

# Types of Financial Aid



## Scholarships

Financial awards that you apply for and are awarded by your school or an organization. There are a variety of scholarships that can be used to cover college-related expenses.



## University Grants

Awarded to students based on financial need as reported through the FAFSA.



## Pell Grants

Grants awarded by the federal government to low-income students pursuing a bachelor's degree. The amount may vary depending on your FAFSA.



## Federal Supplemental Educational Opportunity Grants (FSEOG)

Supplemental grants awarded to students with financial need. Pell Grant awardees receive priority.



## Work Study

Federal program that is available to undergraduate and graduate students that allow students to work part-time to help pay for tuition.

# Types of Loans



Taking out student loans is a common and important way to fund college, but make sure you understand what you are getting into. The short-term use of loans gives you money when you need it and can build your credit IF you pay them off properly. Often, loans can be quite affordable with low interest and monthly payments that can adjust based on your income. To this end, knowledge of loan repayment, checking/savings accounts, budgeting, and use of credit cards is also essential.

## **Subsidized Loans (0% due while in school & you maintain at least half-time status)**

The term subsidized applies to the interest payment on your loan. If a loan is subsidized, then any interest that accrues while you are in school or in deferment is paid by the lender. This effectively means 0% of the loan is due while you are in school.



# Types of Loans

## Federal Perkins and Direct PLUS (Parent) Loans

A Perkins Loan is owed directly to your COLLEGE (up to \$5,500 a year). Direct PLUS is a loan parents may take out, usually at a higher interest rate. Perkins Loans are subsidized and Direct PLUS loans are unsubsidized. If you do not qualify for Parent PLUS, it is possible to apply for other unsubsidized loans. More information on all federal loans can be found: [here](#)

## Be wary of private loans and how you use credit cards

Federal student loans offer protections that private loans may not. Federal loans have flat interest rates, while private loan interest rates depend on the credit rating of your co-signer. Credit cards should be used sparingly. Routine purchases like groceries should not be made with a credit card, because credit cards can encourage overspending.



# 5 Loan Forgiveness Programs

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## Teacher Forgiveness Program

If you teach full-time for five complete and consecutive academic years in a low-income school or educational service agency, and meet other qualifications, you may be eligible for forgiveness of up to \$17,500 on your direct subsidized and unsubsidized loans and your subsidized and unsubsidized Federal Stafford Loans.

## Military

From the Army to the National Guard, each branch of the military has its own student loan forgiveness program. Forgiven loan amounts usually depend on the level of rank achieved.

## Income-Based Repayment Plan

An income-driven repayment plan sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size. There are four income-driven repayment plans available.

## Public Service Loan Forgiveness Program

Borrowers can get all of their federal education debt discharged if they spend 10 years working in government or at a nonprofit. Borrowers can become eligible for forgiveness if they make 120 on-time monthly payments on their federal student loans while working full time in public service.

## NURSE Corps Loan Repayment Program

The Program supports registered nurses (RNs), advanced practice registered nurses (APRNs), and nursing faculty by paying up to 85% of their unpaid nursing education debt.

# Additional Resources

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## Important Terms

### Repayment Term

This is the maximum amount of time you have to pay back your loan. Ten years is the standard repayment term, but others can stretch to 25 years. By making prepayments or overpayments on your loan, you can shorten your repayment and lessen your overall costs.

### Contact your Loan Servicer and Lender

If you are having trouble with your payments, contact your loan servicer and lender. Paying less than the minimum due or skipping payments can damage your credit. There are options to help, including the ones listed below.

### Consolidation

If you have multiple federal student loans, you can consolidate them into a single Direct Consolidation Loan. This may simplify repayment if you are currently making separate loan payments to different loan servicers, but do your research.

### Default (should not occur)

Failure to repay a loan can result in default. Going into default will have a serious negative effect on your credit and credit score, so it is something to avoid. If you are experiencing financial hardships, contact your loan servicer immediately.

# Additional Resources

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## Important Terms

**Deferment** (freeze on payments and interest on SUBSIDIZED loans)

If granted, deferment is a temporary pause in your payments. For subsidized loans, you will not accrue additional interest. The most common reason for deferment is enrollment in graduate school at a minimum of half-time status. Other reasons include serving in the armed forces, economic hardship, or illness/disability. Ask HOW LONG the deferment is since some are yearly renewals.

**Forbearance** (freeze on payments, but NOT interest)

Forbearance is also a temporary pause on loan payments, but interest still accrues, even for subsidized loans. Forbearances are usually for economic hardship and should be used as a last resort because interest accrues for the entire time of the forbearance.



# Additional Resources

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## Financial Resources

[Magnify money.com](https://magnifymoney.com)

- Credit score guide
- Student loan refinance calculator
- Best credit cards
- Guide to Eliminate Credit Card Debt

[The Hope Center Guide, "Beyond the Food Pantry, College During COVID-19: A #RealCollege Guide for Students](#)

[US NEWS: Student Loan Ranger Blog](#)

- A blog that assists students on how to make sense of students loans

[24 Ways to Save Money in College](#)

[Scholarships and Saving Money Tips](#)

[Financial Literacy Basics](#)

[Four Tips When Taking Out a Student Loan](#)

[Your Life, Your Money: Tools and Resources](#)

[Resources for Low-Income and Homeless Students](#)

