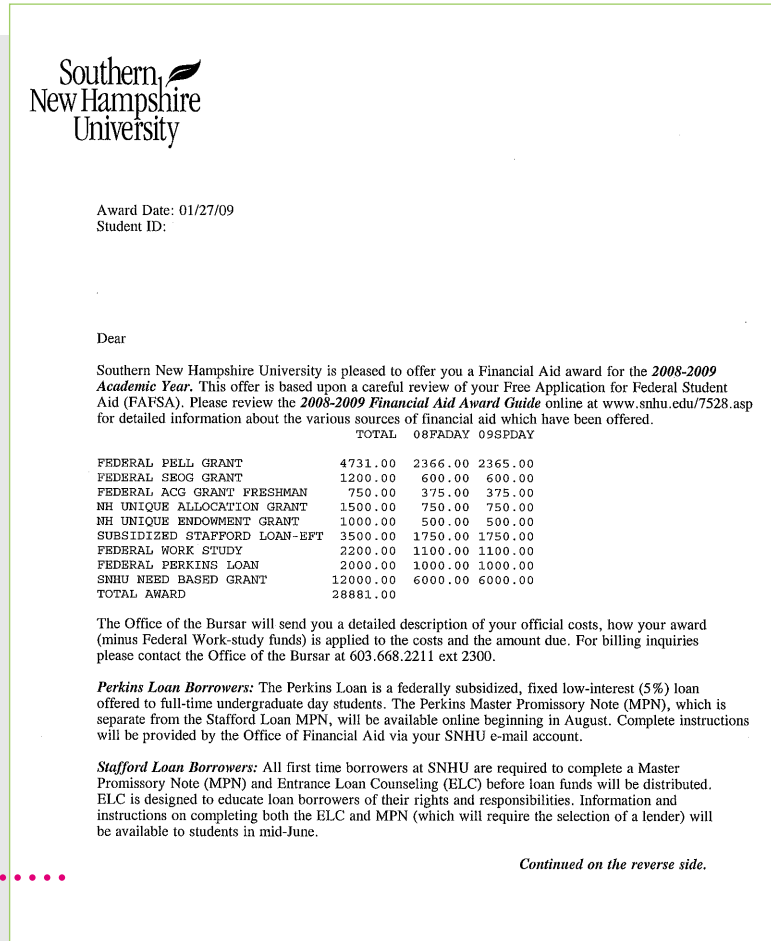


# Key Terms and Sample Award Packages

## What do all these numbers mean?

The NHHEAF Network Organizations created this publication to help students and parents better understand the award letter/notification process. An award letter or an award notification is the way in which a college's financial aid office assigns a specific fund or group of funds to an individual student. An award package may include: federal grants, college grants, scholarships, student loans, student employment/work study and parent loans. It's important to understand that the award packages will differ from college to college based on the different resources at each campus and the family's level of need at each campus. Schools may notify you either by mail or online. (See the sample award letter from Southern New Hampshire University and the online award notification from Plymouth State University.)



Sample award letter

### Award Package By Aid Year 2008-2009 Financial Aid Year

Mar 18, 2008 02:20 pm

Below we have identified your eligibility for financial aid programs PSU administers (Federal, State and Institutional). After reviewing your award, if additional resources will be needed, you may wish to consider loan programs available to parents and/or students. Information on these programs can be found by using the following links: [Federal Parent \(PLUS\) loans](#) or [non-federal Student \(Alternative\) Loans](#).

Specific information on certain individual awards can be found by clicking on [Award Messages] at the bottom of this page.

#### Financial Aid Award

Fund	Status	Amount
Academic Competitiveness Grant	Accepted	\$750.00
Est. NH Incentive Grant	Accepted	\$1,000.00
Federal Work Study	Accepted	\$2,300.00
PELL Grant	Accepted	\$2,681.00
Federal Perkins Loan	Accepted	\$2,000.00
Optional Parent PLUS Loan	Offered	\$4,369.00
Federal SEOG Grant	Accepted	\$800.00
Federal Sub. Stafford Loan	Accepted	\$3,500.00
TOPS Scholarship	Accepted	\$2,500.00
<b>Total</b>		<b>\$19,900.00</b>

