

Understanding financial aid awards.

Receiving a financial aid award letter is exciting—it means you are one step closer to school. It also means you have some decisions to make.

Before choosing a school's aid package, follow these five steps to understand what you are being offered—and maximize the aid you receive:

- 1. Find any “free” aid—grants and scholarships.** This is money that you do not need to pay back. Remember, it's never too late to investigate private scholarships.
- 2. See if you received work-study.** You usually can't deduct work-study from the school's tuition bill, but you can use this money to pay your living expenses.
- 3. Review the loans awarded to you.** Pay attention to the types of loans offered to you—especially to see if they are subsidized or unsubsidized. Some schools may offer private loans, and these may not have the same benefits as federal or school loans. Remember, any money you borrow must be repaid.
- 4. Figure out how much additional money you will need.** Your award letter will list your estimated family contribution. Your school may be able to help you find alternative student or parent loans if you can't meet that contribution.
- 5. Evaluate financial aid awards.** Determine which package makes the most sense for you—keeping in mind that you can decline any part of any package.