

<u>Term</u>	<u>Definition</u>
Academic Year	The time period each academic year that students attend an educational institution, usually from August to May.
Accrued interest	The process of interest adding up. When student loans are in repayment, interest accrues on them every day, and (depending on the loan type) interest may accrue while they're in deferment and/or while you're in school. If you don't pay the interest accruing on your loans, it may be added (or capitalized) into your principal balance. If that happens, you'll begin being charged interest on your unpaid interest.
Amortization	The process of paying off your loans in regular installments over a period of time.
Annual Loan Limit	The maximum loan amount allowed by a lender (or a loan program) during a calendar or academic year.
APR (Annual Percentage Rate)	The annual cost to you in order to borrow money for your student loan.
Award Letter	A letter you receive from a school that details the types of financial aid you are eligible to receive. This includes details about the grants and scholarships you've been awarded as well as any eligible federal loans. You'll receive an award letter every year you attend school if you apply for financial aid.
Award Year	The academic year to which financial aid may be applied.
Borrower	The person who signed and agreed to be responsible for repaying a loan.
Campus-Based Aid	Federal financial aid programs administered directly by school. The federal government provides eligible schools with a fixed amount of campus-based aid each year. Financial aid administrators at the school then award those funds to students with demonstrated financial need in the form of Perkins loans, supplemental education opportunity grants, and work-study.
Cancellation	Cancellation of your federal student loan means you are no longer required to repay some or all of your loan.
Capitalization	Capitalization happens when the accrued interest is added to the principal balance, thus increasing the overall balance owed.
Capitalized Interest	The process that occurs when unpaid interest is added to the principal balance of your loan (increasing the overall principal balance that your future interest will accrue on). For federal loans, capitalization happens at the end of a grace, deferment, or forbearance period, and when a loan is consolidated or goes into default, as well as other circumstances.
Co-signer	A cosigner is a creditworthy individual who agrees to share repayment responsibility for the student loan alongside the primary borrower.
Consolidation	The process of combining multiple student loans into one loan.
Cost of Attendance (COA)	An estimate of the total cost provided by a school to attend for a specific period.
Credit Report	A detailed report of an individual's credit history compiled by one of the credit reporting agencies. It includes the type of credit you use, the length of time your accounts have been open, and your payment history.
Credit Score	An indicator of your ability to repay your debt. Your credit score takes into account the information on your credit report. Lenders may use a credit score to determine whether you're eligible for a loan and the interest rate. Typically a higher score makes it easier to qualify for a loan and may result in a better interest rate. Most credit scores range from 300-850.
Debt-to-Income-Ratio	A calculation used by some lenders to determine a person's ability to repay debt. To calculate your debt-to-income ratio, you add up all your monthly debt payments and divide them by your gross monthly income.
Default	Failure to make payments on a loan according to your loan terms. Federal Direct and FFELP loans generally enter default status if monthly payments are more than 270 days past due. Private loans and some federal student loans may have different time frames for default. A loan can also go into default if you fail to meet other terms of your promissory note or written agreements with the loan holder. Refer to your loan's promissory note to determine its default time frame.

Deferment	Deferment allows you to temporarily stop making payments or to temporarily reduce your monthly payment amount for a specified period on a student loan. Subsidized federal student loans do not accrue interest while in deferment.
Delinquency	The status a loan enters if you fail to make even a single full payment on time. If you miss a few payments, your loan will most likely remain in delinquency until it enters default. You should contact your lender or servicer right away if you fall behind on your repayment to discuss a plan to get back on track.
Direct Loan	A federal student loan, made through the William D. Ford Federal Direct Loan Program, that eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans are types of Direct Loans.
Direct PLUS Loan	A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
Disbursement	A student loan has been disbursed when your lender sends money to your school, gives money to you directly, or a combination of both. A single loan may have multiple disbursements, for example one payment for fall and one payment for spring.
Discharge	The official name of the cancellation of some or all of your student loan debt due to certain circumstances like a school closure, death of the borrower, or total permanent disability.
