

# FINANCIAL AID 101: The Award Letter

Overwhelmed by college financial aid and how to cover college expenses? Fret not. Use this **step-by-step** guide to navigate the process.



## 1 COMPLETE THE FAFSA®

You can start the FAFSA October 1 of your senior year in high school. File the FAFSA early because some schools award aid on a first come, first served basis. If you haven't applied already, visit [FAFSA.ed.gov](https://fafsa.ed.gov) for more details. You may also need to complete the CSS Profile™ used by nearly 400 colleges and universities.

After filing the FAFSA, you will receive a Student Aid Report (SAR). Make sure you review the SAR to ensure the information you filed on the FAFSA is correct.

## 2 WHAT'S NEXT

The FAFSA is filed and college applications are sent in. Now you wait for acceptance and award letters from each college where you have been accepted. Award letter templates vary, so carefully review each letter when comparing your financial aid packages.

For help, use our **Award Letter Comparison** tool on [CollegeCovered.com](https://CollegeCovered.com).

## 3 AWARD LETTER BREAKDOWN

**COA:** This stands for Cost of Attendance. This number includes tuition and fees, housing and meals, books and supplies, transportation and other expenses for one year.

**GRANTS AND SCHOLARSHIPS:** This is money that does not have to be paid back. It can come from federal and state governments, colleges and private organizations. Grants are typically based on financial need, while scholarships are based on need, merit or other eligibility.

**WORK-STUDY:** Work-study is a part-time employment program funded by the government that allows qualified students to earn money to help pay for college.

**FEDERAL LOAN BREAKDOWN:** Federal loans are made by the federal government and must be paid back. These loans can help cover the gap between cost of attendance and other financial aid. There are several different types of federal loans:

**DIRECT SUBSIDIZED LOANS:** These are awarded to students who demonstrate financial need. The interest is paid by the government while the student is in school.

**DIRECT UNSUBSIDIZED LOANS:** These are awarded to students regardless of financial need. Unlike subsidized loans, the student is responsible for paying the interest that accrues on the loan while in school.

**DIRECT PLUS LOANS:** These are available to parents or graduate students to cover up to the full cost of education, less any other financial aid. Borrowers must pass a credit check.

Private student loans may be an option to help cover remaining college expenses, but they are not part of the FAFSA and may not be listed as part of your award letter.



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Get a head start on paying for college. Visit **CollegeCovered.com**. Sign up to receive emails about the Award Letter and other tips and resources on planning and paying for college.

Visit [studentaid.gov](https://studentaid.gov) for more information on federal loan options.  
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