

Searching for Scholarships II

The **BIG** Idea

- How can I find scholarships that suit my situation, and how do I keep track of my efforts?

AGENDA

- Approx. 45 minutes
- I. Warm Up (5 minutes)
 - II. The Truth About Student Loans (10 minutes)
 - III. Scholarship Search (20 minutes)
 - IV. Next Steps (10 minutes)

MATERIALS

- PORTFOLIO PAGES:**
 - Portfolio pages 6-9, My Scholarships
- STUDENT HANDBOOK PAGES:**
 - Student Handbook page 96, How Much Do You Know About Student Loans?
 - Student Handbook page 97, Five Facts About Loans
 - Student Handbook page 98, Financial Aid Next Steps
- FACILITATOR PAGES:**
 - Facilitator Resource 1, How Much Do You Know About Student Loans? Answers

OBJECTIVES

During this lesson, the student(s) will:

- Identify reasons why scholarships are superior to student loans, including need to repay loans, amount of monthly payments, and dangers of defaulting.
- Use a scholarship search website to find at least 2 scholarships for which he/she qualifies.
- Assess chances of receiving each scholarship, and identify next steps to apply.

OVERVIEW

In this lesson, students briefly consider information about student loans via a quiz and follow-up discussion. Next, they independently research scholarship opportunities online, and use a chart to record their findings. Finally, they learn about financial aid activities to be completed between now and the FAFSA (to be filed online in early January.)

PREPARATION

- List the day's **BIG IDEA** and activities on the board.
- List the day's vocabulary words on the board.
- The following handouts need to be made into overhead transparencies or added to your laptop for display via LCD projector:
 - **Student Handbook page 96, How Much Do You Know About Student Loans?**
 - **Student Handbook page 98, Financial Aid Next Steps**
 - **Portfolio pages 6-7, My Scholarships**
- Make extra copies of **Portfolio pages 8-9, My Scholarships** for students who'll need them for further research.
- This lesson requires computers and Internet access for individual research, so you'll need to make arrangements to use the computer lab.
- Familiarize yourself with student loan information found in the following resources:
 - http://studentaid.ed.gov/students/publications/student_guide/index.html
(Repaying Loans)
 - www.finaid.org (Loans)
- Preview these websites so you can introduce them to your students:
 - www.collegeboard.com (For Students, How to Pay, CSS/Profile)
 - www.fafsa.ed.gov
- For **Activity II, Item 3**, you may wish to provide an example of a local entry-level salary, calculate net pay by subtracting 30% for taxes, and dividing by 12 to determine monthly income, so students can gauge the significance of a \$173 payment on a student loan.

VOCABULARY

Default: fail to make payments on a loan. (The time period which must elapse before a person is considered “in default” is specified in the terms of the loan.)

Deferment: a period of time during which no payments are required. (You may request a deferment due to economic hardship or active military duty. You cannot get a deferment once a loan is in default.)

Discharge: cancellation of a loan, only happens under specific circumstances like disability or death, or for “qualifying public service,” such as teaching in a low-income area.

Eligibility requirements: conditions that must be met to be considered for a scholarship.

Forbearance: a period of time during which payments are temporarily reduced or postponed. (This is for a limited and specific period of time by agreement with the lender.)

IMPLEMENTATION OPTIONS

Activity IV: If time permits, you may wish to log on to the following websites, and show students where to find the info they’ll need.

- www.fafsa.ed.gov (Links to obtain PINs and complete the FAFSA4caster.)
- www.collegeboard.com (Information about the CSS/Profile.)

ACTIVITY STEPS

I. Warm Up (5 minutes)

[Have students complete **Student Handbook page 96, How Much Do You Know About Student Loans?** as a Do Now.]

II. The Truth About Student Loans (10 minutes)

1. **SAY SOMETHING LIKE:** Later today, you'll have time to log back on to the website you chose last week, and search for scholarship opportunities that are a good match for you. Before you return to that research, I'd like to take a few minutes to give you the lowdown on loans. Let's begin by reviewing the answers to **Student Handbook page 96, How Much Do You Know About Student Loans?**

[Display **Student Handbook page 96, How Much Do You Know About Student Loans?** and discuss the answers. Use **Facilitator Resource 1, How Much Do You Know About Student Loans? Answers** as a guide.]

2. [After Questions 1 and 2], **SAY SOMETHING LIKE:** How important are student loans to the overall financial aid picture?
 - As you can see, student loans are a significant source of financial aid—both as a percentage of all types of aid and in terms of individual student debt.

