EAB

Anatomy of an Effective Financial Aid Letter

A Comprehensive Tool to Improve Your Aid Award Communications

Enrollment Management Forum

Project Director

Rachel Tanner

Contributing Consultants

Molly O'Connor
Sarah Stricker

Managing Director

Carla Hickman

About EAB

EAB is a best practices firm that uses a combination of research, technology, and data-enabled services to improve the performance of more than 1,200 educational organizations. EAB forges and finds the best new ideas and proven practices from its network of thousands of leaders and then customizes and hardwires them into every level of member organizations, creating enduring value. For more information, visit eab.com.

About the Enrollment Management Forum's Marketing and Recruiting Effectiveness Center (MREC)

MREC is EAB's new research resource for enrollment teams, supporting strategic decision-making and targeted improvement efforts in marketing and recruiting. Our research team continually evaluates existing and emerging ideas and pinpoints those that are the most viable.

MREC shares new findings each quarter through a suite of deliverables, including:

• Short research briefs and white papers

• Live webinars

• Expert takes on emerging issues

• Decision-making tools and discussion guides

Table of Contents

How to Use This Resource

College cost and financial aid are top-of-mind issues for students and their families, yet most aid award letters—the first communication families receive from you on the topic—are difficult to understand and often missing critical information. Your award letter must be transparent and accessible as well as clearly communicate the true cost of attending your institution. Additionally, the letter serves as a valuable recruiting touchpoint through which you can emphasize the kind of care and attention to detail that students can expect from your institution. In other words, it helps demonstrate your value proposition.

This toolkit identifies three key areas for improvement and provides resources to rethink the way you share financial aid award information with students. At the end is a checklist you can use to make sure your new award letters fully incorporate these recommended best practices.

In Order to Build an Effective Aid Letter, Incorporate the Following Practices:

1. Present Clear Numbers (p. 5)

The way you present costs and different types of aid can enhance your aid letter's clarity.

2. Use Accessible Language (p. 7)

A very accessible aid letter is just a matter of reducing jargon and simplifying syntax.

3. Make the Layout Inviting (p. 9)

Incorporating a few key design principles will make your letter appealing and easier to read.

Who should use this resource?
- Financial Aid Directors and Counselors
- Admissions Directors
- Enrollment Managers

How Aid Letters Go Wrong

The Typical Letter Is Full of Numbers and Lacks Clarity

As the market shifts to respond to Early FAFSA, many schools are delivering aid letters earlier in the recruitment cycle; this transforms the aid letter into an important enrollment communication touchpoint. Currently, the letters that students receive leave them and their families confused about how much they will need to pay and what is being offered. The numbers will be the first part of the letter readers gravitate toward, so if the letter is intimidating and opaque, it makes the decision process trickier.

The Current State of the Typical Aid Letter

> **4-year costs should not be mixed with semester and/or single year costs, even if the value looks good.**

Financial Aid Award Letter

EAB University is pleased to offer the following estimated financial aid award. Your financial aid award provides you with a total commitment of $62,600.00 in university-funded scholarships and grants over 4 years.

	FALL	SPRING	TOTAL
President's Scholarship	$ 2,500.00	$ 2,500.00	$ 5,000.00
University of EAB Grant	$ 5,325.00	$ 5,325.00	$ 10,650.00
Subsidized Direct Loan	$ 1,750.00	$ 1,750.00	$ 3,500.00
Unsubsidized Direct Loan	$ 1,000.00	$ 1,000.00	$ 2,000.00
Parent PLUS Loan	$ 2,000.00	$ 2,000.00	$ 4,000.00
Federal Work-study	$ 1,500.00	$ 1,500.00	$ 3,000.00
Award Total	$ 21,075.00	$ 21,075.00	$ 42,150.00

> **It's hard to parse which aid is gift aid and which aid is meant to be repaid.**

Estimated Tuition and Fees: $43,573.00
Estimated Room & Board: $12,000.00 – $13,500.00

> **This is the closest this letter comes to listing a full cost of attendance (COA).**

Did you know? Only one-third of aid award letters analyzed by uAspire in late 2017 actually listed both direct costs and indirect expenses (like books and transportation). As uAspire's Chief Policy Officer Laura Keane put it, in many cases "there is literally *no* price tag." Set yourself apart by providing better information!

Source: Composite representation based on 4 schools' aid letters.

Make the Numbers Clear and Straightforward

Four Guidelines to Design a More Cost-Transparent Aid Letter

Fall packaging makes the clarity of aid letters even more critical than before: families may receive the aid letter before they've visited campus or spoken to a financial aid advisor, which means the letter needs to effectively break out key components and transparently show the size of families' expected contribution. Your letter should be intelligible to a complete financial aid novice opening the letter for the first time, and this starts with how the numbers are arranged on the letter.

Four Key Steps for Designing a More Cost-Transparent Aid Letter

1 **Present a total cost of attendance, before aid, and include all miscellaneous fees.**

2 **Break out the "free money": scholarships and grants.** State explicitly that this aid doesn't need to be repaid.

