

Paying for Education

The cost of higher education can vary widely. Before you can figure out how to pay for your education, you'll need to find out what the real costs are.

1. Decide which three colleges or universities you might consider attending. Write the name of each institution at the top of one of the columns in the chart. Then complete the chart, using information from the institutions' Web sites or print publications (available at libraries or your school's guidance department).

Annual Expenses	College #1	College #2	College #3
Tuition			
Fees			
Books			
Housing			
Food			
Transportation			
Other living expenses			
Total			

2. Choose your top school from the chart above. How much would it cost for you to attend that institution for four years? _____

Understanding Financial Aid

If, like most students, you don't have enough money saved to pay the full cost of your education, you will be applying for financial aid. Read and understand the following financial-aid terms, then answer the questions that follow.

subsidized student loan: a student loan for which the government pays the interest while you're in school; your repayments begin after you leave school

unsubsidized student loan: a student loan which you have to begin repaying while you are still in school

Federal Pell Grant: federally funded, need-based financial aid that does not have to be repaid

Direct Stafford Loan: a federally funded student loan that may or may not be subsidized, depending on the student's financial need

PLUS Loan: an unsubsidized loan that parents can take out to help pay the cost of their children's education

Federal Supplemental Educational Opportunity Grant: gift-aid for undergraduates with exceptional financial need

Federal Perkins Loan: a low-interest loan for students with exceptional financial need

3. Which of the following forms of financial aid are offered *only* to students who have the greatest need? Circle all correct answers.
 - a. Federal Supplemental Educational Opportunity Grant
 - b. Direct Stafford Loan
 - c. PLUS Loan
 - d. Federal Perkins Loan

4. Suppose you graduated from college six months ago, and you just received a letter from a lender telling you that it is time to begin paying back your student loan. What kind of loan did you have?
 - a. subsidized loan
 - b. PLUS loan
 - c. unsubsidized loan

5. Which of the following do *not* need to be repaid? Circle all correct answers.
 - a. Federal Pell Grant
 - b. PLUS Loan
 - c. Federal Perkins Loan
 - d. Federal Supplemental Educational Opportunity Grant
 - e. subsidized student loan

Comparing Financial Aid Offers

Suppose you are interested in two universities: Dream University and Great State University. Each has sent you an offer of a financial aid package. Study the chart below, then answer the questions that follow.

Financial Aid Package (for one year)	Dream University Annual cost: \$21,000	Great State University Annual cost: \$9,000
Expected family contribution	\$5,000	\$5,000
Scholarship	\$3,000	\$1,500
Work-study job	\$1,000	\$1,250
Loans	\$12,000	\$1,500

6. How much does each university expect your family to contribute toward the cost of your education?

7. Which part of Dream University's offer is better?

8. Which part of Great State University's offer is better?

9. Overall, which financial aid offer do you think is better? Explain.
