

CheapScholar's Guide To Need Based vs. Merit Based Aid

Need-based awards and financial aid that are given to a student from a university or college are a result of the EFC (estimated financial contribution) figure that is created by your FAFSA results. The higher your EFC, the less need-based aid you are eligible for. The lower your EFC, the more need-based aid you qualify for. In theory, if your EFC changes from year to year, it is quite possible that the need-based aid portion of your financial aid package could also fluctuate. Fortunately, most institutions don't recalculate your financial aid package for minor changes in your EFC.

Merit-based aid and awards are given to a student based upon their academic and extracurricular success leading up to college. Factors playing into this are GPA, SAT and ACT scores, club activities, and community service. The good news is that all merit-based aid is not impacted by your FAFSA results (EFC). For example, if your student is receiving \$10,000 in merit-based aid and you win the lottery (lucky you!), you don't have to worry about that part of the financial aid package going away. However, any need-based aid will probably disappear immediately (imagine a "poof" sound as you read that last statement.. like it disappears up in smoke).



The one thing that you want to keep in mind about merit-based aid is the requirements that the student must maintain to continue receiving those funds. Typically there is a GPA threshold that the student must uphold in order to continue to receive merit-based aid. Also, depending on the merit-based scholarship, some students may be required to participate in certain activities. For example, if the merit-based aid is related to musical ability, the student may be required to participate in a certain number of recitals or music oriented programs each year on campus.

The most important thing to remember when you receive your financial aid package is that you want to quickly decipher which aid is need-based and which aid is merit-based and what are the requirements to maintain those funds for the duration of your student's educational experience. Your financial aid office will be able to give you the specifics on each scholarship and award. All you have to do is ask...



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