Terms to know [The most Important definitions are highlighted.]

**Ability-to-benefit test:** one way to determine eligibility for federal aid for students who aren’t high school graduates or do not have a GED certificate.

**Asset:** an item of value, such as real estate, stock, bond, cash savings, trust fund, money market fund, college savings plan, retirement plan or prepaid tuition plan.

**Aggregates Loan Amount:** The total amount disbursed (less any amount repaid or cancelled) to a borrower under a given loan type throughout the borrower’s academic career. This amount must not exceed applicable total loan limits, which are based on the student’s graduate/undergraduate status.

**California Aid Report (CAR):** the report from the California Student Aid Commission reporting your Cal Grant eligibility; estimates your Cal Grant award.

**California residency:** you’re considered a California resident if you’re an unmarried student, under 18, and your parents have been legal California residents for one year prior to the residence determination date of the college you will attend, or September 20, if your college does not have a residence determination date; if you’ve lived for two years with a legal California resident, other than a parent; or if a parent is in the U.S. Armed Forces, stationed in California and on active duty when you enroll. All married students, regardless of age, and unmarried students 18 or older, must establish their own residency.

**Campus-based aid:** federal programs administered by colleges: federal Perkins loan, federal Pell Grant, Federal Supplemental Educational Opportunity Grant and Federal Work-study. **Capitalization:** when interest is added to the principal balance of a loan rather than being paid as it accrues; any future interest is based on the higher loan amount.

**Citizen/national:** U.S. citizens are those born in one of the 50 states, the District of Columbia, or abroad to a U.S. citizen. Nationals include citizens of Puerto Rico, the U.S. Virgin Islands, Guam and the Northern Mariana Islands and natives of American Samoa and Swain’s Island.

**Cost of attendance (COA):** the total cost of college for the school year as calculated by the college, including tuition, fees, books, supplies, transportation, food, housing, personal expenses and sometimes the rental or purchase of a computer; also known as the student budget.

**CSS/Financial Aid PROFILE:** the financial aid application administered by the College Board and required by some independent colleges and scholarship organizations to award private aid.

**Default:** failure to make the required payments on your student loan or otherwise honor a loan’s terms.

**Deferment:** temporary postponement of payment on your student loan. Interest accrues unless your loan is subsidized by the federal government. Common reasons for deferment include attending school at least half time, and economic hardship/unemployment.

**Delinquency:** the state of being behind on your loan payments.

**Direct Loan Servicing Center:** all federal student loans disbursed on or after July 1, 2010 are handled by the Direct Loan Servicing Center, the U.S. Department of Education’s agent contracted to collect Direct loans and handle deferments, forbearances and repayment options.
Eligible noncitizen: a U.S. permanent resident who has a Permanent Resident Card (I-551 or I-151); a conditional permanent resident (I-551C); or a noncitizen who has an Arrival-Departure Record (I-94) from U.S. Citizenship and Immigration Services with one of the following designations: Refugee (including noncitizen victims of human trafficking), Asylum Granted, Parolee (the I-94 confirms paroled for a minimum of one year and status has not expired), T-Visa holder or Cuban-Haitian Entrant.

Expected family contribution (EFC): the portion of your own and your family's financial resources that should be available to pay for college, based on a federal formula using the information on your FAFSA.

FERPA: The Family Education Rights and Privacy Act of 1974. Is a Federal law that protects the privacy of student education records. Students have specific, protected rights regarding the release of such records and FERPA requires that institutions Adhere strictly to these guidelines. Therefore, it is imperative that the faculty and staff have a working knowledge of FERPA guidelines before releasing educational records.

Financial aid eligibility: the difference between your expected family contribution and the college’s cost of attendance; also known as your financial need.

Financial aid package: the total amount of financial aid offered by a school; usually a combination of grants, scholarships, work-study and loans.

Forbearance: temporary postponement or reduction of your monthly payment. Interest continues to accrue, increasing the loan balance. Forbearance must be approved by your loan servicer.

Grant: financial aid that doesn’t have to be repaid; usually based on financial need.

Independent college: a nonprofit, private college that is not run by a government organization.

Institution-based aid: financial assistance offered and controlled by individual colleges, such as alumni scholarships and endowments from private donors; also called institutional aid.

Institutional methodology: the formula used by some colleges to determine your eligibility for institutional aid; may count home equity and other assets the FAFSA does not.

Interest: the money you will be charged for taking out a loan.

Loan servicer: a company that handles all the administrative tasks associated with a loan, such as establishing repayment terms, handling deferment and forbearance requests, and accepting and collecting payments.

Master promissory note (MPN): a legally binding contract between a borrower and the U.S. Department of Education listing all terms and conditions of a loan; federal student loans require you to sign an MPN.

Merit-based aid: financial aid based on grades, test scores, athletic ability, talents or other criteria, not income or assets.
Need-based aid: financial aid that is based on your own or your family's income or assets; most financial aid offered by the government is need-based.

Net cost of attendance or net price: what a student pays to attend a higher education institution; the school's cost of attendance minus money for college that doesn't have to be repaid, including grants and scholarships.

National Student Loan Data System (NSLDS): A centralized database, available at www.nslds.ed.gov, which stores information on Federal grants and loans. NSLDS contains information on how much aid you've received, your enrollment status, and your loan servicer(s). You can access NSLDS using your Federal Student Aid PIN.

PIN: personal identification number from the U.S. Department of Education that serves as your e-signature on the electronic FAFSA; also can be used to check on the status of your FAFSA, correct or print your Student Aid Report, sign your master promissory note, and view your federal financial aid records.

Principal (loan): the amount you originally borrowed, plus any capitalized interest.

Private career college: a for-profit institution offering a course of study or job skills beyond high school.

Satisfactory academic progress (SAP): as established by your college, the progress you must maintain toward obtaining a degree or certificate to continue receiving financial aid, and the GPA you must maintain.

Scholarship: money for college that you don’t have to repay; awarded based on grades, test scores, major, heritage or other criteria, and sometimes, financial need.

Selective Service registration: males (citizens and eligible noncitizens) age 18-25 who are not currently on active duty in the Armed Forces must register with the Selective Service for military draft to receive federal student aid.

Social Security number (SSN): nine-digit number issued to U.S. citizens, permanent residents, and temporary (working) residents by the U.S. Social Security Administration.

Student Aid Report (SAR): summarizes the information you provide on the FAFSA.

Undocumented students: students who live in the U.S. and are not U.S. citizens or eligible noncitizens and who don’t have an Alien Registration Card, visa or other legal documentation; includes students or their families who entered the country legally on tourist or work visas and chose to stay after their visas expired.

Untaxed income: all income you receive that's not taxed or may not be reported to the IRS.

Verification: the procedure by which a college verifies the information reported on the FAFSA, usually by requesting a copy of your (and/or your parents’) signed tax return and other documentation.

Veteran: a person who has engaged in active duty in the U.S. Armed Forces; or is a National Guard or Reserve enlistee called to active duty for purposes other than training; or who was a cadet or midshipman at one of the service academies; and who was released under a condition other than dishonorable or who’ll be a veteran by June 30, 2013.