



Ian Maxwell, Founder & CEO

Showing families and students a smarter way to plan and pay for college.

## Helpful Definitions

- **Grants & Scholarships:** They are both considered gift aid since they do not have to be repaid. They are the most desirable forms of financial aid.
- **Loans:** These are sums of money that must be repaid. The reason they count as financial aid is that they contain favorable repayment terms and are offered at semi-attractive interest rates below the going commercial rate. Some may be subsidized, meaning 0% interest.
- **Work/Study:** This is exactly what it sounds like. It is money that does not have to be repaid and the college will provide the student with a job. Work/study jobs pay minimum wage. The work commitment is fulfilled once the student has earned the amount of the work/study awarded. Some colleges play with the amount of work-study on the financial aid award to make it appear that more "aid" is given.
- **Student Aid Application:** Every student who wants to apply for any of the federal student aid programs, some of the campus-based student aid programs, and some of the state student aid programs must first complete the federally approved student aid application. This is called the Free Application for Federal Student Aid (FAFSA). Students may also be required to fill out additional forms such as the Financial Aid Profile (FAP) for a small fee if the college they are applying to or the state in which they live requires additional information for awarding their own funds. Institution-specific financial aid forms may be required, as well. In general, private universities may require 2 of the 3 types of forms.
- **Dependent Students:** A student who is dependent on their parents for support. Both the parents' and the student's income and assets are evaluated when determining how much a family can contribute towards college costs.
- **Independent Students:** A student who is not dependent on their parents for support. Only the student's income and assets and those of a spouse are evaluated when determining a contribution towards college costs. Students must be at least 24 years of age by December 31 of the award year to qualify as an independent, or:
  - Have dependents
  - Be married
  - Be a ward of the court
  - Be a military veteran
- **Full Time Student:** Students must take a minimum of 12 credit hours per term to be considered a full-time student.
- **Part Time Student:** To qualify for most federal student aid programs a student must take six credit hours per term.



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- **Expected Family Contribution:** The amount a student and his or her family are judged capable of paying. The contribution remains generally constant no matter where the student plans to attend college. However, some colleges will independently adjust this figure to adhere to their institution-specific financial aid policies. Others will not adjust this figure, but a family's financial aid award will be highly dependent on the financial aid packaging schema.
- **Cost of Attendance:** This "top line" cost" includes tuition, fees, room and board, books and materials, transportation costs, living expenses. It may also include a line item for miscellaneous expenses. Be careful. Each college may differ slightly in how they present this figure. When comparing college "A" to college "B" bottom line costs, you must ensure the costs elements are the same.
- **Merit-based Aid:** Merit-based financial aid programs determine eligibility by evaluating a student's ability/potential, based on academic records, or athletic or artistic ability. Ethnicity may sometimes be considered. SAT/ACT scores, class rank, and GPA are the most commonly used metrics in determining the magnitude of this aid. However, other seemingly non-academic criteria may be used.
- **Need-based Aid:** Need-based financial aid programs determine eligibility by evaluating the family's resources.



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## Uncommon College Admissions Terminology

- **Admit-Deny:** The practice of accepting certain segments of students to show diversity and equality to the college ranking services, but then giving these lesser qualified or undesired students a very spartan financial aid award in an effort to dissuade them from attending.
- **Application Score/Application Index:** A scoring system used (in differing formats) by every college. This is how they rank their applicants. Some colleges use a number system or letter system to sort. Most colleges will have an applicants package read by 2 admissions officers. If your student's score is above the cutoff mark they are admitted. If they are below, they are rejected. Between the two marks, a committee decides your student's fate.
- **Flag:** A student's record has been marked for special consideration. I.e. Children of alumni may get a flag, or students with special talents, under-represented minorities. These applications usually are treated with preference during the admissions process.
- **Financial-Aid Leveraging:** The practice of cutting the sticker price to specifically targeted groups of applicants. The goal is to maximize their school's financial aid "spend" and admit larger numbers of students with the same dollars. This overall produces huge gains in tuition revenue. Some students paying full price will be subsidizing other student's scholarship offers.
- **Gender-Balance:** Some universities require a student body to be comprised of certain ratios of men-women. Admissions and financial aid offices then attempt to build a class with these pre-determined characteristics. The current trend in college demography is to see the campus comprised of 60% women, 40% men at many smaller, liberal arts campuses. Large state universities may see an equal balance of men and women.
- **Preferential Packaging:** Polite term for buying freshmen. 54 percent of colleges admit to following this practice.
- **Buying Freshmen:** The students who are most attractive to a college get the best financial aid package, or more grants and free money and less loans and work-study. This can also take the form of large tuition discounts, or giving more aid than the student's need.
- **Legacy Rating:** Children of Alumni are called legacies, and sometimes have an advantage over others in the admissions process (not true in the financial aid process). The size of the admissions advantage may be determined by the parent's generosity in alumni fund drives.
- **Financial Aid Packaging:** The policy that a university uses to dole out financial aid, usually driven somewhat by the institutional mission. In some cases (most?) the mission of the university is to "achieve excellence in education" or "to provide a world-class" education - or, the mission may be implied... "to survive" or "to compete within our peer group of institutions." So, colleges may use a financial aid policy to give extra to those that they feel can help in achieving their mission. Less money goes to those who may not contribute academically, financially, or in other material and desired ways.