

Glossary of Financial Aid Terms

Aid Money from grants, scholarships, benefits, or loans used to pay the cost of college.

Alternative Loans A loan from a source other than the federal government.

Benacquist Scholarship Program or Florida Incentive Scholarship (FIS)

A merit scholarship for students who receive recognition as a National Merit® Scholar. Eligible scholars will receive an award equal to the state-assigned cost of attendance minus the sum of Bright Futures and the National Merit® award.

Budget The estimated total cost for an individual student to attend college (also referred to as the cost of attendance for one year or term). The budget includes billable expenses (such as tuition, fees, room, and board) as well as some non-billed cases.

Census Date/Fixed Enrollment Date

Each fall and spring semester the College will freeze enrollment at the end of the add/drop period. This date is the Financial Aid Census Date. All adjustments to the student's course schedule must be made by the end of the add/drop period to avoid problems with repeat courses or disbursement issues due to insufficient enrollment.

Cost of Attendance (COA) The sum of all the estimated costs to attend college (sometimes also called a student budget). The cost of attendance includes billable expenses (such as tuition, fees, room, and board) as well as some non-billed costs like personal, books, and transportation.

CSS Profile The College Scholarship Service Profile is the application used to determine a student's eligibility for institutional aid. The CSS Profile is distributed by the College Board and can be completed online. U.S. citizens and permanent residents who wish to be considered for both institutional and federal aid will need to complete both the CSS Profile and the Free Application for Federal Student Aid (FAFSA). Students who do not wish

to be considered for institutional aid and are only seeking federal aid need complete only the FAFSA.

Custodial Parent A custodial parent is a biological or adoptive parent or a person that the state has determined to be a parent (for example, when a state allows another person's name to be listed as a parent on a birth certificate). A stepparent is considered a parent if married to a biological or adoptive parent and if the student counts in their household size. Biological and adoptive parents may be of the opposite or same gender, and may be unmarried and living together as indicated in the CSS Profile.

Data Retrieval Tool (DRT) Allows students and parents to access the IRS tax return information needed to complete the Free Application for Federal Student Aid (FAFSA) and transfer the data directly into their FAFSA from the IRS website.

Dependency Status The determination of a Free Application for Federal Student Aid (FAFSA) applicant as dependent or independent.

Dependent Student A student who does not meet any of the criteria for an independent student. An independent student is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, someone with legal dependents other than a spouse, an emancipated minor, or someone who is homeless or at risk of becoming homeless.

Disbursement (Loan) The release of loan funds to the school for delivery to the borrower. The payment will be made co-payable to the student and the school. Loan funds are first credited to the student's account for payment of tuition, fees, room, and board, and other school charges. Any excess funds are then paid to the student in cash or by check. Unless the loan amount is under \$500 or the college has a low default rate, the disbursement will be made in at least two equal installments.

Disclosure Statement Provides the borrower with information about the actual cost of the loan, including the interest rate, origination, insurance, loan fees, and any other types of finance

charges. Lenders are required to provide the borrower with a disclosure statement before issuing a loan.

Effective Access Student Education (EASE) A grant which provides tuition assistance to Florida undergraduate students attending an eligible private, nonprofit Florida college or university. Each participating institution determines application procedures, deadlines, and student eligibility.

Electronic Funds Transfer (EFT)

Used by some schools and lenders to wire funds for Direct and PLUS loans directly to participating schools without requiring an intermediate check for the student to endorse. The money is transferred electronically instead of using paper, and may be available to the student sooner.

Employer W-2 Form The form that lists an employee's wages and taxes withheld. The IRS requires employers to issue a W-2 for each employee before February 28 of the year to file.

Entrance Loan Interviews Students with educational loans are required to meet with a financial aid administrator before they receive their first loan disbursement and again before they graduate or otherwise leave school. During these counseling sessions, called entrance and exit interviews, the financial aid administrator (FAA) reviews the repayment terms of the loan and the repayment schedule with the student.

Expected Family Contribution (EFC)

The amount a family is expected to contribute toward the cost of attending the University of Miami. The contribution is determined using the information submitted on the financial aid application(s) and from a household's tax and wage statements.

FAFSA The application for financial assistance from the federal government. In many states, the FAFSA is also used to determine eligibility for state aid. While the FAFSA is the only application a student must complete to receive federal aid, students who would like to be considered for institutional aid should also complete the CSS Profile at least once.

