

# *Terms of Your 2020–21 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 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 additional grant aid.

## **Student Budget**

The student budget shown on your award letter includes tuition and allowances for room and board living expenses. These allowances are added to your budget when we calculate need. They are not paid to you directly, but are credited to your student account bill, reducing the amount your family pays Princeton.

The books and personal expenses allowance includes a one-time transcript fee for first-year students and class dues—which are charged to your University bill—as well as expenses you pay on your own, such as books, supplies and recreation.

Students who are not covered under their family's medical insurance are required to enroll in the Student Health Plan. Additional aid is available for students who certify that they do not have comparable health insurance coverage.

The University offers a laptop purchase program through the Student Computer Initiative, and financial aid can be requested to cover this expense. 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 and any educational benefits you receive. These family resources are compared with Princeton's costs to determine if you are eligible for need-based assistance. Typically, the family contribution also includes a student contribution, which has been waived and replaced with grant aid for the 2020–21 academic year.

## **GENERAL GUIDELINES**

Princeton makes its aid application available to U.S. citizens and permanent residents, Canadian citizens and other international applicants. Princeton's process of evaluating your family contribution (called need analysis) is based on the information contained in the Princeton Financial Aid Application (PFAA), required income

documentation 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' contribution are: family income, assets (including Section 529 savings, prepaid tuition plans and student assets above \$20,000), 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 expect your parents to contribute, we typically also expect you to help pay for some of your educational expenses. This student contribution is usually \$3,500 and is expected to go toward your expenses for books, supplies and recreation. The class dues, activity and athletics fees and one-time transcript fee are also covered by the student contribution. For the 2020–21 academic year, the University has waived the student contribution and replaced it with additional grant aid. Additionally, for the 2020–21 academic year, the activity and athletics fees have been waived.

## **CAMPUS EMPLOYMENT**

Some students are eligible for employment under the Federal Work-Study (FWS) Program. Your award will include a special notice if you are eligible for FWS. Princeton encourages FWS-eligible students 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. Student employment will likely be limited to exclusively remote work. For the most up-to-date information, please refer to the Student Employment website.

## 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. We first consider external funds awarded to you followed by Princeton grant funds. Your financial aid will be applied to your student account to cover billed expenses in semester installments. Federal, state, institutional or private financial aid received during the award year is to be used solely for expenses related to attendance.

### EXTERNAL SOURCES

**Federal Pell Grant and State Aid.** These need-based funds are not considered outside 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.

**Outside 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 receive an employee tuition benefit or are awarded an outside scholarship, your University aid is adjusted in the following manner:

**Applying Outside Scholarships.** Typically, if you receive an employee tuition benefit or are awarded non-government outside scholarships, your student contribution will be reduced by the amount of the awards. Once this expectation is eliminated, any additional outside scholarships or tuition benefits will replace your Princeton grant. Because the student contribution has been waived for the 2020-21 academic year, all outside awards will reduce Princeton grant.

If your Princeton grant is reduced as the result of an outside scholarship adjustment, you may recover lost funds towards the purchase of a personal computer. This policy applies to basic hardware and software products up to \$3,500.

### 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 and Permanent Residents:** The 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:** The 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.

**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.

## Payment Options

By default, there are two payments toward University charges, with the first due in August and the second in January. You may also choose to enroll in the monthly payment plan, which breaks the annual bill into nine monthly payments due at the end of each month from September through May. You will also receive a monthly bill for any miscellaneous charges you incur. You will receive detailed information about these payment options in the summer.

### LOANS

Your initial financial aid award does not include a student loan under our “no-loan” policy because your full demonstrated need has been covered by grants. However, student loans from both federal and University sources are available to students on request. You may ask for a loan to replace a portion of the student contribution 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 Direct 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 student pays the yearly interest. Repayment begins six months after you cease to be a student. You will be required to complete Entrance and Exit Counseling, as well as a Master Promissory Note, and to notify your student loan servicer of changes in your name, address and school status.

**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 and are available at <https://finaid.princeton.edu>.

**Private Loans.** Private loans may also be available to you. Contact the Undergraduate Financial Aid Office for more information.

**The Princeton Parent Loan (PPL) program** offers families the opportunity to finance their share of Princeton’s costs at a favorable interest rate. In 2019–20, 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.

Further information about the PPL may be obtained by writing the Parent Loan Office at [puloans@princeton.edu](mailto:puloans@princeton.edu) or by calling 609-258-6401. Materials are also available on the web at <https://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 the **Direct PLUS Loan**, a federally supported parent loan program. Your parents may borrow up to the cost of attendance less financial aid. The 2019–20 PLUS rate is fixed at 7.08%, and fees up to 4.236% may be charged by the Direct Loan Program. Parents may visit <https://studentloans.gov> or contact the Financial Aid Office for information about how to initiate a PLUS application.

## Federal Aid Requirements

If you are a U.S. citizen or permanent resident you must:

- complete the FAFSA, listing Princeton’s code number 002627. False or misleading information is a criminal offense and is subject to fines, imprisonment or both.
- 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.

**Return of Title IV.** Title IV funds are awarded under the assumption that you will attend school for the entire period for which the assistance is awarded. If you withdraw after beginning attendance, we will perform a calculation to determine the amount of Title IV assistance you earned and are eligible to keep. Title IV funds include: Federal Pell Grant, FSEOG, Federal student and parent loans.

## General Financial Aid Policy

Your aid award is conditional until we review your parents' 2018 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. It is your responsibility to know and comply with timelines and deadlines for federal verification, document requests or information requests from the Undergraduate Financial Aid Office.

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 eligible 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; see <https://ua.princeton.edu/contents/academic-regulations>.)

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 first year. While the award you receive during your first 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 one year to the next. If the total increase in the family contribution 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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