

# How to Read Your Award Letter

A Publication of the Student Loan Network



## About the Author

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He speaks regularly on topics of personal finance, college affordability, and career/professional development. Mr. Penn has also been featured in CNN, CNBC, The Wall Street Journal, New York Times, US News & World Report, and many other media outlets for his leadership in leveraging technology in financial aid and college access.

## About the Student Loan Network

The Student Loan Network, an Edvisors company, is one of the nation's fastest growing providers of student loans and related information. Since 1998, we have helped approximately 25 million students and parents access over \$1 billion in federal and private student loans, scholarships and consolidation funding for undergraduate, graduate and continuing education. Learn more about the Student Loan Network at [www.StudentLoanNetwork.com](http://www.StudentLoanNetwork.com).



## About Edvisors, Inc.

As a leading online provider of education resources and financial services, Edvisors provides a richer, more fulfilling education experience to students, educators and parents worldwide. We deliver on our mission by providing an unmatched portfolio of student loan products and education-related information and services. Learn more about Edvisors Inc. at [www.Edvisors.com](http://www.Edvisors.com).



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## Introduction

*Hugh looked at the calendar and paperwork again. No matter how he did the math, earning \$465 a month in unemployment insurance was barely covering expenses, never mind paying for his daughter's first year at college. Even with a sizable grant, there was no way for him to realistically afford her going back to school.*

*After talking with the college's financial aid office, he was told each year's financial aid was determined by the previous year's tax returns and that there was no additional help for him or his daughter because last year, he was fully employed and financially just fine.*

Hugh's story is far from unique and represents one of the greatest challenges for you and all families when it comes to paying for college. In this guide, we're going to show you how to evaluate award letters, figure out what the true cost of an education is, how to appeal for more financial aid, and even what to do if you or a family member who's supporting you loses a job or income source you need to make college a reality.

The single most important thing you can do when it comes to getting financial aid is to complete your FAFSA, the Free Application for Federal Student Aid. Everything in this guide assumes you have completed and filed your FAFSA - if you haven't, grab our free FAFSA book and start there first!

Download your free copy of the FAFSA Guide at:

<http://www.FAFSAonline.com/fafsa-guide-ebook.php>

Let's get started!

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## After the FAFSA: The SAR

One of the biggest questions everyone has after filing the FAFSA is more or less, “Now what?”. Now what is this: waiting for the Department of Education to process all of the information in your FAFSA. This step can take as few as 3 days or as long as 6 weeks, depending on how you filed your FAFSA and how backlogged the Department is with financial aid applications.

Once they’re done, you’ll receive a copy of the results, along with the schools you specified in the FAFSA. The results are in a document called the Student Aid Report, or SAR, and this will contain all your FAFSA information plus a single number called the EFC.

### **SAR** for 2007-2008

(Student Aid Report)  
Form Approved OMB No.1845-0008  
App. Exp. 12/31/08

123-45-6789 PI 02  
EFC: 371\*  
DRN:

The grids below contain information from your student aid application (shaded items display parents' information, if provided). This is your copy of your application data for your records only. Do NOT mail this document or a copy of this document to the U.S. Department of Education. We will not return this copy to you. You may make corrections from the Department of Education's web page ([www.fafsa.ed.gov](http://www.fafsa.ed.gov)). You must use your PIN to access your record online.

1. LAST NAME	PUBLIC	58. YOUR FATHER'S/STEPFATHER'S LAST NAME	BRD
2. FIRST NAME	JOHN	59. YOUR FATHER'S/STEPFATHER'S FIRST INITIAL	B
3. MIDDLE INITIAL	Q	60. YOUR FATHER'S/STEPFATHER'S DATE OF BIRTH	
4. PERMANENT STREET ADDRESS	123 SESAME STREET	61. YOUR MOTHER'S/STEPMOTHER'S SOCIAL SECURITY NUMBER	
5. CITY	RIVERSIDE	62. YOUR MOTHER'S/STEPMOTHER'S LAST NAME	SMUFFLEPUSS
6. STATE ABBREVIATION	CA	63. YOUR MOTHER'S/STEPMOTHER'S FIRST INITIAL	
7. ZIP CODE		64. YOUR MOTHER'S/STEPMOTHER'S DATE OF BIRTH	
8. SOCIAL SECURITY NUMBER	123-45-6789	65. YOUR MOTHER'S/STEPMOTHER'S DATE OF BIRTH	
9. DATE OF BIRTH	1/1/1972	66. NUMBER OF FAMILY MEMBERS IN 2007-2008	23
10. PERMANENT HOME PHONE NUMBER		67. NUMBER IN COLLEGE IN 2007-2008	1
11. DRIVER'S LICENSE NUMBER		68. PARENTS' STATE OF LEGAL RESIDENCE	CA
12. DRIVER'S LICENSE STATE ABBREVIATION	CA		
13. EMAIL ADDRESS	SESAMESTREET@CIVNL.COM		