Select Another Aid Year



Federal Student Aid Program	Types of Aid	Program Details	Annual Award Limits
<b>Federal Pell Grant</b>	Grant: does not have to be repaid	Awarded to students with exceptional financial need. Award amount is based on the Cost of Attendance, Expected Family Contribution (EFC) and enrollment status of student.	\$890 to \$5350
<b>Federal Supplemental Educational Opportunity Grant</b>	Grant: does not have to be repaid	A federal grant program for undergraduate students with exceptional need. SEOG grants are awarded by the school's financial aid office.	\$100 to \$4000
<b>Academic Competitiveness Grant</b>	Grant: does not have to be repaid	For undergraduates receiving Pell Grants who are U.S. citizens enrolled full-time in their first or second academic year of study.  For first year students who have completed a rigorous secondary school program of study, graduated from high school after January 1, 2006 and have not been previously enrolled in an undergraduate program.  For second year students who have completed a rigorous secondary school program of study, graduated from high school after January 1, 2005 and have at least a 3.0 cumulative GPA.	Up to \$750 for the first academic year  Up to \$1,300 for the second academic year
<b>National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)</b>	Grant: does not have to be repaid	For undergraduates receiving Pell Grants, who are U.S. citizens enrolled full time in their third or fourth academic year of an eligible program majoring in physical, life or computer sciences, engineering, technology, mathematics or a critical-need foreign language and have at least a 3.0 cumulative GPA on a 4.0 scale.	Up to \$4,000 for each of the third and fourth academic year
<b>Federal Work Study (FWS)</b>	Employment: does not have to be repaid	For undergraduate and graduate students; jobs can be on campus or off campus; students are paid at least federal minimum wage. Money earned from a FWS job is not credited to the tuition bill. Therefore, FWS earnings are typically used to cover indirect costs (book, materials, personal expenses).	No annual minimum or maximum award amounts
<b>Subsidized Federal Stafford/Direct Loans</b>	Loan: must be repaid	U.S. Department of Education pays interest while borrower is in school and during grace and deferment periods. Student must be enrolled at least half time and demonstrate financial need. Beginning on July 1, 2009, these loans have a fixed interest rate of 5.6%.	\$3,500 to \$8,500 depending on grade level and dependency status
<b>Unsubsidized Federal Stafford/Direct Loans</b>	Loan: must be repaid	Borrower is responsible for interest during the life of the loan. Student must be enrolled at least half time. Financial need is not a requirement. These loans have a fixed interest rate of 6.8%.  All undergraduate students may qualify for additional unsubsidized funds if a parent is denied a parent PLUS loan.	\$2,000 to \$12,000 depending on grade level and dependency status
<b>Federal Perkins Loan</b>	Loan: must be repaid	The Perkins loans has one of the lowest interest rates (5%) and is awarded by the financial aid administrator to students with exceptional financial need. The interest on the Perkins loan is subsidized while the student is in school and the student has a 9-month grace period after graduating or leaving college before repayment begins.	\$5,500 maximum for undergraduate students, \$8,000 maximum for graduate and professional degree students



Information provided is current as of 2/9/2009

# Options for Financing

Below are descriptions of a few popular ways to finance college costs. It is important to note that most families use a combination of the following financing options to manage the total family share.

Type	Description
<b>Tuition Payment Plans</b>	<ul style="list-style-type: none"> <li>No interest payments</li> <li>Typically payments are divided over 8 - 12 months</li> <li>Helps to limit the need for borrowing by allowing families to pay college costs from current income</li> <li>Enrollment fee</li> <li>Financial aid office provides information about payment plans</li> </ul>
<b>Federal Parent PLUS Loan</b>	<ul style="list-style-type: none"> <li>Fixed interest rate of 8.5% for FFEL Plus Loans and 7.9% for Direct PLUS Loans</li> <li>10-year repayment typically begins after second disbursement; options available to defer payments while student is enrolled at least half time</li> <li>Pre-approval process, based on credit check</li> <li>Interest may be tax deductible</li> <li>Parent is solely responsible for loan</li> <li>Annual maximum is determined by the cost of education less any other aid</li> </ul>
<b>Home Equity Line of Credit (HELOC)</b>	<ul style="list-style-type: none"> <li>Revolving credit line, much like a credit card that is backed by the portion of the home value that the borrower owns outright</li> <li>Interest rates are most often variable and payments will vary depending on the interest rate and amount owed</li> <li>Do your research as certain fees may apply</li> <li>Interest may be tax deductible. Visit <a href="http://www.irs.gov">www.irs.gov</a> for more information</li> </ul>
<b>Home Equity Loan</b>	<ul style="list-style-type: none"> <li>A one-time lump sum loan based on the amount of equity a homeowner has in the property</li> <li>Usually features a fixed rate, payment and term</li> <li>Do your research as certain fees may apply</li> <li>Interest may be tax deductible. Visit <a href="http://www.irs.gov">www.irs.gov</a> for more information</li> </ul>
<b>Private Student Loans</b>	<ul style="list-style-type: none"> <li>A loan in the student's name</li> <li>Often there are deferred payments while in-school</li> <li>Often requires a creditworthy co-signer</li> <li>Eligibility is determined by a student's credit bureau score. FICO is used frequently. Visit <a href="http://www.myfico.com">www.myfico.com</a> for more information</li> <li>Applicant must compare rates, terms, repayment options, loan limits and fees</li> <li>Usually based on LIBOR or PRIME rates (common financial indexes, which are often used as base rates in lending)</li> </ul>

Be certain to check with your college financial aid office for specific information.

