

College financial aid: making sense of offers

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NerdWallet

With college acceptances in hand, now comes the hard part for 2019 high school grads: understanding financial aid offers.

These letters are notorious for being laden with jargon that differs from offer to offer, making comparisons difficult. But you can learn how to interpret award letters to understand the costs and choose an affordable option.

■ **What to expect from aid offers.** Financial aid offers should include all of the federal, state and school aid you can access. That could mean free aid, like grants, scholarships and work-study opportunities, which don't need to be repaid, and unsubsidized and subsidized federal loans, which do. If these aid types are grouped together without explanation, it can be hard to distinguish which is which.

Your offer also might include a parent PLUS loan as part of the award, but avoid using it if possible. These loans have higher interest rates than loans made directly to students. And unlike typical student loans, they require a good credit history to qualify.

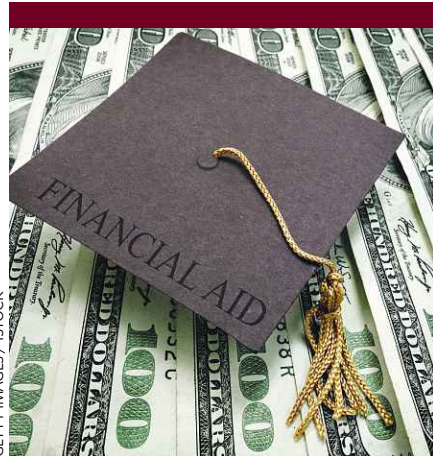
Schools also must provide the cost of attending their institution. It bundles indirect costs like books, supplies and transportation with direct costs such as tuition, fees, housing and food.

The cost of attendance is usually an average, says Brenda Hicks, director of financial aid at Southwestern College in Winfield, Kansas. What you'll pay for room and board could be pricier if you opt for a more expensive package, like a single room, for instance.

■ **No one standard.** Different schools use different names to refer to the same type of loan. For instance, one college's aid offer might list a "Federal Unsub Stafford Loan." Another school's might call the same thing "DL Unsubsidized Loan."

Unsubsidized federal student loans are the only type of federal loan every student can access, regardless of financial need. They're different from subsidized loans, which don't accrue interest while the student is in school. Subsidized loans ease costs, which is why they're given to those students who demonstrate need.

But in 455 college aid award letters, 136 different names were used to describe the federal unsubsidized loan, according to a 2018 study by New America, a nonpartisan



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How to compare offers

Experts recommend these key steps:

- Create a spreadsheet with separate columns for each school.
- Under each column, start with the total cost of attending each school.
- List each award type and amount.
- Add up all free aid first and subtract from the total cost to attend. What you have left is the amount you would need to cover with savings, income or loans. Compare this bottom-line amount with other schools on the list. You can also use the Consumer Financial Protection Bureau's Compare Schools tool or the National Association of Student Financial Aid Administrators' Award Notification Comparison Worksheet.

san think tank, and uAspire, a Boston-based college affordability nonprofit.

"How can we expect families and students to navigate this process if even the aid that everyone qualifies for is called something different?" says Rachel Fishman, a deputy director at New America.

There are two main obstacles for colleges in standardizing offers, according to Fishman: There's no legal standard for language in award letters, and schools use different software to manage aid.

The U.S. Department of Education recently issued guidance on what schools should avoid, such as presenting the cost of attendance without a breakdown. There's also bipartisan support in Congress to make aid offers more uniform.

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Apple Bank	0.50	1.25	1.60	2.15	2.50	2.55	2.60	2.70	2.80	914-902-2775 www.applebank.com
Apple Bank	2,500	2,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Bethpage Federal Credit Union	1.00	2.00	2.00	2.00	2.20	2.30	2.50	2.55	2.75	855-446-0340 www.lovebethpage.com
Bethpage Federal Credit Union	1	500	50	50	50	50	50	50	50	
BNB Bank	NA	NA	0.10	2.12	2.40	2.17	2.22	2.28	2.53	631-537-1000 www.bnbbank.com
BNB Bank	NA	NA	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Empire National Bank	0.15	0.40	0.15	1.20	1.60	2.00	2.10	2.15	2.25	631-348-4444 www.empirenb.com
Empire National Bank	1,000	2,500	500	500	500	500	500	500	500	
HAB Bank	NA	0.90	0.25	0.75	2.16	2.26	2.35	2.45	2.65	212-532-4444 516-681-5200 www.habbank.com
HAB Bank	NA	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
Hanover Bank	0.15	2.00	0.15	0.80	2.55	2.75	2.80	2.85	2.90	516-548-8500 www.hanoverbank.com
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Island Federal Credit Union	15 Month Special 2.50%APY \$1,000 minimum to open. Limited time only!									631-851-1100 www.islandfcu.com
Nassau Financial FCU	2.00	0.85	0.50	1.25	2.20	2.30	2.50	2.55	2.80	516-742-4900 www.nassaufinancial.org
Nassau Financial FCU	0	75,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
NEFCU	3.00	2.00	0.30	1.25	2.00	NA	2.15	3.00	2.75	888-763-2446 www.myNEFCU.org
NEFCU	1	25,000	1,000	1,000	1,000	NA	1,000	1,000	1,000	
Ridgewood Savings Bank	0.10	1.00	1.25	1.60	2.15	2.40	2.50	2.60	2.85	718-240-4778 www.RidgewoodBank.com
Ridgewood Savings Bank	100	25,000	500	500	500	500	500	500	500	
Sperry Federal Credit Union	1.75	0.75	0.30	1.25	2.65	2.80	2.85	2.60	2.80	516-873-7171 www.sperryfcu.org
Sperry Federal Credit Union	0	50,000	500	500	500	500	500	500	500	
Suffolk Federal	11 Month Certificate 2.50% APY 17 Month Certificate 2.70% APY \$500 Minimum to Open. Call Today!									631-983-3434 www.suffolkfcu.org/rates
Synchrony Bank	NA	1.20	0.75	1.00	2.70	2.75	2.80	2.85	2.90	800-869-3813 www.synchronybank.com
Synchrony Bank	NA	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
TFCU	0.05	2.00	0.50	1.25	2.50	2.55	2.60	2.90	2.75	631-595-0708 www.teachersfcu.org
Teachers Federal Credit Union	2,500	500,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	

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