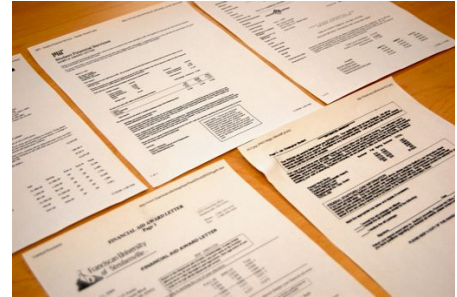
The EFC stands for Expected Family Contribution, and is what the government believes you should pay out of pocket towards any education costs. More accurately, the EFC represents what the government says it won't pay, because you can take out loans and other forms of financing to meet the cost of the EFC.

In the example above, John Q. Public is expected to come up with \$371 for the year towards the cost of his education.

Take note that this is also the time to file any FAFSA corrections. If you spot something that's incorrect on your SAR that doesn't match up with what you submitted, file a correction quickly to ensure that accurate information makes its way to the college financial aid offices you selected.

## The Financial Aid Award Letter

Once the SAR has been sent to the colleges you've chosen, they'll assemble a financial aid award letter. An award letter ties together all of the financial aid information that a college has available, along with whatever resources the college's financial aid office has, into a single document. The award letter is mailed to you and breaks down exactly what kind of financial aid you're eligible for, what aid has already been allocated, and what financial aid, such as student loans, you still need to get.



Your job, once you receive a financial aid award letter, is to accomplish three vital goals:

Determine what financial aid you've received.

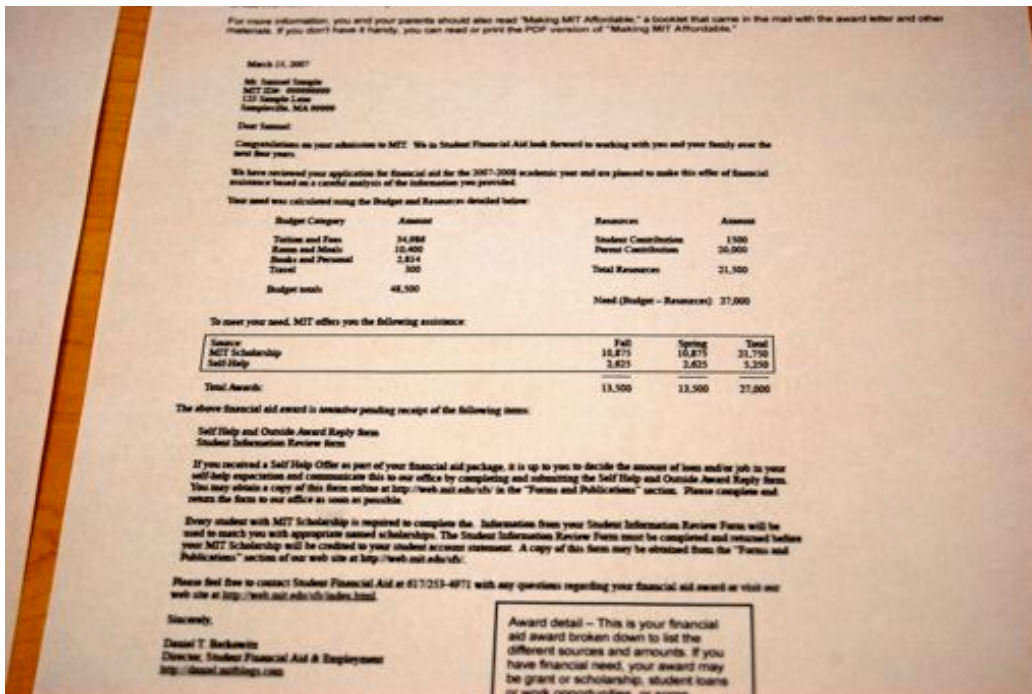
Determine what financial aid is scholarship or grant money and what financial aid is loan money that must be repaid.

