

Financial Aid Glossary

Let's face it, financial aid terms can be confusing and unclear. We put this glossary together to turn you from clueless into a financial aid expert.

Cosigner → A second person (i.e. not the original borrower) who also signs for a loan and assumes the same amount of financial responsibility for the loan. Having a cosigner can often help make loans possible for those with bad or no credit.

Deferment → Allows you to stop making your monthly federal loan payments for a determined amount of time.

Expected Family Contribution (EFC) → A number that represents your family's ability to help you pay for college. It's determined by a number of factors, including taxed and untaxed income, family size, and the number of family members in college. It's used in determining financial aid eligibility on the FAFSA.

FAFSA → The Free Application for Federal Student Aid. It's a free form used by the federal government and many universities to determine if you qualify for financial aid and, if so, how much.

Federal Supplemental Educational Opportunity Grant (SEOG) → A need-based grant offered by the federal government for students with the greatest need of financial aid.

Financial Aid → Financial assistance to help students and their families pay for school.

Financial Aid Calculator → A free tool that allows you to estimate your Expected Family Contribution (EFC) before completing the FAFSA. This tool can simplify the process of deciding how to pay for college.

FSA → Federal Student Aid. Known as “the largest provider of student financial aid in the U.S.”

Forbearance → Like deferment, forbearance allows you to stop making your monthly loan payments for a determined amount of time. The difference is that deferment doesn’t always require you to pay interest, but forbearance does.

Grants → Money for college, generally awarded by the federal government, that doesn’t need to be paid back.

Guarantor → Similar to a cosigner, a guarantor agrees to pay for a loan if the original borrower defaults or is unable to pay. Having a guarantor can help make loans possible for those with bad or no credit.

Loan Forgiveness → Options for saying goodbye to student loans in exchange for non-profit, government, or volunteer work. For more information on current requirements, [visit the FSA website](#).

Payment Plans → Options for repaying your student loans based on income or other factors. To find out which payment plan is best for you, [check out this article](#) or discuss options with your student loan servicer.

Pell Grant → A need-based grant offered by the federal government for undergraduate students who express financial need.

PLUS Loan → An unsubsidized loan offered by the federal government to students' parents. It's intended to cover remaining education costs not covered by other forms of financial aid. This loan is available only to parents of dependent undergraduate students or independent graduate/professional students and, as of 2018, the interest rate is 7.0%.

Tuition → The amount of money a university, college, or institution charges students for education.

Scholarships → Money for college, generally awarded by corporations, nonprofits, schools, or individuals, that doesn't need to be paid back.

Student Debt → The type of debt that is accumulated from taking out federal or private loans in order to attend a college, university, or institution.

Student Loans (Federal) → Financial assistance in the form of a loan from the federal government. Student loans accrue interest and must be paid back.

Student Loans (Private) → Financial assistance in the form of a loan from a private provider. Student loans accrue interest and must be paid back.

Subsidized Loans → A type of federal student loan in which the federal government pays the interest while the student is in school or while the loan is in deferment.

Unsubsidized Loans → A type of federal student loan in which interest begins accruing as soon as the loan is taken out.

Work-study → A type of federal student aid that provides students with part-time jobs while in school.