

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	Part-time employment program to help students earn money for education expenses	Based on financial need, availability of funds, and timing of application	<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	Government-backed loans where interest does not accrue while in school	Undergraduate students with financial need	<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

			income-driven options <ul style="list-style-type: none"> • Potential loan forgiveness programs 	
Federal Direct Unsubsidized Loans	Government-backed loans where interest accrues during all periods	Undergraduate and graduate students (not based on financial need)	<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	Government-backed loans for parents of dependent undergraduates or for graduate students	Parents of dependent undergraduate students or graduate/professional students with no adverse credit history	<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:

1. **Scholarships and Grants** - Always prioritize "free money" that doesn't need to be repaid
2. **Work-Study/Employment** - Earn while you learn with minimal impact on future aid eligibility
3. **Federal Subsidized Loans** - Government pays interest while you're in school
4. **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:

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