



# Financial Aid 101: Paying for College

*A beginner's guide to understanding and applying for financial aid*

## Overview

College is expensive, but you don't have to figure out how to pay for it alone. The key is knowing what's available, how to apply, and where to start.

This guide gives you a clear, beginner-friendly overview of how financial aid works so you can approach the process with more confidence. Whether you're applying to college soon or just starting to research costs, the information here will help you take your next steps.

### This guide will help you...

- Understand the different types of financial aid and how they work
- Learn where aid comes from, including federal, state, school, and private sources
- Get familiar with the key terms used in financial aid forms and award letters
- Compare grants, scholarships, loans, and work-study side by side
- Learn how to apply for each type of aid and what forms may be required
- Get tips on how to talk to colleges about financial aid and what questions to ask
- Explore how to appeal your aid offer if your circumstances change
- Review key strategies to maximize your aid and avoid common mistakes

## What is Financial Aid?

Financial aid is money that helps students and families afford college. It can come from a variety of sources, including the federal government, state programs, colleges, and private organizations. Aid may be offered as grants, scholarships, loans, or work-study. Some types are based on financial need, while others reward academic performance, talents, or personal background.



**Note:** To cover the full cost of college, students usually receive a combination of aid. Understanding how each type works can help you build a stronger financial aid package.

**Next let's talk about some key terms you need to know...**



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## Terms and Definitions You Need to Know

Understanding financial aid starts with knowing the terms you'll see on applications, school websites, and award letters. This page covers the most common language used in the process so you can move forward without confusion.

### Application and Eligibility

- **FAFSA:** The Free Application for Federal Student Aid. Required to receive federal, state, and many types of institutional aid. Open to U.S. citizens and some eligible noncitizens.
- **CSS Profile:** An additional financial aid application used by many private colleges to award their own institutional aid. Requires more detailed financial information than the FAFSA.
- **IDOC:** Institutional Documentation Service. A system used by some colleges to collect tax documents and other materials after you submit the CSS Profile.

### Types of Aid

- **Grant:** Money you do not have to repay. Usually based on financial need. Examples include the Pell Grant and state grants.
- **Scholarship:** Money you do not repay, often based on academic achievement, talent, background, or interests.
- **Work-Study:** A part-time job program funded by the federal government. Allows students with financial need to earn money for educational expenses.
- **Loan:** Money you borrow and must repay with interest. Loans can be offered by the federal government or private lenders.

### Cost and Need

- **Cost of Attendance (COA):** The estimated total cost for one year of college. Includes tuition, fees, housing, meals, books, travel, and personal expenses.
- **Student Aid Index (SAI):** A number used to determine financial need, based on your FAFSA. Replaced the Expected Family Contribution (EFC) starting in 2024.
- **Financial Need:** The difference between a college's cost of attendance and your Student Aid Index. Determines how much need-based aid you are eligible for.



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## Where Does Financial Aid Come From?

Financial aid can come from more than one place, and the amount you receive often depends on how many sources you tap into. Most students receive aid from at least two of the sources below.

### Federal Government

*The federal government is the largest provider of student aid in the United States. They offer:*

- Pell Grants and other need-based grants
- Subsidized and unsubsidized federal loans
- Federal Work-Study (part-time campus jobs)

**How to access it:** Submit the [FAFSA](#) (do this **every year** you wish to receive financial aid)

### State Governments

*States offer aid mostly to residents attending college in-state. Some aid is need-based, while some is merit-based. They offer:*

- State grants and scholarships
- Additional support for underrepresented or high-need students
- Programs tied to majors or career fields

**How to access it:** Most states use the FAFSA, but some have a separate application.

### Colleges and Universities

*Colleges can offer significant aid through their own funds. Private colleges often award the most, but public schools offer aid too. They offer:*

- Need-based institutional grants
- Merit scholarships based on grades, test scores, or talent
- Athletic and departmental awards

**How to access it:** Most colleges require the FAFSA *and* their own grant/scholarship applications.

### Private Organizations

*Outside scholarships can come from nonprofits, employers, religious groups, and local businesses. This aid is awarded directly to students or colleges on their behalf. They offer:*

- Scholarships based on academics, identity, interests, financial need, or location
- One-time or renewable awards

**How to access it:** Research scholarships that align with your background, interests, or achievements. Apply individually and follow the instructions closely for each one.



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## Primary Types of Financial Aid

There's no one-size-fits-all financial aid. Each type has its own rules, requirements, and advantages. This chart breaks down the key differences between grants, scholarships, loans, and work-study to help you understand how they compare and which ones might be right for you.

We'll deep dive each aid type on the following pages!