Determine if there's still unmet need that you must cover out of pocket or with private student loans or other sources of funding.

Sounds easy, right? There's a catch - virtually every college writes its own award letters, and every award letter has a different format and use of language. Some schools call loans financial aid, while others call them self-help, and still others call them by their individual loan types.

To get a better sense of what to do and how to read award letters, let's take a look at 4 sample award letters.

## Award Letter #1: MIT



In the first part of the MIT award letter, the cost of attendance is detailed - tuition and fees, room and board, books and supplies, and travel. This is the budget, or what it costs to attend MIT for this student. In this example, MIT expects the cost of education for this student to be \$48,500.

Next to this, we see a section called resources. Resources is how MIT designates the EFC from the FAFSA plus any other financial data it has from the family. In this example, MIT expects the family to cover \$21,500 of the \$48,500 annual tuition cost.

That leaves \$27,000 for MIT to cover in some fashion. In this example, MIT bundles work study, outside scholarships, and student loans into the group category "Self Help". MIT is granting an institutional scholarship of \$21,750 and expects the student to take out a student loan for \$5,250 in self-help. If you were this student, MIT effectively would be asking you and your family to bring \$26,750 with you to pay for a year at the school - \$21,500 in out of pocket resources and a loan that must be repaid.

For the purposes of figuring out the cost of a college education, it's important to lump student loans back into the expected family contribution, since a loan is money you have to repay with interest. If you can find a different funding source than a student loan for that chunk of money, you don't have to borrow it. If you don't have that money or access to it, you'll have to borrow.

Let's take a look at that \$26,750 and see what options there are in this example. When it comes to financial aid, for now, you can work for up to \$3,750 in income per year as a student before you are penalized by the FAFSA financial aid process and expected to contribute working dollars towards financial aid. Let's assume you get a summer job or internship that lets you earn the maximum protected income. The \$26,750 is now down to \$23,000.

At this point, you have a couple of choices - you can find scholarships to meet the bulk of your financial aid needs, or you can take out student loans. Chances are, you'll be doing a little of both. We're not going to touch on scholarships at all in this guide, as we have a separate book called Scholarship Search Secrets which details great ways to find scholarships. Download it for free at:

<http://www.studentscholarshipsearch.com/ebook/>

Let's assume for sake of completeness that you read Scholarship Search Secrets and you apply for some scholarships. Let's also say you win a \$1,000 scholarship. You're now down to \$22,000 to cover.

If you're going to borrow money to pay for school, your first stop should be the Stafford Loan. For the 2009-2010 year, you can borrow up to \$5,500 in Stafford loans for a first year student, more if you're already in college as a sophomore or higher. Now you're down to covering \$16,500.

Apply for a Stafford loan at:

<http://www.staffordloan.com>

There are two separate loan programs that can help you meet that cost - the PLUS loan program for parents of undergraduate students (as well as graduate students on their own) and private student loans. Both of these loan programs will cover the remaining \$16,500 - which one you choose to use will depend largely on whose name the loan will be in, you (for private student loans) or your parents (for parent PLUS loans).

Apply for a PLUS loan at:

<http://www.parentplusloan.com>

Apply for a private student loan at:

<http://www.privatestudentloans.com>

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## Award Letter #2: College of the Canyons

**Financial Aid Award Letter**

There is a **SAMPLE AWARD NOTIFICATION LETTER:**

**College of the Canyons** Financial Aid Office

**Types of Aid:**

- Grants
- Student Loans
- Workstudy
- Scholarships
- BOGW
- FAOs
- Financial Aid Links
- Financial Aid TV

**2007-2008 FINANCIAL AID AWARD NOTIFICATION**

**THIS IS YOUR CURRENT AWARD LETTER  
PLEASE REVIEW AND KEEP FOR YOUR RECORDS**

Financial aid/scholarship awards are subject to published terms and conditions. All awards are based upon the assumption of full-time enrollment at College of the Canyons. If you completely withdraw from all classes at any time during the period of this award, you may be subject to repayment of any financial aid you have received.

