

Federal vs. Private Education Loans, Scholarships and Grants

By Michelle Goldstein

The financial aid season is coming to a close, so if you needed a bit of motivation to file your FAFSA, read on. If you think your family doesn't qualify for aid, Bill Mack, Associate Director of Financial Aid at UT Dallas cautions you to think again. "Thirty three percent of all families who assume they aren't eligible for need based financial aid, are." And that is just need-based aid. Every family who fills out the FAFSA is eligible for work study. You read that right; even Bill Gates's children are eligible for work study.

College financial aid packages are made up of scholarships, grants, loans and work study. Grants and scholarships are the most desirable forms of financial aid, as they do not have to be paid back, but loans do. Aid comes from both the federal government and from private sources so, it is important that when you start looking for money for school, you take both sources into account.

Most types of aid from the federal government are based on financial need. Grants are available primarily through the Financial Aid office, but once your child declares his/her major, don't forget about aid on the department level. The major grants available though the federal

government are: Pell Grants, Teacher Education Assistance Grants, and Federal Supplemental Educational Opportunity Grants.

Pell Grants pay for college and some graduate school. Federal Supplemental Educational Opportunity Grants provide need-based grants to low-income undergraduate students to encourage them to go to graduate school.

The federal aid package is built from low interest loans, financed through the Department of Education. Students are assigned either Federal Perkins Loans to pay for college or Stafford Loans to pay for graduate school. Plus Loans are available to parents to help pay for college and graduate school. These loans must be paid back and are mostly unforgivable, meaning they cannot be erased by declaring bankruptcy.

Private aid, on the other hand, is not always based on financial need. The bulk of private aid is in the form of scholarships and is sourced through foundations, businesses and charitable organizations. The deadlines vary greatly from group to group, so make sure you know the deadlines before you start applying. An example of a private foundation is the Minnie Stevens Piper Foundation (www.everychanceeverytexasan.org) which provides

scholarships and loans for Texans or for students planning to attend Texas colleges and universities.

Private corporations also offer scholarships. The Coca Cola company gives away 250, four year achievement based scholarships annually. The application process is open to non employees and takes place during the first six weeks of a student's senior year.

Scholarships and grants aren't just for the undergrads. The Association for Women in Science, a charitable organization, makes grants to advanced doctoral students to help them write their thesis. The Dallas Center of Architecture, a local non-profit, has scholarships listed on their website (www.dallasca.com) that cover traveling fellowships for students entering their 4th and 5th years of architecture school.

Filling out the FAFSA and private scholarship applications is time consuming, but well worth the effort. The FAFSA takes about 45 minutes to complete, but could mean thousands of dollars in aid. In business terms, that is an incredible return on investment!

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