

# Key Financial Aid Terms

## **EFC – Expected Family Contribution**

Total amount of money a student/family is expected to pay toward college costs in a given academic year. This number is figured using the Federal Methodology (*see below*).

### **SAC – Student Asset Contribution**

Contributions from any assets (cash, checking, savings, investments, trust fund, etc.) in the student's name (and/or Social Security number).

### **SIC – Student Income Contribution**

Contribution expected from the student income (if the student earns more money in a calendar year than the amount allowed under the federal formula).

### **PC – Parent Contribution**

Contribution expected from the income and assets of the parent(s) in the student's household.

## **Cost of Attendance**

The COA (Cost of Attendance) is the sum figured by each institution for one year of attendance. Each college calculates this differently, but they are to include: 1) tuition and fees payable to the institution; 2) books and supplies; 3) room and board; 4) personal expenses and transportation.

## **FAFSA – Free Application for Federal Student Aid**

Federal form a student must file in order to qualify for federal funds, state grants and college need-based financial aid.

- ⇒ This form must be filed each year beginning in the spring of a student's senior year of high school.
- ⇒ The information provided on the FAFSA is used to calculate a student's EFC (*see above*).

## **SAR – Student Aid Report**

Special report that is processed and sent to a student after he/she files the FAFSA showing the student's EFC (*see above*).

## **FM – Federal Methodology**

The federal formula that is used to determine a student's EFC (*see above*).

- ⇒ This formula is used to figure a student's eligibility for federal grants, loans and/or work-study grants.
- ⇒ Many states use the same formula to determine a student's eligibility for state grants, and many colleges use it to award their need-based scholarships.

## **IM – Institutional Methodology**

A modified version of the federal formula used by some colleges and universities that looks at additional assets and/or resources in a student's household. The way student and parent contributions are calculated also is different.

- ⇒ Use of an "institutional methodology" won't affect federal or state need-based grants but it may mean the college will expect more (or less) money overall from a family.
- ⇒ Colleges using an institutional methodology typically will require students to complete a second financial aid form, usually the CSS profile or an in-house form.

## **FICA – Federal Insurance Contributions Act**

The federal Social Security and Medicare taxes taken out of workers' wages.

## **Demonstrated Financial Need**

The difference between a college's Cost of Attendance (COA) and the student's Expected Family Contribution (EFC).

## **Merit-Based Financial Aid**

Financial aid based on a student's talents, performance, academic merit and/or other select characteristics. Depending on the college, merit-based scholarships may be awarded for academics, athletics, extracurricular involvement, art, theatre, music, journalism and more. Residency, future job plans, alumni ties and other factors also can be criteria for awarding some merit-based financial aid. Merit-based financial aid also is available from private sources such as community foundations, service organizations and others.

## **Need-Based Financial Aid**

Financial aid based on student/family financial circumstances. Residency, future job plans, alumni ties and other factors also can be criteria for awarding some need-based grants and scholarships.