

# Glossary of College Planning Co. Financial Aid

## **ACADEMIC YEAR**

A period of at least 30 weeks of instructional time during which a full-time student is expected to complete at least 24 semester or trimester hours, or at least 36 quarter hours, at an institution that measures program length in credit hours; or at least 900 clock hours at an institution that measures program length in clock hours.

## **ACCRUAL DATE**

The day interest charges on an educational loan begins to accrue.

## **AWARD LETTER**

The official document, issued by the financial aid office, which lists all the financial aid awarded to the student. While award letters vary among institutions, the letter generally lists the expected family contribution, cost of attendance and all the terms of the aid awarded.

## **CAPITALIZATION**

The process of adding unpaid interest to the principal balance of an educational loan, thereby increasing the total amount to be repaid.

## **CITIZEN/ELIGIBLE NON CITIZEN**

You must be one of the following to receive federal student aid:

- U.S. Citizen
- U.S. national (includes natives of American Samoa or Swain's Island)
- U.S. permanent resident with an I-151, I-551, or I-551C (Alien Registration Receipt Card)

- If you're not in one of these categories, you must have an Arrival Departure Record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing one of the following designations:
  - Refugee
  - Asylum Granted
  - Indefinite Parole and/or Humanitarian Parole
  - Cuban Haitian Entrant, Status Pending
  - Conditional Entrant (valid only if issued before April 1, 1980)

Permanent residents of the Freely Associated States may be eligible for federal student aid. Citizens of the Freely Associated States are eligible for Pell Grants, SEOG, or Work Study only. A student with a nonimmigrant visa isn't eligible for federal student aid or need based aid from college unless he or she has a Form I-94 with one of the endorsements listed earlier. Nonimmigrant visas include the F-1, F-2 or M-1 Student Visa, B-1 or B-2 Visitor Visa, J-1 or J-2 Exchange Visitors Visa, H series or L series Visa (which allow temporary employment in the U.S.), or a G series Visa (pertaining to international organizations). Also, someone who has only a "Notice of Approval to apply of Permanent Residence (I717 or I464)" cannot receive federal aid or need-based aid from college.

### **COLLEGE SCHOLARSHIP SERVICE PROFILE (CSS PROFILE)**

This application must be completed by all students who wish to be considered for institutional financial aid at some college . Apply online at the [CSS Profile website](#).

### **CONSOLIDATION**

A loan program that allows a borrower to combine various educational loans into one new loan. By extending the repayment period (up to 30 years depending on the loan amount) and allowing a single monthly payment, consolidation can make loan repayment easier for some borrowers.

### **COST OF ATTENDANCE**

The student's cost of attendance includes tuition, fees, and standard allocation designed to cover reasonable living expenses while attending school. The cost of attendance is determined by the school using guidelines established by federal regulations. (also known as Cost of Education or Student Budget)

### **DEFAULT**

Failure to repay a student loan according to the terms agreed to when you signed a promissory note. If you default, your school, the organization that holds your loan, the state, and the federal government can all take action to recover the money, including notifying national credit bureaus of your default. Your wages and/or tax returns may be garnished, and you will no longer be eligible to receive federal finance aid.

### **DEFERMENT**

An authorized period of time during which a borrower may postpone principal and interest payments. Deferments are available while borrowers are in school at least half time, enrolled in a graduate fellowship program or rehabilitation training program, and during periods of unemployment or economic hardship. Other deferments may be available depending on when and what you borrowed. Contact your lender for additional details.

### **DEPENDENCY STATUS**

When you apply for federal student aid, your answers to questions on the FAFSA will determine whether you are considered dependent or independent. All dependent students must report parental income and assets as well as their own. Most undergraduate students are dependent. You may be considered independent for federal programs if you meet one of the following conditions: 1) You were born before January 1, 1990. 2) You will be enrolled in a master's or doctorate program (beyond a bachelor's degree) at the beginning of the school year. 3) You are married as of the day you apply (or you're separated but not divorced). 4) You are currently serving on active duty in the military for purposes other than training. 5) You have children who will receive more than half their support from you between July 1, and June 30, next year. 6) You have dependents (other than your children or spouse) who live with you and who will receive more than half their support from you between July 1, and June 30, next year. 7) When you were 13 or older, both of your parents were deceased, you were in foster care, and/or you were a ward of the court. 8) As of the day you apply, you are an emancipated minor as determined by a court in your state of legal residence. 9) As of the day you apply, you are in legal guardianship as determined by a court in your state of legal residence. 10) At any time on or after July 1, last year, your high school or school district homeless liaison determined you were an unaccompanied youth who was homeless. 11) At any time on or after July 1, last year, the director of an emergency shelter program funded by the U.S. Department of Housing and Urban Development determined you were an unaccompanied youth who was homeless. 12) At any time on or after July 1, last year, the director of a runaway or homeless youth basic center or transitional living

program determined you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless. 13) You are a veteran of the U.S. Armed Forces. Independent undergraduate students at College, some college are required to provide parental information including prior year tax returns until they reach the age of 26.

