

# How to Find College Scholarships and Understanding How Student Loans Work

## FINANCIAL AID/SCHOLARSHIPS RESOURCES

[FAFSA](#) – Free application for federal student aid. Available in Spanish.

[FEDERAL STUDENT AID](#) – website provides information on how student loans work.

[CSS PROFILE](#) – Apply for Financial Aid using the CSS Profile. Not all colleges require this. Please check the list to make sure.

[FAFSA4CASTER](#) – Direct link to the FAFSA estimator.

[ISAC](#) (Illinois Student Assistance Commission) – Online resource making college accessible and affordable for Illinois students.

Students should log into their [NAVIANCE](#) account for a current list of local scholarships and links to other scholarship databases.

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The idea of student loan debt can be pretty terrifying — especially considering the average 2016 college graduate left school owing more than \$37,000 for their education.

For the 2016-17 academic year, here's how much it costs to attend college:

- Public Two-Year College (in-district students): \$3,440
- Public Four-Year College (in-state students): \$9,410
- Public Four-Year College (out-of-state students): \$23,890
- Private Four-Year College: \$32,410

And the harsh reality is, the price of higher education is continuing to increase year after year.

Federal student loans can be a great way for students to get help paying for school, but they don't always cover the entire cost, and depending on the college, students are graduating with tens of thousands of dollars in debt — with no chance of paying it off anytime soon.

The idea of turning to private loans is even worse — in fact, there is pretty much no situation in which you should ever take out private student loans. They come with extremely high interest rates, fees for late payments and other concerning features that make them less favorable to federal loans. And while the government may work with you on your repayment plan, private lenders have no sympathy — they are coming after you for that money one way or another.

**Read more: [9 ways to pay for college without student loans](#)**

But here's the good news: While the cost of college isn't getting any cheaper, there are several ways to make it cheaper for yourself.

Whether you need a little help or a lot, there are tons of opportunities available to help you cover the cost of your education. It may take a little extra research and hard work, but in long run, it is absolutely worth it to avoid graduating college with the burden of nearly \$40,000 of debt.

## Best Websites to Find a College Scholarship

1. [Fastweb.com](http://Fastweb.com) – Find more than 1.5 million in scholarships that provide more than \$3.4 billion. Once you create a profile, the site's search feature will help you find the most accurate matches that fit your needs. Your personal profile is how the site helps you find pretty much exactly what you're looking for. You can then also see all the scholarships you applied for, or may want to apply to in the future. They also have 'contests' that you can enter monthly or weekly to win money.
2. [Collegeboard.org](http://Collegeboard.org) – While the College Board is known for its college planning tools, it also has an arm that focuses on scholarships. Big Future hosts scholarships, as well as other financial aid and internship information from more than 2,200 programs — totaling nearly \$6 billion. In order to get the most accurate search results, it's critical to fill out as many details as you can in the profile that's used for searching.
3. [Niche.com](http://Niche.com) – Formerly known as College Prowler, Niche is a great tool that can help you find colleges AND money. It's organized into categories that make it pretty easy to find what you're looking for — allowing users to search by interest, career, major and other areas.
4. [Scholarships.com](http://Scholarships.com) – Scholarships.com hosts one of the largest scholarship databases out there and it's updated on a daily basis. According to the site, "With more than 2.7 million scholarship and grant opportunities worth more than \$19 billion, just about everyone is bound to find something." It's easy to browse by category, but the best way to take advantage of what the site has to offer is to make a personal profile, which will allow you to find the most exhaustive lists of opportunities available to you.
5. [Moolahspot.com](http://Moolahspot.com) – Moolahspot isn't as robust as some of the other scholarship databases, but in the search for a college scholarship, it's another option to help you find extra money.
6. [CollegeNET.com](http://CollegeNET.com) – When you go to the site's homepage, go to the top right corner to search college scholarships. From there you can either search by specific keywords or create a personal profile in order to get the most accurate matches that fit your needs. Once you make a profile, you create and save lists of opportunities you're interested in.
7. [Scholarship Monkey](http://Scholarship Monkey) – Scholarship Monkey allows you to search for scholarships a few different ways. You can search by keyword, browse scholarship lists (various categories/topics) and also see lists of the latest and featured scholarships. The site also allows you to create a personal profile for more accurate results.
8. [Cappex](http://Cappex) – Cappex hosts a database of more than \$11 billion in scholarship opportunities. Once you create a personal profile, you can search for opportunities that directly match your strengths and skills. Plus, Cappex has a tool that will calculate your odds of getting into a certain college before you even apply.
9. [Chegg](http://Chegg) – Chegg is widely known for its online textbook store that allows students to either rent or buy textbooks for cheap. But Chegg is also a great resource for finding scholarships — more than \$1 billion worth of them. To search for available scholarships, go to 'colleges' at the top of the homepage and then click 'scholarships' in the drop-down menu. Once you create a personal profile, you can search for available opportunities that match your criteria. Chegg also has a 'top scholarship picks this week' category that highlights some options you may have missed.
10. [Unigo](http://Unigo) – Unigo hosts millions of available scholarships and makes it easy to search by type, including: athletic scholarships, college-specific scholarships, company-based scholarships, minority scholarships, major-specific scholarships, state-specific scholarships and more. You can search by category or create a personal profile to get more specific results that match your needs. Unigo also offers [scholarship contests and sweepstakes](#).
11. [Peterson's](http://Peterson's) – Peterson's hosts \$10 billion in scholarship opportunities and also provides information to help you in your search. Once you fill out a short survey, you can filter your search results so they're tailored to your specific needs. The site also allows users to [search by a variety of different topics](#), college types and personal details — in order to give you the best results for you.
12. The U.S. Labor Department's Free Search Tool – According to the official [Student Aid website](#), this free tool is a great resource for students to search more than 7,500 scholarships, grants and other various types of financial aid award opportunities.

