

# Compare Financial Aid Offers

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## The financial aid piece of the school puzzle

This is a big deal—you've been accepted to college, graduate school, or professional school—that's awesome! Now it's time for you to select the school you want to attend...but you probably have some questions:

- How much financial aid are they offering you?
- If you have more than one offer, which is the better one?
- What money is free and what will you have to pay back?

The information you'll need to answer these questions is generally found in your financial aid offer. And once you have the answers, you can compare the offers and decide which school you want to go to.

## What's a financial aid offer?

Financial aid offers are keys that can help you unlock how you'll pay for school, including how much you'll have to pay on your own. If you submitted a [Free Application for Federal Student Aid \(FAFSA\)](#) and were approved for financial aid, every school that accepted you will send you a financial aid offer.

## Financial aid tip

Almost everyone who applies for financial aid is eligible for some form of aid. File the Free Application for Federal Student Aid (FAFSA) to see how much you qualify for.

Schools have different names for these offers: financial aid offer, merit letter, award letter, or financial aid package. Many schools send offers electronically, and may include them with acceptance letter packages. Plus, there's no standard format, so they can look different from one another. This can make comparing them a little difficult, but we can help you with that.

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## What's in a financial aid offer

Financial aid offers usually contain this information:

- **Cost of attendance (COA)**, an estimate of what you can expect to pay for one year of school. This includes tuition and fees, room and board, books and supplies, transportation, and even personal expenses.<sup>2</sup> If the COA isn't included in your offer, check the school's website or call the financial aid office.
- [Expected Family Contribution \(EFC\)](#), a number that your school uses to determine how much financial aid you're eligible for. It's not (despite its name) how much your family will have to pay for college.<sup>3</sup>
- [College grants](#) are typically need-based and can be given by state or federal governments.

- [College scholarships](#) can be need-, merit-, or interest-based and are awarded by a school, company, or private organization.
  - [Federal work-study](#) is a program, implemented by the school, where you work to earn your financial aid.
  - [Federal student loans](#) let you borrow money directly from the federal government; you pay this financial aid back with interest. A financial aid offer may also list the amount you can borrow with a credit-based loan (like a federal [Direct PLUS Loan](#) or a [private student loan](#)).
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## Free money vs borrowed money vs earned

Your financial aid offer lists all the financial aid you're eligible for, but there's an important difference between whether the aid is free, borrowed, or earned:

- **Free money** is money that you don't have to pay back: scholarships, grants, and fellowships.
  - **Borrowed money** is money you'll need to pay back with interest: federal student loans (which may be listed as "Federal Direct Loans") or credit-based loans (like [Direct PLUS Loans](#), which come from the federal government, or [private student loans](#)).
  - **Earned money** is like a part-time job and you don't have to pay back the money you earn: work-study.
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## When will you get financial aid offers?

Most schools send out financial aid offers around the same time as their acceptance letters. The timing can vary, however, depending on things like when you submitted your FAFSA and how many FAFSAs the school received. If you have questions about when you can expect your award offer, call your school's financial aid office.

Keep in mind, your financial aid offer covers one year only, so you will get a new offer every year. And that means you'll need to fill out the FAFSA and apply for financial aid annually while you're in school.

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## Compare your financial aid packages

Okay, now it's time to compare the financial aid offers from all your schools and see which has the best deal for you. To make it easy, you can use this interactive worksheet to compare your offers side by side, or create your own spreadsheet.

[Get the financial aid offer comparison worksheet](#)

Here's how to create a spreadsheet:

1. Create a column for each school.
  2. Make a row for each category: COA, scholarships, grants, fellowships, work-study, and federal loans.
  3. Subtract all the categories from the COA.
  4. What remains is the gap—the amount you'll need to pay for school from other sources, such as savings or a [private student loan](#).
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## **It's okay to negotiate**

You don't have to accept all the financial aid listed in your offer.

Let's say you're offered work-study in your financial aid package but you know you're going to be too busy with schoolwork. Or the amount of the federal loan you're qualified for is more than you want to take out. You can say "no" to all or part of a financial aid offer, or ask your school's financial aid office to review your financial situation. Just be sure that you won't need to borrow money for costs that you could have covered with free money.

Whether you decide to accept or decline your financial aid package, you'll need to respond to the financial aid offer. Each school sets a deadline for a response, so don't miss out, whether it's mailing back a signed form or answering online. If you do decide to request more financial aid from a school, talk to your financial aid office. There might be a written process to request a review of your financial situation.

Remember, bigger isn't always better. Don't rely only on the total dollar amount of a school's financial aid offer. For instance, you might receive a smaller total award that offers more scholarships and grants than a larger award consisting mostly of loans. Or, despite a generous financial aid package, School A will still cost a lot more than School B, which is offering less financial aid.

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## **Making the big decision**

Figuring out how you'll pay for school is a big deal. It can have an impact on the amount of debt you'll have after you graduate. Once you understand your financial aid offers, you can choose what works for you and start planning how you're going to pay for any gap not covered by your financial aid.

Your financial aid offer—and how much extra you'll need to pay for school—are important, but there are other things to consider than money. Factor in each school's location, campus culture, quality of academic programs, and graduation rate. Make a pros and cons list. Price goes at the top...but it shouldn't be the only thing on the list.

Take your time when you're comparing your financial aid packages. You're investing years of your life in school, so invest the time now to figure out what's best for you.