### **DISBURSEMENT**

The release of loan funds to the school for delivery to the borrower. Disbursements for most loans are made in equal multiple installments, and made co-payable to the borrower and the school.

### **ELIGIBLE PROGRAM**

A program of organized instruction or study that leads to an academic, professional or vocational degree or certificate or other recognized educational credential.

### **ENTRANCE/EXIT INTERVIEWS**

Counseling sessions borrowers are required to attend before receiving their first loan disbursement and again before leaving school.

### **EXPECTED FAMILY CONTRIBUTION (EFC)**

An amount that a student and parents can reasonably be expected to contribute toward college costs. For federal aid purposes this is computed according to federal guidelines. For institutional aid purposes this is computed using data submitted on the college board profile. EFC is subtracted from total costs of attendance to arrive at an estimate of a student's demonstrated need.

### **FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)**

This application must be completed by all students who wish to be considered for financial aid at any college. Apply online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

### **FEDERAL DIRECT LOAN PROGRAM**

Federally sponsored loan programs, which include the Stafford Loan, Graduate PLUS Loan, and the Parent PLUS Loan (for parents of undergraduate students).

### **FEDERAL METHODOLOGY (FM)**

The formulas used to determine a student's eligibility for federal Title IV funds. The formulas take into account income, some assets, expenses, family size and other factors. FM is written by Congress rather than a peer community assessment and is not updated regularly.

### **FINANCIAL AID ADVISOR (FAA)**

A representative of the Financial Aid Office that reviews a student's application and awards aid, and helps the student in all aspects of the financial aid process.

### **FINANCIAL AID PACKAGE**

The total financial aid a student receives. Federal and non-federal aid such as grants, loans, work-study, and scholarships are combined in a "package" to help meet the student's need.

### **FINANCIAL NEED**

The difference between what it costs to attend a particular college and the amount it has been determined that a student and her/his family can afford to pay toward those expenses. The term "demonstrated financial need" is typically used to describe an assessment based on Institutional Methodology for undergraduate need-based, institutional funding. The amount that an applicant can be expected to contribute is measured according to standardized formulas. These standardized formulas include the federal and institutional methodologies.

### **FORBEARANCE**

An authorized period of time during which the lender agrees to temporarily postpone a borrower's principal repayment obligation. Interest continues to accrue and usually must be paid during the forbearance period. Forbearance may be granted at the lender's discretion when a borrower is willing to repay their loan but is unable to do so.

### **GRANT**

A type of financial aid award based on need or merit that is not repaid by the student.

### **GRACE PERIOD**

The period between the time a borrower leaves school or drops below half-time and the time they are obligated to begin repaying their loans - usually six or nine months, depending on the type of loan.

### **INSTITUTIONAL METHODOLOGY**

A nationally accepted standard used by many colleges, universities, graduate and professional schools, and private scholarship programs for assessing a family's financial eligibility to receive funding from the school to help meet the Cost of Attendance. While similar to the federal methodology, IM includes a comprehensive review of assets, income, family size, home equity, and other factors. Institutional Methodology also permits more generous treatment of medical/dental expenses, elementary and secondary school tuition payments, and child support payments in determining a family's total available income to pay for Cost of Attendance.

### **INSTITUTIONAL STUDENT INFORMATION REPORT**

The Institutional Student Information Report (ISIR) is the name for the electronic version of SAR's delivered to schools by the **FAFSA** processors.

### **INTEREST**

A fee charged for the use of borrowed money. Interest is calculated as a percentage of the principal loan amount. The rate may be constant throughout the life of the loan (fixed rate) or it may change at specified times (variable rate).

### **IRS TAX RETURN TRANSCRIPT**

A detailed document obtained from the Internal Revenue Service which lists most line items from your tax return (Form 1040, 1040A or 1040EZ) as it was originally filed, including any accompanying forms and schedules. An IRS Tax Return Transcript can be ordered online at [www.irs.gov](http://www.irs.gov).

### **LATE FILER**

Returning undergraduate students attending some state college must submit financial aid application materials by published deadlines to receive maximum institutional aid eligibility.

- To be considered on-time the CSS Profile, FAFSA, and IDOC packet [tax returns for the student and/or parent(s)] must be received by May 1st.
- If any of the above application materials are received after May 1st, the student's application will be considered late.
- Late applications are assessed a penalty which reduces institutional need-based grant eligibility.
- The later the submission past May 1st, the greater the penalty.

- Federal Work-Study will not be awarded to students with late applications.
- Applications received after the first day of the fall term will not be considered for institutional grant funding.
- Supplemental documents or forms [federal and/or institutional verification items] may be requested at a later date.
- Supplemental materials may be submitted after May 1st without penalty.

### **LENDER**

A financial institution (bank, savings and loan, or credit union) that provides the funds for students and parents to borrow educational loans. Some schools are also lenders.

