

Understanding Your Financial Aid Award Letter

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

Cost of Attendance (COA): The total expenses (tuition, fees, etc.) of one year's education. Your school may also include indirect costs (books, room and board, transportation, personal expenses, etc.). Our example includes both.	Expenses (COA) Tuition \$5,334 Health Fees 176 Books/Supplies 1,015 Room/Board 3,204 Personal 2,600 Transportation + 910 Total Expenses: \$13,239	Resources (EFC) Family's Resources Parent's Contribution: From Earnings: \$3,000 From Assets: 112 Student's Contribution: 500 Other Resources: + 0 Total Resources: \$3,612	Expected Family Contribution (EFC): Amount your family is expected to give per year, determined by FAFSA results (e.g., EFC is \$3,612 [3,000+112+500]). The amount you end up actually paying could differ from the EFC, depending on what resources are available at your college.
	COA (\$13,239) - EFC (\$3,612) = Financial Need (\$9,627)		

	Accept	Decline		FALL	SPRING	TOTAL
Awarded Financial Aid	<input type="checkbox"/>	<input type="checkbox"/>	Federal Pell Grant	\$625	\$625	\$1,250
				Total Federal Pell Grant = \$1,250		
	<input type="checkbox"/>	<input type="checkbox"/>	Direct Stafford Loan	\$1,000.00	\$1,000.00	2,000
	<input type="checkbox"/>	<input type="checkbox"/>	Direct PLUS (Parent) Loan	\$1,938.50	\$1,938.50	+ 3,877
				Total Federal Direct Student Loans = \$5,877		
	Total Financial Aid Package Offered (grants + loans) = \$7,127					

Financial Aid Award: Notice the choice to accept or decline each award. This award letter consists of:

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

COA	Total Cost of Attendance	\$13,239
- EFC	EFC	- 3,612
- Financial Aid	Total Awarded Financial Aid	- 7,127
Unmet Need	UNMET NEED	\$2,500

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 \$2,500.

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

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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 scholarships, grants and work-study 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 wages like? Can you substitute work for a loan?