## More tips for finding scholarships

The Department of Education recommends using the following free resources to find more information about scholarships and other financial aid opportunities:

- The financial aid office at a college or career school
- The U.S. Department of Labor's [FREE scholarship search tool](#)
- [Federal agencies](#)
- Your [state grant agency](#)
- Your library's reference section
- Foundations, religious or community organizations, local businesses, or civic groups
- Organizations (including professional associations) related to your field of interest
- Ethnicity-based organizations
- Your employer or your parents' employers

## Scholarship Scams

Every year, several hundred thousand students and parents are defrauded by scholarship scams. The victims of these scams lose thousands, if not millions, of dollars collectively on an annual basis according to multiple sources. Scam operations often imitate legitimate government agencies, grant-giving foundations, education lenders and scholarship matching services, using official-sounding names containing words like "National," "Federal," "Foundation," or "Administration."

This [article](#) provides advice on how to identify such scholarship scams, how to distinguish between legitimate and fraudulent organizations, how to protect yourself from scholarship scams; and what to do if you are scammed.

In general, be wary of scholarships with an application fee, scholarship matching services who guarantee success, advance-fee loan scams and sales pitches disguised as financial aid "seminars"

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## Student Loans 101

### Everything from how much to borrow to paying it off

*Visit the [Federal Student Aid Website](#) for more information*

It's no secret that student loan debt in the U.S. has become a big problem — with 43 million Americans now owing a total of more than \$1.2 trillion in education loans. That's a lot of money — so much that it's difficult to even grasp what \$1.2 trillion means. So let's forget about those statistics and talk about what matters most to you — how student loan debt affects *your* life and *your* money.

Student loans can be a great investment — you're investing in your education in order to get a better, higher-paying job down the road. But if you don't know exactly what you're getting into, that investment could end up costing you more than it's worth.

One of the biggest problems with student loan debt in America is the lack of understanding of how the process works from start to finish. When many people graduate college, they are in for a big surprise when those student loan payments start coming in.

So it's crucial that you actually understand your loans — for two reasons:

- so you don't suddenly get slapped in the face by them,
- and so you can make the best choices for you and your situation, including the best ways to get the debt paid off.

To help you get a better grasp on student loans and how it all works, this guide is broken down into four main parts:

- The types of loans available and how they work
- Which loans are the best
- The 3 rules of borrowing
- Options for paying off student loans

## Types of student loans

When it comes to borrowing money for college, there are two main types of student loans: federal and private.

- **Federal student loans:** These are issued by the government and pretty much anyone with a high school diploma can apply for one and get it.
- **Private student loans:** These are issued by private banks or other financial companies. With a private loan, you borrow money directly from the bank instead of the department of education.
  - Private loans are typically a very bad idea — they have really high interest rates and the repayment options are a lot less generous than federal loans.

