



UNIT 3

Financing Your Future

Topic

Financing Higher Education

LEARNING OBJECTIVE(S)

Students will:

- **understand** how to apply for financial aid.
- **explain** why students should complete the FAFSA.
- **share** information about applying for financial aid with classmates.

Title

Financial Aid: Just an Application Away

Overview

How do you get help to finance your post-secondary education and training?

After differentiating between student aid facts and misconceptions, students work in small groups to research and share information on applying for financial aid from various sources.

Financial Literacy Theme

Financing Your Future

21st Century Skill(s)

Collaboration, Communication, Critical Thinking, Creativity

Key Terms

Financial aid, FAFSA, CSS Profile, loan, grant, scholarship, private loan

Materials

- **Internet access**—at least one device with Internet access per group of 3–4 students

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In Schools

Connect

How does this connect to the student?

Students planning to seek education and training beyond high school need to think about and plan for how they will pay for it. It is also important that they understand the long-term implications of their decisions on themselves and family members.

How does this connect to careers?

Loan Officer: When individuals apply for a private loan, a loan officer at the financial institution will review the application and determine whether the applicant should receive the loan and under what terms.

How does this connect to the world?

Student loan debt—both per student and cumulatively—has been a source of considerable conversation and concern by advocates and government officials. The more people owe when they graduate, the harder it can be for them to contribute in other ways to the economy.

Prepare

Background: Students and their families have many options when paying for further education and training. This activity assumes that students have already learned about the costs associated with higher education and the availability of financial aid as a way to bring down those costs. If students need additional information or a refresher, direct them to [Big Future](#). It is important that students understand how to access financial aid and other forms of assistance such as scholarships, grants, loans, and work study. The applications below are the most common ways of applying for financial aid:

- **FAFSA or Free Application for Federal Student Aid**—This form is provided by the federal government and must be completed each year by current and prospective college students (undergraduate and graduate) in the United States to determine eligibility for student financial aid. There is no charge to complete the FAFSA, and it can be done online or in paper form. Information from the FAFSA is used to determine eligibility for federal grant and loan programs, along with assistance from state financial aid providers and the college or university. Students should be reminded that the FAFSA is the most important application to complete. It is the only way to access government aid such as federal grants that do not have to be repaid, federal loans which usually offer more favorable terms than private ones (lower interest rates, grace period following graduation, possibility of income-driven repayment plans, etc.), and work-study through which students earn money to help them pay for school.
- **CSS Profile or College Scholarship Service Profile**—This application form is distributed by the College Board and used by private colleges and universities to provide more detailed information about the finances of a student and his or her family. It is considered much more detailed than the FAFSA and will require most students more time to complete. Generally speaking, most public and state universities do not use CSS Profile to make financial aid decisions, while many private colleges and universities do. Schools that use this form may offer grants or loans from the school based on the need demonstrated in the application.
- **Private loan applications**—Students and/or their parents can apply for loans from financial institutions to finance higher education. It is best to apply for these loans only after exhausting all state and federal aid opportunities, because private loans can have higher (and possibly variable) interest rates, require a credit check, and more. For more information on the differences between private and federal loans, visit the U.S. Department of Education's [FAFSA website](#). Applying for private loans requires completion of a loan application similar to those for an auto or home loan and the interest rate offered will likely depend on the applicant's credit score. The applications are provided by the financial institution and will vary in length and complexity.

Pathway to Financial Success

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- Scholarship applications—Scholarships are funds that students do not need to pay back, and they come from a wide variety of sources. Students should be encouraged to search for scholarships and apply for any that are a potential fit. Scholarship applications will vary and may include a combination of financial, academic, and extracurricular information. Some also require the student to write an essay or answer specific questions.

Engage

- Tell students they will be playing a short game of “Fact or Fiction” about **financial aid** (any grant, scholarship, loan, or work study employment offered to help a student meet his/her college expenses). In this game, you will read them three statements, and they will have to determine which one is fiction (or untrue).
- Label areas of the room with the numbers 1, 2, and 3. Direct students to listen to all three statements and then move to the number matching the statement they think is fiction. Debrief while students are still standing, and repeat with the second set of statements.

SET 1

1.	2.	3.
<p>Most students receive some form of financial aid to help with college costs.</p> <p>Fact—Nearly 90% of undergraduate students receive financial aid.⁶</p>	<p>To get financial aid, you must pay an application fee.</p> <p>Fiction—The FAFSA is a free application; however, other applications such as the CSS Profile may cost money to submit.</p>	<p>You should stay in school and finish your degree if you are borrowing money to finance your education.</p> <p>Fact—The people who get themselves into the most problems with student loan debt are those that borrow money but do not complete the degree. They have the cost of the education but not the benefit of an increased income to pay for it.</p>