Total Cost of Attendance	\$ 9,330
Family Contribution (minus)	<u>\$ 2,284</u>
Financial Need	\$ 7,046

Awards	2007FA	2008SP	TOTAL
<u>BOGW Method B</u>	450.00	450.00	900.00
<u>Federal Pell Grant</u>	1030.00	1030.00	2060.00
<u>Federal Workstudy</u>	500.00	500.00	1000.00
<u>Federal Stafford SLLR Loan</u>	1750.00	1750.00	3500.00

Our second award letter is from College of the Canyons. As you can see, this is a radically different format from MIT's award letter but still contains the same essential pieces of information. We see total tuition at \$9,330, the family contribution of \$2,284, and scholarships, grants, and student loans totaling \$7,046. Of that, \$3,500 is in a student loan that must be repaid, making the total cost to a student \$5,784.

It's also important to note here that \$1,000 of the award letter is in Federal Work Study, a financial aid program that requires you to work in college. If you choose to focus solely on your studies, you'll need to come up with a total of \$6,284 either through loans or the other methods we talked about earlier.

## Award Letter #3: Radford University

AI.2.png (PNG Image: 646x648 pixels) http://finaid.asp.radford.edu/AI.2.png

Page 2 -- Mr. Christopher Student

\*\*\*\*\*ESTIMATED AWARDS\*\*\*\*\*

Your financial aid awards listed below are ESTIMATED. Your application has not been finalized. Aid will be temporarily applied to your account. If verification is not completed within 30 days of the date of this letter, awards may be cancelled and you will be responsible for any deferred payments. Loan applications will not be forwarded to lenders until this process is complete.

Your cost of attendance was calculated based on in-state tuition and off-campus housing. Your estimated cost to attend Radford University is \$13,828. This figure includes the cost of tuition and fees, room and board, books and supplies, personal expenses, and transportation. Your expected family contribution is 0 (as calculated by the federal processor from your FAFSA). Your estimated financial need to attend Radford University is \$13,828. To assist in meeting your cost of attending Radford University, we are pleased to offer you the following financial aid awards:

	Summer	Fall	Spring	Summer	TOTAL
Federal Work Study		\$14	\$13		167
RU Grant (Commonwealth Award)		1650	1650		3300
Federal Stafford Loan		1313	1312		2625
Estimated Pell Grant		2025	2025		4050
Supplemental Ed. Opp. Grant		200	200		400
<b>TOTAL AID</b>					<b>\$12002</b>

**FEDERAL STAFFORD LOAN INFORMATION**  
 If you have accepted the Stafford Loan award offered above, please read the Stafford Loan Information Sheet included with this letter. Your loan amounts may change due to verification, scholarships, etc. To receive the maximum loan possible (both subsidized and unsubsidized), check below. New borrowers should indicate their lender preference on the Master Promissory Note that is included with this letter. Please provide the address for your lender if you are using a lender that is not listed on the Stafford Loan Information Sheet.

Mark the appropriate box below and explain if necessary.

I accept the aid package as offered.

I accept the aid package except for the following:

I decline the aid package.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Return your signed award letter to: Radford University, Financial Aid Office, Box 6905, Radford, VA 24142. Should you have questions regarding your financial aid awards, please contact our office.

Radford University's sample award letter is more difficult to read, as it doesn't break out the out of pocket costs, instead listing tuition and financial aid awarded. To determine your out of pocket cost, you'll need to subtract the tuition listed from the aid awarded. In the second paragraph, tuition is listed at \$13,828.

Total aid is listed at \$12,002, which means Radford expects the student and family to pay \$1,826 out of pocket. There's also a Stafford loan listed for \$2,625 and work study for \$1,627, making the total cost of Radford \$6,078.

Radford's also differs from the others in that at the bottom of the award letter, you can accept the package as provided, or decline certain provisions. For example, you could decline just the loans and accept the grants; you'd then need to add the loan amount to the total amount you would need to pay out of pocket.

