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## FINANCIAL AID IN A NUTSHELL

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**Cost of attendance:** the total cost of college for the school year as calculated by colleges, including tuition, fees, books, supplies, transportation, food, housing, personal expenses, and sometimes the rental or purchase of a computer; also known as the student budget.

**Institution-based aid:** financial assistance offered and controlled by the individual colleges, such as alumni scholarships and endowments from private donors; also called university or college-based aid.

**Merit-based aid:** financial aid that is based on merit — grades, test scores, athletic ability, talents or other criteria — and not income or assets.

**Need-based aid:** financial aid that is based on your own or your family's income and assets; most financial aid offered by states and the federal government is need-based.

### Is it a free scholarship? Or a scam?

A scholarship or grant is free money — you should never have to pay for one. Watch out for companies that make generous scholarship promises, charge you money to apply for or receive a scholarship, try to get you to send money by claiming you're a finalist in a scholarship contest, or request your credit card or bank account number to hold a scholarship or grant for you. Also be wary of free seminars that turn into high-pressure sales pitches for financial aid information that's readily available for free. Reputable companies neither guarantee scholarships nor use aggressive tactics. [The Best Scholarship Websites](#)

### Types of Government Financial Aid:

**Grant:** Grants are free money that help pay for your education! You never will have to pay a grant back! This is the most DESIRABLE type of financial aid.

**Loans:** Loans are money either lent from the government or through a private bank to help pay for the cost of college. Loans have to be paid back. The government offers the lowest interest loans and is preferable to private loans.

### How to qualify for different types of Financial Aid:

To qualify for Grants and loans including the California Dream Act, students **MUST** apply for the **FAFSA**. The FAFSA is open October 1st and has a PRIORITY deadline of March 2nd

### Understanding Loans:

**Subsidized** loans are *more preferable* than unsubsidized loans because the government pays the interest (cost of the loan) for you while you are in school. They end up being much cheaper than unsubsidized loans.

The government (through FAFSA) may offer any of the following types of loans. They are ranked from most desirable (cheapest to borrow) to least desirable (most expensive to borrow).

1. Perkins (Subsidized)
2. Stafford (Subsidized)
3. Stafford (Unsubsidized)
4. Parent Plus (Unsubsidized)

### Every senior should fill out a FAFSA!

FAFSA qualifies you for all types of financial aid. Even if you don't qualify for grants, it is required to borrow money from the government (loans). Loans from the government are cheaper than loans from a bank. Also, many scholarships require filling out the FAFSA.

[Financial Aid Programs](#)