Pay for College: Key Terms

529 Plan: a savings and investment account with tax advantages for education expenses

Education Savings Account (ESA): an investment account where your investments grow tax-deferred and you can withdraw money tax-free for qualifying education expenses

Prepaid tuition plan: a type of 529 plan that allows you to buy your tuition ahead of time to lock in tuition prices at participating schools

Cost of attendance: the total cost of college

CSS Profile: an application some schools require you to submit to receive aid from them

FAFSA (the Free Application for Federal Student Aid): a form you submit to be considered for aid from the federal government and many schools

- **Student Aid report (SAR):** a summary of the aid you're eligible for after submitting your FAFSA
- **Student Aid Index (SAI):** a number calculated based on your FAFSA information that measures your ability to pay for college

Federal Work-study: a program sponsored by the government where you work a part-time job in college for a paycheck

Fees: additional costs (on top of tuition) you have to pay your college

Financial aid: money to help you cover your college costs

Financial aid package: an offer from a school listing the financial aid you're eligible for if you attend that school

Income share agreement (ISA): a special type of student loan

- **Income-share percentage:** how much of your income you'll pay your ISA lender each month (like 5% of your income)
- **Repayment term:** how long you have to make ISA payments to your lender
- **Salary floor:** the minimum salary you have to make for ISA payments to be due
- **Payment cap:** the max amount of money you'll have to repay total on your ISA

Merit-based aid: financial aid based on achievements and skills

Need-based aid: financial aid based on your ability to pay for college

Scholarships: merit-based financial aid that doesn't need to be paid back

Student loans: money to help you pay for college that you have to pay back later (usually with interest)

- **Federal student loans:** student loans (usually with low interest rates and flexible repayment terms) provided by the government
- **Private student loans:** student loans provided by non-government lenders who are free to set their own interest rates and repayment terms

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Subsidized loans: a type of student loan where interest doesn't accrue while you're still in school

Tuition: the cost of classes and instruction

Tuition insurance: an insurance plan that covers you for tuition, on-campus housing, and fees if you withdraw from school for a covered reason

Unsubsidized loans: a type of student loan where interest starts accruing as soon as you borrow (even while you're still in school)

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