

## **Student aid**

**What it is:** Applying for college can seem overwhelming even for the most advanced students. What do all the terms mean? What is student aid and what's the difference between Federal Aid and private aid? Student aid can help you pay for education expenses at an eligible college or career school. There are different types of federal student aid such as grants, loans and work-study program and you must complete the Free Application for Federal Student Aid, or FAFSA to apply for this aid. The FAFSA application is one of the first steps in the financial aid process, and determines the amount that you or your family will be contributing to your postsecondary education. Most colleges will require students and their families to complete the FAFSA form in order to determine the expected family contribution (EFC).

**How it works:** There are several federal grants available including Pell grants, Federal Supplemental Education Opportunity Grants (FSEOG), Teacher Education Assistance for College and Higher Education (TEACH) grants, Iraq and Afghanistan Service grants. The most common grant is the PELL grant and the amounts can change yearly. For the 2015–16 award year (July 1, 2015, to June 30, 2016), the maximum award is \$5,775. The amount you receive will depend on your financial need, cost of attendance, student status, and academic plans.

The Federal Work Study program is another way to finance education and it provides funds to eligible students for part-time employment to help finance the costs of postsecondary education. Usually the school or employer will pay up to 50 percent of the student's wages.

**Why it matters:** College costs vary widely according to the school and the state. On average an in-state public school will cost less than a private school or out of state school. You can explore and compare schools using the "I have a Plan Iowa" website. When planning for college make sure you take into account the cost of room and board, books and supplies, transportation, and personal expenses. Those costs could be as much or more than tuition!

**Who should care?** You should also be aware of two tax credits that help offset the costs (tuition, fees, books, supplies, equipment) of college or career school by reducing the amount of your income tax:

The American Opportunity Credit allows you to claim up to \$2,500 per student per year for the first four years of school as the student works toward a degree or similar credential.

The Lifetime Learning Credit allows you to claim up to \$2,000 per student per year for any college or career school tuition and fees, as well as for books, supplies, and equipment that were required for the course and had to be purchased from the school. (Source Federal Student Aid)

For more information

- Consumer Financial Protection Bureau - <http://www.consumerfinance.gov/paying-for-college/>
- Federal Student Aid <https://studentaid.ed.gov/sa/>
- I Have a Plan Iowa <https://secure.ihaveaplaniowa.gov/>
- Iowa College Aid Student Commission <https://www.iowacollegeaid.gov/>
- Iowa State University Extension and Outreach Money Blogs tips <http://blogs.extension.iastate.edu/moneytips/>
- Iowa State University Extension and Outreach website at [www.extension.iastate.edu/humansciences/](http://www.extension.iastate.edu/humansciences/)