

# Terms of Your 2018–19 Financial Aid Award

This publication provides important information about Princeton's financial aid program. You should read this material carefully to gain a good understanding of the terms of your award. If you have questions or concerns, 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 continues to be 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 additional grant aid.

## Student Budget

The estimated student budget shown on your award letter includes tuition, the room charge for University dormitories, the board rate based on a full University meal plan, and the residential college fee. The personal allowance includes class dues, the activities fee and a one-time transcript fee, which are charged to your University bill, as well as expenses you pay on your own, such as books, supplies, and recreation.

If you live more than 200 miles from Princeton, we have included an allowance to help cover your travel expenses. It is intended to represent the approximate cost of two round trips. This allowance is added to your budget when we calculate need. It is not paid to you directly but is credited to your student account bill, reducing the amount your family pays Princeton.

*Note to all students living abroad: Because your award includes a travel allowance for one round trip rather than two, as is the case with residents of North America, the University will provide a winter break allowance. More information will be provided in November, prior to winter break.*

Students who are not covered under their family's medical insurance are required to enroll in the Student Health Plan. The current estimated cost is \$1,800, and additional aid is available on request for those who must enroll.

The University offers a laptop purchase program through the Student Computer Initiative. Financial aid can be requested to cover this expense. Information will be sent to you in June describing this opportunity. Typically a student loan is offered, but if your University grant has been reduced to accommodate an outside award, these lost grant funds can be used.

## Family Resources

The "Total Family Contribution" section of your award letter includes your parents' contribution, savings from

a summer job, a portion of your own assets, and any educational benefits you receive. These family resources are compared to Princeton's costs to determine if there is financial need.

## 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. If you are a U.S. citizen or permanent resident, your eligibility for federal student aid is determined through the Free Application for Federal Student Aid (FAFSA) using a separate need formula. In some cases, the federal calculation of need may limit the types of campus job or student loan (if you request one) Princeton can offer.

## YOUR PARENTS' CONTRIBUTION

Among the most important elements used to determine your parents' share are: family income, assets (including Section 529 savings and prepaid tuition plans), state and federal taxes, an allowance for living expenses, and the costs of other family members in college.

If your parents are separated or divorced, we asked the parent with whom you reside to complete the PFAA 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 expenses. However, if your custodial parent has remarried, this parent and your stepparent are considered the "family unit" for financial aid purposes, and their joint information should have been reported on the PFAA.

## YOUR OWN CONTRIBUTION

In addition to the amount we are asking your parents to contribute, we also expect you to help pay for some of your educational expenses. Your share comes from summer employment, savings and other benefits.

Typically, freshmen are asked to contribute \$1,600 from their 2018 summer earnings. This amount is reduced for lower-income and international students. The amount you are asked to save from a summer job as an entering freshman is about \$1,000 lower than it will be for the summer prior to your sophomore year. This is because college students have a longer summer vacation period and, after a year in college, undergraduates have access to higher-paying jobs than most high school students.

It is our policy to ask for 5% of the student assets (including trusts and custodial accounts) listed on your aid application each year.

### *Summer Savings Replacement Aid*

If you cannot meet the summer savings expectation shown in your award letter, either because you do not earn enough (including unpaid internships or volunteer positions) or you have high summer expenses, Princeton offers replacement aid, giving you more choice in how you spend your summer. You can request an adjustment to the summer savings amount by scheduling an appointment with a financial aid counselor in the fall. At that time we will replace half of your shortfall with grant aid and offer you a job or a loan for the other half.

## Assigning Aid

Once we have determined the amount that you and your parents should be able to pay for college, we then assign aid based on your budget. First we consider external scholarships awarded to you (such as National Merit, employee tuition benefits or local community scholarships) followed by Princeton grant funds and, finally, student employment.

### EXTERNAL SCHOLARSHIPS

Scholarships awarded to you by organizations outside the University are considered aid and are used to meet your need. These awards are included as part of your financial aid package and do not decrease the parental contribution.

You must report all scholarships and employee tuition benefits that you receive. 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. Students apply for a Pell Grant by completing the FAFSA.

Residents of Alaska, New Jersey or Vermont may be eligible to receive a state grant as part of their Princeton aid award. 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 amount estimated in your award letter, your University grant will be adjusted to compensate for the difference.

**Other Outside Scholarships.** If you are awarded 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 adjustment, you may recover lost funds towards the one-time purchase of a personal computer. This policy applies to basic hardware and software products up to \$3,000.

If you have an outside scholarship during your freshman year that is not renewable, your campus job and summer savings expectation for the following year will be increased in the same manner they were 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 fund. Although Princeton awards a number of grants from unrestricted funds, the majority of University funds are contributed by alumni, friends and organizations interested in helping students who need aid. Many 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.

### TAX ON GRANTS AND SCHOLARSHIPS

**U.S. Citizens:** Internal Revenue Service (IRS) tax rules consider grant and scholarship amounts you receive that are in excess of tuition and the cost of required books and supplies to be taxable income. It is your responsibility to file taxes if required by IRS rules.

**International students including Canadian Citizens:** 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 to be 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. We recommend that you keep copies of your receipts when purchasing books and supplies.

**Cane Scholarship Fund.** If you are a graduate of a New Jersey high school or a New Jersey resident, your award is from the Cane scholarship fund. Because this fund has special conditions, Cane recipients do not have a summer savings expectation or term-time job, and they receive a correspondingly higher grant amount.

Note: Because self-help aid (term-time and summer earnings expectations) has 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.

