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BCD Students Only

Financial Aid Glossary and Acronyms

Academic Year

Generally defined as two academic semesters or three academic quarters.

Accrual Date

The day interest charges begin to be added to the loan balance.

Accruing Interest

The adding of interest to a loan amount. For some loans, interest charges begin to add up as soon as the loan is made, increasing the total due.

Adjusted Gross Income (AGI)

Taxable income after all allowable deductions are made, such as IRA deductions, moving expenses, self-employment taxes and health insurance, Keogh retirement plans and alimony payments. (For more information, please see the IRS' definition of AGI for individual taxpayers.)

Assets

For financial aid purposes, assets are generally considered to include cash on hand in checking and savings accounts, trusts, stocks, bonds, and other securities (i.e., real estate, income-producing property, business equipment and business inventory). These assets are considered in determining expected family contribution (EFC). Assets in formal retirement plans are not generally considered in need in need analysis.

Award Letter

A letter notifying financial aid applicants of the assistance being offered. The award letter usually provides information on the types and amounts of aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award.

Award Year

The award year, for federal aid and most institutional purposes, begins on July 1 of one year and extends to June 30 of the next year.

Borrower

The person who assumes legal obligations for the repayment of the loan principal plus interest.

Capitalization

When a lender accrues interest before the borrower starts repayment, then adds that amount to the principal. This is sometimes called "compounding." Capitalizing increases the total to be repaid and the size of the minimum monthly payment.

Citizen/Eligible Non-Citizen

Students must be one of the following to receive federal student aid: U.S. citizen; U.S. national (includes natives of American Samoa or Swain's Island; U.S. permanent resident who has an I-151, I-551 or I-551C (Alien Registration Receipt Card).

Commercial Lender

Generally, lenders are commercial banks, savings and loan associations, credit unions, stock savings banks, trust companies or mutual savings banks or state agencies created specifically for this purpose. Commercial lenders provide services offered through the Federal Family Education Loan Programs as well as a variety of other loan programs for both students and parents.

Consolidation

Combining two or more loans into one new loan that has a longer repayment term and a single monthly payment that is smaller than the sum of previous monthly payments. By consolidating eligible federal student loans and extending the repayment term (up to 30 years, depending on the total loan amount), repayment can be easier. Note that while this may ease the borrower's cash flow, consolidation can add significantly to the amount of interest that is paid over time.

Co-signer

A signer other than the borrower who agrees to assume responsibility for repayment in the event that the borrower fails to repay. Guaranty agencies or lenders may require co-signers, but federal regulations do not.

Cost of Attendance

(Also known as Cost of Education or Student Budget) The student's cost of attendance includes not only tuition and fees, but also a standard allocation designed to cover reasonable living expenses while attending school. The cost of attendance is determined by the school using guidelines established by federal regulations.

Default

A borrower's failure to repay according to the terms agreed upon when the promissory note was signed.

Deferment

The Period of time when a borrower, who meets certain criteria, can postpone his or her loan payments. A borrower, their payments. Should be either singular or plural....

Demonstrated Need

The difference between cost of college attendance and a student's (and the student's parents') ability to pay that cost: Student's Cost of Attendance Budget—Family Contribution=Demonstrated Need

Entrance/Exit Interviews

Counseling sessions that borrowers are required to attend before receiving their first federal loan disbursement and prior to leaving school. There are mandated subjects that must be covered....

Estimated Financial Assistance (EFA)

The amount of student financial aid the student can expect from federal, state, school or other sources, including grants, loans or need-based work programs. The school uses this estimate when certifying loan applications.

Expected Family Contribution (EFC)

This is the amount that a student can reasonably be expected to contribute toward the cost of education. For federal aid purposes this is computed according to federal guidelines.

Federal Family Education Loan Program (FFELP)

Education loans provided by private lenders and guaranteed by the federal government. Subsidized and unsubsidized Stafford loans and PLUS loans are included.

Federal Methodology (FM)

The formulas used to determine a student's eligibility for federal Title IV funds. The formulas take into account income, some assets, expenses, family size and other factors.

