**Academic Year**

An academic year is one complete school year at the same school, or two complete, half years at different schools. For schools that have a year-round program of instruction, nine months is considered an academic year.

**Aid for Military Family Service**

Both the federal government and nonprofit organizations offer money for college to veterans, future military personnel, active duty personnel, or those related to veterans or active duty personnel

**Annual Taxable Income**

Your annual taxable income is the amount of income used to determine how much tax you owe in a given year. This can include wages, salaries, bonuses, tips, investment income, and unearned income.

**Credit**

Credit refers to the amount of money you borrow and your ability to borrow to purchase goods and services. Credit is extended to you from a credit grantor with which you make an agreement to pay back the amount spent, plus applicable interest and fees, within an agreed-upon time.

**Debt Collection**

Debt collection is the course of pursuing payments of loan debts due by borrowers.

**Debt Consolidation**

Debt consolidation is a method of debt refinancing that involves taking out one loan to pay off others.

**Default**

Default is failure to repay a loan outlined in the agreed promissory note. Most federal student loan default occurs when a payment isn't made in more than 270 days. It can result in legal consequences and a loss of eligibility for additional federal student aid.

**Deferment**

A deferment is a temporary postponement of payment on a loan that is allowed under certain conditions and during which interest generally doesn’t accrue on certain types of subsidized loans.

**Direct Consolidation Loan**

A Direct Consolidation Loan combines federal education loans into one loan for free via completion of the Federal Direct Consolidation Loan Application and Promissory Note. You will have a single monthly payment on the new Direct Consolidation Loan.

**Direct PLUS Loan**

Direct PLUS Loans are federal loans that graduate or professional students and parents of dependent undergraduate students use to help pay for education expenses.

**Direct Subsidized Loan**

A Direct Subsidized Loan is a federal student loan for which a borrower isn’t generally responsible for paying the interest while in an in-school, grace, or deferment period.

**Discretionary Income**

Discretionary income is a factor used in determining a borrower’s eligibility for certain repayment plans and/or loan rehabilitation. It’s the difference between annual income and a percentage of the poverty guideline for the borrower’s family size and state of residence.

**Early Action**

Early action is a college admission policy that allows applicants to apply and receive notice of their admission early. Applicants accepted under early action are not under a binding agreement to attend that school and may submit applications to other schools.

**Early Decision**

Early decision is a college admission policy that allows applicants who commit to attend a school to apply and receive notice of their admission early. If an applicant is accepted, he or she agrees to attend that school and must withdraw all other applications.

**Educational Service Agency**

An educational service agency is a regional public multiservice agency that is authorized by state law to develop, manage, and provide services or programs to local education agencies, such as public-school districts.

**Eligible Program**

An eligible program is a program of organized instruction or study of a certain length that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential.

**Emancipated Minor**

An emancipated minor is someone who has been legally deemed an adult by a court in his or her state of residence. If you are an emancipated minor, you are considered an independent student and will not provide information about your parents on the FAFSA® form.

**Endorser**

An endorser is someone who agrees to repay the Direct PLUS Loan if the borrower becomes delinquent in making payments or defaults on the loan. The endorser may not be the student on whose behalf a parent obtains a Direct PLUS Loan.

**Enrollment Status**

Enrollment status is reported by the school you attended, and indicates whether you are, or were, full-time, three-quarter time, half-time, less than half-time, withdrawn, graduated, etc.

**Entrance Counseling**

Entrance counseling explains the obligations you agree to meet as a condition of borrowing a Direct Loan. Topics include: Understand Your Loans, Manage Your Spending, Plan to Repay, Avoid Default and Make Finances a Priority.

**Exit Counseling**

Exit counseling provides important information that you need as you prepare to repay your federal student loan(s). Topics include: Understand Your Loans, Plan to Repay, Avoid Default, and Make Finances a Priority.

**Extended Repayment Plan**

The Extended Repayment Plan allows you to repay your loans over an extended period. Payments are made for up to 25 years. There are specific eligibility requirements to qualify for this plan.