Factor	Grants	Scholarships	Loans	Work-Study
Based on Need	✓	Sometimes	Sometimes	✓
Based on Merit	No	Often	No	No
Must Be Repaid	No	No	✓	No, earned
Requires FAFSA	✓	Sometimes	Federal: Yes Private: No	✓

**💡 Note:** This chart gives you a helpful starting point, but always check the **specific** requirements for each college, loan, or scholarship you are applying to.



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## Primary Types of Aid Explained: Grants

### What Is a Grant?

A grant is free money that helps pay for college. It's usually awarded based on your family's financial situation, not your grades or test scores. You don't need to repay it as long as you stay enrolled and meet basic requirements.

### Where Grants Come From

#### *Federal Government*

- The most common grant is the **Pell Grant**, awarded to students with high financial need.
- Other federal grants include the **FSEOG** (for students with exceptional need) and the **TEACH Grant** (for students who plan to teach in high-need fields).

#### *State Governments*

- Many states offer grants for in-state students based on financial need.
- Some are tied to your intended major or future career path.

#### *Colleges and Universities*

- Many schools offer their own need-based grants using FAFSA and CSS Profile information.
- These can vary widely by institution and may be part of your overall financial aid package.

### How to Apply for Grants

- Submit the FAFSA to be considered for federal and many state and school-based grants.
- Submit the CSS Profile if your college requires it.
- Check state deadlines as some states require additional applications or earlier FAFSA submission dates.
- Tip: Apply early. Some grant programs have limited funding and may run out.

### What to Watch For

- You may lose eligibility if you drop below half-time enrollment or withdraw.
- Some grants (like the TEACH Grant) have strings attached. Failing to meet the terms can turn them into loans.



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## Primary Types of Aid Explained: Scholarships

### What Is a Scholarship?

A scholarship is funding awarded to students to help pay for college costs. Unlike grants, which are usually based on financial need, scholarships are often based on merit such as GPA, leadership, community service, or specific talents. Many also consider financial need as part of the criteria.

### Where Scholarships Come From

#### *Colleges and Universities*

- Some colleges automatically offer merit scholarships when you apply for admission.
- Others have competitive scholarships that require an additional application or interview.
- Many schools also offer scholarships through specific departments, programs, or donor funds.

#### *Private Organizations*

- Companies, nonprofits, religious organizations, foundations, and local groups offer thousands of scholarships.
- Criteria vary widely. Some focus on identity, intended major, hometown, hobbies, or goals.
- Some private scholarships are open to international or undocumented students.

### How to Apply for Scholarships

- *College-based scholarships:* Check each school's website. Some are automatic when you submit your college application, others require extra forms or materials.
- *Outside scholarships:*
  - Use sites like [Bold.org](#), [Scholarships360](#), and [Fastweb](#) to find and apply for scholarships
  - Google scholarships using keywords related to your interests, background, or location
  - Follow scholarship influencers on social media like [@xollegepass](#) or [@scholarship.junkie](#)

### What to Watch For

- Some scholarships renew only if you keep a certain GPA or enrollment.
- Always report outside scholarships to your school (colleges may adjust your aid).
- Never pay to apply to a scholarship! It's likely a scam.

 **Note:** Even small awards can make a difference when added up! Check scholarship sites regularly and apply to as many as you can manage, starting as early as sophomore year.



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## Primary Types of Aid Explained: Loans

### What Is a Loan?

A loan is money you borrow to help pay for college expenses. Unlike grants and scholarships, loans must be repaid. Interest starts accumulating either while you're in school or after you graduate, depending on the type of loan.

### Types of Student Loans

- **Federal Loans:** Offered by the U.S. Department of Education. Most students qualify by submitting the FAFSA.
  - *Subsidized Loans:* Based on financial need. The government pays the interest while you're in school.
  - *Unsubsidized Loans:* Not need-based. You are responsible for interest from the time the loan is disbursed.
  - *PLUS Loans:* Available to parents of undergraduates or graduate students. Requires a credit check and separate application.
- **Private Loans:** Offered by banks, credit unions, or private lenders.
  - Usually require a credit check and often a co-signer.
  - Interest rates and repayment terms vary.
  - Not eligible for federal repayment benefits or forgiveness programs.

 **Tip:** Federal loans *typically* have lower interest rates and more flexible repayment options.

### How to Apply for Loans

- *Federal Loans:* Submit the FAFSA. Your eligibility and loan limits will appear in your financial aid offer.
- *Private Loans:* Apply directly through the lender's website. Compare rates, terms, and repayment options carefully. We recommend [Ascent](#) for personal lending.

 **Tip:** You can accept less than the loan amount offered. Always borrow the minimum you need!

### What to Watch For

- Interest on unsubsidized and private loans accrues *while* you're in school.
- Repayment starts after graduation or dropping below half-time.
- Borrow only what you need! Loans are for covering gaps, not getting extra.