## The 3 rules of student loan borrowing

1. **Never borrow more** for a 4-year degree than the entry-level salary you expect to earn during the first year after graduation. If you know what you want to study and figure out that in your first year after graduation, you won't be able to earn as much money as you would have to borrow, consider an alternative.
2. **Consider doing your first two years at a community school and transferring to a four year school for the last two years.** Then after two years, you can transfer your credits to the school from which you want your degree. That can save you as much as 50% on the total cost of college. Just make sure to do some research to make sure that you will be able to transfer those credits to the school of your choice. And by the way, no one asks you where you started college – just where you graduated from.
3. **Never borrow any private student loan money! Can't say it enough.** If the cost of the degree you want exceeds what you can borrow under the federal student loan program, you should either pick a cheaper school, work your way through school or start at a community college and transfer.

**Bonus tip:** Only borrow what you absolutely need! You may qualify for a bigger loan amount than you actually need, but that doesn't mean you should take it. If you work your way through school, you can avoid borrowing too much in student loans and make your life a whole lot easier down the road.

## How to pay off student loans

One thing about student loans is that they're easy to forget about. Some people might say that's crazy, how could you possibly forget that you owe \$50,000?? Or whatever the amount is. But since many loans don't require any payments while the borrower is in school, it can be easy to forget that they're even there. On top of that, many college students have no idea what they're about to face when they graduate — especially since so many don't even know what types of loans they have, how they work and if they're being charged interest or not. And if you don't know, that's OK! Now that you have an idea of what to look for and how each loan works, you can start to better understand your own loans.

### Paying student loans while you're in school

- If you're still in school and you have loans that are accruing interest, try to pay off the interest payments each month in you can. You'll have a better idea of what you'll face when you graduate and you'll also owe less money when that time comes.
- Picking up a side job while you're in school can help you make those payments and also put some money away in savings.
- Paying attention to your student loans will help keep you on track and also help you avoid getting way behind on payments.

### Paying student loans after you've graduated

- If you haven't taken the time to sit down and actually look at your loans and how much you owe — it's time to rip off the Band-Aid!
- It can be a little terrifying, which is why so many people choose to put it off. But if you don't have an idea of what you're facing, it will take you a lot longer to get your loans paid off and they'll cost you a lot more money over time.

### Understanding the interest on your loans

If you're facing some pretty hefty loans, just thinking about looking at all of the details can be kind of miserable, especially if you don't have the money to pay them off anytime soon. It's easy to simply set your monthly payments on autopilot and never look back. But while that's a good way to make sure you don't miss any payments, ignoring the big picture may be costing you more than you think. Just like other loans, interest is the fee you pay the lender for letting you borrow the money — and it's calculated daily, based on the loan's interest rate. So if you've been making monthly payments for a while and are wondering why the total balance has barely gone down at all, you need to take a closer look at what you're paying in interest.

Let's say you have a \$50,000 loan with an interest rate of 7 percent. Here's how to calculate your daily interest rate:

**(interest rate) x (current principal balance/total loan balance) / (number of days in the year) = daily interest**

So using the same example:

**.07 x 50,000 / 365 = \$9.58**

That means you would be paying \$9.58 per day in interest! If your minimum monthly payment is \$500, in a 30-day month, you would be paying \$287.40 in interest alone, which means only \$212.60 of that payment is going toward the actual loan balance.

It sucks, but it's just how student loans work. When you make a payment, the lender applies the money to different parts of your loan in a specific order, so once the first thing is covered, the remaining amount of the payment is applied to the next thing and so on. Here's the order:

- Late fees
- Interest
- Principal

So when you're just making the minimum monthly payments on a big loan with a high interest rate, that balance isn't going down anytime soon.

Go through your loans to see what you're paying in interest and how your monthly payments are being applied, because even if you're paying hundreds of dollars each month, you may not even be making a dent in the total cost of your debt.

So that's something you really need to pay attention to!

If you can afford to pay more each month, do it. And if you have several loans, put the most money each month toward the loans with the highest interest rates, while still making the minimum payments on the other loans.

You also need to know your options — because there are a lot of programs that can help you pay back your loans — IF you only borrowed federal student loans.

So here are a few of those options — and again, these are not available for private loans — only federal student loans.

