

# PFL Academy

Teacher Guide: Chapter 1.2 — Paying for Post-Secondary Education

## OVERVIEW

TIME	MATERIALS	PREREQUISITES
45-50 Minutes	Student Activity Packet, Calculator	Basic Math Skills

## LESSON FLOW

### 5 min THE CHALLENGE

- Read Jordan's scholarship strategy scenario aloud.
- Discussion: "What funding sources have you or your family researched for college?"

### 10 min CORE CONCEPTS

- Review 5 key terms. Emphasize "free money" (scholarships/grants) vs. debt (loans).
- Read Background paragraph; discuss the \$1.75 trillion student debt statistic.
- Quick check: Ask students to rank funding sources from most to least desirable.

### 25-30 min APPLY IT

- **Part A (10 min):** Individual or pairs. Check that students correctly identify merit-based vs. need-based qualifications.
- **Part B (10 min):** Loan calculations. Walk through multiplication (payment  $\times$  120 months) if needed.
- **Part C (5-10 min):** Personal application. Encourage realistic self-assessment of funding options.

### 10 min CHECK YOUR UNDERSTANDING

- Complete in class or assign as homework.
- Review Q3 (Loan calculation) and Q4 (Cost-saving strategy) for deeper understanding.

## DIFFERENTIATION

### Support

- Pre-teach vocabulary (FAFSA, subsidized, interest) before starting.
- Provide a funding priority pyramid visual (scholarships at top, private loans at bottom).
- Walk through Part B calculations step-by-step on the board.
- Pair students for scenario analysis in Part A.

### Extension

- Research actual scholarship opportunities in your community or field of interest.
- Calculate the 20-year cost difference between federal and private loans.
- Create a 4-year education financing plan with specific funding sources.

## ANSWER KEY

### Part A: Funding Source Analysis

**1. Mia:** Primary: Merit-based scholarships (high GPA, leadership). Secondary: Federal unsubsidized loans (family income likely too high for need-based aid). Reasoning: Strong academics qualify her for merit awards; income disqualifies her from most need-based aid.

**2. David:** Primary: Pell Grant (low family income). Secondary: Work-study program. Reasoning: Low income qualifies him for need-based grants; community college costs may be fully covered by grants and part-time work.

**3. Sarah:** Best strategy: Combination of nursing-specific scholarships, work-study at a hospital for relevant experience, and federal subsidized loans for remaining costs. Reasoning: Middle income limits grant eligibility, but career-specific scholarships and work experience add value beyond just funding.

### Part B: Loan Comparison

Federal Subsidized Loan:

Total Repaid:  $\$108 \times 120 = \$12,960$

Total Interest:  $\$12,960 - \$10,000 = \$2,960$

Private Loan:

Total Repaid:  $\$129 \times 120 = \$15,480$

Total Interest:  $\$15,480 - \$10,000 = \$5,480$

**4.** Private loan costs **\$2,520 more** than federal subsidized ( $\$15,480 - \$12,960$ ).

**5.** Federal loan advantages: (1) Lower interest rates, (2) Government pays interest while in school (subsidized), (3) Income-driven repayment options, (4) Loan forgiveness programs available, (5) Deferment/forbearance options.

### Part C: Personal Application

*Responses will vary. Look for: realistic cost estimates for chosen education path, logical prioritization of funding sources based on personal circumstances (academic record, family income), and understanding that free money should be prioritized over loans.*

### Check Your Understanding

**1.** B (FAFSA)

**2.** Scholarships are merit-based (academic, athletic, leadership achievements); grants are need-based (family financial situation). A high-achieving student from a wealthy family would qualify for scholarships but not need-based grants.

**3.**  $\$233 \times 120 \text{ months} = \text{\$27,960 total repaid}$

**4.** Savings:  $2 \text{ years} \times (\$20,000 - \$4,000) = \text{\$32,000 saved}$ . This strategy minimizes debt by getting the same credits at lower cost before transferring.

**5.** *Should include specific actions: research scholarships now, maintain strong GPA, build extracurricular involvement, complete FAFSA early (after Oct 1), explore work opportunities, save money from part-time jobs.*

## COMMON MISCONCEPTIONS

Misconception	Clarification
"I won't qualify for financial aid because my family makes too much."	Everyone should complete the FAFSA. Unsubsidized federal loans are available regardless of income, and many merit-based scholarships don't consider family finances.

"Scholarships are only for straight-A students or athletes."	Thousands of scholarships exist for community service, specific majors, hobbies, heritage, career interests, and more. Small scholarships add up significantly.
"All student loans are the same."	Federal and private loans differ dramatically in interest rates, repayment flexibility, and forgiveness options. Federal loans should always be explored first.