Federal Perkins Loan Program

Perkins loans are generally available to students who have demonstrated financial need, as determined by the Free Application for Federal Student Aid. The federal government will pay the interest on this loan as long as the student is enrolled at least half-time. The Perkins Loan has a fixed interest rate of 5 percent. Repayment begins nine months after the student graduates or falls below half-time status. Perkins is a campus-based program and funds are limited.

Federal PLUS Loans

Loans for graduate/professional students, available from lenders who participate in FFELP.

Federal Stafford Loans

Loans for students, both undergraduate and graduate, are widely available from lenders who participate in the FFELP program. Also see subsidized loans and unsubsidized loans).

Federal Work-Study Program

Federal work-study allows a student to earn money by working a part-time job on campus or off-campus not for profit agency approved by the school. Students must demonstrate financial need to be considered.

Financial Aid Package

See estimated financial aid

Financial Need

See demonstrated need.

Free Application for Federal Student Aid (FAFSA)

A form used to apply for all Federal Title IV student aid programs, including Pell Grants (see earlier comment on Pell), Stafford Loans and campus-based programs (work-study, and Perkins Loans). The FAFSA, which is collected, distributed and processed by the United States Department of Education, gathers the information required to determine need and eligibility according to the federal methodology

Grace Period

A specified time period immediately after a student leaves school or drops below half-time status during which he or she is not required to make payments on student-loan principal or interest. The grace period is typically six to nine months, depending on the type of loan.

Graduated Payments

A flexible rescheduling of loan payments that allows the borrower to make payments of different amounts (available through consolidation).

Grant

A form of financial aid which does not have to be repaid. Also known as gift or scholarships. Grants are not necessarily also known as gifts or scholarships, but they are all alike in that they don't need to be repaid.

Guarantee Fee

A premium deducted from the proceeds of a Stafford Loan prior to disbursement and paid to the guarantor. Also known as an insurance fee.

Institutional Methodology (IM)

Formula used by many institutions to determine an applicant's need and eligibility for institutionally-based or private, non-federal, student aid funds.

Institutional Student Information Report (ISIR)

An electronic record sent by the Department of Education to the school of choice as a result of completing the Free Application for Student Financial Aid (FAFSA). (Also referred to as a SAR).

Lender

See commercial lender

Loans for Disadvantaged Students

SDS is a federal need-based grant program for disadvantaged students available through the Department of Health and Human Services

Loan Repayment Options

Special repayment features offered at the discretion of the lender and other holder of student loans. Some repayment options are mandated by the Federal Government/HHS, such as income contingent

Merit-Based Aid

Merit based aid is awarded based on a student's academic merit, or some other criteria, and does not depend on financial need.

Military Scholarships

There are a variety of military options. Information is available on the various armed services Web sites or at www.aamc.org/stloan.

Need Analysis

See federal need analysis and IM sections. Same comment as before on making sure the wording is the same (or close) or else delete and just refer back.

Need-Based Aid

Financial aid that is awarded based on a student's financial circumstance. Need-based aid can be awarded in the form of grants, loans, or work-study pay.

Origination Fee

A fee charged by the federal government and deducted from the proceeds of a loan before disbursement. This fee partially offsets the administrative costs of the Federal Family Educational Loan Program.

Primary Care Loan

PCL is a deferred interest loan that provides low interest (five percent) support to medical students who are willing to commit to practicing primary health care following completion of their training. See complete text for more detail.

Principal

The original amount of a loan on which interest is calculated.

Professional Judgment

While the method for determining a student's need for federal student aid is defined legally, the law does give the financial aid administrator the opportunity to use his or her professional judgment in some limited circumstances.

Promissory Note

The legal document a borrower signs. The promissory note includes the conditions under which the money is borrowed, interest rates and other terms. Borrowers should retain copies of all promissory notes until the loans are fully paid.

Repayment Schedule

Description of the borrower's monthly payment, interest rate, total repayment obligation, due dates and length of time for repaying the loan.