What are some advantages of student loans?

- They make college affordable for more people.
- They're an investment in the future – the more education you have, the more you earn.

[You may want to compare the monthly payment on a car loan with the monthly payment on a student loan, reminding students that a car depreciates in value, while a college education provides long-term benefits.]

3. [After Questions 3 and 4], **SAY SOMETHING LIKE:** What loan amount might be comfortable for you as an individual?
 - Repayment terms vary, depending on the type of loan. You have at least 10 years to pay off most loans, and some offer up to 25 years to pay. Some repayment plans allow you to start with low payments, which increase with time. (Presumably you're gaining more work experience and earning more money.) Some repayment plans base your required payment on your current income.
 - But you should use caution when accepting a student loan. A fairly modest loan of less than \$4000 a year (\$15,000 total for 4 years of college is going to cost \$173

a month, every month, for ten years. That's a lot of money for someone earning an entry-level salary.

- Experts advise borrowing no more than you'll get paid in your first year of work.

[If desired, provide an example of an entry-level salary so students can get a realistic idea of the suggested limit on borrowing and gauge the significance of a \$173 payment. See **PREPARATION** for details.]

4. [After Questions 5 and 6], **SAY SOMETHING LIKE:** What are the consequences of not repaying your loan?
 - When you fail to make your student loan payments, you're said to be "in default." The terms of the loan will specify the time period that must elapse before you're considered in default.
 - The important thing to remember is that if you're having difficulty making your payments, you need to let your lender – the bank or the Department of Education – know right away. You can ask for a deferment, which postpones payments if you're facing a financial hardship or active military duty. If you don't meet these criteria, you can ask for forbearance, which reduces or postpones payment for a briefer period. In these cases, you must take action before you're in default.
 - An unpaid student loan debt can ruin your credit, making it difficult to get a loan for a house or car. The government may even request that your employer hold back a portion of each paycheck so that the loan can be repaid.
 - Almost nothing except permanent disability or death cancels a student loan. Even if you drop out of college or have a low-paying job, your student loan remains. Even bankruptcy doesn't guarantee an end to student loan payments.
5. [Direct students to **Student Handbook page 97, Five Facts About Loans**, for further information. Ask for volunteers to summarize advice about student loans.]

III. Scholarship Search (20 minutes)

1. **SAY SOMETHING LIKE:** How does this information about student loans impact your scholarship research? (*Should provide an incentive to search, because it's free money with no worries about paying it back.*) Please turn to **Portfolio pages 6-9, My Scholarships**, which provides a great way to prioritize your search and keep track of your work. Each page provides space to record information about two different scholarships.
2. [Display **Portfolio pages 6-7, My Scholarships**, using an overhead projector or laptop and LCD projector. Briefly describe how each section is used, referring to the example provided.]

SAY SOMETHING LIKE: As you browse available scholarships that look interesting, you can record what you find in the first section (above **Contact Information**). Notice the question on the sixth line: “How Well Do I Meet Qualifications?” If your honest answer is that you’re a pretty good match, write down why. But if you’re an obvious mismatch—it’s a scholarship for students with GPAs of 3.0 or higher and you seldom do better than a C, go no further. Spend your time where it counts—on the scholarships that are the best fit for your qualifications.

The next section is for **Contact Information**. Fill this in so you know whom to call if you have a question and how to submit your application. (The website in the example didn’t provide contact info, so the student has indicated how to find it.)

There’s also a section for **Required Documents**. Most scholarships will require only some of these. Check the ones that are required, and keep all of these documents in a folder so you don’t have to search for info you’ll need again and again. It’s also a good idea to print out details for specific scholarships and keep these pages in a folder.

The final section lists the **Actions Taken** to submit your application. Write down the date as you complete each step, so that you’ll have a record of your work.

3. **SAY SOMETHING LIKE:** Finally, as you discover scholarships you want to apply for, transfer each deadline to a calendar or day planner so you can see what’s coming up.
4. **SAY SOMETHING LIKE:** You’ll be spending the next 20 minutes researching scholarships that might work for you. To do this, return to the account created last week. You’ll find your username and password, if applicable, on **Student Handbook pages 93-95, Scholarship Website Summaries**, which you completed last week.
5. [Circulate among the students to answer any questions that come up.]
6. [Give students a two-minute warning before time is up. Let them know when it’s time to log off, and reconvene the class.]

IV. Next Steps (10 minutes)

1. **SAY SOMETHING LIKE:** We’re going to leave the topic of financial aid until early in January, when we’ll get started on the FAFSA on the web. In the meantime, there are several steps to take to maximize your opportunities for Financial Aid.