**Family Size**

Household size does not mean people who physically live with you. It's about who you support financially. If you do not financially support anyone, you will just put 1 for yourself.

**Federal Pell Grant program**

The Pell Grant is the largest federal grant program offered to undergraduates. It is designed to assist students from low-income households. To qualify for a Pell Grant, a student must demonstrate financial need by completing and submitting the FAFSA® form.

**Federal Student Aid**

Federal student aid is aid from the government in the form of grants, loans, and/or work-study to assist students with college or career school. Students have to complete the FAFSA® form to apply for this aid.

**Federal Supplemental Educational Opportunity Grant (FSEOG)**

The Federal Supplemental Educational Opportunity Grant (FSEOG) is a grant that is awarded to an undergraduate student who demonstrates exceptional financial need to help pay for their education. Awards can range from $100–$4000 and do not need to be repaid.

**Federal Work Study**

Federal Work-Study provides part-time jobs for undergraduate and graduate students with financial need. The program encourages community service work and work related to your field of study. To receive funds, you will need to be awarded work study and secure a job.

**Financial Aid**

Financial aid is money to help pay for college.

**Financial Awareness Counseling**

Financial awareness counseling provides tools and information to help you understand your financial aid and assist in managing your finances. Topics include: Understand Your Loans, Manage Your Spending, Plan to Repay, Avoid Default and Make Finances a Priority.

**Forbearance**

A period of time when your monthly loan payments are temporarily stopped or reduced. Interest will continue to be charged on your loans. Be aware that unpaid interest may be capitalized (added to your loan principal balance) at the end of your forbearance period.

**FSA ID**

An FSA ID consists of a username and password which gives you access to the U.S. Department of Education’s online systems and can serve as your legal signature when completing electronic documents.

**Graduated Repayment Plan**

The Graduated Repayment Plan starts with lower payments that increase every two years. Under this plan, you make payments for up to 10 years (between 10 and 30 years for consolidation loans).

**Graduation Rate**

A school’s graduation rate is the percentage of a school’s full-time, first-time degree- or certificate-seeking students who complete their degree or certificate within 150 percent of the published length of the program in which they are enrolled.

**Grant**

A grant is a monetary gift for people pursuing higher education. It is often based on financial need and does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

**Gross Income**

Gross income is your total income before deductions.

**Half-Time Enrollment**

Half-time enrollment is an enrollment status applied to students who are only enrolled in half of the expected full-time course load. Half-time enrollment can affect the cost of attendance (COA), and each school may have different half-time enrollment specifications.

**Head of Household**

For tax purposes, you might claim head of household if you are unmarried and responsible for more than half of the cost of keeping up your and your dependent's home. Whether you are head of household can affect how you report tax return information on the FAFSA® form.

**Homeless**

A homeless individual is someone without a home who generally lives in shelters, parks, motels, hotels, cars, or with someone else due to not having anywhere else to go. Homeless individuals can still receive federal student aid.

**Income-Based Repayment (IBR) Plan**

Eligible loans: Direct loans and FFEL Program loans other than those in default, PLUS loans made to a parent borrower, or Consolidation Loans that repaid a Direct or Federal PLUS Loan made to a parent borrower. Consolidating a Federal Perkins Loan may make you eligible.

**Income-Contingent Repayment (ICR) Plan**

Eligible loans: Direct loans other than those in default and parent PLUS loans. Consolidating a Federal Perkins Loan, FFEL Program loan or Direct PLUS Loan made to a parent may make you eligible.

**Independent Student**

An independent student is at least 24 years old, married, a graduate/ professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, someone with legal dependents (not a spouse), an emancipated minor, or someone who is or at risk of being homeless.

**Interest**

Interest is a loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

**Iraq and Afghanistan Service Grant (IASG)**

You may be eligible for the Iraq and Afghanistan Service Grant (IASG) if your parent or guardian died as a result of military service performed in Iraq or Afghanistan after the events of 9/11, and you are not eligible for a Federal Pell Grant.

