

## Types of Financial Aid

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There are several options available to students who need assistance paying for their education. These include gift aid, like scholarships and grants, work-study, and loans. Students who attend an accredited distance learning schools have the same financial aid options as students at traditional schools. However, it is best to speak directly with the school about their financial aid options before enrolling in a distance learning program.

**Scholarships:** These private funds are generally given to students based upon scholastic, athletic, or artistic achievement. Since it is gift aid, students do not have to repay scholarship money. Each individual scholarship sets its eligibility criteria; examples include graduating from a particular high school, being a member in a specific club or group, attending a certain college, and selecting a specific major. Many scholarships also set criteria that must be met in order to continue receiving aid in subsequent semesters, such as maintaining a specific GPA.

**Grants:** Most grants are paid by the federal government and are need based. However, some may be paid by the state government or private donors. Grants are gift aid and do not need to be repaid. Grants are primarily awarded to those students who have the greatest financial need. The most common grants are the Pell Grant and the Federal Supplemental Education Opportunity Grant.

**Work-Study:** The federal work-study program is an opportunity for students to work part-time to offset education costs. The funds received are typically used for books, supplies, and personal expenses. Students who participate in work-study will earn at least federal minimum wage and are expected to work an average of 15-20 hours per week during the school year.

**Federal Loans:** The amount of money a student can borrow through federal loans is capped by the student's school, and all money received through loans must be repaid. The primary benefit of federal loans is that there are fixed interest rates. There are four types of federal loans: Perkins Loan, Subsidized Stafford Loan, Unsubsidized Stafford Loan, and PLUS loan. The Perkins and Subsidized Stafford Loans are need based. PLUS loans are available only to graduate students or parents of undergraduate students.

**Private Loans:** Private loans are primarily used by those students who are ineligible for other types of financial aid or those students who need additional money to cover the cost of education. These are credit based loans, and many students will need a co-signor to be approved. Most private loans have higher interest rates than federal loans and have variable interest rates.

It is important that you understand your financial aid options and compare financial aid packages before enrolling in a particular school. Students should attempt to receive as much gift aid as possible. If you must take out student loans, make sure you practice smart borrowing and use work-study to offset education costs. Now that you have a better understanding of your financial aid options, head over to our [Best Online Colleges](#) ranking to learn more about some of your best options when it comes to getting a degree online.

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