3 **Highlight out-of-pocket expenses to the family in similar terms.** It's better to state costs clearly and present payment options (below) than to shroud them.

4 **Present "options" to pay for the out-of-pocket costs.** PLUS loans and federal work-study, in particular, should be separated from gift aid.

Anna's Award Letter:

Congratulations! Your Aid Package:

Total Cost of Attendance:..$30,000

---- (no hidden fees!)

Total Gift Aid (no repayment):.................................$13,000

  ---- Scholarships

  ---- Grants

Your Total Estimated Financial Contribution (How much you pay):   **$17,000**

We appreciate the cost of a degree can be daunting, but there are several resources to help families finance the cost of an education.

Options to Cover Contributions:

Work-Study:...**$2,000**

Loan Aid (repayment-necessary):.............................**$15,000**

Aid Letters Are Often Arcane and Hard-to-Read

Start Simplifying by Reducing the Reading Level of the Text

In addition to transparently arranging the costs and awards, schools should ensure that families can easily read and understand the text of their aid letter. Financial aid language is complex and nuanced, often making it incomprehensible to families—and can make them feel like they're being misled. Schools that take care to write clear, approachable aid letters will stand out to families as transparent and responsive.

1

Clean Up Your Sentences

Financial aid is confusing enough without the added barrier of difficult syntax. To make your letters as readable as possible, reconsider your phrasing. Best writing practices include:

- **Write in short sentences**. Use no more than two clauses per sentence, and break up longer parts of the text.
- **Write actively**. Make sure every sentence has a clear actor and action.
- **Err on the side of over-explaining.** Reducing sentences does not mean limiting the explanation. If something would add additional clarity, include it.

2

Measure the Reading Level

It's good practice to write all administrative policies at an 8th-grade reading level—but at the very least, financial aid letters should target the reading level of their audience (high schoolers).

Run the text of your financial aid letter (and other communications) through the Gunning Fog Index (GFI) Tool at gunning-fog-index.com, to measure the reading level, and then re-write anything that scores higher than a 10.

Added bonus: This also makes your text more accessible to non-native English speakers.

Case in Point: Simple Language Changes Dramatically Improve Readability

Dense, Difficult Before Text

The priority application deadline to be considered for all types of financial aid is March 1st of the year prior to the fall semester. For full consideration, submit your initial application materials prior to this date!

Before: GFI Score 17.1

Approachable, Simple After Text

For the best chance of earning aid, apply by March 1 each year. We accept late applications, but the sooner you apply the better!

After: GFI Score 6.5

Source: EAB interviews and analysis.

Financial Aid Is a Language of Its Own

Help Prospective Students and Families Understand Common Jargon/Acronyms

Some financial aid jargon is necessary. It is very important, however, to remember that your primary audience is not well-versed in financial aid terminology. The contents of your financial aid letter are critical pieces of information that can make or break an admissions decision, but students and families often have trouble deciphering the contents of these letters. Use your aid letter and other financial aid communications to educate students and parents on what these terms mean.

3

Bold Jargon Terms and Provide a Glossary

Some financial aid jargon is necessary. It is very important, however, to remember that your primary audience is not well-versed in financial aid terminology. The contents of your financial aid letter are critical pieces of information that can make or break an admissions decision, but students and families often have trouble deciphering the contents of these letters. This means you can seize the opportunity to use your aid letter and other financial aid communications to educate students and parents on what these terms mean.

We recommend two best practices for reducing the barriers to understanding: bolding all jargon terms so they stand out and providing a glossary, either on a page of the aid package or on your website.

Common Financial Aid Jargon Terms

- Cost of Attendance (COA)
- Federal Education Loan
- Merit-Based Aid
- Need-Based Aid
- Net Cost
- Out-of-Pocket Cost
- Private Student Loan
- Professional Judgement
- Satisfactory Academic Progress
- Student Aid Report
- Subsidized Student Loan
- Unsubsidized Student Loan
- Verification
- Work-study

While it may be sufficient to focus on the financial aid-specific jargon that is likely to appear in your letter, you may also want to consider general financial literacy and offer some resources or definitions for other common terms related to the financial aid award process. One way to help those with less financial literacy is to lay out the information in an intuitive way.

But What About The Language Required By Law?

The law (34CFR) mandates information that schools must disclose, but it does not specify the actual words they must use. Very little verbatim language is actually mandatory. **A good practice is to adopt terms as they appear on the [Federal Shopping Sheet template](#).** The annotated version provides good insight into the terms and concepts that the federal government expects students and families to need more information about.

Design the Layout to Support Decision-Making

Your Aid Letter Can Be Appealing and Informative

Typical aid letters are crowded, monochromatic, and difficult to skim. Hazel University,[1] a small liberal arts college, redesigned their aid package to look more approachable and the four-page pamphlet really capitalizes on good design. The bold colors and copious empty spaces help draw attention to key elements, and the arrangement facilitates understanding and simpler navigation of the letter's contents, even upon first skim. Below we have highlighted some of the specific best elements of this new package.