Discretionary Income	The amount of money you have left over after paying for your basic expenses. You may need to provide this information when applying for certain student loan repayment plans that determine your monthly payment amounts based on how much you earn. Note: The government defines discretionary income in different ways for different repayment plans.
Endorser	Similar to a cosigner, an endorser is someone who agrees to repay the federal PLUS loan if you do not repay it.
Enrollment Status	Reported by the school the student attended, indicates whether the student is (or was) full-time, three-quarter time, half-time, less than half-time, withdrawn, graduated, etc.
Expected Family Contribution (EFC)	The amount of money a family is expected to pay for their student's college education each academic year. The number is used by your school to calculate the amount of federal student aid you are eligible to receive. This number results from the financial information you provided in your FAFSA application. Your EFC is reported to you on your Student Aid Report (SAR).
Federal Work-Study	A program that provides undergraduate and graduate students with part-time employment during the academic year to help cover school-related expenses.
Financial Aid	Assistance provided in the form of grants, scholarships, work-study, and loans to provide funding for an education.
Financial Aid Package	The entire combination of grants, scholarships, loans, and work-study funding you can receive from all sources (federal, state, institutional, and private). Your financial aid package is detailed in the financial aid award letter you receive each academic year.
Financial Need	Your cost of attendance minus your EFC. This determines your eligibility for financial aid such as Stafford loans, Perkins loans, work-study, grants, and scholarships.
Fixed Interest Rate	An interest rate that stays the same for the entire repayment period.
Forbearance	A forbearance allows you to temporarily stop making payments on your loan or reduce your monthly payment. Each loan servicer has their own policy on forbearance, meaning some are required to offer you this benefit and others are not. Forbearance does not affect your credit score, however you will continue to accrue interest during your forbearance period, which will increase the amount you owe overall.
Forgiveness	Forgiveness of your federal student loan means you are no longer required to repay some or all of your loan.
Free Application for Federal Student Aid (FAFSA)	The application you need to fill out to apply for any form of federal student aid, including loans, grants, or scholarships, You need to complete this form each year to qualify for financial aid.

Grace Period	The time you get before you have to start making payments on your loan. It typically starts the day after your graduate, leave school, or drop below half-time enrollment, and lasts for six to nine months. While you're not required to make payments during this time, it certainly doesn't hurt to, you will be responsible for paying any interest that accrues during your grace period. If you choose not to pay the interest that accrues during your grace period, the interest will be added to your principal balance. Grace periods are unfortunately not available for every loan out there, so be sure to check if your loan has a grace period before you assume you're in the clear.
Grad PLUS Loans	PLUS loans that are only available to eligible graduate or professional students. They have a higher interest rate than Stafford loans, but fewer limitations on how much you can borrow. You must apply for these loans, and they take your credit history into account, which Stafford loans do not.
Graduate or Professional Student	A student who is enrolled in a program or course of study above the baccalaureate level at an institution of higher education.
Graduated Repayment Plan	A repayment plan that allows you to make small monthly payments that increase over time, ensuring you still repay your federal student loan within 10 years. However, during those 10 years you will pay more interest than you would with standard repayment.
Grant	A type of financial aid that you do not have to repay. You may be able to qualify for grants based on your academic or financial need.
Higher Education Financial Wellness Alliance (HEFWA)	The Higher Education Financial Wellness Alliance is a network of professionals dedicated to bringing together post-secondary organizations to inform national conversations that impact the financial wellness field, public policy and educational support services.
Income-Based Repayment (IBR)	Specifically for borrowers with a high debt-to-income ratio, your monthly payments will either be 10 or 15 percent of your discretionary income, recalculated every year based on your income and family size. Any outstanding balance will be forgiven, and subject to income tax, after 20 or 25 years.
Income-Contingent Repayment (ICR)	Your monthly payment is either 20 percent of your discretionary income or what you would pay on a fixed 12-year term, whichever is lower. This option also comes with outstanding balance forgiveness after 25 years.
Income-Share Agreement (ISA)	An income share agreement (ISA) is a contract agreement between a student and their school. The student agrees to receive borrowed money from the university to fund their education. In exchange, they agree to pay the university a percentage of their salary after graduation (for years to come). The amount you pay back (think minimum payment) will increase as your income increases. So basically, as you advance in your career field and begin to grow your salary, the income share agreement is going to kick in and take a bigger and bigger chunk of your income.