Scholarships for Disadvantaged Students (SDS)

SDS is a federal need-based grant program for financially disadvantaged students available through the Department of Health and Human Services

Selective Service Registration

All male students 18 years old and born after December 31, 1959, must be registered with Selective Service in order to receive federal student aid.

Student's Contribution (SC)

The amount that a student can reasonably be expected to contribute toward his or her own educational expenses. (See also Estimated Family Contribution.)

Subsidized Loan

A subsidized loan is one where interest does not accrue while the student is in school at least half-time, during the grace period, and during any deferment periods. Subsidized loans are awarded based on financial needs and may not be used to finance the family contribution. The Perkins Loan and the Subsidized Stafford Loan are two examples of subsidized loans.

Title VII

Funding provided by the Health and Human Services Division under Title VII has different criteria than Title IV funds or institutional money. Title VII funds include Loans for Disadvantaged Students (LDS), Scholarships for Disadvantaged Students (SDS) and Primary Care loans (PCL). Title VII money is restricted to students who demonstrate need based on both student and parent information. PCL funds are further restricted to students entering primary care.

Truth-in-Lending Statement

The document provided to loan recipients that delineates the interest rate and the true cost of the loan during repayment. The statement is required by the Consumer Credit Act. The Title IV loan programs are exempt from compliance with Truth-in-Lending. Title VII loans, such as Loans for Disadvantaged Students, are not.

Unsubsidized Loan

With this loan, the government does not pay the interest while the student is enrolled. The student has the option to either pay the accruing interest monthly or allow the interest to capitalize (to be added to the principal).

Verification

A procedure whereby the school checks the information the student reported on the financial aid application, usually by requiring a copy of the tax returns or other documents as appropriate, filed by the student and parent(s).

Acronyms

AAMC Association of American Medical Colleges
AGI Adjusted Gross Income
AFDC Aid to Families with Dependent Children
AMA American Medical Association
BIA Bureau of Indian Affairs
COA Cost of Attendance
COSFA Committee on Student Financial Assistance
CME Continuing Medical Education
CPS Central Processing System
DL Direct Lending
ED US Department of Education
EFC Expected Family Contribution
EFT Electronic Funds Transfer
ERAS Electronic Residency Application Service
ESAR Electronic Student Aid Report
FAFSA Free Application for Federal Student Aid
FAO Financial Aid Office
FAP Financial Assistance Program
FAT Financial Aid Transcript
FDSLPL Federal Direct Student Loan Program
FERPA Family Educational Rights and Privacy Act
FFELP Federal Family Education Loan Program
FSEOG Federal Supplemental Educational Opportunity Grant
FM Federal Methodology
FWS Federal Work-Study
GSA Group on Student Affairs
GSL Guaranteed Student Loan
GQ Graduation Questionnaire
HEA Higher Education Act
HIPAA Health Insurance Portability and Accountability act of 1996
PHS Public Health Service Act
HHS US Department of Health and Human Services
HPSL Health Profession Student Loan
IFAP Information for Financial Aid Professionals
IHS Indian Health Service
IM Institutional Methodology
IRS Internal Revenue Service
ISIR Institutional Student Information Report
LCME Liaison Committee on Medical Education
LDS Loans for Disadvantaged Students
LIBOR London Interbank Offered Rate
NASFAA National Association of Student Aid Professionals
NBME National Board of Medical Examiners
NHSC National Health Corps Scholarship
NIH National Institutes of Health
NRMP National Residency Matching Program
NSLDS National Student Loan Data System
OIG Office of the Inspector General
PCL Primary Care Loan
PDC Professional Development Conference
PJ Professional Judgment
SAP Satisfactory Academic Progress
SAR Student Aid Report

SDS Scholarships for Disadvantaged Students
SEOG Supplemental Educational Opportunity Grant
USMLE United States Medical Licensing Examination
VA Veterans Administration

(Thank you to Duke University office of financial aid for the permission to adapt the above glossary for use in this handbook.)

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