

# College Funding

Finding ways to pay for college, especially if you're a [high school student](#) looking forward to that first year on [campus](#), isn't easy. But there is a wealth of options out there for you if you do your research. A good strategy is to start looking at where you're going to come up with [college funding](#) early, as deadlines will be important for you to pay attention to as you navigate the [financial aid](#) application process. Explore the resources available to you by filling out that financial aid application for FAFSA-based funding, looking to your [intended college](#) for college-based funding, investigating private loans and alternatives outside of [federal student loans](#), and considering [working through school](#) if you can balance employment and college. Browse through our site to find college funding options that will fit your needs and help you [pay for that degree](#). And don't forget the most desirable source of funding – [college scholarships](#) – that you won't ever need to pay back.

## [FAFSA-Based Funding](#)

The Free Application for Federal Student Aid, or [FAFSA](#), will be one of your first steps in determining where you'll need to go next as far as supplementing your [financial aid package](#). Most [federal aid](#) programs will require it, and most colleges won't consider recommending financial aid opportunities to you without it. Applications are available starting January 1st of each year, and are available online for faster processing. Once your application is processed, you'll receive a Student Aid Report (SAR) back that will show you the FAFSA-based funding you're eligible for. The college funding determined by the FAFSA will include [Federal Pell Grants](#) and other need-based grants, [Federal Stafford Loans](#), the Parent Loan for Undergraduate Students, or [PLUS Loans](#), and campus-based aid such as [Federal Work-Study](#) opportunities and the [Federal Perkins Loan](#) program.

## [College-Based Funding](#)

College-based funding will more often than not also be determined by what you fill out on your FAFSA. Work study programs (where the paycheck you make at an on-campus job goes directly toward your [tuition and fees](#)), the Federal Perkins Loan program and the [Federal Supplemental Educational Opportunity Grant](#) fall into the campus-based aid funding category as they are distributed directly by the college. Colleges will require more information about you and your [parents'](#) finances than federal programs, meaning the difference in funding from your college and the government could be substantial. Still, your intended college will also be a good source for scholarships and grants available only on that campus, especially if you have a stellar [academic](#) record or other abilities and characteristics desirable to the college. Put some thought into the kind of program you'd like to pursue, as many colleges will offer awards based on your [field of study](#). Try out a [free college search](#) to see what your intended college offers, and the kinds of [scholarships and grants](#) awarded there.

## [Private Loans and Alternatives](#)

For students who have exhausted other sources of college funding, [private loans](#) may be the answer. While they once were scarce, private loans have become increasingly common over the last two decades, and despite problems lenders faced during the latter part of the 2000's, they are likely here to stay. Traditional bank-based private [student loans](#) are the most common option, but they are not the only one available. Credit unions also offer student loans, often at very competitive interest rates. State [higher education agencies](#), as well as some philanthropic organizations may also offer student loans to certain groups of students. Finally, new student lending alternatives are emerging constantly, including web-based services that match students with private individuals interested in helping [fund their college educations](#).

## [Employment and College](#)

Like private loans, the role [employment](#) plays in college funding has shifted over the years. While it used to be common for students to work their way through school and emerge debt-free, now employment is increasingly used as a means to cover [college living expenses](#). Despite this shift, however, employment still plays an important role in college funding. College employment can still help minimize your [student loan](#) debt by helping cover your living expenses. A college job can help you gain [career experience](#) that will provide a boost to your hiring prospects or possibly guide your career path in a whole new direction. It can also help prep you for the "real world" by providing a crash course in [time](#) and [money management](#). There are important things to keep in mind while working, though, such as [balancing work and college](#) and finding employment that be beneficial to you in both the short-term and long-term.

## **Student Loans**

While everybody would like to go to college debt-free, student loans are unfortunately a necessary evil in today's educational world. While student loan debt is a common consequence of [attending college](#), it doesn't have to be overwhelming. You can make the process of taking out a student loan to [pay for school](#) less painful by educating yourself about the different types of student loans available.