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## Primary Types of Aid Explained: Work-Study

### What Is Work-Study?

Work-study is a federally funded program that provides part-time jobs to eligible students with financial need. These jobs are often located on campus or with approved off-campus employers and are designed to fit around your class schedule. You earn an hourly wage for the time you work, and the money is paid directly to you. You decide how to use your earnings, whether for textbooks, transportation, or other personal expenses.

### Where Work-Study Jobs Come From

The program is funded by the federal government, but your college manages the jobs.

- Most positions are on campus in places like libraries, offices, or labs
- Some schools also offer off-campus work-study jobs with nonprofits or public agencies
- You can use your paycheck for anything, including books, transportation, or personal expenses

### How to Get Work-Study

- Indicate your interest in work-study when filling out the FAFSA.
- If you qualify, your financial aid offer will list a work-study amount.
- You must apply for and be hired into a specific job through your college to earn the funds.

### What to Watch For

- **Work-study funds are limited.** Even if you qualify, funding is not guaranteed. Schools have a set amount of work-study money available, so it's important to express interest early and apply for positions as soon as they open.
- **There's a cap on how much you can earn.** Your financial aid offer will include a maximum work-study amount. You cannot earn more than this limit through the program, so it's important to track your hours and plan accordingly.
- **Not qualifying for work-study doesn't mean you can't work.** If you aren't eligible, many schools offer regular student jobs. Check your college's student employment site or financial aid office for more opportunities.



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## Talking to Colleges About Aid

Now that you understand how financial aid works, you're ready to have more confident conversations with schools. Whether you're still applying or already have offers in hand, asking the right questions can help you understand your options and even improve your aid package.

### Questions to Ask Before You Apply

*Get clear on each college's approach to aid so you can make informed decisions.*

- Does your school offer need-based aid, merit aid, or both?
- What forms are required (FAFSA, CSS Profile, others)?
- What is your priority deadline for financial aid?
- Do you meet 100% of financial need? If not, what percent do you typically cover?
- Are scholarships automatically considered or do they need a separate application?
- Does financial aid change after the first year?

### Questions to Ask After You're Admitted

*Once you receive your offer, dig into the details and compare across schools.*

- Can you help me understand the breakdown of my financial aid package?
- Is this aid renewable each year? What are the requirements to keep it?
- Are there additional scholarships or campus jobs I can apply for?
- What costs are not covered by this package?
- What happens if my family's financial situation changes?

### How to Ask for More Aid

*If your aid package isn't enough, you can request a financial aid appeal.*

When to consider appealing:

- A recent financial hardship like job loss or medical bills
- A better offer from another college

How to appeal:

- Contact the financial aid office by email or portal
- Explain your situation clearly and attach documents
- Be respectful and concise
- Each college handles appeals differently, so check their website or call to learn the steps



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## Recap + Top Tips for Maximizing Aid

Paying for college isn't just about what you can afford today. It's about what you know and do ahead of time. Financial aid can dramatically reduce your cost, but only if you apply on time, submit the right forms, and stay proactive. Here's a quick recap and top tips to help you take control.

### Top Tips to Maximize Your Aid

- **Apply early.** Many programs have limited funds and operate on a first-come, first-served basis.
- **Submit every required form.** Including FAFSA, CSS Profile, and any school-specific forms.
- **Avoid income spikes.** Families should plan ahead for the tax year used in aid calculations.
- **Use accurate info.** Mistakes or guesses on your FAFSA can cost you aid.
- **Keep savings in a parent's name.** Student assets are weighted more heavily in aid formulas.
- **Search for scholarships regularly.** Apply throughout the year & check for new ones often.
- **Track deadlines & requirements.** Use a checklist or spreadsheet to stay organized.
- **Ask about appeals.** If your circumstances change, you may qualify for more aid.

### Quick Recap

- Financial aid comes from federal and state governments, colleges, and private sources.
- The FAFSA is the starting point, and some schools also require the CSS Profile.
- Aid comes in four main forms: grants, scholarships, loans, and work-study.
- You can appeal if your situation changes or you get a better offer elsewhere.
- Stay organized and don't be afraid to ask questions.

### Helpful Links

- FAFSA Application: <https://studentaid.gov/h/apply-for-aid/fafsa>
- FAFSA Help Center: <https://studentaid.gov/help-center>
- CSS Profile: <https://cssprofile.collegeboard.org>
- State Aid Directory: [https://www.nasfaa.org/State\\_Financial\\_Aid\\_Programs](https://www.nasfaa.org/State_Financial_Aid_Programs)
- Scholarship Search Sites: [Fastweb](#), [Scholarships360](#), [Bold.org](#)