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## How Do I Pay For It?

### *Finding and Getting Financial Aid*

Grants, scholarships and student loans ... oh my! Ever feel just a little bit overwhelmed by the thought of paying for college?

If you're wondering how to pay for school or where to look for money, don't worry! In Oklahoma, there are several resources available to help you and your family plan for and manage the cost of earning a college degree. Plus, the cost of attending an Oklahoma state college or university is among the lowest in the nation.

#### College Costs

How much does school cost? It depends on the type of institution you plan to attend. In 2010-2011, the cost per year ranged from \$2,587 for career technology centers to \$15,369 for a research university. Check out the **Paying for College** tab on [OKcollegestart.org](http://OKcollegestart.org) to find the current academic year's cost at most Oklahoma state schools.

#### Getting Aid. Financial Aid, That Is.

Education after high school is an investment in your future. Fortunately, financial aid is available to help almost everyone manage the cost. To be considered for federal financial aid you must complete the Free Application for Federal Student Aid (FAFSA) after Jan. 1 each year you need aid. You can apply online at [FAFSA.gov](http://FAFSA.gov) or get a paper copy by calling 800.4.FED.AID (toll free).

Remember, the first "F" in FAFSA stands for "free", so you should never have to pay to fill out the FAFSA. Beware of businesses that offer to help you fill out this form for a fee.

After you complete and return the FAFSA, you'll get a Student Aid Report (SAR). Review the SAR to ensure all of your information is correct. The information from the SAR will be sent to the school(s) you list on your FAFSA. Once all of your application materials are complete, the financial aid office(s) will let you know what types of aid you're eligible to receive. This is called an award letter and it may be sent via regular mail or email. In this letter, you'll be asked to accept or decline the awards offered and return the letter to the school. You don't have to accept all funds offered to you.

### Types of Aid

In your quest for a tassel, there are three main types of financial aid: free money (grants and scholarships), earned money and loans.

#### Free money

It's best to always go for free money first. Free money, like grants and scholarships, is sometimes called "gift aid" because you don't have to pay it back. You can get grants and scholarships for a variety of reasons - not just perfect grades - from many sources including your state, your college, private organizations or the federal government.

Be sure to check out local organizations that sponsor scholarships, such as your church and community groups:

- YMCA
- 4-H Club
- Kiwanis
- Jaycees
- Chamber of Commerce
- Lions Club
- Girl Scouts
- Boy Scouts



Photo provided by Rogers State University

Remember, scholarships are awarded based on a variety of criteria, including need, merit, residency, family history, skills, hobbies and athletics. Scholarship deadlines vary, with some as early as December or January of your senior year. You may want to sign up for free online scholarship sources, like [FastWeb.com](http://FastWeb.com) or [FinAid.org](http://FinAid.org). Many of these sites will notify you when new scholarship opportunities are posted. Check out your local library, too. They have a variety of books with scholarship listings to help in your search.

Also, visit [UCanGo2.org/Resources](http://UCanGo2.org/Resources) to download a copy of the *5 Tips for Scholarship Success* flyer to help you learn tips and techniques for getting college scholarships.



**Myth:** My family makes too much money for me to receive any aid. I don't need to fill out the FAFSA.

**Reality:** Never assume your family makes too much money to qualify for aid. You may qualify for federal work-study or other forms of financial aid, like

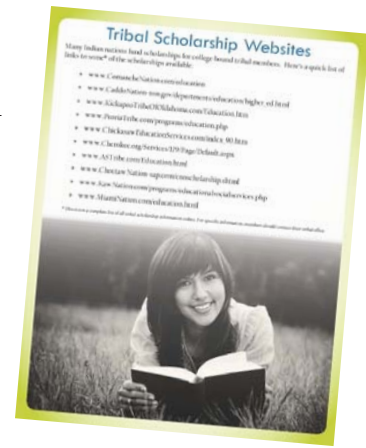


unsubsidized loans, which aren't based on financial need. You never know unless you apply!

If you're a student of Native American heritage, contact your tribal office to ask about programs you may qualify for. Visit [aiccm.org/oklahoma-tribes](http://aiccm.org/oklahoma-tribes) to find contact information for your tribe. A few are listed on our *Tribal Scholarship Websites* flyer at [UCanGo2.org/Resources](http://UCanGo2.org/Resources).

Want more information about scholarships and financial aid? Like us on Facebook ([Facebook.com/UCanGo2](http://Facebook.com/UCanGo2)) to receive the latest information.

Beware of scams! Stay away from companies who claim “to do all the work” or those that “guarantee results.” Remember you never have to put up money to receive a scholarship. These are all games scammers use to trick you out of your hard-earned money.



What organizations do I belong to that may offer a scholarship?

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What skills or hobbies do I have that may earn me a scholarship?