## **Student Loan Basics**

Student loans can be generally broken into the categories of federal and private student loans. Private student loans are loans students borrow from lending agencies, with credit requirements, interest rates and repayment schedules set by the lenders, rather than by the Department of Education. Federal loans, on the other hand, are available for both students and parents, and have uniform rates and requirements. The most common federal loans are [Stafford Loans](#), [Perkins Loans](#), and [PLUS Loans](#).

**Here's a quick overview of Direct Subsidized Loans:**

- - Direct Subsidized Loans are available to undergraduate students with financial need.
- - Your school determines the amount you can borrow, and the amount may not exceed your financial need.
- - The U.S. Department of Education pays the interest on a Direct Subsidized Loan

### **Here's a quick overview of Direct Unsubsidized Loans:**

- - Direct Unsubsidized Loans are available to undergraduate and graduate students; there is no requirement to demonstrate financial need.
- - Your school determines the amount you can borrow based on your cost of attendance and other financial aid you receive.
- - You are responsible for paying the interest on a Direct Unsubsidized Loan during all periods.
- - If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, your interest will accrue (accumulate) and be capitalized (that is, your interest will be added to the principal amount of your loan).

### **Here's a quick overview of Federal Perkins Loans:**

- - Available to undergraduate, graduate, and professional students with exceptional financial need.
- - Interest rate for this loan is 5%.
- - Not all schools participate in the Federal Perkins Loan Program. You should check with your school's financial aid office to see if your school participates.
- - Your school is the lender; you will make your payments to the school that made your loan or your school's loan servicer.
- - Funds depend on your financial need and the availability of funds at your college.

### **Here's a quick overview of Direct PLUS Loans:**

- - The U.S. Department of Education is the lender.
- - The borrower must not have an adverse credit history.
- - The maximum loan amount is the student's cost of attendance (determined by the school) minus any other financial aid received.

### **Here's a quick overview of Private Student Loans:**

- - Different lenders may have different requirements, rates, and repayment schedules.
- - Private student loan applications are typically available online, through your lender of choice, or from your school's financial aid office.

## **• Grants**

- The most sought-out scholarships for college education funding are grants, as they do not need to be repaid. Especially in tough economic periods, receiving free money for college will be highly competitive, so the sooner you apply, the more chances you will have.

- The most popular grants are broken down by the [federal](#), [state](#) and [college level](#). These tend to be more generous, and fortunately, there are other funding sources outside these main categories. Students possessing particular, unique attributes or skills are eligible for a multitude of scholarships. [Student loans](#) should always be kept at a minimum or avoided if possible when financing college education, and there are ample opportunities to accomplish that.
- **[Federal Grants](#)**
- The most popular federal grant is the [Pell Grant](#). Students determine their eligibility by completing their [FAFSA](#). A student's EFC is compared to their Cost of Attendance (COA). Students whose families whose income is approximately \$50,000 may be eligible for the need-based funding; though most [Pell grant](#) money goes to students with a total family income below \$20,000. These grants go primarily to undergraduates, although some students receive Pell funding to help pay for their first professional degrees. The grants depend on federal funding. The maximum Pell grant for the 2015-2016 school year is \$5,775. The total funding available to colleges is determined by government funding, and most students receive less than the maximum.
- Students who are eligible for [Pell Grants](#) may also receive funding through other grants, including the [Federal Supplemental Educational Opportunity Grant \(FSEOG\) program](#). This grant is for undergraduates with the greatest unmet financial need, and students can earn up to \$4,000 depending on the intended college and EFC.
- **[State-Sponsored Grants](#)**
- Other specific criteria that tend to be awarded are minority demographics and interest in high-needs fields. For example, Texas students who have been in the foster care system and are between 16-23 years old may be eligible for the Education and Training Vouchers for Youths Aging out of Foster Care program, if they attend Texas colleges. Contact state-based educational organizations, local higher education assistance foundations, your high school and your intended college for up-to-date state-based grant opportunities. Many scholarships are also grouped by state, and easily found via [scholarship search](#).
- **[College-Based Grants](#)**
- Most colleges will have funding available to assist low-income students in attending their school. The first step in applying for these grants is usually filling out a [FAFSA](#) to determine the student's need. Grants may also be awarded based on merit, field of study or student-specific criteria. Athletic grants may supplement sports scholarships at schools to draw the most talented athletes to a college, and will usually require a minimum GPA in addition to high-level sports talent. As funding is usually supported by endowments, funding levels for college-based grants may vary year to year. Contact your intended college or start with a college search to find out more information about college-based grants.
- **[Career Specific Grants](#)**
- Grants awarded to students interested in pursuing a particular career have become more common as there has been an increased need for new hires in particular fields. The federally-funded [Teacher Education Assistance for College and Higher Education \(TEACH\) Grant Program](#), for example, provides grants of up to \$4,000 for those who

