



4 out of 5 college students use financial aid to help make paying for college more manageable.

Paying for College: Understanding Financial Aid

There are 3 main types of financial aid:



Scholarships & Grants

This is considered “gift aid” in that it usually does not need to be paid back.



Work-Study

This aid allows students to be considered for part-time jobs, usually on campus, that can help them pay for college expenses while gaining work experience.



Loans

This aid **does need to be paid back**, so students should take care when considering whether to accept loans.

Financial aid is available at the federal, state, and college level:



Federal

This aid includes Pell Grants, Work-Study, and Federal Supplemental Education Opportunity Grants (FSEOG).



State

North Carolina offers substantial savings in tuition for NC residents. Apply at [NCResidency.org](https://www.ncresidency.org). NC also offers need-based scholarships for students to attend public or private colleges or universities in the state.



College

Colleges and universities offer their own scholarships to students with financial need, as well as for merit that recognizes specific talents such as athletics, music, or academics.



Know what you're getting,
know where you're going.

- Most students from NC households making \$80,000 or less will qualify.
- Students will get at least \$3,000 per year that covers all tuition and fees to attend a community college, or
- At least \$5,000 per year that covers more than half, if not all, tuition and fees to attend a UNC System university.
- Most eligible students will qualify for even more funds, based on financial need. Go to [NextNCScholarship.org](https://www.NextNCScholarship.org) to learn more.
- **Going to a private college? No problem.** There is the Need-Based Scholarship for Private College and University Students. Go to [CFNC.org/NBS](https://www.CFNC.org/NBS) to learn more.

Access a world of financial aid options with one form
Free Application for Federal Student Aid (FAFSA)

Complete the Free Application for Federal Student Aid (FAFSA) to be considered for most types of financial aid at the federal, state, and college level. There is no obligation to accept any aid offered. The FAFSA allows students to see what their options are by comparing financial aid offers from the various colleges they apply to. Go to [CFNC.org/FAFSA-101](https://www.CFNC.org/FAFSA-101) for more information.

Glossary of Terms

Education beyond high school is an investment in yourself and your future. Financial aid is an umbrella term for the many ways students can receive funding to pay for college. In fact, 4 out of 5 students rely on financial aid to go to college.

In most cases, accessing financial aid starts with completing the Free Application for Federal Student Aid (FAFSA), which colleges use to determine the amount of financial help a student may need. But not all financial aid is need-based. Some aid is offered in recognition of special talents a student has, called merit, including athletics, academics, music, and more.

Here are some important terms to know to better understand the types of financial aid available to students who are eligible:

Contributor: Dependent students will need to have a parent contribute financial information in their FAFSA. Married students will need to include their spouse's financial information. Both groups are known as "contributors" as part of the FAFSA application process.

Cost of Attendance (COA): COA is the total estimated cost to attend each college for one year and can be found on the college's website. It consists of direct costs and indirect costs:

- **Direct costs** are those expenses students will incur specifically related to going to college, such as tuition and fees.
- **Indirect costs** are those expenses students may (or may not) incur anyway, regardless of attending college, such as meals, housing, transportation, and miscellaneous expenses.

FAFSA Submission Summary (FSS): The FSS summarizes the information the student provided in the FAFSA and shares the Student Aid Index (SAI) that is used by the colleges to determine financial need to prepare a financial aid offer. It includes the estimated financial aid available from the federal government and provides any additional steps the student must take to receive financial aid if they are eligible.

Financial Aid Offers: The college's financial aid office will package the amount of aid available to a student and present that aid via a financial aid offer – either by mail, electronically, or both. It may be a combination of grants, scholarships, loans, work-study, and other types of aid. Students are under no obligation to accept the aid offered. Some aid like grants and scholarships that don't have to be paid back are provided unless a student declines them. Some of the aid, like loans, has to be accepted to get them.

Grants: Money from federal, state, or college sources that typically doesn't need to be paid back as long as students are meeting the requirements of their program of study. This includes making Satisfactory Academic Progress (SAP).

Pell Grant: This is a form of aid offered by the Federal government to students with financial need. Pell Grants don't have to be paid back except in some instances, such as when a student withdraws from college.

Residency: In-state tuition offers substantial savings on the cost of college. Students must demonstrate residency, at [NCResidency.org](https://www.ncresidency.org).

Satisfactory Academic Progress (SAP): SAP is the minimum academic requirements a student must meet in order to continue receiving financial aid. Each college/university sets their own requirements.

Scholarships: Money for education that typically does not have to be paid back. Some of the best places to look for scholarships are local sources, including the college, a community foundation, and service organizations, but scholarships are available through state, federal, and regional/national sources as well. Scholarships can be based on financial need or for merit, which rewards a special talent such as athletics, music, or academics. Check out [CFNC.org/scholarships](https://www.cfnc.org/scholarships) for more options.

Student Aid Index (SAI): SAI is a formula-based number used by the college to determine how much financial support a student needs in order to prepare a financial aid offer. It is calculated based on information provided in the FAFSA.

Student Loan: These are funds for college that do need to be paid back. There are different types of loans:

- **Federal Subsidized Loans** are available for undergraduate students with financial need that don't accrue interest while the student is in college at least part time.
- **Federal Unsubsidized Loans** do accrue interest while the student is in college.
- **Federal PLUS Loans** are available to parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
- **Private Loans** are available from non-government sources, including banks.
- **NC Assist** is the state's loan option for students with an NC connection. Go to [NCAssist.org](https://www.ncassist.org) for more information.

Verification: After a student submits their FAFSA they may be selected for verification, which is a common process where the financial aid office requests documentation to confirm information entered into the FAFSA.

Work-Study: Financial aid that is provided through a job the student works, typically on campus, to earn money for college-related expenses.