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Understanding Financial Aid Packages

Article Summary

How do I compare and pick the best financial aid package from more than one college?

Each college that accepts you will send a financial aid package if you applied for financial aid. Add up the "free money" (grants and scholarships) and subtract that from the "Cost of Attendance." Add up the loans offered and subtract that from the remaining balance. Ideally, you'll want the end balance to be \$0. Read the article below for more help.

How do I figure out the full cost of attending a college?

Include not just tuition and fees, but also room and board, books and supplies, transportation, and personal expenses.

How do loans and work-study change my comparison?

Your real costs (what you'll have to pay after grants and scholarships have been deducted from the cost of attendance) show you how much you'll need in loans and work-study. Take the minimum in loans, since they need to be paid back. Don't include work-study in calculating your initial costs, because work-study money will come in little by little over time, as you work.

How do I decide?

First, make sure all your costs will be covered in some way. Then, choose the packages with the most free money and the fewest loans. Read the article below for more details.

After you've been accepted to a college and completed the financial aid application process, that college will send you a financial aid package. So if you are accepted to three different colleges, and applied for financial aid at all of them, you will receive three separate financial

aid packages. The question is, which one is best for you?

This is tricky since each package will look different. Some packages can be very straightforward, separating aid that doesn't need to be paid back, like grants, from aid that does need to be paid back, like loans (a refresher on the types of financing available to you for college is [here](#)). Others will package everything together, including loans and grants. Here are some tips that will help you understand your financial aid awards:

Find the Full Cost of Attendance for the School

The Cost of Attendance will vary depending on your situation but usually contains tuition and fees, room and board, books and supplies, transportation, and personal expenses. These are all budgetary estimates by the college of how much you will spend for your time in college that academic year. Depending on your needs, there are some cases where you may need more money and some cases where you may need less.

IMPORTANT: Cost of Attendance is what your financial aid award is based on, and if necessary, your parents may be able to borrow a federal loan up to the full cost.

Add up All the Free Money

Remember, grants and scholarships are gift aid that you don't have to pay back, so first you'll want to add that money up. For example, if you see the word Pell, then that's a federal grant that the government gives you that you won't have to pay back. If you are unsure whether something is a grant, scholarship or loan, call the financial aid office.

HINT: It may be helpful to choose a couple of different highlighters to color code the grants and loans on all of your financial aid packages so you can easily see the differences.

“Make sure you understand your budget and whether you are completely covered for the year.”

Subtract the Free Money from Your Cost of Attendance

Before you even look at your loan options, make sure you do this step! This will give you a rough idea of what you will need to pay for the academic year. You may have loans to help you cover those upfront costs, but remember you'll have to pay back those loans eventually so it really is an expense.

HINT: Now is a good time to review your Cost of Attendance and try to come up with your own budget. For example, are you staying at home while going to college? If so, will you be in charge of paying for your expenses at home? If not, you may not need to borrow as much money.

Consider All the Self-Help Aid

Self-help aid includes loans and work-study. Loans will help pay for your tuition bill right away, whereas with work-study you'll have to work in specific jobs during the school year to earn that money ([learn more about different types of aid](#)). The federal loans available may include the Perkins loan, Federal Unsubsidized Stafford, Federal Subsidized Stafford or Parent PLUS loans. Now that you have a better idea of your budget and how much you may still need to pay, you should be more aware of how much in loans you may need to take out.

IMPORTANT: The amount of loans on your financial aid award package is the full amount you are eligible for. You do not need to take out these loans in full. If you think you need less money, follow the directions on the package to decline the full amount and indicate the lower amount you need instead.

HINT: Not all federal loans are created equal. Some have more flexible terms than others. It's recommended that you exhaust your loans in this order: Perkins, Stafford Subsidized, Stafford Unsubsidized. Only as a last resort should you consider a private loan or a federal

Parent PLUS loan. These loans have less generous terms, and your parents will most likely have to undergo a credit check to take one out. Be sure to read more about federal loans at the Federal Student Aid's [website](#).

Understand What You Will Owe

You already know that you'll have to pay back any loans. But make sure you understand your budget and whether you are completely covered for the year. Most colleges won't be able to meet the full amount you need so be aware if you need to seek out any other financing options.

IMPORTANT: You and your family can seek other financing options like private loans and Parent PLUS loans. Call your financial aid office for more details. Just remember, you will have to pay back those loans, so make sure you are comfortable taking on that debt.

Remember, if you have any questions about your financial aid office. The Consumer Financial Protection Bureau also has a financial aid award comparison tool available on its website [here](#).