

Dealing With Not Enough Aid

Whether they are in their first year in school or their last, many students face dealing with too little financial aid.

One of the main causes of too little aid is a change in a family's financial situation in the time since the student applied for aid – such as the loss of a job or a medical emergency that drained a savings account. If you find yourself short on money for school, you need to discuss your situation with a financial aid officer as soon as possible. The aid officer may even suggest filing a formal appeal of your aid package. In this conversation, you can clarify your financial situation and make sure that you have received all the aid for which you are eligible. If there is a situation that was unclear in your aid application, or if there has been a change in your family's financial situation, there may be more aid available.

Even if there has not been a change in your family's financial situation, we encourage you to meet with a financial aid officer at your school if money is tight. There may be other sources of aid, including low-interest university loans that would be less expensive than other loan options. An insufficient aid situation is not unusual, and aid officers have helped many students find enough aid to complete their degree.

Once you have clarified that you have received all of the federal, state and institutional aid that you are eligible for, there are a few additional options to consider before taking out private loans:

- Apply for scholarships – There are many free scholarship databases that you can explore on the Internet or at CFNC.org.
- Cut your expenses – Use our interactive budget calculator to understand where you spend money and to find where there is potential for saving.
- Earn income – Many students work while in school to help make ends meet and reduce overall college debt. Keep in mind though that working more than 20 hours per week could harm your school work.
- Seek help from parents – Depending on your family's financial situation, they may be able to help you financially by applying for a federal PLUS Loan or by tapping their savings or home equity.
- Consider service, military, or loan forgiveness programs. Programs such as AmeriCorps and the Peace Corps offer financial incentives for service, including the repayment of some student loans.



The military's ROTC program and Army National Guard also offer generous help for students.

- Loan forgiveness programs for professions such as teaching and nursing may be available.

Private Student Loans

As the cost of attending school has risen faster than federal loan limits, private (also known as "alternative") loans have become an increasingly common way to fill the financial gap between what you need and what the government will provide. These student loans are completely independent of the federal aid application process and are similar to any other type of loan – the rates you pay and the amount you may borrow depend on factors including your credit score.

The interest rate on private loans may or may not be higher than the rate on government loans, and unlike Direct Subsidized Loans from the federal government; interest on private loans begins to accrue as soon as the loan is disbursed. Once loan limits on government loans have been reached, private student loans, if chosen carefully and limited in amount, are a good alternative to fill the gap between federal aid and the cost of attendance.

There is no one answer for dealing with too little aid that is right for every student. You will have to make important choices about your overall student debt, work schedule, and even lifestyle while in school. All of these choices will have major consequences that will last for years after graduation – for instance, too much debt can be a burden, but working too much in school can reduce your academic performance.

In an uncertain economy and job market, a conservative approach that balances part-time employment with student loans may be the best choice.