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HOW TO PAY FOR COLLEGE

Learn about loans, grants, scholarships, and the net cost of higher education.



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About the Activity

Finding financial help to pay for college can be difficult, and sometimes the process seems overwhelming. This activity helps students identify the types of financial aid that are available to them as they seek to pay for a college education.

This is the second in a two-part series of activities about paying for college. You can see Part 1, "What is the Real Cost of College," [here](#).



Supplies

- Device with internet connection
- A printer to print out:
 - The Financial Aid Process infographic
 - What You Will Need to Complete the FAFSA document
- Sample FAFSA application

Grades: 7-12

Topic: College Readiness

Time: 45-60 minutes



Activity Steps

Follow these simple steps to find out how to get financial aid to pay for college.

Before we start, think about this: There are a lot of ways to pay for college. Student loans are money you get from a bank or lender that you have to repay, but other kinds of aid like grants, scholarships, and even (of course) your own financial savings, do not need to be paid back. The good news? While college is expensive (as you learned in [the activity before this](#)), between loans, grants and scholarships, most students don't pay the full sticker price of going to college. The real cost of college is sometimes called the "net" cost of college. Look at the infographic on this page, from the College Board, to better understand the net cost of college.

Okay, Let's Get Started

- 1 Print out and review the Financial Aid Process Roadmap infographic. Your grade in school will determine what stage you are on the roadmap. If you are nearing college application time, then it is time to begin looking at what scholarships and state aid are available to you. Talk to your school counselor for help.

DID YOU KNOW? One of the sources of grants and loans is the federal government. Their Free Application for Federal Student Aid, or FAFSA, is the only way you can get federal money to help you pay for college. And many states and colleges also use the FAFSA application to determine how much financial aid you'll get.

- 2 Go to [FAFSA.gov](https://fafsa.gov) and find the FAFSA application, then download and print it out.
 - 3 Now, collect your family's financial information. The application will ask for personal and financial information that only your parent or guardian might have like recent tax returns. Review what you will need to fill out the FAFSA form with a parent or another adult in your household by downloading [this informational document](#).
- DID YOU KNOW?** There are a lot of ways to pay for college. Work study, which is working a job on your college's campus, is one way that students offset the cost of college. Nearly 8 out of 10 students work while in college, according to the Georgetown University Center on Education and the Workforce.
- 3 Complete the sample FAFSA application. If possible, complete [this sample FAFSA application](#) with a parent. This is only a sample and cannot be mailed in for loan/scholarship consideration.

DID YOU KNOW? According to a 2019 National Study conducted by Sallie Mae and Ipsos, on average, families spent \$26,226 on college and used a variety of sources of payment. A typical family paid for college this way:

- 43% savings and income
- 31% scholarships and grants
- 24% borrowing
- 2% friends and family

Test Your Knowledge

See how well you know the different ways to pay for college.

QUESTION 1

Identify the type of financial aid that needs to be paid back:

- a. Grants
- b. Loans
- c. Work-Study
- d. Scholarships
- e. Savings

QUESTION 2

True or false? Most students don't work while in college.

- a. True
- b. False

QUESTION 3

True or false? Less than half of American families whose kids go to college pay for it out of income and savings, alone.

- a. True
- b. False

QUESTION 4

The real price of college, once you deduct grants and scholarships, is called the ____ cost of college.

- a. Actual
- b. Net
- c. Deferred
- d. None of the Above

QUESTION 5

FAFSA is:

- a. The federal government's Free Application for Federal Student Aid form or FAFSA.
- b. The only way you can get federal money to help you pay for college.
- c. A form that many states and colleges also use to determine how much financial aid you'll get.
- d. All of the above

Reflection Questions

Questions to deepen wonder and understanding

- All this new information about paying for college might be hard to immediately understand. Discuss the financial aid process with an adult in your family. The infographic is a great way to start the conversation.
- Why is it important to develop a plan early to pay for college?
- Why aren't student loans deducted from the cost of college when calculating the net price?

College Costs: Sticker Price vs. New Price



Sticker Price

The college's published cost of attendance

—



Grants & Scholarships

Gift aid (free money you don't have to pay back) awarded by the college

=



Net Price

The difference between the two—the real amount your family pays (typically with loans, savings, and income)

Investigate & Explore

Take your new knowledge to the next level.

There are agencies and sources of help for students and their families to help understand the information and better calculate the difference between “Sticker Price” and “Net Price.” [The U.S. Department of Education's Office of Financial Aid](#), for instance, is a great source of information.

When you are ready to actually submit your FAFSA application, it will ask you to write three schools that you are interested in attending. It's OK to change them later. The FAFSA report will automatically be

sent to the admissions/financial aid office of those three colleges. It's okay to change your mind as the college most likely won't determine their financial aid until after you've been accepted.

Once you get your report and know the total of your grants and scholarships from all sources, federal, state, other agencies and your colleges, you can calculate the “Net” cost of college. This is the price you will have to pay for with savings, loans and other forms of payment.

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