

Understanding Financial Aid Award Letters: Comparing College Costs

Written by Cary Yates
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According to the College Board, the average cost of college tuition and fees in 2012 ranged from \$8,655 a year for in-state students attending a public, four-year college, to \$29,056 a year for students attending a private, nonprofit four-year institution. Yet, a September 2012 survey showed that a school's cost was the student's fifth most important consideration when deciding where to attend college. Students also indicated a need for support from a variety of funding sources; more than half of students surveyed borrow from the federal government or a private lender to cover their costs.

These statistics show that a school's price tag is actually a very important factor when choosing a college. Accordingly, when comparing college costs, one of a student's first steps should be filling out the FAFSA (Free Application for Federal Financial Aid). Then, in late March and early April, students and their families begin receiving financial aid award letters from the colleges they've applied to. These letters provide the details related to the estimated cost to attend the school, the expected family contribution, and your financial aid award package that includes grants, scholarships, work-study, need-based and non-need-based loans.

If you've been through this process before, you'll notice your financial aid letter may look different this year. In 2013, colleges have the option of using the U.S. Department of Education's new Financial Aid Shopping sheet. 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 for students and their families to compare their options and review elements such as grant and scholarship amounts, net costs, graduation rates, loan default rates, median borrowing and estimated monthly loan payments after graduation. And, as of March 2013, the Department of Education says close to 700 schools are voluntarily using the new form for the 2013-2014 award year.

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After you receive either the Financial Aid Shopping Sheet or your financial aid award letter, consider all funding options to cover college costs, including, grants, scholarships, institutional awards, Federal Work Study, Federal Perkins Loans and/or Federal Direct Stafford Loans.

Be realistic about your budgeting needs. Creating a budget starts with monitoring and documenting your spending relative to your income to determine how these patterns will translate to college life.

Instead of paying your tuition bill in one lump sum each semester, you can enroll in the tuition payment plan to make smaller, manageable installment payments. This plan can be used on its own, or combined with financial aid and student loans.

There are two types of Federal Direct PLUS loans—one for parents of dependent undergraduate students and one for graduate and professional students. Both can cover up to 100% of remaining eligible education-related expenses. A credit check is required, but outstanding debt and the recipient's current income are not considered.

Private student loans are made available to students through banks and other private lenders. 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 cosigner to meet credit eligibility requirements.

It is also important to pay special attention to the college application deadlines to make sure that you can take full advantage of these opportunities.

For additional information on financial aid resources, visit <https://www.wellsfargocommunity.com> or <https://www.wellsfargo.com/student/>

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