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STUDENT + FAMILY RESOURCE

How to Speak Financial Aid

A plain-language guide to FAFSA forms, aid offers, college costs, and student loans

FAFSA FORM TERMS

Start with the form and the people who complete it

Who provides information, what they approve, and when the form is complete

FAFSA and award year

The Free Application for Federal Student Aid is the free form students submit each year to apply for federal aid. States and colleges may use it for their aid, too. An award year generally runs from July 1 through June 30.

Dependency status

FAFSA rules classify a student as dependent, independent, or provisionally independent. The status determines whose information must appear on the form. It is based on federal criteria, not simply where the student lives or who claims the student on a tax return.

StudentAid.gov account (FSA ID)

The username and password used to complete the FAFSA form and manage federal aid. Each student and contributor needs a separate account. Never share login information.

FAFSA parent

For FAFSA purposes, a parent is generally a biological or adoptive parent, or another person recognized as a parent by the state. Grandparents, foster parents, legal guardians, siblings, aunts, and uncles are not FAFSA parents unless they legally adopted the student.

Federal School Code

The identifier used to send FAFSA information to a college or university. Students can add or remove schools before or after submitting the form.

Family size

The number of people included under FAFSA rules. Review the calculated family size and correct it, when allowed, if it does not match the required definition.

Contributor

A person required to provide information, consent and approval for tax data transfer, and a signature. A contributor may be the student, parent, or stepparent. The role does not make someone responsible for paying the bill.

Priority deadline

A state or college date used to give applicants the best consideration for limited aid. It may be earlier than the federal FAFSA deadline. Filing by the date does not guarantee an award.

Consent, approval, and federal tax information

Students and required contributors approve the secure transfer of federal tax information from the IRS. This is required even when someone did not file a U.S. tax return. Without it, the student is not eligible for federal student aid.

Complete FAFSA form

A FAFSA form is not complete until the student and every required contributor provide the requested information, consent, approval, and signatures.

MORE FAFSA GUIDANCE: appily.com/fafsa

AFTER SUBMISSION

Use FAFSA results to check the record

The FAFSA produces information colleges use to award financial aid

Student Aid Index (SAI)

An index calculated from FAFSA information. Colleges use it when determining eligibility for need-based aid. It is not the amount a family must pay or the amount of aid a student will receive. A lower SAI generally signals higher financial need.

FAFSA correction

A change made to correct an error or update information the FAFSA form allows a student to revise. Do not change tax information simply because current income differs from the tax year used on the form.

FAFSA Submission Summary

The document available after the FAFSA form is processed. It shows the student's answers, SAI, estimated federal aid eligibility, school information, and next steps. It is not a financial aid offer.

School selection

The list of colleges and universities authorized to receive the student's FAFSA information. Adding a school does not guarantee financial aid.

Estimated federal aid eligibility

An early estimate based on FAFSA information and federal rules. The student's college determines the final aid package after reviewing eligibility and any required documentation.

Financial need

An amount colleges use for certain need-based aid. In general, it is cost of attendance minus SAI and other financial assistance. Financial need does not guarantee that a college can cover the full amount.

Processed FAFSA form

A submitted form that has completed federal processing. Processing does not mean every college has finished reviewing the student's record or created an aid offer.

Disbursement

The process of releasing financial aid funds to the college. Funds are typically applied to tuition, fees and other charges first. Any remaining amount may be refunded to the student for other education-related expenses.

Verification

A college review of selected FAFSA information. If selected, submit only the documents the college requests. Selection does not mean anyone did something wrong.

Credit balance or refund

Money remaining after eligible aid is applied to college charges. It may be sent to the student for other education expenses. It is not extra aid and may include loan funds that must be repaid.

After the FAFSA is processed: Review the FAFSA Submission Summary, respond to college requests, and compare each financial aid offer.

MORE FAFSA GUIDANCE: appily.com/fafsa

Compare college costs, not just the aid total

Separate gift, earned, and borrowed aid before estimating the remaining cost

Cost of attendance (COA)

The college's estimated total cost for one academic year before financial aid. It typically includes tuition, fees, housing, meals, books, supplies, transportation and personal expenses.

Grant

Gift aid usually based on financial need. Grants may come from the federal government, a state, a college, or another organization.

Direct costs

Charges billed by the college, such as tuition, required fees, and campus housing or meal plans.

Scholarship

Gift aid that may be based on financial need, achievement, identity, interests, or other criteria. Renewal requirements vary.

Indirect costs

Estimated expenses that may not appear on the college bill, such as books, transportation, supplies, and personal expenses.