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### State Aid

Did you know Oklahoma provides millions in free grants and scholarships to qualified students each year? Our state offers several programs you'll want to check out, including the:

**Oklahoma Tuition Aid Grant (OTAG) Program** - Awards grants to Oklahoma students who need money to meet part of the cost of attending college or a career technology center. The deadline for submitting your FAFSA for the OTAG program is March 1, 2012. Visit [OKcollegestart.org](http://OKcollegestart.org) and click on **FAQs** and then **FAQs About Financial Aid** to learn more.

**Oklahoma Tuition Equalization Grant (OTEG)** - Awards grants to Oklahoma students attending eligible Oklahoma not-for-profit, private or independent institutions. For more information, visit [OKcollegestart.org](http://OKcollegestart.org) and review the Grant section under **Types of Aid**.

**Oklahoma's Promise** – Pays resident tuition at a public college or an equivalent amount at an eligible private college for Oklahoma students who complete a specific high school curriculum, meet certain GPA standards, and stay out of trouble. To participate in this scholarship program, students must enroll in the 8th, 9th, or 10th grade. Visit [OKPromise.org](http://OKPromise.org) for more information, including eligibility requirements. In addition, some schools offer assistance to Oklahoma's Promise students to help cover the gap in their college tuition. Check with your school to see if this program is offered.

**Academic Scholars Program** – Awards scholarships to Oklahoma students who score in the 99.5 percentile on the ACT or SAT exam. It's also given to in-state and out-of-state students who are named National Merit Scholars or finalists, Presidential Scholars or Institutional Nominees (non-resident participation is limited). Check out [OKHigherEd.org/Academic-Scholars](http://OKHigherEd.org/Academic-Scholars) to learn more.

Have questions? Call the Oklahoma State Regents for Higher Education's Student Information Hotline at 800.858.1840 or talk to your high school counselor about how to apply.

## Federal Aid

There are several grants awarded by the federal government, two of which are based on financial need: Pell Grants and Supplemental Educational Opportunity Grants. As with all federal aid, you must complete the FAFSA to apply. Find out more at [StudentAid.ed.gov](http://StudentAid.ed.gov) and view the chart of federal student aid programs on page 39.

## *Earned Money*

Earned money is, well, money you earn! The Federal Work-Study Program provides jobs for students with financial need. The program encourages you to work for your school or to perform work related to your major. Like a regular job, you work a set schedule and get paid an hourly wage. You can apply for this program when you fill out the FAFSA.

Even if you don't qualify for work-study, working during school is a great idea, provided you can handle your responsibilities as a student, too. Any dollar you earn – through work-study or through a regular job – is one less dollar you need to borrow (as described in the next section).

## *Loans*

You may need to consider student loans to close the gap between free and earned money and college expenses. Like any other loan, when you take out a student loan you're promising to pay the money back. Even if you don't graduate, you still have to pay back every dollar you borrow, plus interest.

Here are some tips to consider when borrowing money to pay for your education.

**Turn to federal first.** There are two categories of loans: federal student loans and private loans (sometimes called alternative loans). If you have to borrow to pay for school, exhaust all federal loan options before considering private loans, which can have higher interest rates and fewer flexible repayment options.

**Borrow only what you'll need.** When accepting a student loan, know how much money you'll actually need to cover your school expenses, including your basic living expenses for the school term. Many students are offered more loan funds from outside sources than they actually need. Remember, you don't have to accept all funds offered to you. Be cautious in pursuing additional loans outside those offered by your financial aid office.

**Be salary savvy.** Consider the starting salary for your chosen occupation before taking out student loans. A good rule of thumb is to make sure your student loan payments won't exceed 8% of your first-year monthly income after graduation.

**Don't charge it.** If possible, don't rely on credit cards for tuition or school-related expenses. Some families think it's easier to put all their college expenses on a credit card to avoid completing financial aid paperwork, but student loans are a cheaper way to pay for higher education. Check out the chart to see how student loans and credit cards stack up.

Student Loan Debt vs. Credit Card Debt						
	\$10,000		\$20,000		\$30,000	
Loan Type	Student Loan	Credit Card	Student Loan	Credit Card	Student Loan	Credit Card
Loan Amount	\$10,000	\$10,000	\$20,000	\$20,000	\$30,000	\$30,000
Interest Rate	3.4%	18%	3.4%	18%	3.4%	18%
Monthly Payment	\$98	\$180	\$197	\$360	\$295	\$541
Total Months	120	120	120	120	120	120
Total Payoff	\$11,810	\$21,622	\$23,620	\$43,244	\$35,431	\$64,867
Interest Paid	\$1,810	\$11,622	\$3,620	\$23,244	\$5,431	\$34,867

Chart assumes a 3.4% interest rate for student loans and 18% interest rate for credit cards. Credit card monthly payments are based on what it will take to pay off the card in 120 months (the standard repayment period for federal loans), not minimum balance.