2. Please turn to **Student Handbook page 98, Financial Aid Next Steps**, to see a list of these steps. You should remove this from your binder and take this with you as a reminder. It would also be a great idea to share this with your parents and anyone else who is helping you prepare for college. Let's take a look at what's here.
 - 1) Continue your scholarship research on your own. Please see me or the school counselor if you have questions about this process.
 - 2) If you're considering a private college, check to see if the CSS/Profile is required. If it is, visit the College Board's website for instructions on completing this form.
 - 3) Prepare for the FAFSA by doing the following:
 - Apply for a PIN number for yourself, and show your parents how to apply for a PIN number for themselves. Keep these numbers confidential, as they allow access to family financial information and are used as an electronic signature for student loans.
 - If you're curious about your Expected Family Contribution, complete the FAFSA4caster online. The cool thing about this form is that the info you enter is transferred to the FAFSA when you apply in January.
 - Get your parents' help to start a folder of the forms needed for the FAFSA. Remember that all tax documents will be for this year, the year before you begin college. (That's the reason why you can't file the FAFSA now; you need to wait until January 1 when your info for this year is complete.)
3. **SAY SOMETHING LIKE:** Great job, everybody. I'll see you next week, when we'll begin a unit about the best strategies for finding a job.

How Much Do You Know About Student Loans? Answers

Complete this short quiz to determine how much you already know about student loans. Circle the best answer(s) to the questions below.

1. Federal loans make up about what percentage of total student aid?
 - a. 7%
 - b. 14%
 - c. 33%
 - d. 41%

SOURCE: Trends in Student Aid 2008, The College Board

2. The average student loan debt (excluding PLUS Loans but including Stafford, Perkins, state, college and private loans) for graduating seniors is
 - a. less than \$5,000
 - b. about \$20,000
 - c. about \$35,000
 - d. more than \$50,000

SOURCES: www.finaid.org, citing the 2003-2004 National Postsecondary Student Aid Study, puts the average student loan debt at \$19,237, with the median at \$17,120. Additionally, preliminary data from the 2007-08 NPSAS suggests that the average amount of debt among undergraduate seniors at 4-year institutions has increased to about \$22,500.

The College Board's Trends in Student Aid 2008 cite the Annual Survey of Colleges: for the approximately 60% of 2006-07 bachelor's degree recipients who graduated with debt, average total debt was about \$22,700. It should be noted that debt varies widely depending on the type of school attended.

3. Suppose you borrow \$15,000 to attend college. (\$3,750 a year for 4 years.) Your interest rate is 6.8% and the term of your loan is 10 years. About how much would your monthly payments be?
 - a. \$64
 - b. \$173
 - c. \$381
 - d. \$555

SOURCES: <http://www.finaid.org/calculators/loanpayments.phtml> and www.federalstudentaid.ed.gov

4. Experts recommend that your total student loan be less than
- a. the salary you expect to make your first year after graduation
 - b. the price of your first car
 - c. the least expensive house in the city in which you plan to live

SOURCE: www.finaid.org

According to finaid.org, your total education debt should be less than your starting salary. If you borrow more than twice your expected starting salary, you will find it extremely difficult to pay the debt.

5. Which of the following can happen if you default (fail to make payments) on a student loan? (Circle all that apply.)
- a. bad credit rating
 - b. difficulty buying a car or house
 - c. employer takes money out of your paycheck to make payments

SOURCE: www.finaid.org/loans/default.phtml

6. Under what circumstances is a student loan cancelled? (That is, you don't need to make any more payments, ever.) (Circle all that apply.)
- a. You don't graduate
 - b. Your job pays too little
 - c. You declare bankruptcy
 - d. You become permanently disabled or die

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Five Facts About Loans

1. **GOOD NEWS:** A student loan is an investment in the future. Money borrowed in the short term will have long-term financial benefits: increased earning power over a lifetime of work.
2. **CAUTION:** If you leave college, you must begin paying off your loans within 6 to 9 months (depending on the type of loan), even if you don't graduate.
3. **CAUTION:** Student loans are not discharged by bankruptcy. An employer may deduct money from your wages to pay off loans you've defaulted on.
4. **BE RESPONSIBLE:** If special circumstances (job loss, disability) prevent you from making a payment, you should contact your lender immediately.
5. **PLAN AHEAD:** New college graduates should be sure to include their student loan payment in their monthly budgets. A \$15,000 loan (\$3,750 a year for 4 years of school) might cost \$170 a month for 10 years.

