



## NEWS RELEASE

**CONTACT:** Jack Wilkie  
(515) 273-7590  
[jwilkie@studentloan.org](mailto:jwilkie@studentloan.org)

### **FOR IMMEDIATE RELEASE**

#### **Exhaust Free Sources of Money First When it Comes to Paying for College** Iowa Student Loan's Financial Literacy Month Tip of the Week

WEST DES MOINES, IOWA – April 15, 2008 – In support of April's designation as National Financial Literacy Month, Iowa Student Loan (ISL) is offering a "Financial Literacy Tip of the Week." This week, ISL reminds students and families preparing to pay for college to exhaust all sources of free money first.

Student financial aid comes in many forms, such as scholarships, grants, work-study and loans. It can also come from a variety of sources such as federal, state and local governments or from schools, businesses and philanthropic organizations. Students and parents should first look to free sources of aid such as scholarships and grants before borrowing federal student loans and if necessary, private student loans.

Scholarships provide money to students to help pay college costs and thousands of organizations award them each year at the local, state and federal level. Grants, like scholarships, do not need to be paid back and are available through the state or college. Students should explore both of these options before turning to loans, either federal or private.

Unlike scholarships and grants, loans are a form of financial aid that must be paid back. Student loans help provide the money necessary to pay college costs and earn a degree – an investment that provides huge payoffs, not the least of which are increased lifetime earnings. Several different kinds of loans are available to students and parents, with the support of the federal government. There is also the Federal Work-Study Program, which allows undergraduate and graduate students to work, either on or off campus, to earn money to help pay college costs.

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Some students may find that a scholarship, grant or a federal loan does not cover their costs. In that case, private loans can help bridge the gap between the actual cost of college and the amount that can be borrowed from the federal government under its financial aid programs. However, these loans have different interest rates, terms and conditions than federal loans. Since federal loans are often a less expensive borrowing option than private loans, students should be sure to exhaust federal eligibility before moving to private loans. If a student does decide on a private loan, they should be sure to research fully which loan will best meet their needs as a borrower and understand all the terms and conditions of the loan.

As students and their parents begin the financial aid process, they should keep in mind that there are people who are willing to help them find the resources needed to attend college. What's more, people are willing to help for free. Students should talk to their school counselor, the financial aid officer at the college they plan to attend, or a local nonprofit student loan provider for tips on how to begin their search. This is important to remember as every year students fall prey to costly financial aid and scholarship scams. Students can also learn how to better protect themselves by checking out "College Bound? Don't Get Hooked By Misleading Financial Aid Offers," available on the Education Finance Council's Web site at [www.efc.org/finlit](http://www.efc.org/finlit). For additional financial literacy tips, visit [www.studentloan.org](http://www.studentloan.org).

**About Iowa Student Loan:** Iowa Student Loan is a private, nonprofit corporation founded in 1979 by a proclamation of Iowa Governor Robert D. Ray to help students and parents obtain the financial resources necessary for a postsecondary education. Based in West Des Moines, Iowa Student Loan has helped more than 265,000 students pay for college. In 2007, Iowa Student Loan reinvested \$33 million into Iowa through programs and services. This included providing students fees and cost reductions, free college planning services, financial aid processing and community services.

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