### **LOAN CAP PROGRAM**

Caps need-based debt at \$15,000 for families with incomes between \$50,000 and \$100,000 per year. Once the family contribution is determined and the \$15,000 loan cap is borrowed, the balance of costs will be subsidized through need-based grants. This program is available to dependent, full-time undergraduate students entering some college fall 2007 semester or later. This program assumes on-time progression toward degree completion, covering eight semesters of study.

### **LOAN REPLACEMENT GRANT**

Grant funds replace Federal Subsidized Stafford loans in the initial award package for eligible dependent undergraduate students. The eligible grant amount represents the student's self-help portion normally given in the form of a loan.

### **MERIT-BASED AID**

Financial aid that is awarded based on a student's academic, leadership or artistic merit, or some other criteria, and does not depend on financial need. Merit-based awards may look at a student's grades, test scores, special talents, or extracurricular activities to determine eligibility. college athletic program is guided by NCAA Division III regulations and does not offer athletic scholarships. To apply for University merit-based aid, please contact your admissions office.

### **NEED-BASED AID**

Financial aid that is awarded based on a student's financial circumstance. Need-based aid can be awarded in the form of grants, loans, or work-study. Students who believe their families will need help in supporting their educational costs are encouraged to apply for need-based aid at the time they apply for admission to the University.

### **NEEDS ANALYSIS**

A process of reviewing a student's aid application to determine the amount of financial aid a student is eligible for. Completing a needs analysis form is the required first step in applying for most types of financial aid.

### **NEW BORROWER**

A borrower who has no outstanding (unpaid) loan balances on the date (s)he signs the promissory note for a specific educational loan. New borrowers may be subject to different regulations than borrowers who have existing loan balances.

### **NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)**

The **National Student Loan Data System (NSLDS)** is the national database of information about loans and grants awarded to students under Title IV of the Higher Education Act (HEA) of 1965. NSLDS provides a centralized, integrated view of Title IV loans and grants during their complete life cycle, from aid approval through disbursement, repayment, delinquency and closure.

### **PARENT CONTRIBUTION**

A portion of the expected family contribution that is derived from the parents' family income, assets, state and federal taxes, an allowance for family living expenses, and the costs of other family members in college.

### **PELL GRANT**

For undergraduate students, first baccalaureate degree only. Eligibility is based on federal methodology. The amount of the award ranges from \$605 to \$5,645 subject to Congressional appropriations, and will be reduced for students who enroll less than full time.

### **PERKINS LOAN**

Perkins Loans are for graduates and undergraduates who are enrolled at least half-time. Awards are based on financial need as demonstrated by the information provided on your aid application

and on the availability of funds. Preference is given to students with exceptional need and meet filing deadlines.

### **PRINCIPAL**

The amount borrowed. Interest is charged on this amount, and guaranty and origination fees will be deducted prior to disbursement.

### **PROMISSORY NOTE**

The legal document borrowers sign when they get an education loan. It lists conditions under which the money is borrowed and the terms under which borrowers agree to repay the loan with interest. Borrowers should keep the borrower copy of their promissory notes until the loans are fully repaid.

### **REPAYMENT SCHEDULE**

Discloses the borrower's monthly payment, interest rate, total repayment obligation, due dates and length of time for repaying the loan.

### **SELF HELP-Work-Study**

Financial aid self help awards are available via programs that require the student to either repay the assistance or work for the assistance. Loans and Work-Study are examples of self help awards.

### **SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (SEOG)**

Supplemental Educational Opportunity Grant for undergraduate students, first baccalaureate degree only. Federal grant awarded based on a federal formula using data provided in your aid application. Priority is given to students who are eligible for Federal Pell Grants.

### **STUDENT CONTRIBUTION**

In addition to the amount parents are asked to contribute, students are also expected to help meet a portion of their own educational costs each year. A student's minimum contribution may come from prior year earnings, summer employment, savings, and educational benefits.

### **STUDENT AID REPORT (SAR)**

A form sent to the student after submitting the **FAFSA** to the federal processor. The SAR shows the information that was processed and indicates Pell Grant Eligibility

### **SUBSIDIZED LOAN**

The government pays the interest on the loan while the student is in school, during the six-month grace period after the student leaves school, and during any deferment periods. Subsidized loans are awarded based on financial need and may not be used to finance the family contribution. The Perkins Loan and the Subsidized Stafford Loans are subsidized loans. Beginning with the award year, the Subsidized Stafford loan is for undergraduate students only.

### **UNSUBSIDIZED LOAN**

With this loan, the government does not pay the interest while the student is enrolled. The student has the option to either pay the accruing interest monthly or allow the interest to capitalize (to be added to the principal). Either way, required payments do not begin until 6 months after graduation or 6 months after the student drops below half-time enrollment. Unsubsidized Stafford Loans are not based on financial need and therefore may be used to finance the family contribution.

### **VERIFICATION**

A process of review to determine the accuracy of the information on a student's financial aid application. Students are selected for verification by the federal Central Processing System (CPS) when their **FAFSA** applications are processed.