

How Financial Aid Works

...and How It Makes College Affordable for You

Financial aid is intended to make up the difference between what your family can afford to pay and what college costs. Over half of the students currently enrolled in college receive some sort of financial aid to help pay college costs. By the time you'll be ready for college, you'll need to complete financial aid forms to apply for aid.



In a Nutshell

The financial aid system is based on the goal of equal access -- that anyone should be able to attend college, regardless of financial circumstances. Here's how the system works:

- Students and their families are expected to contribute to the cost of college to the extent that they're able.
- If a family is unable to contribute the entire cost, financial aid is available to bridge the gap.



Who Decides How Much My Family Is Able to Contribute?

The amount your family is able to contribute is frequently referred to as the Expected Family Contribution, or EFC. The figure is determined by whomever is awarding the aid -- usually the federal government or individual colleges and universities. The federal government and financial aid offices use "need formulas" that analyze your family's financial circumstances (things like income, assets, and family size) and compare them proportionally with other families' financial circumstances.

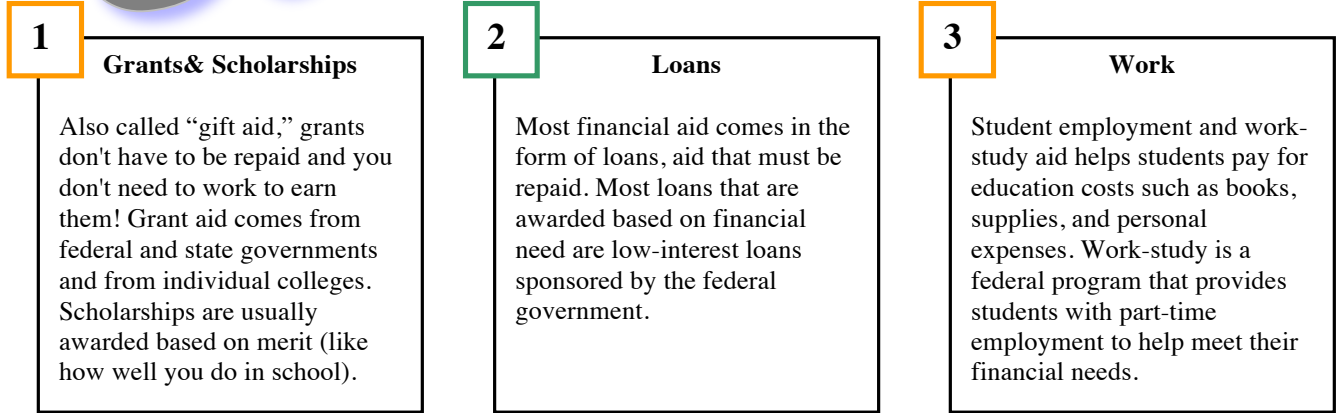
What the Expected Family Contribution Means for Me

First, most families can't meet the full cost of college. The formulas assume that families will meet the cost by contributing what they can, through savings, income, and borrowing. Second, financial aid is awarded based on need, not against other families' ability to pay.

Sample

Financial Aid

Financial aid is a type of assistance used to pay college costs that is based on financial need.



Don't Rule Out Colleges with Higher Costs

Say your EFC is \$5,000. At a college with a total cost of \$8,000, you'd be eligible for up to \$3,000 in financial aid. At a college with a total cost of \$25,000, you'd be eligible for up to \$20,000 in aid. In other words, your family would be asked to contribute the same amount at both colleges. So don't rule out those expensive schools!

What are Your Questions About Financial Aid?

Myths & Facts about Financial Aid

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MYTH: There isn't enough financial aid for a student like me!

FACT: Student aid programs will assist any student with the greatest need for financial assistance.

MYTH: Only students with good grades get financial aid!

FACT: Don't think that financial aid is awarded on the basis of grades. While a high grade point average is certainly desirable and will help a student get into a good school, most of the student aid programs "do not" take a student's grades into consideration. Provided a student maintains satisfactory academic progress in his or her program of study, an average academic record will get aid for a student who wants to start college.

MYTH: I won't qualify for financial aid.

FACT: There is no way a student or parent can make that determination. Only a financial aid professional can determine eligibility for financial aid. You must apply for financial aid. Some aid is awarded based on need, some on merit, and some on a combination of the two. If you are not eligible for one program, you may qualify for others!

MYTH: The school is too expensive for my family.

FACT: Many families do not realize that financial aid may be available to assist with a "discount" on the cost of tuition and other expenses.

MYTH: I heard that financial aid programs have been drastically cut.

FACT: Financial aid programs - particularly those regulated by the federal government - are always subject to change. Reductions and increases to those programs are often discussed in Congress. Sometimes the changes mean increased grants or loans for those who are eligible for the funds. Since things are always changing in financial aid programs, it is important to keep in touch with your guidance counselor and the financial aid officers at the colleges and schools in which you are interested. They can best guide you to the programs, let you know the current rules, and direct you in the process of looking for all the funds for which you may qualify.

MYTH: I heard there are private grants and scholarships that go unawarded each year.

FACT: There are many private sources of funds. Each source has its own application method and deadline. Each must be researched and applied for separately. Students and families are encouraged to investigate local, regional, and national sources of private funds. It takes some work to find them but that effort may give you more results in addition to the federal, state, and college financial aid funds.