In-School Deferment	An option that allows you to postpone your student loan payments until after you graduate college or until your enrollment status drops below half time (as specified by your school).
Interest	The cost to borrow money. It is calculated as a percentage of the principal (the amount you borrow).
Interest Deduction	An income tax deduction that covers some or all of the money you pay in interest on student loans each year. This means that you don't have to pay taxes on the money you pay in student loan interest. Eligibility for this tax benefit is based on your student loan payments, your income, and other tax factors. Ask your tax professional for details.
Lender	A company or organization that lends money. A lender could be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.
LIBOR (London Inter-Bank Offer Rate)	The interest rate banks charge each other for loans. LIBOR is commonly used as an interest rate index for variable interest rate loans.
Loan	Money that you borrow and must repay.
Loan Period	The portion of the academic year that the requested loan will cover.

Midwest Association of Student Financial Aid Administrators (MASFAA)	MASFAA has been a leader in promoting training, networking, and professional development in the financial aid world. Advocating for students and understanding financial aid rules is as important as ever. MASFAA provides opportunities to financial aid professionals from our nine member states FROM financial aid professionals from our nine member states. As a way to remember the states, just remember this: Three I's, Three M's, and a WOW! That's Indiana, Iowa, Illinois (three I's); Michigan, Missouri, and Minnesota (three M's); and Wisconsin, Ohio, and West Virginia (WOW)!
Master Promissory Note(MPN)	A legal document in which you promise to repay your federal student loan(s) and any accrued interest and fees to your lender or loan holder. There is one MPN for Direct Subsidized/Unsubsidized Loans and a different MPN for Direct PLUS Loans. Most schools are authorized to make multiple federal student loans under one MPN for up to 10 years. The MPN contains a Borrower's Rights and Responsibilities Statement that explains the terms and conditions of the loan(s) you receive.
Merit-Based Aid	Money for college - usually in the form of scholarships or grants - that schools and other organizations award based on your academic and extracurricular achievements, not necessarily your financial need. This is aid that does not have to be paid back.
National Association of Student Financial Aid Administrators (NASFAA)	The National Association of Student Financial Aid Administrators (NASFAA) provides professional development and services for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.
National Student Loan Data System (NSLDS)	The National Student Loan Data System, or NSLDS, is the U.S. Department of Education's central database for student aid. NSLDS receives data from schools, the federal loan programs, and other U.S. Department of Education programs. NSLDS Student Access provides a centralized, integrated view of your federal student loans and grants so you can access and inquire about them.
Origination Fee	An upfront fee charged by a lender for processing a new loan.
Part-Time Enrollment	Your enrollment status if you take less than a full course load. Not every school uses the same standards, so check with your school to find out your enrollment status.
Pay As You Earn (PAYE)	Your monthly payments will be 10 percent of your discretionary income, recalculated every year based on your income and family size. Monthly payments will not exceed what you would have paid under the Standard plan. Outstanding balances are forgiven after 20 years (you may have to pay income tax on the amount forgiven).
Pell Grant	A grant provided by the federal government to students with the greatest financial need. You must complete and submit the FAFSA to be considered.
Perkins Loans	A low-interest federal student loan for undergraduate and graduate students with exceptional financial need. This program ended in September 2017.
PLUS Loans	Federal student loans that provide borrowers with funds to meet their school's cost of attendance, minus any other aid they receive. There are two types of PLUS loans: Parent PLUS and Grad PLUS. PLUS loans take the borrower's credit history into account, so you may need an endorser to qualify.
Prepayment	When a loan is prepaid in part or in full prior to the loan maturity date. There is typically no penalty associated with doing this, although we recommend that you check with your lender or review your promissory note. As a result, you may save yourself significant interest.
Prime Rate	The Prime Rate, as published in The Wall Street Journal, is the interest rate banks charge their most creditworthy customers.
Principal Balance	The total amount you currently owe, minus any interest that's yet to accrue. Every time you make a payment, a portion of that money goes toward the interest that is accruing on your loan and any fees you may have been charged, and the rest is used to pay down your principal balance.