SET 2

1.	2.	3.
<p>High school students should start applying for financial aid by the fall of their senior year.</p> <p>Fact—Students should know the dates that forms such as the FAFSA</p>	<p>Grants and scholarships are similar; they don't need to be paid back.</p> <p>Fact—Unlike loans which are borrowed money that must be paid back, grants and scholarships do not get paid back. However, students may need to meet certain criteria such as academic performance or family income in order to qualify</p>	<p>You only need to complete the FAFSA (the Free Application for Federal Student Aid) one time.</p> <p>Fiction—You must reapply each year for most financial aid, and both the amount and type you receive can change.</p>

⁶<https://nces.ed.gov/fastfacts/display.asp?id=31>

Pathway to Financial Success

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Teach

1. Remind students that pursuing education beyond high school can increase their earning potential but also be quite costly. Most students use some form of financial aid to lower their cost and/or pay for their education over a longer period of time. Many students think they cannot afford to attend certain colleges or any college at all. However, with the help of financial aid, college can be affordable for everyone.
2. Explain to students that the first step in receiving help to finance their higher education is to complete the necessary application(s). All students should complete the FAFSA, and (depending on which schools they are applying to and their financial situation) many should complete other applications such as the CSS Profile, scholarship applications, and possibly private loan applications.
3. Tell students they will be completing a “jigsaw activity” to investigate these different applications. They will first work in research teams and then re-form into presentation groups.
4. Each research team will be assigned one of the four application types and should search online for information about its topic. Every member of the team should take notes. Once the groups have done their research, they will be put into presentation groups for the second part of the assignment.
5. Divide students into groups of four and assign each research team a letter and a topic to research:
 - Group A: FAFSA application
 - Group B: CSS Profile application
 - Group C: Scholarship applications (Optional: Confer with your school’s guidance counselor and assign a specific scholarship for which many students may meet eligibility requirements.)
 - Group D: Private loan applications (Optional: Guide students to investigate a loan from a specific local or online financial institution.)
6. Self-directed students can conduct research on their own. If needed, provide suggestions for the information each group should investigate:
 - How is the application used?
 - How do you complete the application(s)? Is it completed by the student, parents, or both? What is the cost?
 - When is it due?
 - What kind of financial aid does the application help you access?
 - What factors influence eligibility?
 - Who should complete the application(s)?
7. Provide students with ample time to research the topic. The following sources may be helpful starting points for students:
 - Federal student aid: <https://studentaid.ed.gov/sa/> and <https://studentaid.ed.gov/sa/types/loans/federal-vs-private>
 - FAFSA: <https://fafsa.ed.gov/>
 - CSS Profile: <https://cssprofile.collegeboard.org/>
 - Big Future/College Board: <https://bigfuture.collegeboard.org/pay-for-college>
 - FastWeb: <https://www.fastweb.com/>
 - Scholarships.com: <https://www.scholarships.com/>

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- Consumer Financial Protection Bureau:
<https://www.consumerfinance.gov/paying-for-college/choose-a-student-loan/#01>
 - State financial aid programs: https://www.nasfaa.org/State_Financial_Aid_Programs
8. Once research is complete, direct students to form new presentation groups with at least one representative from each of the original research teams (A, B, C, and D). Each member should present what he or she learned in his or her research team. Encourage students to discuss benefits and tradeoffs of each type of financial aid.
 9. After sharing what each member has learned, inform students they they will work individually to create a personal financial aid action plan. The plan should include which types of financial aid they anticipate applying for, the steps they will take to research and apply for financial aid, and a timeline for completion. Students should make note of support they might need from others such as parents, guardians, guidance counselors and others.
 10. Invite students to share key elements of their action plans.

Extend

- **Action:** Download a PDF version of the FAFSA and review with students. Which sections of the form will students need help to complete and what is the source of that help (e.g., parent, guardian, guidance counselor, etc.)?
- **Family:** Encourage students to discuss financing education and training with their families. Explain that the FAFSA4caster can be used to estimate financial aid. It is an online tool available through the Federal Student Aid Office's website (<https://studentaid.ed.gov/sa/fafsa/estimate>).
- **Research:** Explain to students that some people fall victim to scams related to financial aid. Encourage them to learn more using resources such as the Federal Trade Commission: <https://www.consumer.ftc.gov/financialaid>
- **Research:** Investigate higher education's return on investment or ROI. Direct students to explore various colleges and careers using the U.S. Department of Education's College Scorecard. Can they locate schools or programs whose graduates' earn more than others? Would it be worth taking out more loans to fund this education?
- **Guest Speaker:** Invite a financial aid officer from a nearby post-secondary school to come and speak to your students about the financial aid process.
- **Organize:** Explore opportunities for students to share what they learned more broadly with the school community or public. Examples might include school announcements or news channel, handout for school guidance office, assembly for the junior class, or an events for parents and students.

Standards Correlation

[National Standards for Financial Literacy](#) from the [Council for Economic Education](#)

1. People often use a portion of their savings to help themselves or their family members build human capital through education or job training.
4. People can use credit to finance investments in education and housing. The benefits of using credit in this way are spread out over a period of time and may be large. The large costs of acquiring the education or housing are spread out over time as well. The benefits of using credit to make daily purchases of food or clothing are short-lived and do not accumulate over time.