

# 2022 College Planning Glossary

## **Financial Aid**

Money that helps make college more affordable. Financial aid can be merit- or need-based and may or may not need to be paid back.

## **FAFSA**

The Free Application for Federal Student Aid (FAFSA) is a document that students and families must complete every year in order to qualify for federal student aid including grants, loans, and work study. Many states and schools also use the FAFSA to determine a student's eligibility for their (the college's) specific aid programs.

## **CSS Profile**

The College Scholarship Service (CSS) Profile is an additional application used by more than 400 colleges and universities to determine how much aid a student qualifies for. Unlike the FAFSA, the CSS Profile factors in the assets and income of non-custodial parents. The CSS Profile is typically only completed before the first year of college.

## **Cost of Attendance (COA)**

The total cost of attending a school. This typically includes tuition, housing, meal plans or other food, books, fees, and more.

## **Estimated Family Contribution (EFC)**

An index number used to determine one's eligibility for financial aid, whether from the federal government or from individual colleges. This number is typically calculated by the FAFSA, but some schools may also consider information from the CSS Profile.

## **Need**

The difference between a school's cost of attendance (COA) and a student's estimated family contribution (EFC).

## **Adjusted Gross Income (AGI)**

The calculation the IRS uses to determine one's taxable income for the year. Adjusted gross income (AGI) is gross income minus expenses such as health costs, retirement investments, student loan interest, and other deductions.

## **Prior Prior Year**

For financial aid purposes, a family's base income is determined by looking at the AGI on the prior prior year's tax returns. For students entering college in 2022, the prior prior year is 2020.

## **Need-Based Financial Aid**

Aid based on a family's calculated need. This aid may come from the federal government, from independent scholarships, or from the schools directly. Need-based aid may include grants or other gift aid, federal student loans, work study, and other sources.

## **Merit-Based Financial Aid**

Aid based on a student's accomplishments, whether academic, athletic, community-based, or otherwise. Merit-based aid typically includes scholarships from schools and independent organizations.

## **Gift Aid**

Financial aid that does not need to be paid back, including grants and scholarships.

## **Self-Help Aid**

Financial aid that requires students to help themselves. Self-help aid often includes work study programs and federal student loans in the student's name.

## **Value School**

A college or university that features exceptional programming or a highly esteemed history at a budget-friendly price. Value schools are especially beneficial to students that do not qualify for merit- or need-based aid.

## Federal Direct Student Loans (FDSL)

Student loans made directly by the federal government to fund higher education. Types of FDSL include subsidized and unsubsidized loans, PLUS loans, and consolidation loans. Federal direct loans have annual loan limits based on what year a student is in school. Typically, these loans do not meet total need

## Direct Subsidized Student Loans

A type of federal direct loan that does not accrue interest (technically, the US Department of Education pays the interest) while students are in school at least half-time, during the six-month grace period after students leave school, and during periods of deferment. Subsidized direct loans are available to undergraduate students with financial need, with the available amount determined by the school. The first-year subsidized FDSL limit for the 2022–23 school year is \$3,500.

## Direct Unsubsidized Student Loans

Federal direct loans that accrue interest from the time of disbursement which must be paid by the borrower. Students can choose whether to pay interest while in school or in grace and deferment periods (to prevent interest from accruing and capitalizing). This type of loan is available to undergraduate and graduate students. One does not need to demonstrate financial need to qualify for unsubsidized direct loans. The first-year FDSL limit for the 2022–23 school year is \$5,500, inclusive of both unsubsidized and subsidized loans.

## Federal Direct PLUS Loans (Parent PLUS Loans)

Federal direct loans available to biological or adoptive parents and graduate or professional students through schools participating in the federal direct loan program. These loans accrue interest from the time of disbursement and, unless one requests otherwise, are expected to be paid starting from the time of disbursement instead of after graduation. PLUS loans are limited to COA minus other financial aid.

## Pell Grants

Financial aid provided by the federal government, typically to students who display exceptional financial need, which does not need to be repaid. The maximum Federal Pell Grant award for the 2022–23 school year is \$6,495.

## 529 Plan

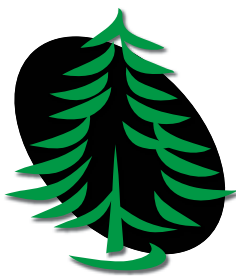
A specialized investment account that can be used to pay for qualified education expenses for a student including K–12 tuition, apprenticeship programs, and higher education. 529 plans have a limited impact on a student's financial aid eligibility.

---

# Struggling with college planning and the financial aid process?

Our team of experienced planners and advisors at Berkshire Money Management is here to help you uncover opportunities to save on tuition and create custom strategies for tackling the costs of higher education.

To schedule your free consultation, call (413) 997-2006  
or visit [berkshiremm.com/college-planning](https://berkshiremm.com/college-planning) today.



**BERKSHIRE  
MONEY  
MANAGEMENT**

161 Main Street, Dalton 322 Main Street, Great Barrington  
(413) 997-2006 [berkshiremm.com](https://berkshiremm.com)

This communication is distributed for informational purposes. Nothing in this communication is intended to be or should be construed as individualized investment advice. All content is of a general nature and solely for educational, informational and illustrative purposes. Registration with the SEC should not be construed as an endorsement or an indicator of investment skill, acumen or experience. Industry registrations, designations, recognitions or awards should not be construed as an endorsement or a recommendation to retain the Adviser by the granting entity or any regulatory authority. A detailed description of listed professional designations is available upon request on in our Firm's Form ADV Part 2B. Any information provided is of the date indicated. Future changes to tax laws and/or college financial aid rules could make some of the information provided inaccurate.