Accrue — To accumulate interest on a loan.

Annual Percentage Rate (APR) — The yearly cost of borrowing money, expressed as a percentage rate.

Award Letter — A document that explains the types and amount of financial aid a college offers you.

Capitalized Interest — Unpaid interest that has been added to your principal loan balance. Capitalized interest increases your loan balance and monthly payments.

Cosigner — Someone who agrees to pay your debt if you are unable.

Cost of Attendance (COA) — A school’s estimated total cost of attendance for one year. COA may include tuition, fees, room, books, supplies, meal plan, personal expenses, and transportation.

Consolidation — Combining many loans into a new single loan.

Credit Bureaus — also known as Consumer Report Agencies (CRAs) — collect your credit information and make it available to financial institutions, such as banks or credit unions.

Credit Report — Information about your credit history, collected by credit bureaus.

Debt-to-Income Ratio — Your total debt divided by your total income. The lower the debt-to-income ratio, the greater the chance you have of being approved for loans or credit you seek.

Default — Failure to repay a loan.

Demonstrated Need — The amount not covered by expected family contribution or outside grants and scholarships.

Deferment — Allows you to temporarily stop making payments. Interest will not accrue on subsidized loans.

Delinquency — The status of a loan if you don’t make a payment when it’s due. Your lender is required to report delinquency to a credit bureau.

Discretionary Income — Income remaining once taxes and other mandatory payments are deducted.
**Disbursement** – Loan money paid to a borrower by the school.

**Dependent Student** – Your answers to questions on the FAFSA determine if you are a dependent or independent student. If you’re dependent, you must provide your parent(s) income and assets as well as your own.

**Expected Family Contribution (EFC)** – A measure of your family’s financial strength. EFC is calculated by a formula established by law.

**Financial Need** – The cost of attendance minus your expected family contribution

**Forbearance** – Allows you to stop making payments or reduce your federal student loan monthly payments. Forbearance is available to those who are ineligible for deferment. Interest will accrue on your loans, whether subsidized or unsubsidized.

**Free Application for Federal Student Aid (FAFSA)** – A form used to apply for student financial aid.

**Financial Aid** – Money given or loaned to help you pay for college.

**Financial Aid Office** – A college office that serves as a resource for students who need help paying for college. Financial Aid officers can help you apply for and receive grants, loans, scholarships, and work-study. The financial aid office at Shippensburg University is located in Old Main 101.

**Financial Aid Package** – The multiple sources of financial aid available to you.

**Grace Period** – The time before your loan payment is due.

**Grants** – Need-based financial aid that you do not have to pay back.

**Graduated Repayment Plan** – Monthly payments start out low and increase every two years, for up to ten years.

**Income-Based Repayment Plan** – As of October 2017, your payments will equal 10% or 15% of your income, divided by 12.

**Income-Contingent Repayment Plan** – As of October 2017, your payments are the lesser of the two: a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income or 20% of your discretionary income, divided by 12.

**Loans** – Money you must pay back, usually with interest.

**Loan Servicer** – The entity that collects payments on a federal or private loan.

**Master Promissory Note (MPN)** – A document in which you agree to repay your federal student loans and accrued interest.
**Need-Based Financial Aid** – Money awarded when your family cannot afford to pay the full cost of attendance.

**Net Price** – The price you actually pay to attend college. In other words, it’s the cost of school minus the amount of need-based aid you receive.

**Non-Need-Based Financial Aid** – Money awarded based on merit, such as an academic achievement, leadership skill, or other characteristic, without regard to financial need.

**Pay As You Earn (PAYE) Plan** – As of October 2017, a loan repayment plan in which your monthly payments equal 10% of your discretionary income, divided by 12.

**Public Service Loan Forgiveness** – If you work full-time in a public service job for 10 years, you may qualify to have your remaining student debt forgiven.

**PLUS Loan** – Loans eligible to graduate or professional students and parents of undergraduate students.

**Principal** – The amount you borrowed plus capitalized interest.

**Scholarships** – Money that does not have to be repaid. Scholarships can be need-based or non-need-based.

**Repayment Period** – The maximum amount of time you have to pay off your student loan. This can range from 10-30 years.

**Repayment Plan** – An agreement set up between a borrower and a lender that determines the amount you pay each month and the number of payments you must make.

**Revised Pay As You Earn Plan** – As of October 2017, a loan repayment plan in which monthly payments equal 10% of your discretionary income, divided by 12.

**Standard Repayment Plan** – A fixed amount per month is repaid for up to 10 years.

**Student Aid Report (SAR)** – The report sent to your family after you fill out the FAFSA. The SAR details your expected family contribution.

**Subsidized Student Loan** – Awarded based on financial need. Interest doesn’t accrue until repayment begins.

**Unsubsidized Student Loan** – Not awarded based on financial need. Interest on these loans start from the day you borrow.

**Work study** – A program in which students are given a job on campus to help pay for college.