

Name:

Students will be able to:

- Explain what it means to be a responsible borrower
- Analyze different types of federal student loans
- Compare federal and private student loans
- Analyze hypothetical and personal scenarios involving college and career decisions that impact their ability to pay for college

NOTE: Vocabulary for this unit can be found in the [NGPF Personal Finance Dictionary](#)

INTRO

DATA CRUNCH: [What's the Distribution of Federal Student Loan Debt in the U.S.?](#)

Analyze the image on the worksheet to answer the questions on this Data Crunch.

LEARN IT

INFOGRAPHIC: [The Financial Aid Process](#)

In this lesson we will focus specifically on Student Loans, the type of financial aid you should accept *after* Scholarships, Grants, and Work-Study. Take a moment to review the slide before moving on to the next resource.

VIDEO: [Responsible Borrowing](#)

Student loans can be scary, but if you are a responsible borrower you will be able to use them to your advantage to help pay for a college education. Watch this video on how you can be a responsible borrower. Then, answer the questions.

1. **Out-of-state schools are often significantly more expensive than in-state schools. Do you feel like attending school out-of-state is worth the extra expense? Explain why or why not.**

2. **How does the salary you will earn after graduating college factor into how much you should take out in student loans?**

 3. **In general, do you think taking out student loans is a good thing or a bad thing? Explain your reasoning.**

 4. **When taking out student loans, what do you call the signed agreement to pay them back?**
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EDPUZZLE: [The Different Types of Federal Student Loans](#)

You already know that student loans should only be considered once you've exhausted opportunities for grants, scholarships, and work study. But if the time comes when you need a student loan, what kinds are available and which of them should you choose? Watch this video and follow your teacher's directions to answer the questions either in your student activity packet or within the EdPuzzle itself.

NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.

1. **What is the benefit of having a fixed interest rate loan?**
 - a. Your interest rate changes annually, therefore, you may be able to get a lower rate
 - b. Your interest rate stays the same, therefore, the amount of interest you pay stays the same
 - c. Your interest rate changes, therefore, making this an easier loan to obtain
 - d. Your interest rate stays the same, but the monthly payment on this type of loan changes drastically

2. **Select TWO statements that correctly describe a Direct Subsidized Loan and a Direct Unsubsidized Loan.**
 - a. The government pays the interest on a Direct Subsidized Loan while the student is in school and during the grace period
 - b. The government pays the interest on a Direct Unsubsidized Loan while the student is in school and during the grace period
 - c. The borrower is responsible for paying all of the interest on a Direct Subsidized Loan
 - d. The borrower is responsible for paying all of the interest on a Direct Unsubsidized Loan

3. Who qualifies for a Direct Plus Loan? (choose TWO correct answers)

- a. Any undergraduate student
 - b. Graduate students
 - c. Parents of a college student
 - d. High school students
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ARTICLE: [Federal Loan Limits, Interest Rates, and Fees](#)

ARTICLE: [What Are the Interest Rates for Federal Student Loans?](#)

When planning how you're going to pay for college, it's important to know that there is a limit to how much you can borrow using federal student loans. Another critical piece of information to know is the interest rates associated with the types of loans you might take out. Review the sections of the articles linked here to learn about the limits and interest rates associated with federal student loans. Then, answer the questions.

- 1. Imagine you're looking at attending a college whose tuition is \$10,000 per year. Would you be able to pay your tuition only using federal student loans your first year?**

 - 2. Describe one downside to borrowing the maximum allowed amount of federal student loans.**

 - 3. Briefly describe the interest rates associated with the different types of federal student loans.**

 - 4. At what point are you no longer eligible to receive Direct Subsidized loans?**
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INFOGRAPHIC: [Comparing Federal and Private Student Loans](#)

ARTICLE: [17 Best Private Student Loans](#)

You've applied for grants and scholarships. You've found work study. You've taken out Direct Subsidized and Unsubsidized Loans. And yet...you still don't have enough to cover the cost of college. You do have another option to cover the remainder—private student loans. However, you should be very careful when considering this option. Take a look at the infographic and skim the interest rates of different private student loans in the article to learn more. Then, answer the questions.

- 1. Think back to the interest rates for federal student loans you learned about in the previous resource. How do the interest rates for private student loans shown in the article compare?**

- 2. We've learned that private student loans are the last type of financial aid you should utilize. What characteristics of private student loans best explain why that is?**



DO IT

ACTIVITY: [ANALYZE: College and Career Choices](#)

It's time to use what you've learned about the different options available to pay for a college education. You will analyze two hypothetical scenarios where students are making financial aid decisions before applying what you've learned to your own situation. Follow the directions on the worksheet to complete this activity.



EXIT TICKET

Follow your teacher's directions to complete the Exit Ticket.