

Student Loans 101 | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Loan funded by private banks.
- _____ Loan available to parents of undergraduate students.
- _____ Loan funded by the government.
- _____ Interest is paid by the Department of Education.
- _____ Interest builds up while student is in school.

Column B

- a. Federal Loan
- b. PLUS Loan
- c. Private Loan
- d. Subsidized
- e. Unsubsidized

Multiple Choice

1. **Who funds federal school loans?**
 - a. Congress
 - b. Taxpayers
 - c. Colleges
 - d. Banks
2. **How much of all student debt is from federal student loans?**
 - a. 72 percent
 - b. 82 percent
 - c. 92 percent
 - d. 100 percent
3. **If given the option, which type of student loan should you accept first and why?**
 - a. Subsidized, because you can pay interest later.
 - b. Unsubsidized, because there is no interest while you are enrolled in school.
 - c. PLUS, because the interest will be paid by your parents.
 - d. All types of loans are the same, so it doesn't matter.
4. **What is the name of the annual application you fill out for student aid?**
 - a. FAFAS
 - b. FAAFS
 - c. FAFSS
 - d. FAFSA

Application

If your school debt is \$25,000 annually, multiply that number by 4 (the number of years you may be in school). This is your total school debt: \$100,000! How would interest affect the total amount you would need to pay back for your education? List 3 ways you can help manage your debt wisely while you are in college.



Student Loans 101 | Answer Key

Matching

Match the definition in Column A with the term in Column B.

Column A

- c. Loan funded by private banks
- b. Loan available to parents of undergraduate students
- a. Loan funded by the government
- d. Interest is paid by the Department of Education
- e. Interest builds up while student is in school

Column B

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Answers will vary. This is a sample response;

If your school debt is \$25,000 annually over 4 years, it totals \$100,000. Interest increases this amount significantly. For example, with a 5% interest rate, your debt could grow to approximately \$127,000 over a 10-year repayment period.

Ways to Manage Debt Wisely:

1. **Part-Time Work:** Earn money to cover some expenses and reduce borrowing.
2. **Scholarships and Grants:** Apply for free financial aid to decrease your debt.
3. **Budgeting:** Live within your means and consider making interest payments while in school to lower overall debt.

Understanding loan terms and interest is key to managing student debt effectively.