REPAYMENT ESTIMATOR

standard 10-Year Repayment Plan

Loan Amount	Term (months)	Monthly Stafford Payment	Monthly PLUS Payment
\$5,500	120	\$61	\$68
\$10,500	120	\$117	\$130
\$19,000	120	\$211	\$236
\$23,000	120	\$255	\$285
\$35,000	120	\$389	\$434

Payments are rounded to whole dollars. Based on a maximum interest rate of 6.0% for Stafford and 8.5% for PLUS loans.



### CALCULATORS

<http://www.nhheaf.org/calcs.asp>

College Cost • College Savings • Expected Family Contribution • Borrower Benefits  
Consolidation Calculator • College Loan Repayment • FICO Score Estimator

# Gimme a Break!

## Hope Credit

The Hope Credit is a tax credit, not a scholarship. Your family may claim a tax credit of up to \$1,800 for each eligible dependent during the first two years of undergraduate study. The exact amount of the credit depends on your family's income, the amount of qualified tuition and fees paid, and the amount of certain scholarships and allowances subtracted from tuition.

(Note: The Hope Credit will be replaced with the American Opportunity Tax Credit for 2009 and 2010.)

## Lifetime Learning Tax Credit

Your family may claim a tax credit of up to \$2,000 for the taxpayer, taxpayer's spouse, or any eligible dependents for an unlimited number of tax years. The amount of the tax credit is up to 20% of the first \$10,000 of qualified educational expenses paid, but no more than \$2,000 per family. The actual amount of the credit depends on your family's income, the amount of qualified tuition and fees paid, and the amount of certain scholarships and allowances subtracted from tuition.

## WHO QUALIFIES?

To qualify for either credit, an eligible taxpayer must claim an eligible student as a dependent on the tax return, unless the credit is for the taxpayer or the taxpayer's spouse. The eligible student must be enrolled at least half-time in an eligible degree seeking program at an eligible school. You may not claim either credit if your modified adjusted gross income is \$58,000 or more for a single taxpayer, or \$116,000 or more for married taxpayers.

## Understanding the Student Loan Interest Deduction

The Student Loan Interest Deduction can reduce the amount of your taxable income by as much as \$2,500 per year. The exact amount of the deduction depends on the interest paid during the calendar year (including loan origination fees) on an eligible student loan, but will not exceed \$2,500. An eligible taxpayer must claim an eligible student as a dependent on the tax return, unless the deduction is for the taxpayer or the taxpayer's spouse. An eligible student must be enrolled at least half-time in a degree seeking program at an eligible institution. You cannot take this deduction if your modified adjusted gross income is \$70,000 or more as a single taxpayer, or \$145,000 or more for married taxpayers.

## Understanding the Tuition and Fees Tax Deduction

This deduction can reduce the amount of your taxable income by as much as \$4,000. The exact amount of the deduction depends on the qualified tuition and related expenses that you pay for yourself, your spouse, or a dependent for whom you are entitled to claim an exemption on your tax return. You may not deduct expenses for personal, living, or family expenses, including room and board, insurance, medical expenses, or transportation. The eligible student must be enrolled in one or more courses at an eligible educational institution. You cannot claim this deduction if your modified adjusted gross income is \$80,000 or more as a single taxpayer, or \$160,000 or more for married taxpayers. You also may not claim the deduction if the tuition and fees were paid with a tax-free scholarship, grant, or other educational assistance.

## Can A Family Claim Multiple Benefits?

Your family may claim the Tuition and Fees Tax Deduction along with a Hope Credit, a Lifetime Learning Tax Credit, and an exclusion from gross income for distributions from qualified tuition programs or education IRAs, as long as the same student is not used as the basis for each deduction, credit, or exclusion.



# Thinking About College?

## The NHHEAF Network Organizations' Center for College Planning is Proud to Bring New Hampshire Free College Planning Programming and Events



- College Planning Workshops and Presentations
- Special Events
- College Planning Library
- Assistance with Financial Aid Applications
- Monthly College Planning e-Newsletters
- Toll Free College Planning Hotline
- Early College Awareness Presentations Featuring our College Planning Mascot



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# The Bottom Line

*A Guide to Understanding Your Financial Aid Award Letter*



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