

Speak the Language: Financial Aid

When it comes to money, you don't need any misunderstandings. To help you navigate the waters of paying for college, here is a list of commonly used terms and what they mean.

Award Letter: Official notification of the type and amount of financial aid a college is offering you.

Demonstrated Need: The difference between what your family can contribute toward college expenses and the actual cost of attending college.

Expected Family Contribution (EFC): How much money you and your family are expected to contribute toward college expenses. EFC is based on your FAFSA application and a calculation by the federal government.

Free Application for Federal Student Aid (FAFSA): The federal application every student must submit in order to be eligible for federal financial aid. For more information and to complete the FAFSA visit fafsa.ed.gov.

Grants: Money for college that does not have to be repaid. Most grants are need-based and are awarded by the state or federal government.

Institutional Aid (or Campus-Based Aid): Financial assistance given by a college, typically either need-based or merit-based aid.

Loans: Money given to a student that must be paid back. There are several types of loans, including low-to zero-interest student loans given out by the federal government, like the Perkins and Stafford loans. These are the best options, since you don't have to pay back the money until you graduate. Private loans, offered through banks and credit unions, typically have higher interest rates.

Merit Aid: Financial aid awarded to you from a college based on your individual achievements and talents. For a full listing of what's available, visit MeritAid.com.

Need-Based Aid: Financial aid given based on the ability of you and your family to pay for college.

Scholarship: Money for college that does not have to be paid back. Usually awarded based on specific criteria, such as your academic performance, extracurricular activities, college major, ethnic heritage or religious affiliation. Scholarships may be awarded by colleges, private groups or states.

Student Aid Report (SAR): After you file the Free Application for Federal Student Aid (FAFSA), you will receive a SAR stating your EFC (expected family contribution) and eligibility for financial aid. This report is also sent to the colleges you indicate on the FAFSA.

Student Loan: Financial aid that must be repaid. Student loan programs are available through the federal government and private lenders.

Work-Study: Financial aid given in exchange for work (typically at a job on campus). To qualify for the Federal Work Study (FWS) program, you must complete the FAFSA.

Cappex Fit Fact: There is more than \$11 billion in merit scholarships available to students. Many of these scholarships are renewable each year. Go to MeritAid.com today, and find out which scholarships fit you *before* you apply.