

# *Terms of Your 2017-18 Financial Aid Award*

**T**his publication explains your Princeton financial aid award. You should read this material carefully to gain a good understanding of the terms of your aid. If you have questions or concerns about your award, we encourage you to get in touch with one of our financial aid counselors.

Princeton's commitment to maintaining a strong need-based aid program is reflected in our aid policies. Most notably, our "no loan" policy means that the student loan that normally would have been included in your aid award has been eliminated and replaced with a grant.

While initial aid packages do not include a loan, students have the option of borrowing to cover expenses that are not part of the standard student budget or to replace a shortfall in earnings. Parents also have loan options to help meet their expected contributions.

## **The Student Budget**

The student budget shown on your award letter includes tuition, which is the same for all students, the standard room charge for University dormitories, and the board rate based on a full University meal plan for freshmen and sophomores, or a higher allowance for juniors and seniors as described in the special note at the end of this section. The personal allowance covers out-of-pocket expenses, such as books, supplies, laundry, and recreation, as well as charges on your University bill for the residential college fee, class dues, and the student government fee.

If you live more than 200 miles from Princeton, we have included an allowance to help cover your travel expenses. The travel allowance is not paid to you directly, but rather is included as part of your total budget. It is intended to represent the approximate cost of your travel to Princeton and then home at the end of school, as well as a round trip during the academic year.

Note to international students and U.S. citizens living outside of North America: Your award includes a travel allowance for one round trip. An allowance for your winter break expenses will be provided to you directly later in the fall term.

Special note to juniors and seniors: Your financial aid award includes a higher board allowance of \$8,870 to help cover the cost of an eating club meal plan. This approach should significantly reduce the financial barriers for those who wish to join eating clubs. Students who prefer to eat independently, or sign a University meal contract at a lower cost, may use the additional aid for other educational expenses.

## **STUDENT HEALTH PLAN (SHP)**

All students are required by the University to have health insurance. If you are not covered by your family's policy, Princeton offers a student health plan at a cost of \$1,800. If you have health insurance but fail to complete the SHP waiver form certifying comparable coverage, you will be automatically enrolled and billed. Aid is available to help cover all or a portion of the SHP (depending on income) only if you cannot waive out of the University plan.

Financial aid adjustments are not automatically applied. You must contact the Financial Aid Office to request additional aid and certify that you have no other health insurance. Financial aid is not available for the University plan if you have other health insurance.

## **Family Resources**

The "Total Family Contribution" section of your award letter consists of your parents' contribution, earnings from a summer job, a portion of your own savings, and any educational benefits you receive. These family resources are compared with Princeton's costs to judge if you need financial assistance.

## **GENERAL GUIDELINES**

Princeton's process of evaluating your family contribution (called need analysis) is based on the information contained in the Princeton Financial Aid Application (PFAA) and the professional judgment of an aid counselor. In addition, federal student aid eligibility is determined through the Free Application for Federal Student Aid (FAFSA) need formula. In some cases, the federal calculation of need may limit the type of aid Princeton can offer.

## **YOUR PARENTS' CONTRIBUTION**

Among the most important elements used to determine your parents' share are: family income, assets, state and federal taxes, an allowance for living expenses, and the costs of other family members in college. In attempting to establish a reasonable parental contribution for students who are continuing at Princeton, we pay particular attention to changes in a family's financial situation since the previous year.

If your parents are separated or divorced, we asked the parent with whom you reside to complete the PFAA and FAFSA, and the other parent to fill out Princeton's Non-custodial Parent's Form. An aid counselor evaluated the information on both forms to determine each parent's ability to contribute toward your educational costs. If your custodial parent has remarried, this parent and your stepparent are required to complete the PFAA and FAFSA.

#### YOUR OWN CONTRIBUTION

In addition to the amount we are asking your parents to contribute, we also expect you to help meet some of your costs. Your share comes from summer employment, savings, and education benefits.

Typically, you will be asked to contribute \$2,600 from your 2017 summer earnings. This amount is reduced if you are an international student or if you are from a lower-income family.

It is our policy to ask for 5% of the amount of student assets (including trusts and custodial accounts) listed on your aid application. Each year we will continue to ask for 5% of the amount you report.

If you receive veterans non-educational benefits, you will be expected to contribute the entire amount to your education.

#### SUMMER SAVINGS REPLACEMENT AID

If you cannot meet the summer savings expectation we have shown in your award letter, either because you do not earn enough or you have high job-related expenses, Princeton offers the opportunity to receive replacement aid. This generous option gives you more choice in how you spend your summer by replacing a savings shortfall with one-half grant and one-half job or loan.

You can request an adjustment by scheduling an appointment with a financial aid counselor in the fall.

#### Assigning Aid

Once we have determined the amount that you and your parents should be able to pay for your educational costs, we assign financial aid based on your yearly budget. Initially we include two types of assistance—grant aid and a campus job. First we consider external scholarships awarded to you (such as National Merit or local community scholarships) followed by Princeton grant funds, and then student employment.

