**How Outside Scholarships Affect Your Financial Aid Package**

Getting an outside, or private, scholarship can actually reduce the amount of financial aid you get from your college. But that doesn’t mean you’ll have to pay a bigger share of your college costs. It just means that the scholarship dollars replace financial-aid-package dollars.

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**How can you tell what college will really cost?**

Myra Smith, Executive Director, Financial Aid Services, The College Board

**What’s an Outside Scholarship?**

An outside scholarship is a scholarship awarded by an organization other than the government or your college — scholarships sponsored by your parent’s employer or a community organization, for example.

If all the aid you receive ends up being $300 or more above what you need, your college must reduce the aid it offers you.

**Outside Scholarships and College Financial Aid**

If all the aid you receive — outside scholarships, financial aid from your college, and government grants and loans — ends up being $300 or more above your calculated need, the federal government requires your college to reduce the amount of need-based financial aid it awards you.

If you don’t report your outside scholarship awards to your college’s financial aid office, you might receive what’s called an “overaward” — and you’ll have to pay back that money.

**Colleges Decide What to Cut**

It’s up to your college to decide what type of financial aid to reduce or cut if you receive an outside scholarship. Some cut down the college’s grant. Others may reduce the amount of your loan. That’s to your benefit — it means replacing loan dollars, which you must pay back, with scholarship dollars that you don’t pay back. Other colleges may apply your scholarship award toward the next semester.

If you win an outside scholarship, tell your college’s financial aid officers about it and ask them about your college’s policy on outside scholarships.