

Decoding your financial aid offers

tips

you should know
before making the
big decision



1. The acronyms you need to know

Cost of attendance (COA): an estimate of what one full year of school will cost. It includes tuition, along with room, board, fees, books, and more. Check your school's website for a detailed COA.

Expected Family Contribution (EFC): an estimate that the school uses to determine how much financial aid you could get—the amount you actually pay may be different.



2. You might get a few types of financial aid

Scholarships and grants: free money that you won't have to pay back—seriously!

Work-study: money you earn by working a part-time job through your school

Loans: money you can borrow that you will have to pay back with interest



3. Remember this equation

$$\text{COA} - \text{financial aid} = \text{what you'll pay}$$

Do this equation for every school on your list. If you still owe money, you may need to use savings, private student loans, or other sources to cover the difference.



4. Hold on: don't just pick the biggest offer

A small financial aid offer with more free money may be better than a larger offer with more loans. Why? Because you'll have to start paying back those loans after graduating.



5. Read the fine print

Before you pick your offer, pay attention to the conditions. Some types of financial aid may be renewable, and some may be for one year only. Also, some scholarships might require you to maintain a certain GPA.



6. Choose what works for you

You don't have to accept all the aid listed in your financial aid offer. Pick the types and amounts of aid you need, and make sure to respond before the deadline.



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Paying for college responsibly

Use the 1-2-3 approach to help your student pay for college

When you're planning for college, the first question is often which school to choose. But equally as important is the question of how you'll pay for it. That's why we've partnered with Sallie Mae® to bring you their 1-2-3 approach to paying for college. These three steps can help you make more informed, responsible financial decisions for a big investment in your future.

1 Start with money you won't have to pay back. Supplement your college savings and income by maximizing scholarships, grants, and work-study.

Begin with any college savings that have been put aside in a dedicated college savings account and include current income that you're earmarking for college. Maximize "free" money you will not have to pay back, including scholarships and grants. Then consider work-study.

Scholarships

Scholarships are offered by colleges and universities, federal and state governments, religious groups, professional associations, employers, and other companies. You might think they're only for academic or athletic accomplishments, but they can be awarded for a number of criteria:

- Organization memberships
- Community leadership
- Financial need
- Ethnic, religious, or national background

Apply for scholarships—the earlier, the better, since many have deadlines.



Apply for scholarships every year you plan to attend college—not just for freshman year.

Grants and work-study

Grants and work-study are generally federally funded, so be sure to submit the Free Application for Federal Student Aid (FAFSA) to apply for them. The FAFSA is also used to apply for most state loan, grant, and scholarship programs.

- Pell Grants, the largest federal grant program, are based on financial need; unlike a loan, a Pell Grant doesn't need to be paid back.¹
- Work-study programs are offered by federal and state governments, as well as schools. They offer part-time jobs that let students earn money to help pay education expenses.

2 Explore federal student loans. Apply by completing the Free Application for Federal Student Aid.

After you've maximized your free money, consider federal student loans, which are provided by the government. Direct Subsidized Loans are for students with demonstrated need and Direct Unsubsidized Loans are available regardless of family income.

- You can apply for both by filling out and submitting the FAFSA.
- They're issued in the student's name and the student is responsible for paying them back.
- They're eligible for income-driven repayment plans that link monthly payments to income.
- Federal loans may be eligible for loan forgiveness programs, such as the Public Service Loan Forgiveness Program for borrowers who are employed by a qualifying public service organization.