intend to teach in low-income school districts. Grants targeting nursing students include the [Nursing Scholarship Program](#) through the U.S. Department of Health and Human Services, which rewards prospective nurses with a monthly stipend and covers tuition and fees in exchange for two years of service at a health care facility where there is a nursing shortage. Both teachers and nurses also have a number of scholarship opportunities available to them, as the two fields are currently in high demand.

- **[Grants by Degree Level](#)**

- Most grants target undergraduates, as they are primarily a needs-based population. High school students relying on scholarships and grants to cover tuition not addressed through student loans should apply to those funding sources early and often. The first step will be filling out a [FAFSA](#) to determine whether you're eligible for federal, state and college-based grant funding. Incoming freshmen with relatively certain career choices may be eligible for other grants depending on their situation.

- **[Student Specific Grants](#)**

- As with scholarships, there are grants available for a multitude of criteria. Whether you come from a military family or a low-income family, play the tuba or have survived cancer, chances are there is a grant you qualify for. Make a list of your unique attributes, interests, and skills, and investigate the major organizations, local groups and private corporations that fund higher education with respects to this criteria. Minority grants are the most common, student-specific awards. Many organizations fund groups that have been traditionally underserved in higher education- all to entice more minorities to attend college. The [United Negro College Fund for African Americans](#), for example, mainly awards students attending historically black colleges.

- **[Unique Grants](#)**

- As [scholarships](#) come in all shapes and sizes, so do grants. What is good about [unique](#) hobbies like rocketry or writing haikus is that they are less competitive than needs-based or minority-based grants. Consider what makes you unique and search beyond the resume when seeking grants. Consider contacting local organizations if your field of interest is particularly unique. You may be eligible for more funding than is advertised by your intended college.

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- **College Scholarships**

- With millions of scholarships in our database that are specially tailored to potential applicants based on criteria such as GPA, ACT/SAT scores, athletic ability, and so forth, the easiest way to see what you qualify for is to conduct a free college scholarship search, [. For scholarships, contests & sweepstakes you can apply in a matter of minutes, explore these offers:](#)

- **[Search Scholarships by Grade Level](#)**

- Most college scholarships target incoming freshmen and [undergraduates](#), so the sooner you start searching for awards and [applying for them](#), the better. If you're a [high school student](#), add applying for scholarships to your already lengthy list of things to do alongside [college applications](#) and [standardized tests](#). [Undergraduates](#) that have received generous scholarships to pay for their freshman year should continue the hard work and

good academic standing in their second year as well, as many scholarships for freshmen are also open to upperclassmen as general scholarships for undergraduate students. While scholarships for [graduate students](#) are less common, they are often very generous, as many target particular fields of study or are awarded by potential employers who want a better-educated employees. Conduct a college [scholarships search](#) or browse through our site to see the scholarships by [grade level](#) that you may qualify for, because no matter your year, you could be missing out on dozens of opportunities to [fund your education](#).