**Job Placement Rate**

A school’s job placement rate is the percentage of graduating students who obtained employment either in the recognized occupation for which they were trained or in a related, comparable, recognized occupation within a determined period after receiving their degree/certificate.

**Judgment Lien**

A judgment lien gives a creditor the legal right to keep property when the owner fails to pay a debt. It can only be granted by a court. A student (or parent in the case of a parent borrower) with a judgment lien will not qualify for federal student aid.

**Legal Guardianship**

Legal guardianship is a designation by a court that authorizes someone to care for an individual in place or absence of parents. Having a legal guardian qualifies you as an independent student, such that you do not have to report your parents’ income on the FAFSA® form.

**Lender**

A lender is the organization that made the loan (borrower’s school, bank, credit union, etc.).

**Loan**

A loan is money borrowed from the federal government or a private source like a bank or financial institution, and must be paid back with interest.

**Loan Discharge**

Loan discharge is the removal of a borrower’s obligation to repay a loan under certain circumstances including but not limited to death, disability, bankruptcy, fraud, and identity theft.

**Loan Forgiveness**

Student loan forgiveness is offered to encourage certain types of employment. A loan may be fully or partially forgiven after a certain number of years of qualifying employment.

**Master Promissory Note (MPN)**

An MPN is a legal document that contains the Borrower’s Rights and Responsibilities and Terms and Conditions for repayment. Direct PLUS and Direct Subsidized / Unsubsidized loans have different MPNs.

**Merit-Based**

Merit-based means that something is based on a student's skill or ability. For example, a merit-based scholarship might be awarded based on a student's high grades.

**Offset**

An offset is when a payment from the U.S. Department of Treasury (such as an income tax refund) is reduced or stopped to pay off a delinquent debt. The remainder of a refund will be processed; an offset shouldn't delay it unless the entire refund is applied to the debt.

**Ombudsman Group**

The Ombudsman Group is dedicated to helping resolve disputes related to the federal student aid programs, including Direct Loans, Federal Family Education Loan (FFEL) Program loans, Perkins Loans, and grant programs.

**Out-of-State Student**

An out-of-state student is a student who is attending a college or career school outside of his or her state of legal residence.

**Partial Financial Hardship**

Partial financial hardship is an eligibility requirement under the Income-Based Repayment and Pay As You Earn repayment plans. For more information, go to Repayment Plans.

**Pay As You Earn (PAYE) Plan**

The Pay As You Earn Plan is a repayment plan with monthly payments that are generally equal to 10% of your discretionary income, but never more than the 10-year Standard Repayment amount.

**Payroll Deductions**

Payroll deductions are amounts of money withheld from your paycheck by your employer.

**PLUS Credit Counseling**

PLUS credit counseling helps graduate/professional students and parents of eligible dependent undergraduate students understand the obligations associated with borrowing a PLUS loan and assists them in making careful decisions about taking on student loan debt.

**Postbaccalaureate Teacher Certification Program**

A postbaccalaureate teacher certification program is a program that enables those who hold at least a bachelor's degree to earn teacher certification at the elementary or secondary level. Program specifics can depend on the school and state where the program is available.

**Prepaid Tuition**

A prepaid tuition plan, also known as a section 529 plan, lets you lock in future tuition rates at in-state public colleges at current prices and is usually guaranteed by the state in which the plan was established.

**Principal**

Principal refers to the sum of money lent, on which interest is paid.

**Proprietary School**

A proprietary school is a private, for-profit school that provides education and training.

**Public Service Loan Forgiveness (PSLF) Help Tool**

This tool will help you understand the following about the Public Service Loan Forgiveness (PSLF) Program: what is required to participate, if an employer qualifies, which loans qualify, and other actions to take to receive PSLF.

**Public Service Loan Forgiveness (PSLF) Program**

The PSLF Program forgives the remaining balance on your Direct Loans after you have made 120 (10 years) qualifying monthly payments under a qualifying repayment plan, while working full-time for a qualifying employer.

