Financial Aid 101: What Families Need to Know

College is expensive — but most students don't pay the "sticker price" you see on a school's website. Financial aid can cover a significant chunk of tuition, room, and board, and the process to get it is more manageable than it looks.

The Two Main Types of Aid

Need-based aid is awarded based on your family's financial situation. It includes federal grants (like the Pell Grant), state grants, and college-specific grants — money you generally don't pay back — along with need-based loans and work-study jobs.

Merit-based aid is awarded based on your achievements: grades, test scores, talents, or leadership. It comes from colleges themselves, as well as outside scholarships from companies, community organizations, and foundations.

Many students end up with a combination of both, plus loans to cover any remaining gap.

The Two Applications That Matter Most

1. The FAFSA (Free Application for Federal Student Aid)

This is the form that unlocks federal aid — grants, work-study, and federal loans — and most states and colleges also use it to determine their own aid. It's free, and every student planning to attend college should fill it out, even if you assume your family won't qualify for need-based aid.

A few key facts about timing:

- The FAFSA for the school year you're applying for typically opens **October 1** of the prior year. For your senior year applications, the form is expected to open around **October 1.**
- It uses your family's tax information from **two years prior.**
- The federal deadline is far later than you'd want to actually use — colleges and states set their own, much earlier priority deadlines, and aid is often awarded first-come, first-served. Filing as soon as the form opens gives you the best shot at the most aid.

2. The CSS Profile

Some private colleges (and a smaller number of public ones) use an additional form called the **CSS Profile**, run by the College Board, to award their own institutional aid. It asks more detailed financial questions than the FAFSA — including things like home equity — and each participating school sets its own deadline, which can be well before FAFSA priority dates. Not every school requires it, so check each college's financial aid page directly.

Action Steps

- Research whether the colleges on your radar require the CSS Profile in addition to the FAFSA.
- Start a scholarship search — many outside scholarships have deadlines in the fall or winter of senior year.
- Talk with your family about what they're realistically able to contribute, so there are no surprises later.
- File the FAFSA as soon as it opens, and the CSS Profile if any of your schools require it.
- Keep an eye on each college's specific financial aid deadline — these can be earlier than the admissions deadline.
- Colleges send financial aid award letters, usually alongside or shortly after admissions decisions.
- Compare offers carefully (see below) before committing to a school.

Reading a Financial Aid Award Letter

When offers arrive, each school will show you a mix of grants, scholarships, loans, and work-study. A few things worth checking:

- **Grants and scholarships** are the most valuable, since they don't need to be repaid.
- **Loans** need to be paid back with interest — note whether they're federal (generally better terms) or private.
- **Work-study** is money you earn through a part-time campus job, not money handed to you upfront.

The sticker price minus grants and scholarships gives you your actual out-of-pocket cost — that's the number to compare across schools, not the sticker price itself.

Financial Aid Terms to Know

The financial aid world has its own vocabulary. Here are the terms you'll run into most:

- **Cost of Attendance (COA):** A college's total estimated yearly cost — tuition, fees, room, board, books, and personal expenses. This is the "sticker price" before any aid is applied.

- **Student Aid Index (SAI):** A number calculated from your FAFSA that colleges use to determine how much need-based aid you're eligible for. It replaced the older "Expected Family Contribution" (EFC) measure. A lower SAI generally means more eligibility for need-based aid.

- **Financial Need:** The gap between a college's Cost of Attendance and your Student Aid Index. Colleges use this gap to build your need-based aid package.

- **Grant:** Need-based money that doesn't need to be repaid. Common examples include the federal Pell Grant and state or institutional grants.
- **Scholarship:** Merit- or achievement-based money that also doesn't need to be repaid. Can come from the college itself or outside organizations.
- **Work-Study:** A federally funded program that provides part-time campus jobs so students can earn money toward their expenses. It's not a lump sum — you're paid as you work.
- **Subsidized Loan:** A federal loan for students with financial need, where the government pays the interest while you're in school at least half-time.
- **Unsubsidized Loan:** A federal loan available regardless of financial need, where interest starts accruing immediately, even while you're in school.
- **Parent PLUS Loan:** A federal loan parents can take out to help cover a student's costs; it requires a credit check and repayment usually starts soon after the loan is disbursed.
- **Award Letter (or Financial Aid Offer):** The document a college sends listing the grants, scholarships, loans, and work-study it's offering you for the year.
- **Net Price:** What you'll actually pay after grants and scholarships are subtracted from the Cost of Attendance — the number that matters most when comparing schools.
- **Verification:** A process some students are selected for, where the college requires additional documents to confirm the information on your FAFSA is accurate.
- **Priority Deadline:** An earlier, school- or state-set deadline for filing aid forms. Filing by this date often means access to more aid, since some funds are limited and awarded first-come, first-served.
- **Satisfactory Academic Progress (SAP):** The minimum GPA and course-completion standards a student must maintain to keep receiving federal financial aid each year.