- **[Scholarships by Major](#)**

- For incoming college students who have a strong ideas as to what they want to do [post-graduation](#) or have some experience in a field they'd like to explore more, college scholarships geared toward particular [majors](#) and fields of study are an excellent option. Awards in high need areas such as [nursing](#) and [education](#) are particularly plentiful, especially when working in low-income communities or high-demand regions. Look outside your college for scholarships by [major](#), as many outside organizations will have private scholarship funds established to recruit college students into a particular field. Conduct a college [scholarship search](#) or browse through our site to see [college scholarships by major](#) that you qualify for.

- **[Sports Scholarships](#)**

- While [sports scholarships](#) are more competitive than college scholarships, you don't necessarily have to be a star athlete to land a generous award. Most [sports scholarships](#) will come directly from your college if you intend to play on their team, but if you're more interested in playing a club sport or on an intramural team, you could qualify for scholarships from local groups and outside organizations that award sports-related scholarships. Many of those awards will look at things like [need](#), [community service](#) and your [academic record](#), so if you enjoy [golf](#) but aren't the best golfer on your high school team, don't assume that you can't land a college scholarship. Browse through our suggestions for scholarships by sport, or conduct a free [scholarship search](#) to find awards you may be eligible for based on other criteria.

- **[Scholarships by State](#)**

- One of the best places to being research scholarships is looking at those provided by your home [state](#). Many of the most generous [financial aid](#) awards will come directly from your college, and your base tuition will undoubtedly be much less at an in-state public institution than at a college out of state, making it a very cost-effective decision. If staying in your home state is an option, include that in your criteria when you're doing your [scholarship search](#). Look at what your local college could offer you, especially if you're entering into a high-need field like [education](#) or [nursing](#), and contact local organizations for private college scholarships they may have set aside for incoming college students staying in-state. Browse through our suggestions for [scholarships by state](#), and tips on how state assistance will help you start your career.

- **[Scholarships by Type](#)**

- Chances are that whatever makes you [unique](#), whether it be talent or personal characteristics, the things that make you stand out can land you a scholarship. Whether you're a star [athlete](#) on your high school ice hockey team or a returning [adult student](#) back in school for an advanced degree, whether you speak another language or have

survived a rare disease, you'll find an award that will not only fit your profile but give you a good chance at landing free money. [Scholarships by type](#) are often much less competitive than awards based on need or [academics](#), for example, as fewer people are applying for them. So make a list of what makes you different and what could make you stand out, and conduct a college [scholarships search](#) or browse through our site to see many of the scholarships you could be eligible for.

- **[Scholarship Application Strategies](#)**

- The college [scholarship application](#) process can be time-consuming and stress-inducing if you already have a stack of [standardized test prep](#) material and [college applications](#) to get through. But with a few [tips and strategies](#) you'll feel much more prepared to send in a winning, organized scholarship application. When you're tired of [filling out applications](#), remember that it will likely increase by your graduation date, and that the time you put in now could lead to a good amount of funding that doesn't require repayment. Browse through our site to learn about [scholarship application strategies](#) that could bump you to the top of that very competitive pile and [maximize your financial aid package](#).

- **[Scholarship Information](#)**

- Do not let popular misconceptions and [scholarship myths](#) scare you out of applying for awards. Landing an award isn't impossible, especially if your [scholarship search](#) is focused on specific criteria linked to your profile, and it's never too late to make yourself a more attractive [scholarship applicant](#) in the eyes of the judges who will be distributing the awards. If you do your research now and learn about what it takes to win a college scholarship, you'll improve your chances of being awarded even the most competitive scholarships. Browse through our site to see what you should watch out for before submitting applications, and remember that any scholarship search engines that ask you to pay a [fee](#) are trying to sell a product or service. Why pay for a scholarship search when we offer it at no cost to you?

- **College Savings Accounts**

- It is already difficult enough to find ways to fund college education and nobody wants to acquire debt from [student loans](#). Unfortunately, not everybody is going to land a [full-tuition scholarship](#), and [federal student financial aid](#) seldom takes care of all [college costs](#). If you're a parent or relative looking ahead to cover college costs for a child, [finding scholarships](#) is a great step now, but you may also want to consider college savings plans.

