

What is Financial Aid?

This lesson is designed to provide students with an understanding of financial aid and the important role it plays in college planning.

OBJECTIVES

Students will:

1. Learn about financial aid
2. Gain knowledge on the financial aid planning process
3. Learn the different types of financial aid
4. Discover common financial aid myths

ACTIVITIES

PART 1

Content Knowledge

Understanding financial aid may seem difficult, but with the right help, it can be manageable. Ask students when they hear the words “financial aid,” what comes to mind. Explain to students that financial aid is any type of monetary assistance that helps students pay for college expenses.

Then, encourage students to read the webpage, [Different Types of Financial Aid](#). After 10-15 minutes, break the students into pairs.

While in pairs, have students review and discuss the content on the webpage. What did they learn about financial aid? What stood out to them? You will want to ensure that students have enough time to discuss this content with their partners before bringing the class together for the next activity.

Now, to test their knowledge, ask the entire class the true or false questions on the attached *MEFA Pathway Financial Aid True or False Activity* handout below.

PART 2

Applying Information

The next part of this activity is designed to give students the opportunity to identify financial aid terms found on financial aid offers. You will find below an example of a financial aid offer. Show students a copy of this sample offer or have them view it online at mefa.org/sample-financial-aid-offer. Remind students that on their financial aid offers, they may see a combination of grants/scholarships, student loans, and federal work-study.

Grade Level: 11-12

MEFA PATHWAY SECTIONS WITHIN THIS LESSON:

- College Cost Calculator

SUBJECT AREAS:

- College Planning
- Financial Aid

MATERIALS NEEDED:

- [Different Types of Financial Aid](#) webpage
- Financial Aid Offer
- Internet connection to work with the MEFA Pathway website

Email any questions to:
info@mefapathway.org

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As students review this sample financial aid offer, remind them of these helpful tips:

- Their financial aid will be divided between the fall and spring semesters
- The offer may not list the school's total Cost of Attendance (COA)
- The offer may not indicate a student's remaining balance after the financial aid is applied (also called the "net price")
- A student may need to take action to accept the offer, such as sign and return the offer or accept the offer online
- A student is permitted to decline parts of the offer, such as a loan

PART 3

Evaluating Information

The next part of this lesson is designed to help students evaluate their own financial aid offers using the *College Cost Calculator* within MEFA Pathway.

1. Have students go to mefapathway.org and log in to their MEFA Pathway account.
2. Direct students to the *College Cost Calculator* under the *Pay for College* tab.
3. Have student input the information from each of their financial aid offers into the College Cost Calculator (students can enter up to five). The College Cost Calculator will automatically provide the tuition & fees and room & board costs for each school, though students can edit the amount based on the information provided by the college.
4. Explain to students that this exercise can help them calculate their annual cost gap at each college, which is the amount their family will need to pay for that school each year.

Below is an example of what information from financial aid offers should look like once inputted into the College Cost Calculator:

STEP 4: COLLEGE COST GAP RESULTS

	edit x Northeastern University	edit x Rensselaer Polytechnic Institute	edit x University of Maine
▼ Annual Costs			
Tuition & Fees	\$53,506	\$55,375	\$31,748
Room & Board	\$16,930	\$15,580	\$10,966
Books & Supplies	\$500	\$1,000	\$1,000
Health Insurance	\$0	\$0	\$0
Extra Expenses	\$0	\$1,000	\$0
Total Annual Costs	\$70,936	\$72,955	\$43,714
▼ Annual Awards			
Scholarships	\$15,000	\$10,000	\$25,000
Grants	\$5,500	\$3,000	\$8,500
School Loans	\$11,000	\$5,000	\$2,000
Work Study	\$100	\$2,000	\$0
Other Resources	\$0	\$0	\$0
Total Annual Awards	\$31,600	\$20,000	\$35,500
Annual Cost Gap	\$39,336	\$52,955	\$8,214
4-year Cost Gap	\$157,344	\$211,820	\$32,856

PART 4

Critical Thinking/Creative Application

Students should actively compare their financial aid offers within the College Cost Calculator. Encourage students to think about the annual cost gap at each school and perhaps ask if the amount is doable, not just for one year, but for all four years of their college education. If the cost gap is too much, encourage them to think about where might be a better financial fit.

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MEFA Pathway Financial Aid True or False Activity

Ask students each true or false question below. After you have gone through the activity, spend 5-10 minutes discussing the content and answering any questions the students have.

1. True or False: Grants and scholarships are types of “gift aid” or free money, which does not have to be repaid.
2. True or False: If you have to pay money to apply for a scholarship, it is most likely a scam.
3. True or False: The federal work-study program allows students to work full time on or near a campus while in college.
4. True or False: Unsubsidized Federal Direct Loans are a form of need-based aid, in which the federal government pays the interest while the student is in school.
5. True or False: You have to submit the FAFSA every year.

MEFA Pathway True or False (Answer Key)

1. True
2. True
3. False: The federal work-study program allows students to work part time on or near a campus while in college.
4. False: Unsubsidized Federal Direct Loans are not need based aid, and the federal government does not pay the interest while the student is in school. Instead, it accrues for the student to pay later. However, Federal Direct *Subsidized* Loans are need-based aid, and the federal government does pay the interest on those loans while the student is in school.
5. True

Financial Aid Offer

ABC UNIVERSITY

Financial Aid Offer

John Smith
123 Main Street, Boston, MA 02110

Cost of Attendance: \$56,000

Cost of attendance includes tuition, fees, housing, meals, books, supplies, transportation, and other education costs.

Eligibility Factors

Our determination of your eligibility for financial assistance was based in part on the factors listed below:

Enrollment Status: Full-Time Undergrad: **Number in Family:** 3
Housing Status: On Campus **Number in College:** 1

A change in any of these factors will affect your eligibility. Please notify our office right away if any of these factors are incorrect or if they change at any time during the academic year.

Financial Aid Offer

You are eligible to receive the following assistance:

	Fall	Spring	Total	Check to Accept	Revised Amount
ABC University Grant	17,995	17,995	35,990	<input type="checkbox"/>	_____
Federal SEOG	500	500	1,000	<input type="checkbox"/>	_____
Federal Pell Grant	2,960	2,960	5,920	<input type="checkbox"/>	_____
MASSGrant	800	800	1,600	<input type="checkbox"/>	_____
Federal Work-Study Program	750	750	1,500	<input type="checkbox"/>	_____
Federal Direct Subsidized Loan	1,750	1,750	3,500	<input type="checkbox"/>	_____
Federal Direct Unsubsidized Loan	1,000	1,000	2,000	<input type="checkbox"/>	_____
Total	\$25,755	\$25,755	\$51,510		

Outside Scholarships/Resources:

Total outside scholarships and/or other education resources for the academic year, as reported by you:

\$1,000 Computer Science League Scholarship
\$500 Boston Karate Scholarship

This letter is for your records and does not need to be returned to us unless you would like to decline any of the aid offered to you. If you do not want to accept particular awards, or you would like to accept less than the amount offered, please indicate the revised amount on the line next to the appropriate award(s), initial your changes, make a photocopy for your records, and return the original to our office.