a fixed annual allocation, which is awarded by the financial aid administrator to deserving students.

**EFC (Expected Family Contribution):** Amount a family is expected to contribute to a student's education, based on family earnings, net assets, savings, size of the family and number of students in college. This amount will appear on the Student Aid Report (SAR) that the student receives from the federal government.

**FAA (Financial Aid Administrator):** A college or university employee who is involved in the administration of financial aid, also known as financial aid advisors, officers or counselors.

**FAFSA (Free Application for Federal Student Aid):** The form that must be completed by students and parents applying for federal student aid. The form is generally available after Jan. 1, and students can receive and complete the form online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

**Federal Work-Study Program (FWS):** This federal program provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses.

**Financial Aid:** Financial assistance in the form of scholarships, grants, work-study and loans for education.

**Financial Aid Package:** The total amount of financial aid (federal and nonfederal) such as scholarships, grants, loans and/or work-study for which a student is eligible. The package is disclosed in the award letter sent to students from the schools they are admitted to.

**Financial Need:** The difference between the cost of attendance at a college and the Expected Family Contribution (EFC); also known as financial aid eligibility.

**Gift Aid:** Financial aid, such as grants and scholarships, which does not need to be repaid.

**Grants:** Financial aid awards that do not have to be repaid. Grants are available through the federal government, state agencies and colleges.

**Lender:** A bank, credit union or other financial institution that provides funds to students or parents for an education loan.

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**Loan:** A type of financial aid that is available to students and their parents, and must be repaid. Student loan programs have varying interest rates and repayment provisions.

**PLUS (Parent Loans for Undergraduate Students):** Federally insured loans that allow parents of dependent students to borrow up to the full cost of the student's education minus financial aid received. Credit-worthy parents are eligible to borrow a PLUS loan regardless of family income.

**Pell Grant Program:** The largest federal grant program. Students who meet federal criteria for financial need automatically receive this grant, which does not require repayment.

**Perkins Loan Program:** Federally insured loans funded by the federal government that are awarded by the school to students based on great financial need. The loans feature a low interest rate and are repayable over an extended period.

**Prepaid Tuition Plan:** A college savings plan that is guaranteed to rise in value at the same rate as college tuition.

**Private Loans:** Private loans provide supplemental funding when other financial aid does not cover costs. These loans are not federally insured, but are offered by banks or other financial institutions to students and parents.

**SAR (Student Aid Report):** A report summarizing financial and other information reported on the FAFSA, sent to a student by the federal government. The student's financial aid need or eligibility is indicated by the Expected Family Contribution (EFC), which is printed on the document.

**SEOG (Supplemental Education Opportunity Grant):** This federal grant is awarded to low-income students based on availability of funds at the college, and does not require repayment.

**Stafford Loans:** Federally insured, low-interest rate student loans for which borrowing limits vary depending on a student's year in college.

**Subsidized Stafford Loans:** Loans awarded to students who demonstrate financial need (i.e., need-based loans). The federal government pays the interest on these loans while students are in school and during the grace and deferment periods.

**Unsubsidized Stafford Loans:** Loans available to students regardless of financial need (i.e., non-need-based loans). Borrowers pay interest on these loans while in school, or may defer payment and allow interest to accrue.

**Tuition:** The amount of money payable to higher education institutions for classroom and other instruction, and the use of some facilities such as libraries.