### **Federal student loan repayment programs**

If you have federal student loans, there are some options available that you may be able to take advantage of.

- **Income-based repayment:** Income-driven repayment plans help borrowers keep their loan payments affordable with payment caps based on their income and family size. There are now four types of these plans available: Income-Based Repayment (IBR), Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE) and Income Contingent Repayment (ICR). After you qualify, your monthly payment may be adjusted each year based on changes in income and family size. You will have to verify your income every year, which means if you start to make more money, your payments may go up.
- **PAYE – Pay As You Earn – Caps** monthly payments at 10% of your income; all debt is forgiven after 20 years of on-time payments.
  - **Important note:** If you took out loans before 2007, your payments are capped at 15% — and you must pay on time for 25 years to have your loans forgiven.
- **Loan forgiveness:** In addition to repayment options, there are also ways to have your student loans forgiven. Public service employees can qualify for full loan forgiveness after making 10 years of monthly payments on their federal student loans. [Get more details to see if you qualify.](#)

There are also other options like deferment and forbearance, which allow borrowers to postpone their payments if they're struggling to even get by or due to other economic hardships.

- **Deferment:** A deferment allows you to postpone your loan payments for anywhere between 1 and 3 years, depending on your situation. For Perkins and subsidized Stafford loans, the advantage of deferments is that interest does not accrue during that period while you aren't making payments. But for unsubsidized and PLUS loans, interest **does accumulate** during deferment. So if you don't pay the interest charges during that period,

they are applied to the total loan balance and when the period is up, your monthly payments will be higher than they were before deferment, because of the added interest.

- **Forbearance:** If you can't make your monthly loan payments but don't qualify for deferment, your lender may grant you a forbearance period. With forbearance, you may be able to delay your payments or reduce your monthly payment for up to 12 months. **But!** With forbearance, interest will continue to accumulate on every type of loan — including subsidized, unsubsidized and PLUS loans.

So if you don't pay the interest charges during that period — on subsidized, unsubsidized or PLUS loans — the fees are applied to the total loan balance throughout the duration of your forbearance. Then when the period is up, your monthly payments will be higher than they were before, because of the added interest.

These options can help you when you're struggling to make your monthly payments, but just keep in mind that if interest is accumulating, you should try to continue paying off the interest while your monthly payments are delayed.

### **Federal loan consolidation**

After you've exhausted all of these options, you may want to consider federal loan consolidation.

A Direct Consolidation Loan allows you to combine multiple federal student loans into one loan – so you would have one single monthly payment instead of multiple payments.

Before you consolidate your loans, there are a few things to consider.

#### **Pros of loan consolidation**

- Simplifies your student loan repayment with one monthly bill.
- The new loan may extend your repayment period by 10 to 30 years, giving you more time to pay it off.
- Consolidation may make you eligible for repayment plans you couldn't previously qualify for.
  - If your current loans don't qualify you for income-based repayment plans, consolidating them into one federal Direct loan could allow you to take advantage of this offer, which means your payments would be tied to your income and the total loan balance would be forgiven after 20 to 25 years of on-time payments.
  - The same goes for federal student loan forgiveness programs.
- While some of your loans may have a variable interest rate, the new loan will have a fixed rate.

#### **Cons of consolidation**

- By extending your repayment period, you will have to make more payments and pay more in interest (although you could always just pay the loan off faster than the scheduled repayment term).
- Your monthly payments may also increase, so make sure to compare your current monthly payments to what you would be required to pay each month on the new, consolidated loan.
- When you consolidate, you lose any borrower benefits that were offered with your original loans.
- If you have a Perkins loan, those come with their own cancellation programs – so if you consolidate, you may want to keep the Perkins loan separate in order to take advantage of the cancellation program.
- Once you consolidate, it **cannot be undone**.

Federal loan consolidation is FREE — so do not let a company, scammer or anyone try to charge you for consolidating your loans for you.

For more details on all of the federal student loan repayment options available to you, including loan consolidation, check out the [Federal Student Aid website](#).

### **Refinancing student loans**

After you've exhausted all of these options, or if you have private student loans, that's when you may want to consider refinancing. Student loan refinancing has become an increasingly popular way for borrowers to decrease the total cost of their debt — while shrinking the time it takes them to get it all paid off.

Resource: <http://clark.com/commoncents/student-loans-101-everything-much-borrow-paying-off/>