

Types of Financial Aid

Financial aid makes up the difference between what college costs and what a family can afford to pay. There are three main types of financial aid:

- Grants and scholarships that don't have to be repaid
- Employment programs, such as work-study, that allow students to earn money and gain job experience while still in school
- Loans that have to be repaid

Merit-based scholarships: A merit scholarship is a financial award that students receive based on their academic success in high school. Merit-based scholarships are not only limited to a student's grades, but also consider factors such as leadership roles, standardized test scores, extracurricular activities and school or community involvement. Applicants can also apply for athletic or artistic achievement scholarships.

Need-based aid: Students qualify for need-based aid based on their family's income. Still, many need-based scholarships take into account an applicant's grades and test scores.

Need-aware admissions: When a college takes into account an applicant's or family earning capacity in relation to their tuition, housing, and dining costs when deciding whether or not to admit the applicant. Need-aware admissions are the opposite of need-blind admissions; the admissions decision is made with the applicant's financial background in mind. However, this isn't necessarily a bad thing; sometimes colleges will give out more generous financial aid packages to need-aware admits since they know ahead of time how much money they would need to give out to their admits. Applicants to need-aware institutions are still evaluated primarily on their academic stats, essays, and recommendations over their financial ability; no applicant will be accepted solely because they can pay full tuition

Need-blind admissions: A college that has need-blind admissions separates an applicant's academic standings, scores, and essays from their family's financial situation when evaluating whether or not to take the student. In fact, many of these institutions don't even calculate aid until they've accepted a student already.

Source: <https://professionals.collegeboard.org/guidance/financial-aid>