Private Student Loan	Student loans provided by private lenders (like College Ave Student Loans) instead of the federal government.

Public Service Loan Forgiveness (PSLF)	For full-time employees of government and not-for-profit organizations; must make 120 qualifying monthly payments. ***FedLoan is the only servicer who can process PSLF***
Repayment	To pay back money you borrowed by making scheduled payments to a loan holder or servicer.
Repayment Period	The length of time you have to repay your student loans. In general, the longer you take to repay your loans, the more you'll wind up paying in interest over the course of your repayment period.
Revised Pay As You Earn (REPAYE)	Your monthly payments are recalculated each year to be 10 percent of your discretionary income. If you still have a balance after 20 or 25 years (for undergrad vs graduate or professional loans), it will be forgiven (though you may have to pay income tax on the amount forgiven).
Scholarship	Money you're awarded to attend an academic institution. You don't have to repay scholarships - it's free money.
Servicer	The organization that sends you your student loan bills, collects your loan payments, and provides customer service on behalf of your lender. In other words, they handle the billing for your loan.
Stafford Loans	The most common type of federal student loans. The repayment terms of your Stafford loans can vary based on whether they are subsidized and when you borrowed them.
Standard Repayment Plan	The federal student loan repayment plan that you'll be automatically enrolled in if you don't choose a different one. This repayment period is typically 10 years.
Student Aid Report (SAR)	A list of all the financial and personal information that you and your family reported on your FAFSA. You and your school both get a copy of the SAR. After you receive your SAR, you may be able to make corrections or changes to your information before your final award is processed.
Student Loan Asset-Backed Securities (SLABS)	Student loan asset-backed securities (SLABS) are exactly what they sound like, securities based on outstanding student loans. These loans are packaged into securities that investors can buy, which deliver scheduled coupon payments much like an ordinary bond.
Student loan servicer	Your loan servicer is the company that sends you your bill each month. Servicers are companies that collect payments on a loan, respond to customer service inquiries, and handle other administrative tasks associated with maintaining a loan. Loan servicers also track loans while the borrowers are in school, maintain loan records, process payments, accept applications and process changes in repayment plans, deferments, forbearances, or other activities to prevent default.
Subsidized Loan	Federal student loans that the government pays the interest on while you're in school and during approved deferment periods.
Teacher Loan Forgiveness	Offers up to \$17,500 in loan forgiveness for full-time teachers who work for five consecutive years in a low-income school or educational service agency.
Total and Permanent Disability Discharge	Nelnet is the servicer that processes TPD discharge applications. Borrowers must have a VA disability determination, Social Security Disability Insurance or Supplemental Security Income, or a physician's certification.
Tuition	A charge for receiving instruction at an educational institution, this can include a cost per class or credit hour, but also may include the costs of materials or supplies required of all students in the same course of study.
Tuition repayment plan	Tuition payment plans, also called tuition installment plans, are short-term (12 months or less) payment plans that split your college bills into equal monthly payments. Tuition installment plans can be an alternative to student loans if you can afford to pay tuition, just not in a lump sum at the start of the semester or quarter. These payment plans do not generally charge interest, but they may have up-front fees.
Undergraduate Student	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 that leads to an undergraduate degree.
Unsubsidized Loan	Federal student loans that are not based on financial need. You're responsible for paying all interest that accrues on your unsubsidized loans - including interest that accrues while you're in school and during your grace period and deferment periods.

Variable Interest Rate	An interest rate that can change during the life of the loan. Changes to the rate are typically based on a publicly available interest rate index such as the prime rate or LIBOR.
Wisconsin Association of Student Financial Aid Administrators (WASFAA)	WASFAA is a non-profit organization that provides support to financial aid administrators and other agencies involved in the administration of financial aid programs in Wisconsin's post-secondary educational institutions. It is comprised of over 400 members representing over 100 institutions (colleges, agencies, and lending institutions) throughout the state. WASFAA also provides professional development opportunities to financial aid administrators, high school counselors, and office professional staff.
Work-Study	A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.