### Types of Federal Financial Aid

Below you'll find some information associated with the Federal Student Aid Programs chart shown on the opposite page. These programs are designed to help pay the cost of an education. Fill in the blanks when your instructor provides the information or view the answers at the bottom of the page.

#### Federal Pell Grant

- Grant money that's awarded to students with \_\_\_\_\_.
- Apply for the Pell Grant by completing the \_\_\_\_\_.

#### Federal Supplemental Educational Opportunity Grant (FSEOG)

- Grant money, such as the FSEOG, doesn't have to be \_\_\_\_\_.

#### Federal Work-Study

- Eligible students are awarded work-study which provides jobs for them either \_\_\_\_\_ or \_\_\_\_\_.

#### Federal Direct Subsidized Stafford Loans

- These loans are available to eligible students directly from the \_\_\_\_\_.
- Interest is paid by the \_\_\_\_\_:
  - o While you're attending \_\_\_\_\_ at least half-time.
  - o During the six-month grace period following \_\_\_\_\_ or a drop to half-time enrollment.
  - o During specified loan \_\_\_\_\_ periods.

### Did You Know?

Many students are offered more loan funds from outside sources than they actually need. Remember,



you don't have to accept all funds

offered to you. Be cautious in pursuing additional loans outside those offered by your financial aid office.

Answers: 1. financial need 2. FAFSA 3. paid back 4. on or off-campus 5. U.S. Department of Education 6. federal government, school, graduation, deferment

## Federal Student Aid Programs 2011 - 12

Program	Type of Aid	Program Details	Annual Amount
Federal Pell Grant	Grant: does not have to be repaid	Available almost exclusively to undergraduates	2011-12: up to \$5,550
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grant: does not have to be repaid	For undergraduates with exceptional financial need; Federal Pell Grant recipients take priority; funds depend on availability at school	\$100-\$4,000
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant: does not have to be repaid unless student fails to carry out service obligation, in which case student must repay TEACH Grant as Direct Unsubsidized Loan with interest accrued from date grant was disbursed	For undergraduate, postbaccalaureate, and graduate students who are or will be taking course work necessary to become elementary or secondary teacher; recipient must sign Agreement to Serve saying he or she will teach full-time in designated teacher shortage area for four complete years (within eight years of completing academic program) at elementary or secondary school serving children from low-income families	Up to \$4,000 a year; total amount may not exceed \$16,000 Graduate student: Total amount may not exceed \$8,000
Iraq and Afghanistan Service Grant	Grant: does not have to be repaid	For students who are not Pell-eligible; whose parent or guardian died as a result of military service in Iraq or Afghanistan after the events of 9/11; and who, at the time of the parent's or guardian's death, were less than 24 years old or were enrolled at least part-time at an institution of higher education	Maximum is same as Pell maximum; payment adjusted for less-than-full-time study
Federal Work-Study	Money earned while attending school; does not have to be repaid	For undergraduate and graduate students; jobs can be on campus or off campus; students are paid at least federal minimum wage	No annual minimum or maximum amounts
Federal Perkins Loan	Loan: must be repaid	For undergraduate and graduate students; must be repaid to school that made the loan; 5% rate	Undergraduate students: up to \$5,500; graduate and professional students: up to \$8,000
Direct Subsidized Stafford Loan	Loan: must be repaid	Subsidized: U.S. Department of Education pays interest while borrower is in school and during grace and deferment periods; student must be attending at least half-time and have financial need; fixed rate (set annually) for new borrowers	\$3,500-\$8,500, depending on grade level
Direct Unsubsidized Stafford Loan	Loan: must be repaid	Unsubsidized: Borrower responsible for all interest; student must be at least half-time; financial need not required; fixed rate (set annually) for new borrowers	\$5,500-\$20,500 (less any subsidized amounts received for same period), depending on grade level and dependency status
Direct PLUS Loan	Loan: must be repaid	For parents of dependent undergraduate students and for graduate and professional students; students must be enrolled at least half-time; financial need not required Unsubsidized: Borrower responsible for all interest	Maximum amount is cost of attendance minus any other financial aid student receives; no minimum amount

Source: StudentAid.ed.gov

**Wrap-up**

As you can see, financial aid comes in several shapes and sizes. Need help deciding what's right for you? Visit the financial aid office at the school you plan to attend. For more information and resources, contact the Oklahoma College Assistance Program at 405.234.4239 (local), 866.443.7420 (toll free) or [UCanGo2@ocap.org](mailto:UCanGo2@ocap.org).

**Reflection**

What did you learn about financial aid that surprised you the most?

**Parent Part**

Have a discussion with your parent(s) about paying for college. Talk about grants and scholarships you want to explore and ask them to call the Oklahoma College Assistance Program at 866.443.7420 or visit [OCAP.org](http://OCAP.org) if they have questions about the financial aid process.



*Photo provided by the University of Science and Arts of Oklahoma*