

Additional Sources of Financial Aid for College

Even if you haven't been able to save all the money you need for college, several alternatives exist to help you make up the difference.

Financial assistance comes in many shapes and sizes - from scholarships and grants, which do not need to be repaid, to federal loans, which carry very favorable interest rates and terms, but must be repaid eventually. The following are a few of the most popular sources of financial assistance:



Calculating Financial Aid

Usually due before January 1, the standard federal Free Application for Federal Student Aid (FAFSA) determines how much, if any, financial assistance the government will award to your child. Both private and public schools use this standard form to dole out their own scholarship monies as well. Additionally, some schools now require the Financial Aid Profile for assessing the need for non-government dollars.

Working with a number of factors, a school will determine each family's need for financial aid. From there, financial aid officers will attempt to craft a package, often combining both grants, which don't have to be paid back, and loans, which must be repaid later, usually with accrued interest. Clearly, the better deal is the free money. Often the earlier one applies, the more of their funds will come from the "grant" side of the ledger.

Government Loans: Stafford: With a Stafford loan, the US Government either provides the funds for the loan, or guarantees the funds loaned by other institutions. The loans are available regardless of family income, but for families with incomes under \$70,000, no interest accrues and no payments are required until the student leaves school.

Government Loans: PLUS: The Parent Loan for Undergraduate Students (PLUS) loans are federally funded and guaranteed loans issued through local banks, credit unions and savings & loan institutions. The maximum loan amount is defined as the total cost of college, minus the amount of financial aid received. Repayment of principal and interest begins immediately with interest capped at 9%. Loan insurance is required to qualify for a PLUS loan.

Work/Study Grants: Many colleges and universities offer work/study grants. Sometimes their earnings are deducted from tuition and other times the student earns a salary.

AmeriCorps: This network of national service programs engages more than 50,000 Americans each year in intensive service to meet critical needs in education, public safety, health, and the environment. It is open to U.S. citizens, nationals, or lawful permanent residents aged 17 or older. Members serve full or part time over a 10- to 12-month period.

After successfully completing a term of service, AmeriCorps members who are enrolled in the National Service Trust are eligible to receive an education award. The education award can be used to pay education costs at qualified institutions of higher education or training, or to repay qualified student loans. The award currently is \$4,725 for a year of full-time service, with correspondingly lesser awards for part-time and reduced part-time service. A member has up to seven years after his or her term of service has ended to claim the award.

The GI Bill: Veterans, active duty personnel, and their families are eligible for a wide variety of benefits and loan repayment programs under the GI Bill, U.S. Army college fund, and VA educational services.

These are just some of the many ways to defray the rising costs of college. Contact us for more information on how to make higher education a reality for your children or grandchildren - or perhaps even yourself!

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