



Types of Financial Aid

Loans

A loan is a form of financial aid that must be repaid, with interest, in the future. Most students will need to use some loan money to cover the cost of attendance. Loans are offered by colleges or lending institutions, such as banks. The most common types of college loans are:

Federal Perkins Loan is a federal loan program at participating colleges, for students whose families have a very low income. The college is your lender for this loan

- Low, fixed interest rate (5%)
- Subsidized by the government
- 9-month grace period after you leave school before repayment obligations begin

Federal Direct Stafford Loans are available to all students.

- May be subsidized or unsubsidized, meaning the federal government “subsidizes” (pays) the interest while you are still in school or during a deferment period.
- Low interest rates
- Variety of repayment plans

Federal Direct Plus Loans are loans available to parents of college students

- Low interest rates
- Dependent upon the applicant's credit history
- If parent is denied the Federal Direct PLUS Loan, you will need to report that denial to the college's, financial aid office. The college may then certify student to receive additional Federal Direct Stafford Unsubsidized Loans

Private or Alternative Educational Loans are loans offered by banks and other financial institutions.

- Students and parent(s)/guardian(s) may take out private loans
- Offered by banks and other financial institutions and are dependent on your credit history
- Higher interest rates

You should only consider taking out a private loan if you have exhausted all other loan options and are very sure you can meet payment obligations

Work Study

Work-study is a federally subsidized program that provides students with on-campus employment opportunities. Students may work in places such as college offices, libraries, and dormitories. Students are paid directly for their work. If you qualify for work-study, you are responsible for researching the job postings and application process on your campus.

Grants

Grants are a preferred source of financial aid because they do not need to be repaid. Grants are typically based on need. Grants must be renewed each year through completion of the FAFSA. The most common grants awarded in Pennsylvania are:

Federal Pell Grants

These grants are based on your financial need, cost of attendance, and your status as a full- or part-time student

Federal Supplemental Educational Opportunity Grants (FSEOG)

These grants are awarded to students who show "exceptional need," meaning those with the lowest Expected Family Contribution (EFC.) Some schools do not offer this grant so be sure to check with your school's financial aid office.

The Pennsylvania State Grant is awarded by the Pennsylvania Higher Education Assistance Agency (PHEAA) to Pennsylvania residents based on financial need. In order to receive this grant you must be:

- A high school graduate that has never received a bachelor's degree
- A Pennsylvania resident enrolled at least half-time in a PHEAA-approved program at a PHEAA-approved college make satisfactory academic progress, as defined by PHEAA

The Chafee Education and Training Grant is administered by PHEAA and is a federally funded program that offers grants to students who are "aging out" of foster care For more information about this grant go to: www.pheaa.org

Scholarships

Scholarships are a very desirable form of financial aid because they do not need to be repaid. Scholarships may be awarded for academic achievement, financial need or special skills or abilities.

- Scholarships can vary in amount
- May be renewable or one time only
- May have requirements and/or criteria that will need to be met each year
- Use free scholarship search sites
- Check parent(s) or your own employer for scholarship opportunities
- Look into charitable and service organizations with which you and their family members are involved
- Apply to all scholarships regardless of the award amount
- Write one really strong essay
- Pay attention to deadlines
- Reapply -- some programs only offer money for the first year of college, but others must be renewed each subsequent year

PhillyGoes2College

Philadelphia Education Fund

Phillygoes2college.org

Phillygoes2college@philaedfund.org

Connect With Us

 [@Philly2College](https://twitter.com/Philly2College)

 [@PhillyGoes2College_](https://www.instagram.com/PhillyGoes2College_)

 [@PhillyGoes2College](https://www.facebook.com/PhillyGoes2College)