

Financing for College

Paying for your college education comes with an enormous responsibility. It is not just obtaining your funding before entering college but also it may come with a responsibility after completing the degrees. While choosing funding types are up to students and their families, it is important to understand, explore, and build a financial plan ahead. In this information sheet, you will learn general funding types and information for each funding – before and after college.

Understand Types of funding:

- Scholarships and/or Grants
- Private loans
- Federal Financial Aid
 - Grants
 - Loans
- Out-of-Pocket (cash, etc.)

Key note: A difference between scholarships/grants and loans is that you may not have to pay back the awarded amount of scholarships/grants if you meet the grantor's requirements. Whereas you will have to pay back your loans with interest that will accrue until the balance is paid off.

Scholarships/Grants

A scholarship or grant is often granted to a student from an organization (grantor) directly. Funds may be sought by through various means. First students will research for eligible scholarships program and apply for them. As a seeker, you should plan a head toward earning the funds!

Key note: Do not assume that it is “free money.” Understand the terms and condition upon receiving the fund. (i.e. must meet GPA requirements, must pass classes with certain letter grade, etc.)

Useful website for scholarship search

- *Federal Student Aid:* <https://studentaid.ed.gov/sa/types/grants-scholarships>
- *Fastweb!:* <https://www.fastweb.com/>

Disclosure: *The information provided above are all for general information. Information can be subjected to change. For updated information, contact appropriate colleges/universities, federal agencies, and/or financial institutions.*

Private loans

Private loans may be arranged through financial institutions such as banks, credit union, etc. Students will apply directly to the institution of their choice. Learn more about the difference between Private vs. Federal loans: <https://studentaid.ed.gov/sa/types/loans/federal-vs-private>

Federal Student Aid (<https://studentaid.ed.gov/sa/>)

You may have heard “Financial Aid” or “FAFSA”. Both terms refer to borrowing money from the federal government. Federal funding can come in two ways: Grant and Loans. If you are a student and age under 24, you may need to go through the process with your parents/guardians as you are considered as “dependent” unless determined otherwise. (<https://studentaid.ed.gov/sa/fafsa/filling-out/dependency>)

Grants

There are three main grants types offered through Federal Student Aid:

- **PELL grant** (for undergraduate students)
- **Federal Supplemental Education Opportunity Grant (FSEOG)**
- **TEACH Grant** (only for students going into eligible education programs.)

Key note: Do not assume that it is “free money” or you won’t have to pay back. Understand the terms and condition upon receiving the grant.

➤ **PELL Grant** (<https://studentaid.ed.gov/sa/types/grants-scholarships/pell>)

PELL grant is commonly applied grant through Federal Financial Aid. This is known as a “need base funding”, which means the federal government will take into consideration about your family size and various status such as financial, etc. Hence, the eligibility amount varies depending on students and may be up to \$5,920 (stated on student aid website as of March 15, 2018)

➤ **FSEOG:** <https://studentaid.ed.gov/sa/types/grants-scholarships/fseog>

➤ **TEACH grant:** <https://studentaid.ed.gov/sa/types/grants-scholarships/teach>

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Loans

There are also a number of loan types available through Federal Student Aid (Download a comprehensive chart for loan types -

<https://studentaid.ed.gov/sa/sites/default/files/federal-loan-programs.pdf>):

- **Direct Subsidized loans**
- **Direct Unsubsidized Loans**
- **Direct Plus Loans**
- **Federal Perkins Loan Program**

A borrower who is interested in any of federal loans must apply through Free Application for Federal Student Aid (FAFSA <https://fafsa.ed.gov/>) If you need help completing FAFSA, you should contact Federal Student Aid contact line: 1-800-433-3243 OR contact your college financial aid counselor.

- **Direct Subsidized and Unsubsidized Loan:** There are a number of requirements; therefore, it is important for borrower to become a responsible borrower. Visit the Federal Student Aid website and learn more about the Direct Subsidized and Unsubsidized loans (<https://studentaid.ed.gov/sa/types/loans/subsidized-unsubsidized>). One of the differences between the two loans is on interest repayment:

Direct Subsidized Loan: The U.S. Department of Education pays the interest on the loan

Direct Unsubsidized Loan: Borrower pays interest on the loan

- **Direct PLUS Loan:** *ATTENTION to PARENTS and GUARDIANS* This particular loan will take your credit score into consideration. Parents, please remember that you are taking out loans for your children but you will be responsible for repayment of the loan. (<https://studentaid.ed.gov/sa/types/loans/plus>)
- **Perkins Loan Program:** This loan is known for its low interest rate on loans; however, not all schools participate in this program as your school becomes the lender for your loan. (<https://studentaid.ed.gov/sa/types/loans/perkins>)

More information on Federal Loans: <https://studentaid.ed.gov/sa/types/loans>

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Out-of-Pocket

In effort to decrease borrowing loans, it is always a good practice to finance out-of-pocket. This means you pay with cash or other financial means. You may be able to plan combination of scholarships/grants, loans, and cash payment plans. You may want to speak with your financial counselor.

Where to start?

1. Learn about cost of college education (colleges/universities should be able to provide estimate and cost of tuition.)
2. Learn more about funding options
3. Sit down with your parents/guardians to discuss your financial plan
4. Apply to your funding choice
5. Understand your specific funding terms and condition

Interested in Federal Financial Aid?

Get started with your checklist:

- 9th grade checklist: <https://studentaid.ed.gov/sa/prepare-for-college/checklists/9th-grade>
- 10th grade checklist: <https://studentaid.ed.gov/sa/prepare-for-college/checklists/10th-grade>
- 11th grade checklist: <https://studentaid.ed.gov/sa/prepare-for-college/checklists/11th-grade>
- 12th grade checklist: <https://studentaid.ed.gov/sa/prepare-for-college/checklists/12th-grade>

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