FATV (Financial Aid TV) A series of videos available at finaid.miami.edu to help bridge the gap between financial aid terminology and everyday language. We understand that financial aid is complicated, and this service helps families understand the ins and outs of the process. To watch, visit miami.financialaidtv.com.

Federal Direct Loan A federal loan program available to all U.S. citizens and permanent residents who complete the FAFSA and are not fully funded through other sources of aid and meet basic eligibility criteria.

Federal Direct Subsidized Loan A need-based student loan program designed to assist students with educational expenses while attending school at least half-time in an eligible program of study.

Federal Methodology The need analysis formula used to determine the EFC. The Federal Methodology takes family size, the number of family members in college, taxable and nontaxable income, and assets into account. Unlike most Institutional Methodologies, however, the Federal Methodology does not consider the net value of the family residence.

Federal Pell Grants Federally funded, need-based grants given to college students to help pay for college that do not have to be paid back.

Federal PLUS Loan A federal loan available to the parents of undergraduate students based on credit criteria.

Federal Supplemental Educational Opportunity Grant (FSEOG) A grant for Pell Grant-eligible students with the lowest Expected Family Contributions.

Federal Tax Transcript A summary of your tax return that comes directly from the IRS. There are a few ways to request a tax transcript: online at irs.gov, by calling 1-800-908-9946, or by mailing or faxing the paper Form 4506T-EZ, which can be printed out from the IRS website. Follow the instructions on the form if mailing or faxing. To order a fiscal year tax transcript for verification, Form 4506-T must be used rather than Form 4506T-EZ. Phone requests are via an automated process instead

of an IRS representative. With online requests, tax filers can get an electronic transcript or they can have the IRS mail them a paper transcript, which is how non-online requests are handled. Only filers who submit a paper 4506-T or 4506T-EZ can choose to have the transcript mailed to a third party.

Federal Work Study A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.

Florida Bright Futures Scholarship A lottery-funded scholarship program created to reward any Florida high school graduate who merits recognition of high academic achievement. The graduate must enroll in a degree program, certificate program, or applied technology program at an eligible Florida public or private postsecondary education institution.

Florida Supplemental Assistance Grant (FSAG) A need-based grant program available to degree-seeking, resident, undergraduate students who demonstrate substantial financial need and are enrolled in participating postsecondary institutions.

Grants Money used to pay for college that does not have to be repaid.

Independent Student All undergraduate students are considered dependent for purposes of financial aid. There are rare circumstances where a parent's information will be ignored. Typically, students who are married or a veteran of a foreign war at the time of filing will be considered independent. Students who do not fall into these categories and can demonstrate severe estrangement from both biological parents should contact the Office of Student Financial Assistance and Employment directly for additional information.

Institutional Methodology (IM) A specific college or university's formula to determine financial need for allocation of their own financial aid funds.

Interest The fee charged periodically on a loan in exchange for the use of a lender's money. It is paid in addition to repaying the amount borrowed. Interest is usually calculated as a percentage of the outstanding principal balance of

the loan. The percentage rate may be fixed for the life of the loan, or it may be variable, depending on the terms of the loan. Except for consolidation loans, federal education loans issued from October 1992 to June 2006 used variable interest rates that are pegged to the cost of U.S. Treasury Bills. Since July 1, 2006, all federal education loans have involved fixed interest rates.

Internal Revenue Service (IRS) Federal agency responsible for enforcing U.S. tax laws and collecting taxes.

Internship Part-time job during the academic year or the summer months in which a student receives supervised practical training in a field. Internships are often very closely related to the student's academic and career goals, and may serve as a precursor to professional employment. Some internships provide very close supervision by a mentor in an apprenticeship-like relationship. Some internships provide the student with a stipend, some don't.

Lender A bank, credit union, savings and loan association, or other financial institution that provides funds to the student or parent for an educational loan. Note: Some schools now participate in the Federal Direct Loan program and no longer use a private lender, since loan funds are provided by the U.S. government.

Loan Aid that must be repaid, either during a student's time at the University of Miami or after graduation. Both federal and private loans may be available to assist with the cost of attendance.

Need (or Financial Need) The calculated difference between the total cost of attendance (COA) at college for one year and your expected family contribution (EFC) as determined by the CSS Profile (if applying for institutional aid) or the FAFSA (if applying for federal aid only).

Need-based Based on a student's financial need. For example, a need-based grant might be awarded based on a student's low income.

