

# TYPES OF FINANCIAL AID

## UNDERSTANDING YOUR OPTIONS



The Government offers several forms of financial aid, each with different benefits and different qualifications.

| TYPE OF FINANCIAL AID  | GRANTS                                  | SUBSIDIZED LOANS   | UNSUBSIDIZED LOANS  | PRIVATE FINANCING  |
|------------------------|---|--|---|--|
| DIFFERENT NAMES        | PELL GRANTS,<br>TEACH GRANTS            | STUDENT LOANS:<br>STAFFORD LOANS AND<br>PERKINS LOANS                      | STUDENT LOANS:<br>FEDERAL DIRECT LOANS                    | PARENT LOANS (PLUS LOANS),<br>BANK LOANS, HELOC,<br>401(K) LOANS, ETC. |
| WHAT ARE THE BENEFITS? | Awards that you don't have to pay back. | Government issued loans that carry favorable borrowing terms. <sup>1</sup> | Government issued Loans that have normal borrowing terms. | No FAFSA* required, loans are typically secured by the asset.          |
| QUALIFICATIONS         | Needs Based Financing (see below)       | Needs Based Financing (see below)  | Limited to Certain Amount                                 | Credit Score / Other   |

FAFSA\*: Free Application For Student Aid

## NEEDS BASED FINANCING

The FAFSA\* will determine a dollar denominated score called the "EFC score." EFC stands for Expected Family Contribution, which is used to calculate if you are eligible for financial aid.

The factors below are considered when calculating EFC:

**MOST IMPACTFUL**  
↑  
↓  
**LEAST IMPACTFUL**

| FACTOR                                    | WEIGHT |
|---|--------|
| <i>Non-Parental 529 Distribution</i>      | 50%    |
| <i>Student's Income</i>                   | 50%    |
| <i>Parent's Income</i>                    | 30%    |
| <i>Student's Non-Retirement Assets</i>    | 20%    |
| <i>Parent's Non-Retirement Assets</i>     | 5.64%  |
| <i>Parent's / Student Owned 529 Plans</i> | 5.64%  |
| <i>Retirement Assets<sup>2</sup></i>      | 0%     |

$$\text{COST OF ATTENDANCE} - \text{EFC SCORE} = \text{TOTAL AID ELIGIBLE}$$

<sup>1</sup> Favorable borrowing terms may include lower interest rates, no accruing interest until 6 months after graduating, and flexible repayment options (must be at least enrolled half-time or more to qualify)

<sup>2</sup> Retirement assets are not counted; however, if you take a distribution from qualified retirement assets it will count as Parent's Income.