Please note that the scholarship/grant aid shown in your award letter, or any amended amounts of scholarships or loans you are notified of in a revised award, will be credited to your student account by the Office of Finance and Treasury in equal semester installments.

#### EXTERNAL SCHOLARSHIPS

An important aspect of Princeton's overall financial aid program is the expectation that students will receive scholarships from sources outside the University. These scholarships, when combined with Princeton's own funds, enable the University to meet the full need of all undergraduates. It is therefore important that you do what is necessary to renew the scholarships shown in your award letter. You are also required to notify the Financial Aid Office of any outside scholarships you are receiving that have not been included in your award letter. *All scholarship checks should be sent directly to the Financial Aid Office, whether they are payable to you or to Princeton University.*

When you are awarded an outside scholarship, your University aid is adjusted in the following manner:

**Federal Pell Grant and State Scholarships.** If you appear to be eligible for either a federal or state grant, an estimated amount is shown in your award letter. You applied for the Pell Grant when you filled out the FAFSA.

Residents of Alaska, New Jersey or Vermont may be eligible to receive a state grant to attend college in New Jersey. The FAFSA is normally all that is required, although in some cases a supplemental application is necessary. You should contact this office for the address of your state agency if you need more information.

If the Pell Grant or state scholarship you actually receive is different from the estimated amount included in your award, your University grant will be adjusted to compensate for the difference.

**Other Outside Scholarships.** If you have non-government outside scholarships, first your term-time job, then your summer savings expectation, will be reduced by the amount of the awards. Once these work expectations are eliminated, any additional outside scholarships will replace your Princeton grant.

If your Princeton grant is reduced as the result of an outside scholarship, you may recover lost funds toward the one-time purchase of a personal computer. This policy applies to basic hardware and software products within a reasonable limit, generally not more than \$3,000.

If you have an outside scholarship in a prior year that was not renewed, your self-help is increased in the same manner it was reduced.

#### PRINCETON GRANT

**University Grants.** All Princeton grants are awarded solely on the basis of financial need. It is not necessary for you to apply directly for a specific grant since this office has the responsibility for matching a student with the appropriate fund. University funds are contributed by alumni, friends, and organizations interested in helping students who need aid. A number of these gifts are from donors who like to hear from the recipients. If you receive an award from such a fund, you will be notified of the source of your grant in the fall and asked to write a letter of acknowledgment to the donor.

**Cane Scholarship Fund.** The Cane Scholarship Fund provides need-based Princeton grants to students in the following categories:

- Graduates of any New Jersey high school, public or private, regardless of the student's state of residence;
- Students who were New Jersey residents at the time of admission to Princeton but who graduated from a high school outside of New Jersey;
- Graduates of any high school located in Orange County, New York.

Because this fund has special conditions, Cane recipients are not required to work during the academic year, nor are they asked to contribute from summer savings. Instead, the Princeton Cane grant is increased to compensate for the elimination of the work expectation.

Note: Because work expectations have already been eliminated from the Cane package, all outside scholarships replace University grant funds.

**Federal Supplemental Educational Opportunity Grants (FSEOG).** These federal grants are administered by Princeton and therefore are included as part of the University grant. Preference in awarding FSEOGs is given to students who are eligible for Pell Grants and have the lowest family contributions.

#### TAX ON GRANTS AND SCHOLARSHIPS

**U.S. Citizens:** Internal Revenue Service (IRS) tax rules consider grant and scholarship amounts that you receive in excess of tuition and the cost of required books and supplies to be taxable income.

**International Students:** The United States Internal Revenue Service (IRS) requires the University to withhold taxes on the amount of grant aid you receive that exceeds the tuition charge each term. While grants above tuition usually go to pay room and board charges, the IRS considers them in the same category as wages. Therefore, if you receive such an amount, a charge for the taxes (14% of the amount of grant in excess of tuition) will appear on your student account each semester to cover the payment Princeton makes to the IRS on your behalf. You will be required to file a U.S. Non-Resident Alien income tax return each year you have wage or grant income to report, and you may qualify for a tax refund at that time.

#### CAMPUS EMPLOYMENT

You should either be planning to return to your previous job or have already made arrangements to change to a new position. If you need assistance locating a job for 2017-18, you should contact us.

Wages from your campus job are paid directly to you every two weeks. You will earn the amount listed in your award letter if you work an average of 10 hours a week for 30 weeks.

As a financial aid student, your job may be funded by the Federal Work-Study Program or you may be paid from a Princeton University account. It is expected that you will use your earnings to pay for your books and personal expenses.

Princeton encourages students on Federal Work-Study to find employment in community service areas such as social services, transportation, public safety, crime prevention, recreation, youth service, and other activities specified in the Community Service Act. More information about these job opportunities can be found in our office or on the Student Employment website.