## Which is the least expensive school?

It's time to dig into some heavy math to determine which college is offering the best deal for the student. Each school has provided the information you need to determine what you'll need to pay to go there.

At first glance:

School	Free Money	Loans	Work Study	Your Money
MIT	21750	5250	0	21500
College of the Canyons	2960	3500	1000	2284
Radford	7750	2625	1627	1826

Which school is the least expensive from an out of pocket perspective, assuming you take out student loans and agree to work during the school year? Radford - its out of pocket cost is the lowest. What if, however, you want to focus solely on your studies and choose not to accept work-study?

School	Free Money	Loans	Work Study	Your Money
MIT	21750	5250	0	21500
College of the Canyons	2960	3500	0	3284
Radford	7750	2625	0	3453

You'd need to come up with more money to attend Radford than College of the Canyons if you declined work study and didn't make up the difference in loans.

The message here is clear: you need to run the numbers for all the different scenarios that you might face for college. Working or not, taking out loans or not, taking out different kinds of loans - we didn't even touch on computing the overall cost of a loan including interest, but that's a consideration to think about - how much will a loan add to the cost of an education?

## Asking for more financial aid

Sometimes, the financial aid award letter you receive just doesn't contain enough help. Other times, as in the story at the beginning of this guide, your financial situation changes dramatically during the year and you need extra help. Is there such a thing as negotiating your financial aid award letter? Yes and no. No in the sense that your school's financial aid office is not like a car dealership with a dean of admissions in the back room who will give you the manager's Wednesday special. Yes in that if you can prove beyond question that your financial need and circumstances are greater than what's provided via the usual financial aid paperwork like the FAFSA, schools can be flexible.

## Get Your Budget In Order

If you don't use any kind of personal finance software, be it a desktop application like Quicken or a web-based application like Wesabe, Mint, or Geezeo, I strongly recommend starting with one. The web-based applications are free, so if you're trying to save money from every angle, start with one of those.

Start by importing any electronic records of your finances and your family's finances for at least 90 days. You'll want to take the time to categorize your expenses in terms of mandatory and discretionary, followed by breaking them out into individual categories, like mortgage or rent, utilities, etc.

Once you've got your budget broken out, you'll want to compare it against your award letter, especially looking at what kind of discretionary income you have compared to the expected family contribution, or out of pocket expenses. If your EFC from your award letter divided by 12 (for what's essentially a monthly EFC) is greater than your discretionary expenses budget (dining out, entertainment, etc.) then you've got a good starting point for a conversation about what you can and cannot afford.

## Get All Your Paperwork Together

If you're going to be asking for more financial aid based on changed economic circumstances, have ample paperwork available to back up your claims and requests. Did someone lose a job in the family? Have termination notices, unemployment insurance, or other papers ready. Did your income change? Use any of the budgeting software described above to graphically illustrate your monthly cash flow, along with things like pay stubs, tax returns, etc.

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## Know What To Ask For

It's not enough to ask for more money. That's way too generic. Ask for specific amounts, ask for specific assistance, and try to know some of the different types of things financial aid administrators are permitted to do. Financial aid administrators are permitted to make professional judgement overrides on:

- **dependency.** If you can prove that you are an independent student due to the involuntary dissolution of your family (i.e. parents in jail, social services removed you from the home due to abuse, etc.) a financial aid administrator can override the dependency requirements for undergraduate students, letting you complete the FAFSA and other financial aid paperwork without parental income information.

- **future earnings and income.** If you can prove that you or your family has had a significant change in income that impacts your ability to pay for college, a financial aid administrator can grant you more assistance. Be prepared with termination notices, tax returns, and every scrap of paper you can find to make your case.

- **cost of attendance.** If you can prove that expenses in your student budget (transportation, medical, disability, dependents, and a few other select cases, as in the MIT award letter previously shown) do not reflect your situation, a financial aid administrator can alter your student budget, allowing for additional aid. If you pursue this override, again, be prepared to document every step of the way to show why, for example, traveling to and from your school requires a transportation budget greater than allotted.

- **special circumstances.** In some cases, parents divorce during the financial aid award year, but the FAFSA cannot be changed to reflect the divorce. With appropriate court documentation noting the dissolution of the marriage, a student can ask for a special circumstances override that will let them use the income of the custodial parent.