For everything you need to know about student loans, visit www.federalstudentaid.ed.gov. Click on "For Students," then "Repaying Your Student Loans," then "Repaying Your Loans." There's even an online calculator that can help you determine how much your monthly payments will be.

See <http://www.finaid.org/calculators/loanpayments.phtml> for another online loan calculator.

The Language of Loans

Default: fail to make payments on a loan (The time period which must elapse before a person is considered "in default" is specified in the terms of the loan.)

Deferment: A period of time during which no payments are required. (You may request a deferment due to economic hardship or active military duty. You cannot get a deferment once a loan is in default.)

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Forbearance: A period of time during which payments are temporarily reduced or postponed (This is for a limited and specific period of time by agreement with the lender.)

Financial Aid Next Steps

The Free Application for Federal Student Aid (FAFSA) is the key to aid from a variety of sources – the federal and state government as well as some colleges. The first date to begin this application is January 1st. What can you do between now and then? Plenty!

Here are “next steps” to make the next few months productive ones.

1. **Scholarship Search:** Continue scholarship research on your own. Be sure to note deadlines so you can submit materials on time.
2. **CSS/Profile:** If you’re considering a private school, check to see if the CSS/Profile is required in addition to the FAFSA. If so, visit the College Board’s website: www.collegeboard.com. Click on “For Students,” then “CSS/Profile” under “Pay for College.” Here, you’ll find the online form, instructions, and a list of schools that require it. Note there’s a \$25 charge for an application and a report to one college. Additional reports are \$16 each. Fee waivers are available.
3. **FAFSA:**
 - a. Students and parents can use separate Personal Identification Numbers (PINs) to sign forms and access personal financial aid information online. To sign up for them, go to www.pin.ed.gov.
 - b. If you’re curious about your family’s Expected Family Contribution, you can complete the FAFSA4caster for a sneak preview. Info you enter is transferred to the FAFSA when you apply after January 1st. Go to www.fafsa4caster.ed.gov
 - c. Get your parent’s help in collecting the paperwork needed to complete the FAFSA. Create a file that contains the following:
 - Social Security Number
 - Driver’s license (if you have one)
 - W-2 Forms and other records of money earned
 - Your income tax return (for example, 2009 income tax form if applying to college for the 2010-2011 school year)
 - Your parents’ income tax form
 - Untaxed income records (veterans benefits records, child support received, workmen’s compensation)
 - Current bank statements
 - Your current business and investment mortgage information, business and farm records, stock, bond and other investment records
 - Your alien registration or permanent resident card (if you are not a U.S. citizen)

For more information, visit www.fafsa.ed.gov.



Use this page to track your scholarship applications.

MY SCHOLARSHIPS

Name of Scholarship	Optimist International Essay Contest
Deadline	Check with local chapter, no later than early Feb
Amount of Award	Up to \$6000
Eligibility Requirements	Essay on "The Power of Youth," under 19, U.S. citizen
Number of Scholarships Awarded	53 district awards of \$650 each, first prize of \$6000, 1 second prize of \$3750, 1 third prize of \$2250
How Well Do I Meet Qualifications?	I'm a good writer, tiny chance of local prize, probably not bigger prizes. Limit amount of time spent.
Contact Information	
Person	
Name of Organization	Optimist Club, e-mail programs@optimist.org for contact
Street Address	
City, State, Zip Code	
Phone	
E-mail	

Required Documents	
One or two essays	400 – 500 word essay
Letter(s) of reference	
Writing sample	
Resume	
Transcripts	
Student Aid Report	
Tax Returns and W-2 Forms	
GPA Certification Form	
Enrollment Verification Form	
Financial Aid Award Letter	
Other	Application form, birth certificate
Action Taken	
Made a copy for my records	
Application Mailed	
Thank- You Note Sent	

MY SCHOLARSHIPS

Name of Scholarship		
Deadline		
Amount of Award		
Eligibility Requirements		
Number of Scholarships Awarded		
How Well Do I Meet Qualifications?		
Contact Information		
Person		
Name of Organization		
Street Address		
City, State, Zip Code		
Phone		
E-mail		

Required Documents		
One or two essays		
Letter(s) of reference		
Writing sample		
Resume		
Transcripts		
Student Aid Report		
Tax Returns and W-2 Forms		
GPA Certification Form		
Enrollment Verification Form		
Financial Aid Award Letter		
Other		
Action Taken		
Made a copy for my records		
Application Mailed		
Thank-You Note Sent		