

Article

Financial Aid Glossary

Preparing for college is stressful enough, but figuring out how to pay for it is even harder. Plus, from the first FAFSA through graduation, you're sure to be bombarded with financial aid acronyms and buzzwords. Here are some key terms you'll need to know.

AGI: Adjusted Gross Income. Most financial aid forms require parents or students to state their taxable AGI based on income minus maximum allowable adjustments.

Alternative Loans: These private student loans from banks or other lending institutions are not federally supported or guaranteed. Students must be enrolled to apply for these loans.

Capitalized Interest: Unpaid interest that is added to the original amount of a loan. Capitalized interest increases the size of a loan, because the borrower is paying interest on their interest.

COA: Cost of Attendance. This is the total cost of attending a college or university, including tuition, room and board, books, lab fees, transportation and basic living expenses.

CSS Profile: The College Scholarship Service Profile is a financial aid form that many colleges and universities use to determine how much non-federal financial aid a student may be eligible for.

Community College: Sometimes called junior college or two-year college. Students can take classes, and then transfer to a four-year school, or they can earn certificates, diplomas or associate's degrees.

Credit Hour: Credit hours are units of value given to classes. Some classes may be worth two or three credits, while others are worth four credits. Credits vary by class and by school. Many schools base tuition costs on the number of credit hours taken. Some charge a specific dollar amount per credit hour.

Deferment: A deferment is an approved pause in repaying a student loan. For example, students may seek a deferment on undergraduate loan payments while in graduate school.

Department of Education: This government agency administers several federal student financial aid programs. Also referred to as USED (U.S. Department of Education).

Direct Loan Program: The U.S. Department of Education's loan program.

EFA: Estimated Financial Aid. This is the amount of financial aid a student will likely be eligible for. The figure is calculated based on all required financial aid forms.

EFC: Expected Family Contribution. To be eligible for federal financial aid, parents must fill out a FAFSA (see below) form with detailed financial information. The EFC is calculated based on this information, showing the amount of money the family can reasonably be expected to contribute to their child's education. There are free EFC calculators available online, which can help estimate the EFC.

FAA: Financial Aid Administrator. An FAA is a college or university employee involved in the administration of financial aid. Also known as financial aid advisors, officers or counselors.

FAF: Financial Aid Form. This is the generic term used for any financial aid form.

FAFSA: Free Application for Federal Student Aid. Filling out a FAFSA form is the first step in the financial aid process. To be eligible to receive federal financial aid, a student must complete a FAFSA.

FAT: Financial Aid Transcript. This transcript logs all financial aid a student has received.

FDSLPLP: Federal Direct Student Loan Program. Through this program, student loans are provided directly to the student from the federal government, rather than through commercial lenders.

FFELP: Federal Family Education Loan Program. This federally guaranteed student loan program ended June 30, 2010. All new loans are through the Department of Education's Direct Loan Program.

Federal School Code (also, Title IV Institution Code): Each college, campus or program has a six-character institution code. You must include the code related to each of your college applications when filling out a FAFSA. These codes are available by contacting the school or checking an online listing.

Federal Stafford Loan (also, Federal Direct Loan): These student financial aid loans are obtained through banks, lending institutions or colleges. To qualify, students must be enrolled in a college degree

program at least part-time. The loans may be subsidized (need-based, typically for low-income students), or unsubsidized (not need-based so any student can apply). Students apply by filling out the FAFSA. Formerly called the Guaranteed Student Loan.

FSEOG: Federal Supplemental Educational Opportunity Grant. This federal government program provides need-based grants to low-income college students, and is administered through the school's financial aid office.

Federal Work-Study Program: A federally-funded, need-based program administered by each school, this program allows students to work on campus in exchange for a portion of their tuition.

Grant: A grant is money given to students for their education. Often based on need, grants may come from federal or state programs, or sometimes from private charitable organizations. It does not have to be repaid.

GSL: Guaranteed Student Loan. Now called the Federal Stafford Loan or Direct Ford Loan (see Federal Stafford Loan, above).

Independent Student: Independent students are self-supporting students who are not financially dependent on their parents.

MPN: Master Promissory Note. This form promises repayment, and is signed by a student or parent when taking out a PLUS or Stafford Loan.

National Merit Scholarship Program: Students who do well on the PSAT/NMSQT may qualify for scholarships. A few students receive full scholarships.

Need-based: Need-based financial aid is reserved for low-income students.

NSLDS: National Student Loan Data System. This U.S. Department of Education database allows students to access their Title IV student loan and grant information.

Parent Contribution: This is the amount of money parents are expected to be able to contribute to their child's education.

Pell Grant: This federal program provides need-based educational grants for low-income students. Because they are grants, they do not have to be repaid.

Perkins Loan Program: This federally funded, need-based loan program provides low-interest loans to both undergraduate and graduate students.

PLUS: Parent Loan for Undergraduate Students. These federal guaranteed loans are available for parents of undergraduates.

PSAT/NMSQT: The Preliminary SAT/National Merit Scholarship Qualifying Test. Students hoping to receive a National Merit Scholarship must take and pass this test.

ROTC: Reserve Officers Training Corps. In this program, the military pays a student's tuition or other expenses. The student takes part in summer training while in college, and commits to military service after college.

SAR: Student Aid Report. This report summarizes the information entered on your FAFSA form, and shows the amount of your Expected Family Contribution.

Scholarships: These funds are given to, or earned by, students, and are to be used for tuition. There are numerous public and private sources for scholarships. Some are given based on need, some on merit or skill. Others have very specific stipulations on who can receive the scholarship.

Student Contribution: This is the amount a student is expected to contribute to his or her educational expenses.

SUB: Subsidized Federal Stafford Loan. (See Federal Stafford Loan, above)

Title IV Institution Code: (See Federal School Code, above)

UNSUB: Unsubsidized Federal Stafford Loan. (See Federal Stafford Loan, above)

Work-Study: This program allows students to defray part of their tuition and school expenses by working part time on campus.