- **529 Savings Plans**

- While [529 plans](#) are vulnerable to the whims of the stock market, they can still be a good idea, especially if you choose your plan carefully and have plenty of time to save. Many [529 plans](#) allow you to move your savings into a much more conservative portfolio when the student nears college - an option they're sure to publicize based on the recent behavior of the stock market. While there are limits on how many changes can be made to a [529 plan](#) annually, the plans are otherwise quite flexible and varied, so it's easy to find one that works for your situation. Plus, [529 plans](#) can be taken out in the parent's name, rather than the student's, so they will only minimally affect a student's financial aid eligibility.

- Additionally, contribution limits are high, income limits are nonexistent, minimum contribution requirements tend to be low, and many states offer a variety of incentives for residents who contribute to their plans. As an added bonus, many [529 plans](#) can accept contributions from anybody anywhere, not just the people named on the account, and several programs have been created to take advantage of this. For example, some plans allow a portion of credit card purchases or purchases at certain stores to go toward a student's [529 plans](#).

## • **Prepaid Tuition Savings Plans**

- If you're hesitant about investing money for college in the stock market with uncertain returns, another type of [529 plan](#) is also popular in many states. [Prepaid tuition plans](#) allow families to contribute a fixed amount now in exchange for a certain portion of tuition being covered in the future. Several [states](#) do this for their [state](#) colleges and universities. The Independent 529 plan, which is accepted by over 200 [private colleges](#), also fixes contributions to portions of future tuition. Both of these varieties eliminate worries about tuition inflation, though if tuition holds steady or actually goes down between now and when the student starts college, a prepaid plan might not be the most lucrative option.

## • **Coverdell ESA**

- [Coverdell Education Savings Accounts](#) are similar to 529 plans in most respects, but do have their own benefits and drawbacks. Rather than being sold by a state, they are sold by banks and brokerages, which can charge their own management fees. Since there aren't any state ties, there aren't any residency limitations, though there also aren't any state tax breaks for enrolling in a [Coverdell ESA](#).
- Coverdell accounts allow more flexible investment options and unlimited changes to investments. They can also be used to pay for high school and elementary school expenses, in addition to [college costs](#). Otherwise, the expenses Coverdell and 529 plans can be used for are roughly the same: [tuition and fees](#), [books and supplies](#), [room and board](#) if over half-time, and other qualified educational expenses.
- One major limitation to the Coverdell ESA is the \$2,000 annual contribution cap. This is the limit per account holder, not per contributor. Additionally, individuals must have an adjusted gross income of \$110,000 or below to contribute, and \$95,000 or below to contribute the full \$2,000. Coverdell accounts are held in the beneficiary's name, so they can hurt the student on the [FAFSA](#). They also must be used or cashed out by the time the beneficiary turns 30, and they go to the beneficiary no matter what, while 529 plans can be given back to the parent in charge of the account if the student chooses not to go to college.

## • **Roth IRA**

- The [Roth IRA](#), typically used as a retirement account, can also be used to save for school. As long as you're withdrawing contributions, rather than earnings, there is no penalty if you are using the money from your IRA for educational expenses. However, a college savings plan might be the better way to go if you're setting up an account specifically for your student (especially since contributions to a Roth IRA must come from income the beneficiary earned from working), and dipping into your retirement funds to pay for college is widely regarded as a less than ideal choice by financial experts. If you choose to take it, the option is there.

- **UTMA**

- The Uniform Transfer to Minors Act allows assets to be given as gifts to minors without the establishment of a trust. While the options explored up to this point have been savings accounts or investments, [UTMA](#) covers everything, including property. An adult manages these assets in a custodial account until the owner reaches the age of 18 or 21, depending on the state. In the meantime, the funds in the account can be used to benefit the child, including taking care of educational expenses. Once the owner reaches the age of majority, the assets are theirs to use as they please. This can mean [paying for school](#), or it can mean making less desirable financial choices. Since these assets belong to the student, they would count against them for [student financial aid](#).

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