

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) <small>(Format courtesy of the University of Iowa)</small>	Tuition	\$5,334	Cost of Attendance (COA) <i>Cost of Attendance:</i> The total direct cost (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.
	Health Fees	176	
	Books/Supplies	1,015	
	Room/Board	3,204	
	Personal	2,600	
	Transportation	+ 910	
	Cost of Attendance	\$13,239	
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Expected Family Contribution (EFC) COA - EFC = Financial Need	Total Cost of Attendance	\$13,239	Family Contribution: Amount parents and students are expected to give per year, determined by FAFSA results (e.g., EFC is \$3,612 [500 + 3,112]).
	Federal Student Contribution	- 500	
	Federal Parent Contribution	- 3,112	
	Financial Need	\$9,627	
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Awarded Financial Aid	<input type="checkbox"/> <input type="checkbox"/> Federal Pell Grant	FALL \$625 SPRING \$625 TOTAL \$1,250	Financial Aid Award: Notice the choice to accept or decline each award. This award letter consists of: <ul style="list-style-type: none"> - Federal Pell Grant (free money) - Federal Stafford Loan (student repays) - Federal PLUS Loan (parent repays)
	Total Federal Pell Grant = \$1,250		
	<input type="checkbox"/> <input type="checkbox"/> Direct Stafford/Ford Loan	FALL \$2,250.00 SPRING \$2,250.00 TOTAL 4,500	
	<input type="checkbox"/> <input type="checkbox"/> Direct PLUS (Parent) Loan	FALL \$1,938.50 SPRING \$1,938.50 TOTAL + 3,877	
	Total Federal Direct Student Loans = \$8,377		
Total Financial Aid Package Offered (grants + loans) = \$9,627			
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COA - EFC - Financial Aid Unmet Need	Total Cost of Attendance \$13,239 EFC - 3,612 Total Awarded Financial Aid - 9,627 UNMET NEED \$0	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 \$0.	

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?

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

Free scholarship search, college search & insider tips!

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