Needs Analysis The process of determining a student's financial need by analyzing the financial information provided by the student and his or her parents (and spouse, if any) on a financial aid form. The student must submit a needs analysis form to apply for need-based aid. Needs analysis forms include the FAFSA and the CSS Profile.

Net Price An estimate of the actual cost that a student and their family need to pay in a given year to cover education expenses for the student to attend a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

Net Price Calculator A tool that estimates the net price of attending a particular college or career school.

Noncustodial Parent A parent with whom the student does not live the majority of the time. A custodial parent is the parent that the student lives with for the majority of the time. If a student's biological or adoptive parents are divorced or separated, the University of Miami requires information from each parent. Eligibility for aid is based on the expectation that both parents should contribute financially to their child's expenses, regardless of which parent the child currently lives with. Therefore, both the custodial and noncustodial parent must submit financial aid application information to UM. Once the CSS Profile is complete, the College Board will email to the student detailing the steps for the noncustodial parent to complete the Noncustodial Profile online. A separate contribution is calculated for each parent and added together to determine a total family contribution. If either parent has remarried, any spousal income information will be excluded from the analysis.

Originate A lender is said to originate or make a loan when the loan is disbursed to or on behalf of the borrower.

Origination Fee Fee paid to the bank to compensate it for the cost of administering the loan. The origination fees are charged as the loan is disbursed and typically run to 3 percent of the amount disbursed. A portion of this fee is paid to the federal government to offset

the administrative costs of the loan.

Outside Scholarship A scholarship that comes from sources other than the school and the federal or state government.

Overawards A financial aid award made to a student in excess of their demonstrated financial need. A student may not receive a total financial aid award package in excess of the total cost of attendance.

Parent Contribution The amount of the EFC that is the responsibility of the parent(s).

Private Loans Educational loans issued by an organization other than the federal government or the institution.

Professional Judgment (PJ) The delegation of authority from the federal government to the financial aid administrator (FAA). For need-based federal, state, and institutional aid programs, the federal government may delegate authority to the FAA who can adjust the EFC, adjust the COA, or change the dependency status (with documentation) when extenuating circumstances exist. For example, if a parent becomes unemployed, disabled, or deceased, the FAA can decide to use estimated income information for the award year instead of the actual income figures from the base year.

Satisfactory Academic Progress (SAP) All undergraduate students receiving financial aid through federal aid sources, including the Federal Direct PLUS Loan, must maintain at least a minimum cumulative GPA and credit hour completion rate to receive financial assistance. Failure to meet these Satisfactory Academic Progress requirements may result in the cancellation/nonrenewal of aid awarded.

Scholarships Financial aid that does not have to be repaid. Scholarships may be need-based or awarded for a student's academic performance. Criteria for scholarship eligibility varies widely, and students should check with the organization issuing a scholarship to determine if certain criteria must be met in order to maintain eligibility.

Self-Help Aid Financial aid in the form of loans and student employment. If every financial aid package is required to include a minimum amount of self-help aid before any gift aid is granted, that level is known as the self-help level.

Student Contribution The amount of the EFC a student is expected to contribute toward the cost of college.

Subsidized Loan A loan for which the government pays the interest while the student is in school, during the six-month grace period, and during any deferment periods. Subsidized loans are awarded based on financial need and may not be used to finance the family contribution.

Total Income The sum of all positive income to a family before pretax deductions. Additionally, total income excludes losses from investments, businesses, benefits, and any other source of negative income. Business deductions for the use of the home, depreciation, personal vehicles, or other household expenses are also excluded from total income calculations. Because total income includes the sum of all positive income and excludes the deductions above, total income is not the same as a household's adjusted gross income from a tax return.

Unsubsidized Loan A loan for which the government does not pay the interest. The borrower is responsible for the interest on an unsubsidized loan from the date the loan is disbursed, even while the student is still in school. Students may avoid paying the interest while they are in school by capitalizing the interest, which increases the loan amount. Unsubsidized loans are not based on financial need and may be used to finance the family contribution.

Untaxed Income Contributions to IRAs, Keoghs, tax-sheltered annuities, and 401k plans as well as worker's compensation and welfare benefits.

Verification The process the federal government uses to confirm that the data reported on your FAFSA is accurate. If you are selected for verification, UM is required to collect additional documentation from you in order to disburse any financial assistance to your account.