If you would like to earn more than the amount shown in your award letter, or if a job is not included in your award but you would like to work on campus, you first must receive approval from the Financial Aid Office. It also may be possible for you to work somewhat less than the 10 hours per week expectation and receive loan funds to replace the earnings shortage. If you want to adjust your job in either direction, make an appointment to see a financial aid counselor.

As mentioned previously, Cane recipients are not required to work during the academic year and therefore are not assigned jobs. If you are receiving a Cane award and you want to work on campus, you should see an aid counselor to discuss your eligibility for Federal Work-Study jobs and other campus employment.

#### LOANS

Your initial financial aid award does not include a student loan under our "no loan" policy which replaces the loan component with additional grant funds. However, student loans from both federal and University sources are available to students on request. A brief description of the loans follows:

**Federal Loans.** The Stafford loan is available to eligible US citizens and permanent residents. If you qualify under program rules, the government may subsidize the interest on a Stafford loan while you are enrolled. In other cases, the loan accrues interest during enrollment.

**University Loans.** The University offers funds from its own resources to students who do not qualify for federal loans.

A brochure with more detailed descriptions of these loan programs is available in the aid office and on our website. Information about the specific terms of these loans will be provided when you make a request to borrow.

#### Payment Options

Your parents will have two options for paying the bill. The standard plan consists of two payments, the first due in August and the second in January. As an alternative, your parents may select Princeton's Monthly Payment Plan, which allows them to pay University charges in 12 installments due on the first of each month from September to August. The interest rate on the monthly plan is 2.75%.

You may use the online Princeton Bill Estimator ([www.princeton.edu/billestimator](http://www.princeton.edu/billestimator)) to get an idea of your family's obligation under each of these payment options. Regardless of which of the two payment options you select, you will receive a monthly bill for any miscellaneous charges you incur.

If the combination of your financial aid and the flexibility permitted through one of the two payment options mentioned above does not meet your family's needs, an additional plan is available to help with the payments.

The Princeton Parent Loan (PPL) program offers families the opportunity to borrow their share of Princeton's costs at a favorable interest rate. In 2016–17 the fixed rate was 4.99% and the variable rate was 2.7%. The PPL is available to families based on credit history and ability to repay. A single application may be used to apply for four years of borrowing, and there is no fee to apply. Parents have up to 14 years to repay. Further information about the PPL is available on the Web at [www.princeton.edu/parentloans](http://www.princeton.edu/parentloans).

**PPL SAMPLE 13-YEAR REPAYMENT SCHEDULE**  
(using an estimated 6% annual interest rate)

<i>Total amount borrowed</i>	<i>Monthly payment</i>
\$ 20,000	\$175
\$ 40,000	\$350
\$ 60,000	\$525
\$ 80,000	\$700
\$100,000	\$875
\$120,000	\$1,050

Another borrowing option for parents is Direct PLUS, a federally supported parent loan program. Your parents may borrow up to the cost of attendance less financial aid each year at an interest rate that is normally higher than the PPL rate. The PLUS rate is fixed at 7.00%, and fees of up to 4.29% may be charged by the Direct Loan Program. Parents may call or write us for information about how to initiate a PLUS application.

**Federal Aid Requirements**

If you receive federal funds—Pell Grant, Stafford Loan, Supplemental Educational Opportunity Grant, Perkins Loan, or Work-Study—you must:

- comply with the program requirements and affirm that the funds will be used for educational expenses and that you will not receive aid in excess of your demonstrated need;
- complete the *Award Acknowledgment and Grant of Authority* and submit it to this office;
- if requested, provide verification of the information shown on your FAFSA.

**General Financial Aid Policy**

Although most financial aid awards do not change during the year, your aid may be adjusted if there are changes in your family's financial situation or your student budget. The most common reasons for revisions due to family changes are financial problems such as loss of income, emergency expenses, or a shortfall in your expected summer savings. Adjustments to your student budget may be made for costs that you find are not adequately covered by the personal and book expense allowance, such as unusual medical expenses. If you encounter problems that result in either a shortfall of family resources or additional educational expenses, please contact the Financial Aid Office.

Princeton provides aid as long as you are a full-time student making satisfactory progress toward a degree and continue to demonstrate financial need. (The "Academic Standing and Regulations" section of Princeton's online *Undergraduate Announcement* contains a definition of satisfactory progress.) If you are required to repeat a semester for disciplinary reasons, your grant for the repeated term will be replaced with a loan.

The amount and type of aid you receive is reviewed annually. Each year you must reapply for financial aid by completing the PFAA and FAFSA, and submitting your parents' federal income tax return and W-2 statements. While the enclosed award provides an indication of the amount and type of assistance you may receive in following years, aid can increase or decrease in individual cases depending on changes in a family's financial situation. Typically, your parents are asked to contribute more from one year to the next as family income increases. Further, University financial aid policy specifies that your own share, in the form of summer and term-time earnings, may also increase. If the new total family contribution does not keep pace with increased costs, your Princeton grant is increased to make up for the difference.

**Undergraduate Financial Aid**

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