

Understanding Financial Aid Award Letters: Compare Costs

(NAPSA)—When comparing college costs, one of a student's first steps should be filling out the FAFSA (Free Application for Federal Student Aid). Then, students begin receiving back financial aid award letters from the colleges they've applied to. These letters outline the estimated cost to attend the school, expected family contribution and financial aid award package, which includes grants, scholarships, work-study, need-based and non-need-based loans.

Your financial aid letter may look different this year. Colleges have the option of using the U.S. Department of Education's new Financial Aid Shopping Sheet for the 2013–2014 award year. Many of the elements contained in this new form are the same as a school's own financial aid award letter, though the standardized format should make it easier to review elements such as grant and scholarship amounts, net costs, graduation rates, loan default rates, median borrowing and estimated monthly loan payments after graduation.

After you receive either form, here are some next steps:

Determine additional expenses: Consider all funding options including grants, scholarships, institutional awards, Federal Work Study, Federal Perkins Loans and/or Federal Direct Stafford Loans. Be realistic about your budgeting needs. Borrow only what you need.

Explore additional financing options:

Tuition payment plan—Instead of paying your tuition bill in one lump sum each semester, if offered by your school, you can enroll in this plan to make smaller, manageable installment payments. This plan can be used on its own or combined with financial aid, including student loans.

Federal Direct PLUS loan for parents—This loan is avail-



Students can find many sources of college funding.

able for parents of dependent undergraduate students. This loan can cover up to 100 percent of remaining eligible education-related expenses. A credit check is required, but the parent's debt and current income are not considered.

Federal Direct PLUS loan for graduate and professional students—This loan is available to graduate and professional students and can cover up to 100 percent of remaining education-related expenses. A credit check is required, but the student debt and current income are not considered.

Private (or alternative) student loans—These loans are made available to students through banks and other private lenders. These loans can typically cover 100 percent of the remaining costs of eligible education-related expenses. Full credit underwriting is required as well as a debt and current income. Most students will need a qualified co-signer to meet credit eligibility requirements.

Know your deadlines and compare your options: Pay special attention to the college application deadlines to make sure that you take full advantage of these opportunities.

For additional financial aid resources, visit www.wellsfargo.com/student/.