Messages that communicate part of Hazel U's value proposition—its integrated financial services—are prominently placed adjacent to costs.

The letter lists sources of aid, and then includes a worksheet where families can calculate their own net cost based on their individual indirect costs and aid sources.

The letter uses bold fonts and yellow to call out important information.

Generous white space makes the letter welcoming and easy-to-navigate, and highlights important contact information.

Payment options are laid out in a clear and friendly way, prioritizing outside scholarships and payment plans over loans.

The back page of the letter lays out clear next steps.

1) Hazel University is a small private university that wishes to remain anonymous

Source: EAB interviews and analysis.

eab.com

Assessing Your New Letter

Transparent Aid Letter Checklist

The contents of this toolkit walked you through aid award letter writing best practices in three areas:

1. Present Clear Numbers (p. 5)

The way you present costs and different types of aid can enhance your aid letter's clarity.

2. Use Accessible Language (p. 7)

A very accessible aid letter is just a matter of reducing jargon and simplifying syntax.

3. Make the Layout Inviting (p. 9)

Incorporating a few key design principles will make your letter appealing and easier to read.

After working on these areas, your award letter should clearly lay out costs, deliver its information with language that is accessible to the reader, and present all of your in an inviting, visually pleasing way.

Use the checklist on the next two pages to assess whether you have incorporated all the key teachings into your revised financial aid award letter.

10
eab.com

Transparent Aid Letter Checklist

Follow These Guidelines to Make Your Aid Letter Transparent and Easy-To-Read

$ The Numbers

Costs

❑ **Status**
- Indicate the student's enrollment and housing status, and note that the costs below are calculated based on that status

❑ **Direct Expenses**
- List all direct expenses, including: tuition, applicable fees, applicable room and board
- Total the direct expenses under a heading that makes it clear these will be billed by the university ("Expected Bill")

❑ **Indirect Expenses**
- List all indirect expenses, including: estimated costs of books, transportation, insurance, and personal expenses
- Total the indirect expenses under a heading that makes it clear these are estimates and will *not* be billed by the university ("Estimated Additional Expenses")

❑ **Cost of Attendance**
- Add up all direct and indirect expenses
- Position the cost of attendance in an easy-to-find place on the page

Aid

❑ **Gift Aid**
- Indicate clearly that these are sources of aid that students will not have to repay
- List all sources of gift aid. For each source, include a link or directions to where students can find out more about the award, including whether the award is renewable and what the student must do to keep the award (e.g. GPA requirements)

Out-of-Pocket Costs and Paying Them

❑ **Out of Pocket Cost:**
- Subtract only the gift aid from the cost of attendance

❑ **Work-Study**
- Present work-study award(s) as an option for covering out-of-pocket costs, rather than as gift aid.
- Clearly note that employment is not guaranteed

❑ **Payment Plans**
- If you offer a payment plan, provide brief details and/or a link to where families can find more information

❑ **Other Payment Options**
- List loans as a payment option separate from gift aid and work-study awards, and clearly indicate that families will need to repay this aid
- For each loan, briefly indicate the interest rate and whether the loan is renewable

Transparent Aid Letter Checklist (cont.)

Follow These Guidelines to Make Your Aid Letter Transparent and Easy-to-Read

The Language

Writing

- ❑ **Avoid acronyms** (e.g. "LN" for "loan")
- ❑ **Avoid financial jargon** wherever possible
  - Provide a glossary that explains necessary jargon terms
- ❑ **Write in short, active sentences** with no more than two clauses
- ❑ **Use casual, fun language** in bite-sized blocks
- ❑ **Test the reading level** of your language using the Gunning Fog Index tool at gunning-fog-index.com
  - All text in the letter should have a GFI score of 10 or below

The Layout

Additional Information

Make sure to include the following aid-related information in your letter:

- ❑ **Value Messaging**
  - Always place vibrant value messaging adjacent to information about costs
- ❑ **Next Steps**
  - Lay out the next steps in easy-to-follow bullet points
- ❑ **Contact and Follow-up Information**
  - Display contact information and other resources with clear signposting
- ❑ **FAQs**
  - Include an FAQ section that provides answers to common family questions, and links to find additional information. FAQs might include:
    - What is your outside scholarship policy?
    - How many hours will students have to work to earn their full work-study award? How do students find on-campus jobs?
    - (For public schools) What are the residency requirements for in-state tuition?

Arrangement

- ❑ **Group types of information** and use clear headings
- ❑ **Leave plenty of white space**, especially around critical information
- ❑ **Stay consistent with font usage**
  - Decide what deviations from your standard font mean (bold, italic, colors, etc.), and use them only for that purpose
- ❑ **Map out how you'd like families to read information**, and provide visual cues (lines, arrows, numbers) to direct their eyes
- ❑ **Include a worksheet or cost-comparison tool** that pushes families to engage with the information
  - Even if your letter is perfectly clear, families will better understand the information if they re-write it themselves