## CAMPUS EMPLOYMENT

The standard freshman job of \$2,900 assumes you will work an average of nine hours per week for 30 weeks. Students are paid directly by the University and it is expected that you will use your earnings to help pay for your books and personal expenses. Your award letter will indicate if your job is funded by the Federal Work-Study Program or a Princeton department.

You will receive more information about campus jobs during the summer. Although students work in a variety of campus offices and departments, you will most likely be given a job in the library or dining services, since they are the largest employers of students.

Princeton encourages students receiving 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 the Student Employment Office.

If you would like to earn more than the amount in your award letter, you must receive approval from this office. It also may be possible for you to work somewhat less and receive loan funds to replace the earnings shortage. If you want to adjust your job in either direction, you can make an appointment to see a financial aid counselor after you arrive on campus.

You should be aware that when you become a sophomore, the campus employment amount in your award will increase, not only because of the higher-paying jobs that will be available but also because you will be expected to work an average of 10 hours per week rather than the nine you were assigned as a freshman.

## LOANS

Your initial financial aid award does not include a student loan under our “no loan” policy, which means it is possible for you to graduate from Princeton debt free. However, student loans from both federal and University sources are available to students on request. You may ask for a loan to replace a shortfall in your expected earnings or to cover expenses not included in the standard budget, for example a personal computer. A brief description of student loans available to eligible Princeton students follows.

**Federal Loans.** The Stafford student loan is available if you qualify under program rules. Depending on your eligibility, the government may pay the interest on the loan until repayment begins after college. In other cases, the loan is unsubsidized, meaning 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. University loans have terms similar to the federal programs.

Information about the specific terms of these loans will be provided when you make a request to borrow.

## Payment Options

For an idea of the amount your family will owe the University, you can go to the “Princeton Bill Estimator,” an online calculator available at [www.princeton.edu/billestimator](http://www.princeton.edu/billestimator). Enter the scholarship

amount shown on your award letter to see the anticipated annual bill as well as the projected semester and monthly payments.

Your parents will have two options for paying the difference between University charges and your aid credits. The standard plan consists of two payments, the first due in August and the second in January. Your parents may select Princeton’s Monthly Payment Plan (MPP), which allows them to pay University charges in 12 installments from September to August. The rate for the 2018–19 academic year is 3.50%. You will receive detailed information concerning these payment options early in the summer.

Regardless of which of the two payment options you select, your parents will receive a monthly bill for any miscellaneous charges you incur.

If the combination of your financial aid and the flexibility permitted by these two payment options does not meet your family’s needs, there is a further option.

The Princeton Parent Loan (PPL) program offers families the opportunity to finance their share of Princeton’s costs at a favorable interest rate. In 2017–18, the PPL fixed rate was 4.99%. The PPL is available to families based on credit history and ability to repay. There is no fee to apply, and a single application can be used to request four years of borrowing. Parents have up to 14 years to repay.

You will be sent information about the PPL along with the application instructions in the spring. Further information about the PPL may be obtained by writing the Parent Loan Office, Box 35, Princeton University, Princeton, NJ 08543; or by calling 609-258-6401. Materials are also available on the Web at [www.princeton.edu/parentloans](http://www.princeton.edu/parentloans).

To get an idea of terms, refer to the sample repayment schedule. Find the amount that is nearest to your anticipated borrowing level and read across to the monthly payment column.

### PPL Sample 14-year Repayment Schedule (using an estimated 6% annual interest rate)

<i>Annual amount borrowed</i>	<i>Four-year total</i>	<i>Monthly payment</i>
\$10,000	\$40,000	\$319
\$15,000	\$60,000	\$479
\$20,000	\$80,000	\$639
\$25,000	\$100,000	\$799
\$30,000	\$120,000	\$959
\$35,000	\$140,000	\$1,118
\$40,000	\$160,000	\$1,278
\$50,000	\$200,000	\$1,597

Another borrowing option for parents is PLUS, a federally supported parent loan program. Your parents may borrow up to the cost of attendance less financial aid. The 2017–18 PLUS rate is fixed at 7.00%, and fees up to 4.264% may be charged by The Direct Loan Program. Parents may contact the Financial Aid Office 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 or Work-Study—you must:

- complete the FAFSA, listing Princeton’s code number 002627, if you have not already done so;
- 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

Your aid award is conditional until we review your parents’ 2016 tax return and W-2 statements. In addition, the information you provided about the college enrollment status of your siblings will be verified once the academic year begins.

Your aid may be adjusted during the year if there are changes in your family’s financial situation or your student budget. The most common reasons for revisions to the family contribution are differences in the information your parents provided on the PFAA compared with the income on their tax return or family financial problems such as loss of income or emergency expenses. 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 resulting in a shortfall of family resources or additional educational expenses, please contact this office.

Princeton provides aid for all full-time students making satisfactory progress toward a degree who continue to

demonstrate financial need. (The “Academic Regulations” section of Princeton’s *Undergraduate Announcement* contains a definition of satisfactory progress.) If you are required to repeat a semester for disciplinary reasons, however, you will not be eligible for a University grant for the repeated term. Student loans may be requested to cover your need in this situation.

Each year you must reapply for financial aid, and you will receive instructions from this office in March of your freshman year. While the award you receive during your freshman year 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 your family’s financial situation. Typically, your parents will be asked to contribute more since family income tends to rise from year to year. You will also be asked to contribute more from your summer and term-time earnings. If the total increase in the parental and student contributions fall short of the increase in the student budget, the Princeton grant will rise to make up for the difference.

Finally, you can be assured that once you are enrolled, and if you demonstrate need in subsequent years, Princeton will continue to provide financial aid.

## Undergraduate Financial Aid

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