

NAME: _____

DATE: _____

INSTRUCTION

Financial Aid Basics

What + Why: Learn how financial aid can change the real cost of education or training, including which aid lowers cost and which aid creates repayment later.

Understanding financial aid is key to making informed decisions after high school. It helps you figure out how to pay for school, training, or certifications without getting stuck in debt. Use the Financial Aid Timeline as your reference while your teacher introduces the basics.

As you review, pay attention to:

- Which aid can lower cost or debt
- Which aid must be repaid later
- Which steps or deadlines can affect a student's options

Key ideas

- Grants and scholarships usually do not need to be repaid.
- Loans must be repaid later, usually with interest.
- FAFSA information helps schools determine financial aid offers.
- Financial aid can affect cost, debt, and the timeline to financial independence.

Financial Aid Timeline



Step 1: Prep & Research

Understand the real cost of education—not just tuition.

Compare sticker price (published cost) vs. net price (actual cost after financial aid - grants and scholarships)

- Use net price calculators on college sites
- Consider housing (at home, in a dorm, off-campus), books, transportation, and personal expenses
- *Don't forget:* Trades, apprenticeships, and military paths may have fees, tools, or certification costs



Step 2: Financial Readiness

Get ready to apply for aid.

For college paths: Complete the FAFSA (Free Application for Federal Student Aid) at studentaid.gov

Quick tips:

- Mandatory first step to get any federal aid
- Save your FAFSA login info!

For other paths: Explore employer programs, trade school aid, or military benefits



Step 3: Grants & Scholarships

Free money (e.g. grants & scholarships) = less debt to repay.

grant: need-based money gift, no repayment

scholarship: merit-based (some need-based), no repayment

Search school, community, online, national, and even trade programs

Quick tips:

- Hunt local! Local \$\$ adds up—don't skip small scholarships.
- Apply early and often—**deadlines matter.**
- Use scholarships **before** taking loans.



Step 4: Loans

Borrow smart—only what you need.

Know your loan terms: interest rates, repayment plans, and when interest starts

Keep track of your loan balance and deadlines to avoid credit issues.

Federal loans: Offered by the government, generally lower interest, no credit check

- Subsidized = no interest while in school, need-based
- Unsubsidized = interest starts immediately
- PLUS = for parents/grad students, requires credit check
- Consolidation = combine federal loans

Private loans: Offered by banks/credit unions/schools; higher interest, may need a cosigner

Quick tip: Accept subsidized loans before unsubsidized ones to save on interest.

Reference link: Federal vs. Private Loans: studentaid.gov/understand-aid/types/loans/federal-vs-private



Step 5: Compare Aid Offers

Review aid packages together for a true cost comparison.

Wait until you receive all award letters to compare “apples to apples.”

- For each financial aid offer, add up grants + scholarships + loans
- Compare by category: gift aid (grants & scholarships), self-help (work-study), loans
- Sign and return the award letter you select; not required to accept all funds. Accept gift aid first.
- Keep records of award letters and loan agreements.

Quick tips:

- Re-evaluate aid yearly—it can change.
- Keep looking for other scholarships or funding for unmet need.
- **Remember:** The most expensive school isn’t always the most expensive after aid.



Step 6: Graduation & Repayment

Stay on top of your loans.

Know when repayment starts.

- Pay on time.
- Paying extra = faster payoff + less interest.
- Set up autopay and regularly check your credit score.

Key Terms:

- **award letter:** a document from a college that explains the financial aid you've been offered (grants, scholarships, loans, and work-study) and what you may still need to pay
- **credit score:** a standardized measurement of the potential for a borrower to repay debt
- **financial aid:** any money given or loaned to students to help them pay for educational expenses such as tuition, materials, and living expenses
- **FAFSA:** the Free Application for Federal Student Aid (FAFSA), which is the first step toward obtaining federal student aid such as federal grants, loans, and work-study funds
- **grant:** monetary gifts that do not need to be repaid; often based on financial need
- **scholarship:** funds awarded to students by schools, organizations, or institutions to pay for educational expenses
- **student loan:** funds that are borrowed and need to be repaid, usually with interest, to finance a person's education; student loans may be federal or private loans