

Education Financing Comparison Chart

Chapter 1.2: Paying for Post-Secondary Education

Financial Aid Options Comparison

| Funding Type | Description | Eligibility | Pros | Cons |
|--|--|---|--|--|
| NON-REPAYABLE FUNDING (PREFERRED) | | | | |
| Scholarships | Merit-based financial awards that do not need to be repaid | Based on academic achievement, athletic ability, leadership, artistic talent, field of study, ethnicity, etc. | <ul style="list-style-type: none"> Free money that never needs to be repaid Can significantly reduce education costs May be renewable for multiple years | <ul style="list-style-type: none"> Often competitive May have GPA or other requirements to maintain Application process can be time-consuming |
| Grants | Need-based financial aid that does not require repayment | Primarily based on financial need, as determined by the FAFSA | <ul style="list-style-type: none"> Free money that never needs to be repaid Based on need rather than merit Federal grants (like Pell) are widely available | <ul style="list-style-type: none"> Amount may not fully cover costs May decrease if family financial situation improves Some have specific requirements for maintaining eligibility |

| | | | | |
|------------|--|--|---|--|
| Work-Study | <p>Part-time employment program to help students earn money for education expenses</p> | <p>Based on financial need, availability of funds, and timing of application</p> | <ul style="list-style-type: none"> • Provides valuable work experience • Often offers flexible hours around class schedule • Income generally doesn't affect future financial aid as significantly | <ul style="list-style-type: none"> • Limited number of hours available • May not provide enough income to cover significant costs • Balancing work and academics can be challenging |
|------------|--|--|---|--|

REPAYABLE FUNDING (CONSIDER AFTER EXHAUSTING NON-REPAYABLE OPTIONS)

| | | | | |
|---------------------------------|---|---|---|--|
| Federal Direct Subsidized Loans | <p>Government-backed loans where interest does not accrue while in school</p> | <p>Undergraduate students with financial need</p> | <ul style="list-style-type: none"> • Government pays interest while in school and during deferment • Fixed interest rates (typically lower than private loans) • Flexible repayment plans, including | <ul style="list-style-type: none"> • Annual and aggregate borrowing limits • Must be repaid with interest after graduation • Origination fee deducted from disbursement |
|---------------------------------|---|---|---|--|

| | | | | |
|--|---|---|---|---|
| | | | <p>income-driven options</p> <ul style="list-style-type: none"> Potential loan forgiveness programs | |
| Federal Direct Unsubsidized Loans | <p>Government-backed loans where interest accrues during all periods</p> | <p>Undergraduate and graduate students (not based on financial need)</p> | <ul style="list-style-type: none"> Available regardless of financial need Fixed interest rates Same flexible repayment plans as subsidized loans No credit check required | <ul style="list-style-type: none"> Interest accrues during all periods, including while in school Annual and aggregate borrowing limits Origination fee deducted from disbursement |
| Federal PLUS Loans | <p>Government-backed loans for parents of dependent undergraduates or for graduate students</p> | <p>Parents of dependent undergraduate students or graduate/professional students with no adverse credit history</p> | <ul style="list-style-type: none"> Can borrow up to the total cost of attendance Fixed interest rate Some repayment flexibility | <ul style="list-style-type: none"> Higher interest rates than other federal student loans Credit check required Higher origination fees Parents are legally responsible |

| | | | | |
|-----------------------|--|--|---|---|
| | | | | for parent PLUS loans |
| Private Student Loans | Loans from private lenders such as banks, credit unions, or online lenders | Varies by lender, typically requires good credit score or a cosigner | <ul style="list-style-type: none"> May offer higher loan limits than federal loans Some lenders offer competitive rates for borrowers with excellent credit Some offer unique benefits like career support | <ul style="list-style-type: none"> Usually higher interest rates than federal loans Variable interest rates may increase over time Fewer consumer protections and repayment options No loan forgiveness programs Typically no deferment or forbearance options |

Financial Aid Priority Order

When developing your education financing strategy, consider funding sources in this recommended order:

- Scholarships and Grants** - Always prioritize "free money" that doesn't need to be repaid
- Work-Study/Employment** - Earn while you learn with minimal impact on future aid eligibility
- Federal Subsidized Loans** - Government pays interest while you're in school
- Federal Unsubsidized Loans** - Interest accrues during all periods, but still has federal protections

5. Federal PLUS Loans - Higher rates and fees, but still includes federal benefits

6. Private Loans - Consider as a last resort after exhausting all other options

Your Education Financing Worksheet

Step 1: Educational Goals Assessment

What type of post-secondary education are you considering?

What is your intended field of study or career path?

Estimated annual cost of attendance for your preferred institution(s):

Include tuition, fees, room & board, books, etc.

Step 2: Potential Funding Sources

| Funding Source | Estimated Amount | Application Requirements/Deadlines |
|----------------------------|------------------|------------------------------------|
| Scholarships | | |
| Grants | | |
| Work-Study/Employment | | |
| Family Contribution | | |
| Federal Subsidized Loans | | |
| Federal Unsubsidized Loans | | |
| Other Sources | | |
| Total Funding | | |

Step 3: Funding Gap Analysis

A. Total Estimated Annual Cost:

B. Total Estimated Annual Funding:

C. Annual Funding Gap (A - B):

If you have a funding gap, what additional strategies could you employ to address it?

Step 4: Loan Impact Assessment

Total estimated loan amount after graduation (annual loan amount × years of study):

Estimated monthly payment after graduation:

Estimated starting salary in your chosen career:

Percentage of monthly income that would go toward student loan payments:

How do you feel about this potential debt burden? Is it manageable based on your career plans?

Step 5: Action Plan

FAFSA submission plan:

When will you submit the FAFSA? What information do you need to gather?

Scholarship search strategy:

What types of scholarships will you look for? How many will you apply to?

..

Employment/work-study plans:

Will you work during school? How many hours? What type of position?

..

Next steps (with deadlines):

List specific actions with target completion dates

..