

# SIZING UP THE OFFER

This hypothetical aid offer is based on real examples. Senior Writer Kim Clark has annotated it, noting common traps that snare parents and students when comparing offers.

## NAIL DOWN YOUR COSTS

If your offer letter doesn't provide cost information, call the financial aid office and ask for a full cost-of-attendance budget, so that you can compare offers apples to apples.

## THOSE PRICED DIGS

This is the average cost of a bare-bones dorm room and meal plan. But students spend \$266 more a year, on average, buying furnishings, and 1 in 5 freshmen shells out more than \$1,000 on things like mini-fridges and beanbag chairs.

## BEWARE THE LOWBALL

Many schools trim their cost of attendance by giving unrealistically low budgets for books and other extras. Count on spending about \$900 a year on textbooks. And the cellphone, Saturday-night pizzas, game tickets, and road trips can easily add up to over \$150 a month in personal expenses.

## CARS BURN CASH

Transportation costs vary, naturally. But a big budgetbuster is keeping a car on campus. That can add thousands of dollars to your annual costs.

## SOPHOMORE SLUMP

Find out what strings are attached to any merit scholarship, and be wary if it requires the student to maintain a high grade-point average. One dirty little secret: The average college freshman's grades drop compared with high school. Ask the school what percentage of sophomores retain their merit awards.

## IT'S A LOAN, NOT A FAVOR

If a school includes a PLUS loan in its award package, it raises a red flag. PLUS loans are available to any parent with average credit, and next year's interest rate may top 8 percent. Parents can sometimes do better with a home equity loan.



# HOME STATE UNIVERSITY

April 17, 2006

Dear Student, Class of 2010,

Congratulations on your admission to Home State University! This is a notification of your 2006-2007 financial award. Refer to the enclosed Home State financial aid fact sheet for specific details regarding any loans or grant aid you have been assigned. This award is based on your being a full-time student living in on-campus housing. Be aware that all amounts, including cost of attendance figures, are subject to change.

### Estimated Cost of Attendance

|                         |                 |
|-------------------------|-----------------|
| Tuition and fees.....   | \$5,955         |
| Room and board.....     | 7,029           |
| Books and supplies..... | 900             |
| Personal.....           | 1,500           |
| Transportation.....     | 500             |
| <b>TOTAL COST.....</b>  | <b>\$15,884</b> |

### Financial Aid Award

|   |                 |
|---|-----------------|
| Presidential Scholarship.....                   | \$2,000         |
| Pell Grant.....                                 | 1,000           |
| Supplemental Educational Opportunity Grant..... | 1,000           |
| Stafford loan (subsidized).....                 | 3,500           |
| Perkins loan.....                               | 1,000           |
| Work-study job.....                             | 1,500           |
| PLUS loan.....                                  | 5,000           |
| <b>TOTAL AWARD.....</b>                         | <b>\$15,000</b> |

Is your award complete? Your financial aid is in an estimated status if additional documentation is required. Such documentation is listed below. No further action can be taken with your award until this documentation has been received and reviewed. Failure to submit the required documentation in a timely fashion may cause you to lose your financial aid funding.

If no documentation is listed below, you may consider your award complete. The enclosed Award Acknowledgment Form must be returned to our office by May 1, 2006. Failure to do so may result in the withdrawal of this offer.

Sincerely,

Office of Financial Assistance

## DON'T WORK TOO HARD

The discipline of part-time jobs improves students' academic performance. But working over 15 hours a week starts to hurt grades, so challenge any work-study offer higher than \$3,000.

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## THE BOTTOM LINE

The only way to fairly compare offers from schools is to subtract only each school's grant offers (in this case, \$4,000 in scholarship and grant money) from its total cost of attendance. Then you can calculate your true out-of-pocket costs. In this case, the real bottom line would be \$11,884.