**Regular Student**

A regular student is one who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential. To be eligible for federal student aid, you must generally be a regular student.

**Rehabilitated Loan**

Loan rehabilitation is one method of getting your student loan out of default. To begin the rehabilitation process, you must contact your loan holder. If you’re not sure who your loan holder is, log in to your account to get your loan holder’s contact information.

**Repayment**

Repayment is paying back money you borrowed by making scheduled payments to a loan holder or servicer.

**Retention Rate**

A school’s retention rate is the percentage of its first-time students who are seeking bachelor's degrees who return to the institution to continue their studies the following fall.

**Revised Pay As You Earn (REPAYE) Plan**

The REPAYE Plan is a repayment plan with monthly payments that are generally equal to 10% of your discretionary income.

**Room and Board**

Room and board is generally the cost of housing and food while attending college or career school.

**Satisfactory Academic Progress**

Satisfactory academic progress is the process a school uses to determine if a student is meeting all of his or her educational requirements and is on target to graduate on time with a degree or certificate. This process may vary across schools.

**Scholarships**

Scholarships are gifts that don’t have to be repaid and are designed to help students pay for an undergraduate degree. They can be a one-time gift or are renewable, depending on the scholarship.

**School Closure**

A school closure occurs when an institution no longer provides educational services to students.

**Standard Repayment Plan**

The Standard Repayment Plan is the basic repayment plan for the William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) Programs. Payments are fixed and made for up to 10 years (10–30 years for Consolidation Loans).

**Standardized Test**

A standardized test is a test that is designed to assess individuals against a common standard. For example, the SAT and ACT are standardized tests that some colleges require for consideration for admission.

**State Aid**

States offer financial assistance to eligible residents to help reduce educational costs. Some state aid is first come, first served, so complete your FAFSA® form early. We don’t administer state aid programs. Contact your state grant agency for more information.

**Student Fraud**

Student Fraud is any situation where an individual falsifies information in order to qualify for student aid. Examples of student fraud include using false information on the FAFSA, such as income or marital status, or reporting an invalid high school diploma.

**Student Loan Debt Burden**

Student loan debt burden is the percentage of a borrower’s monthly income that is dedicated to his or her student loan payments. The smaller this percentage, the lower the debt burden.

**Total and Permanent Disability (TPD) Discharge**

A total and permanent disability discharge relieves you from having to repay your federal student loan(s) and/or complete your Teacher Education Assistance for College and Higher Education (TEACH) Grant service obligation. Learn more about TPD discharge .

**Transfer Rate**

A school’s transfer rate is the percentage of its full-time, first-time students who have transferred to another institution.

**Transfer Student**

A transfer student is a student who has completed some academic credits at a college or university and has requested to enroll at a different institution.

**Tuition**

Tuition is the amount of money you owe for receiving instruction, materials, and/or supplies, or for the rental or purchase of equipment, for a course of study at your institution.

**Undergraduate Student**

An undergraduate student is a student who is enrolled in an undergraduate course of study at a college/university or career school that usually doesn't exceed four years and leads to an undergraduate degree or certificate.

**Unsubsidized Loan**

An unsubsidized loan borrowed through the Direct Loan Program offers students a low, fixed interest rate and flexible repayment terms. It is not based on financial need. The borrower is responsible for paying all the accumulated interest, until the loan balance is paid off.

**Untaxed Income**

Untaxed income is income you don't pay taxes on, such as Supplemental Security Income, child support, or federal or public assistance.

**William D. Ford Federal Direct Loan Program**

The Direct Loan Program is the federal student loan program under which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Loans include Direct Subsidized, Direct Unsubsidized, Direct PLUS, and Direct Consolidation Loans.

**Withholding**

A withholding is an amount of money that an employer takes out of your wages and pays to the government. If too little is withheld, you will owe additional taxes. If too much is withheld, you receive a refund.