Federal Pell Grant

Federal gift aid for eligible undergraduate students with high financial need. Eligibility and award amounts are determined using federal rules and FAFSA information.

Net price

The estimated cost after grants and scholarships are subtracted from COA. Loans and work-study do not reduce net price because loans must be repaid and work-study funds are earned.

Federal Work-Study

An opportunity to earn money through an eligible part-time job. An award does not guarantee a job or provide the full amount up front. Students are typically paid as they work.

Financial aid offer

A college-specific list of aid offered after admission, sometimes called an award letter. Compare the type of aid and the remaining cost, not just the total dollar amount.

Satisfactory academic progress (SAP)

The academic standards a student must meet to keep receiving federal aid. Each college sets its own policy, often including grade-point average, completed credits, and a maximum time frame.

Gift aid

Grants and scholarships that generally do not need to be repaid. Check eligibility, enrollment, renewal, and academic requirements.

Renewable aid

A grant or scholarship that may continue in later years if the student meets stated requirements. Confirm the amount, duration, enrollment rules, and academic standards.

MORE FAFSA GUIDANCE: appily.com/fafsa

BORROWING TERMS

Know what must be repaid and what it costs

Compare loan types, limits, fees, protections, and repayment responsibilities

Direct Subsidized Loan

A federal loan for students with financial need. Interest does not accrue while the student is enrolled at least half time. Repayment usually begins six months after graduation or after dropping below half time.

Entrance counseling

Required information for many first-time federal student loan borrowers. It explains borrowing, repayment, interest, and borrower responsibilities.

Direct Unsubsidized Loan

A federal student loan available regardless of financial need. Interest begins accruing when the loan is disbursed. Repayment usually begins six months after graduation or after dropping below half time.

Master Promissory Note (MPN)

The legal agreement in which a federal student loan borrower promises to repay the loan and accepts its terms.

Parent PLUS Loan

A federal loan a parent may borrow for a dependent undergraduate student. It is the parent's debt and requires a credit check. For many new borrowers beginning July 1, 2026, limits are $20,000 per year and $65,000 total per dependent student. Transition exceptions may apply.

Grace period

A period after leaving college or dropping below half-time enrollment before payments generally begin. Direct Subsidized and Unsubsidized Loans usually have a six-month grace period.

Private student loan

A loan from a bank, credit union, state agency, college, or other private lender. Terms, rates, repayment options, and borrower protections vary. Compare federal options first and read the complete agreement.

Loan servicer

The company assigned to manage billing, payments, repayment plans, and borrower questions for a student loan.

Interest rate

The percentage charged for borrowing. Federal student loans have fixed rates, but rates differ by loan type and disbursement year.

Annual and aggregate loan limits

The most a student or parent may borrow in one year and in total. Limits depend on the loan type, year in school, dependency status, and applicable transition rules.

Origination fee

A fee deducted before loan funds reach the college. The borrower still repays the full amount borrowed.

Delinquency and default

Delinquency begins when a required payment is missed. Default is a more serious status after an extended period of nonpayment and can have major financial consequences.

MORE FAFSA GUIDANCE: appily.com/fafsa

SPECIAL SITUATIONS AND NEXT STEPS

Ask the financial aid office when things change

Aid officers can review documents, explain options, and provide guidance

Special financial circumstances

A significant financial change, such as job loss, reduced income, or out-of-pocket medical costs, that may not be reflected on the FAFSA form.

Dependency override

A college determination that treats a student as independent because documented unusual circumstances justify an override. A parent refusing to provide information or support, by itself, does not qualify.

Aid adjustment or professional judgment

A college's case-by-case review of documented circumstances that may justify adjusting FAFSA data elements or the student's cost of attendance. The college decides whether an adjustment is appropriate.

Change in enrollment status

Moving below full-time or half-time enrollment, withdrawing, or changing programs can affect grants, loans, work-study, and repayment timing. Ask the college before changing enrollment when possible.

Unusual circumstances

Situations in which a dependent student cannot contact a parent or contact would pose a risk.

Return of Title IV funds

A federal calculation a college performs when a student withdraws before completing the payment period. Some federal aid may need to be returned, which can create a balance owed to the college.

Provisionally independent

A temporary FAFSA status that allows a student with unusual circumstances to submit without parent information while the college reviews the situation and documentation.

SAP appeal

A college process that may allow a student who does not meet satisfactory academic progress standards to explain documented circumstances and provide an academic plan. Approval is not automatic.

Explore Appily’s FAFSA Hub for step-by-step guidance, filing resources, Pell Grant information, and practical support: appily.com/fafsa