There are other, more narrow circumstances that apply as well. If you don't know what to ask for, haul as much documentation to your financial aid administrator as possible so that they have as complete a picture of your finances as possible.

## Be Polite and Ever Present

The single thing that will do the most good or harm in getting additional aid is how you approach the financial aid office. The best time to approach them is before you need

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their help, as is the case with virtually all professional networking. Stop by from time to time casually, and say hello. Ask if there are any new scholarships that have been posted. Check in.

If you find a scholarship that you're not eligible for but other students at your school might be, let someone in the office know about it so it can be posted up for all students to see. That's giver's gain - give to get, build a relationship. If you want a real education in financial aid, apply for a work study job in the financial aid office.

If you know your parents are, shall we say, less than diplomatic, then try to mediate any discussions with the financial aid office so that overly aggressive or insistent requests don't harm your chances of getting help.

## **Check Your School For Scholarships**

One of the tips in our Scholarship Search Secrets eBook talks about using keywords for finding scholarships in Google. Another tip is to restrict your search to your school's web site using the site: restrictor. Go to Google.com and try out this search:

scholarship site:yourschool.edu

For example, if I wanted to search for scholarships at Franklin & Marshall College, I'd type:

scholarship site:fandm.edu

This restricts the search only to F&M, showing scholarships for this particular school. I'd bet that the financial aid staff at F&M probably know about half of these - and even the individual professors in the departments awarding the scholarships may not necessarily know about them.

Try it at your school to see what's lurking on the college's web site that could help you pay.

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## Epilogue

Hugh's story at the beginning of the guide has a happy ending. I was appearing as a guest on CNBC's On The Money show and Hugh called in with his situation. Using the information from this guide on professional judgement overrides for future income and earnings in the previous section, I advised Hugh to go back to his school's financial aid office armed with everything we've discussed in this guide.

He did so the next day, and turned denial into approval - he got enough additional grant money from the college that his daughter was able to return to school for the spring semester. That's how powerful the information in this guide is.

I hope your story can end as well as Hugh's using the information in this guide, and I encourage you to send feedback about this guide to me. To keep up on the latest trends in scholarships and college affordability, take a few moments to subscribe for free to our monthly financial aid newsletter and weekly Financial Aid Podcast Internet radio show. We'll offer continuing coverage of new scholarships, how to use the latest technologies and ideas to find scholarships and creative ways of paying for your higher education.

- <http://www.FinancialAidNews.com>
- <http://www.FinancialAidPodcast.com>

Thanks for reading!

Christopher S. Penn  
Author

## Additional Student Loan Network Resources

We're often asked about resources for finding additional information about paying for college, and as a leading provider of education financial services, we're proud to offer:

[www.FAFSAonline.com](http://www.FAFSAonline.com)

Free tips and tutorials for the Free Application for Federal Student Aid.

[www.StudentScholarshipSearch.com](http://www.StudentScholarshipSearch.com)

Free scholarship directory containing hundreds of scholarships worth over \$9.5 billion.

[www.ScholarshipPoints.com](http://www.ScholarshipPoints.com)

Free monthly scholarship drawings for survey and contest participation.

[www.FinancialAidNews.com](http://www.FinancialAidNews.com)

Monthly free newsletter covering how-to and tips for financial aid.

[www.FinancialAidPodcast.com](http://www.FinancialAidPodcast.com)

Daily free financial aid Internet radio show featuring a new scholarship every day, plus news, job hunting tips, and more.

[www.StaffordLoan.com](http://www.StaffordLoan.com)

Get information about Stafford federal student loans and apply online.

[www.PrivateStudentLoans.com](http://www.PrivateStudentLoans.com)

Find information about private student loans and when to apply for them in the financial aid process.

[www.GradLoans.com](http://www.GradLoans.com)

Resource directory for graduate students, including scholarships, federal and private student loans, and consolidation.

[www.StudentPlatinum.com](http://www.StudentPlatinum.com)

Free credit education and student financial services information to be a better, more financially literate student.

[www.Edvisors.com](http://www.Edvisors.com)

Online degree and distance learning resource site.

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- The staff of the Student Loan Network

## Colophon

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