

Comparing College Award Letters

It's very exciting when the first acceptance letter arrives from a college. The months of taking tests, writing essays, completing applications are over and the results of those labors are now arriving.

An acceptance letter will often include a financial aid award letter. The award letter contains important information about the financial aid package you are offered by the college. Many students apply to 10 or more colleges. So, when the financial aid award letters begin arriving, it is essential to review each award carefully and compare it to the others before you make your final decision.

Award letters typically include the *college cost of attendance (COA)*, your family's *expected family contribution (EFC)* and the types of financial aid offered to you -- usually a combination of scholarships, grants, and loans. Since there is no standard award letter, and each college uses its own format and terminology, it may be challenging to compare "apples to apples." So, where do you begin?

Use the financial aid award comparison chart on the back to sort and compare each award package to see how each compares to the others.

Keep these considerations in mind as you review each award:

Cost of Attendance: The COA should include current costs for tuition, fees, room and board, in addition to projected costs for books, transportation and personal expenses. Does your award letter itemize these expenses and realistically estimate them?

Expected Family Contribution: The school's EFC should be included on your award letter. This may be different than the EFC noted on the Student Aid Report (SAR) you received after filing the FAFSA.

Scholarships and grants do not have to be repaid. Does your award letter clearly list scholarships and grants? If so, you should know whether the money will be awarded all four years or for a limited time. Must you maintain a certain grade point average to keep the scholarship? If you decide to switch majors, will you be able to keep the award?

Federal Work-Study: Many colleges have jobs on campus for



students to work and earn money, usually at minimum wage. Apply for work-study positions as early as possible, since federal work-study funds may be limited.

Loans are funds that have to be paid back. If loans are included in your financial aid package, what specific loans are being offered? What are the interest rates? Were you offered more than one federal loan? You may be offered a subsidized Stafford loan, a parent PLUS loan, an unsubsidized Stafford loan, a Perkins loan, or some combination of federal loans. It is important to know the difference. A quick reference chart outlining the difference can be found on [HESC's Web site](#).

Remember, you can accept the federal loans on the award letter, but you may decline them later when you are invoiced. It is more difficult to decline them on the award letter only to find you need them to help pay your invoice later.

Is there unmet need? Does the award letter clearly state the school is unable to award your full need? If it is offering you full need, is most of the money in the form of scholarships and grants or loans and work-study? How much of the money must be repaid?

After totaling the financial aid, and the amount, if any, your family will contribute, how much is left to pay? How will you fill the gap? You may have some money in savings to use, but if not, will you turn to an alternative (private) loan? And, most importantly, will you be able to afford the additional debt you will incur by taking a private loan, usually at higher interest?

Alternative education loans, also known as private education loans, help bridge the gap between the actual cost of your education and the amount the government lets you borrow. Alternative loans are offered by private lenders. There are no federal forms to complete. Eligibility often depends on your credit score. Rates, fees and terms vary, so compare alternative loans carefully and read the fine print.

Borrowing an alternative loan is a serious financial commitment. Be sure to exhaust all federal loan eligibility before taking an alternative loan.

If an alternative loan is needed, student borrowers may secure better terms and pricing by adding a credit worthy cosigner to their application. Always check the interest rate, fees, interest rate capitalization policy, repayment period, prepayment penalties and other terms and conditions before you sign a promissory note.

Talk to your family realistically about your "dream" college and those you can actually afford. The key is being open to all the possibilities each college or university can offer at a price you can pay.

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Financial Aid Award Packages Comparison Chart

Use this chart to compare the financial aid award letters from each school. The amount of financial aid will vary by school. Review each school's award package carefully. Ask if grants and scholarships are renewable for future years. Visit the financial aid office Web page or call the office to find out more about the award package being offered, expected future awards, or if you have any additional questions. Be sure to return your signed award letter with your decision to accept or decline the award by the deadline.

Name of School:	School #1	School #2	School #3
Grants & Scholarships			
1	\$	\$	\$
2	\$	\$	\$
3	\$	\$	\$
4	\$	\$	\$
Total amount of free money:	\$	\$	\$

Work Study:	School #1	School #2	School #3
1	\$	\$	\$
2	\$	\$	\$
Amount from Work Study:	\$	\$	\$

Student Loans	School #1	School #2	School #3
1 Stafford Subsidized Interest rate:	\$	\$	\$
2 Stafford Unsubsidized Interest rate:	\$	\$	\$
3 PLUS Loan Interest rate:	\$	\$	\$
4 Perkins Loan Interest rate:	\$	\$	\$
Total Loans:	\$	\$	\$

TOTAL of all financial aid:	\$	\$	\$
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	School #1	School #2	School #3
Cost of Attendance (COA)	\$	\$	\$
- Expected Family Contribution (EFC)	\$	\$	\$
- Total Financial Aid	\$	\$	\$
Total of Unmet Need	\$	\$	\$