Name _____ Date _____

Paying for College or Training: Grants, Scholarships and Loans

Directions: Sofia's two financial aid offers appear in the table for the questions that require them, while the remaining questions examine how each type of aid works. Whenever a number is the answer, type it with no dollar sign or comma.

1. Financial aid offers and applications regularly use these four terms; pair each one with the description that accurately fits it.

Write the letter of the matching answer on each line.

1. _____ Grant
2. _____ Student loan
3. _____ Work-study
4. _____ FAFSA

Choices for question 1

A. A free federal application that the government, states and many schools use to decide what aid a student can get

B. Pay a student earns from a part-time job set up through the school's aid program

C. A test score that decides which colleges will admit a student

D. Gift aid, frequently awarded according to a family's finances, that a student usually keeps without repaying

E. Money for school that becomes a debt, repaid over time with interest added

2. Which statement correctly compares grants and scholarships with student loans when it comes to repayment?

A. Scholarships must be repaid once the student gets a full-time job.

B. Grants, scholarships and loans all have to be repaid with interest.

C. Loans usually don't have to be repaid if the student finishes the program.

D. Grants and scholarships usually don't have to be repaid, but loans do.

3. People frequently say that grants don't have to be repaid, so why do careful explanations include the word 'usually'?

A. Every grant turns into a loan once the student graduates.

B. Only grants from private companies are free to keep.

C. Grants must be repaid whenever a student earns good grades.

D. Some grants have conditions, and a student who withdraws early or misses a grant's requirements may have to pay some or all of it back.

4. Ruby receives $1,500 from a local community service organization for an essay she wrote, and she will never have to pay it back; which kind of financial aid is this?

A. A scholarship B. A tax refund C. A student loan D. Work-study pay

Sofia's Two Aid Offers

Financial aid offers Sofia received from two schools for her first year of study. No interest rates are shown. In this example, grants and scholarships do not have to be repaid, loans must be repaid with interest, and the net price equals the cost of attendance minus grants and scholarships.

Item	School A	School B
Cost of attendance for one year (dollars)	24,000	18,000
Grants (dollars)	9,000	2,500
Scholarships (dollars)	4,000	2,500
Student loan offered (dollars)	4,000	7,000

5. Using the definition provided in the caption, what is Sofia's net price at School A for the academic year? Type your answer without a comma.

_____ dollars

6. Comparing the two net prices rather than the published costs of attendance, which school would cost Sofia less for the year, and by how much?

A. School B, by $6,000
B. School B, by $2,000
C. School A, by $2,000
D. School A, by $6,000

7. If Sofia accepts the full student loan offered at each school, how much more money would she borrow at School B than at School A? Type your answer without a comma.

_____ dollars

8. Why will repaying a student loan usually end up costing more than the original amount that was borrowed?

A. Schools add a penalty to every loan when the student graduates.
B. Each loan has to be repaid twice, once to the school and once to the government.
C. Any grants the student received are added to the loan balance.
D. Interest is charged on the borrowed money, so the total paid back is larger than the loan.

9. Jamal plans to enroll in a year-long electrician training program at a career school instead of a four-year college; which statement about filing the FAFSA is accurate for him?

A. Career school students must pay a fee before they can file the FAFSA.
B. Filing the FAFSA automatically signs him up for a loan he must repay.
C. The FAFSA is only for students at four-year universities, so it can't help him.
D. Many career and trade school programs accept federal student aid, so filing the FAFSA could help him pay for his training.

10. Elijah uses a federal student loan to pay for a nine-month welding certificate program at a community college, but he withdraws during the final month without completing it; what happens to his loan?

A. The loan turns into a grant once he leaves school.
B. The loan is canceled because he did not finish the program.
C. He repays only the part that was spent on supplies.
D. He still has to repay the loan, even though he did not finish.