

# FUNDING EDUCATION BEYOND HIGH SCHOOL



2011–12 | The Guide to Federal Student Aid



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FEDERAL STUDENT AID 



## Useful Websites

### College.gov

[www.college.gov](http://www.college.gov)

This website is designed to motivate high school students with inspirational stories and information about planning, preparing, and paying for college.

### Student Aid on the Web

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

At this U.S. Department of Education's Federal Student Aid website you can

- Find detailed information on Federal Student Aid programs; research school and career choices; learn about the entire federal student aid process, eligibility, and the application process; and access other Federal Student Aid websites and publications online.
- Create a "MyFSA," a federal student aid personalized folder to help you decide on a career, research schools, and find scholarships. Track your progress in the college planning and application process and access other sources of nonfederal aid.

### FAFSA on the Web<sup>SM</sup>

[www.fafsa.gov](http://www.fafsa.gov)

Apply for federal student aid online using *FAFSA on the Web*<sup>SM</sup> (the online version of the *Free Application for Federal Student Aid*, or FAFSA<sup>SM</sup>.)

### Military

[www.studentaid.ed.gov/military](http://www.studentaid.ed.gov/military)

If you are in the armed forces or have a family member in the service, visit this site to find out more about grants, repayment, and forgiveness options.

### National Student Loan Data System<sup>SM</sup> (NSLDS<sup>SM</sup>)

[www.nslds.ed.gov](http://www.nslds.ed.gov)

Use your personal identification number, called Federal Student Aid PIN, to access *all* your federal student loan records and obtain contact information on your loan servicer.

### Office of Inspector General Hotline

[www.ed.gov/misused](http://www.ed.gov/misused)

To report student aid fraud (including identity theft), waste, or abuse of U.S. Department of Education funds.

**1-800-MIS-USED (1-800-647-8733)**

E-mail: [oig.hotline@ed.gov](mailto:oig.hotline@ed.gov)

## Contact Information

### Federal Student Aid Information Center (FSAIC)

**1-800-4-FED-AID (1-800-433-3243)**

P.O. Box 84

Washington, DC 20044-0084

TTY users can call **1-800-730-8913**.

Callers in locations without access to 1-800 numbers may call **319-337-5665** (this is not a toll-free number).

The FSAIC staff will answer your federal student aid questions including:

- information about federal student aid programs,
- help completing the FAFSA,
- help making any corrections or updates to your FAFSA,
- help in understanding your *Student Aid Report* (SAR), which contains your application results,
- information about the process of determining financial need and awarding aid, and
- general information about your current federal student loans.

You also can use an automated response system at the FSAIC to find out if your FAFSA has been processed and to request a copy of your *Student Aid Report* or SAR. Or you can write to the FSAIC.

### State Higher Education Agencies

[www.ed.gov/programs/bastmp/SHEA.htm](http://www.ed.gov/programs/bastmp/SHEA.htm)

List of agencies responsible for administering state financial aid programs.

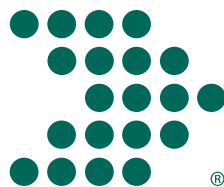
If you paid for a copy of this FREE publication, please write to the FSAIC at the address above.



# FUNDING EDUCATION BEYOND HIGH SCHOOL

The Guide to Federal Student Aid | 2011–12

U.S. Department of Education  
Federal Student Aid





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December 2010

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## Updates:

Any changes to federal student aid programs since this publication was printed are available at [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

## To order copies of this publication

### Students and Parents

Order online at: [www.edpubs.gov](http://www.edpubs.gov)

E-mail your request to: [edpubs@inet.ed.gov](mailto:edpubs@inet.ed.gov)

Call in your request toll free: **1-877-433-7827 (1-877-4-ED-PUBS)**

Those who use a telecommunications device for the deaf (TDD) or a teletypewriter (TTY) should call **1-877-576-7734**.

## Counselors, Mentors, and Other Professionals

Order online at: [www.fsapubs.gov](http://www.fsapubs.gov)

E-mail your request to: [orders@fsapubs.gov](mailto:orders@fsapubs.gov)

Call in your request toll free: **1-800-394-7084**

Those who use a telecommunications device for the deaf (TDD) or a teletypewriter (TTY) should call **1-877-576-7734**.

## Online Access

This publication is also available at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs).

## Alternate Formats

On request, this publication is available in alternate formats, such as Braille. For more information, please contact Federal Student Aid using the information provided on this page.

Some of the Web addresses in this publication are for sites created and maintained by organizations other than the U.S. Department of Education. They are provided for the reader's convenience. The U.S. Department of Education does not control or guarantee the accuracy, relevance, timeliness, or completeness of this outside information. Further, the inclusion of particular Web addresses is not intended to reflect their importance, nor is it intended to endorse any views expressed or products or services offered on these outside sites, or the organizations sponsoring the sites.

All website addresses included in this publication were accurate at press time.

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The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).



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## ***Our Mission***

*F*ederal Student Aid, an office of the U.S. Department of Education, plays a central and essential role in the nation's postsecondary education community.

Federal Student Aid's core mission is to ensure that all eligible individuals benefit from federal financial assistance—grants, work-study, and loans—for education beyond high school. The programs we administer comprise the nation's largest source of student aid. Every year, we provide more than \$150 billion in aid to nearly 14 million postsecondary students and their families. Our staff is based in 10 cities in addition to our Washington, DC headquarters.

You have many postsecondary education options from which to choose. Whether you decide to attend a four-year college or university, community college, or career school, the knowledge you gain will be of value to you for the rest of your life, no matter where you go or what you do.

## ***Glossary***

Definitions of financial aid terms frequently used in this publication can be found in the Glossary on page 39.

As a result of the *Health Care and Education Reconciliation Act of 2010*, beginning July 1, 2010, federal student loans under the Federal Family Education Loan Program<sup>SM</sup> (FFEL<sup>SM</sup> Program) are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program<sup>SM</sup>.



# FEDERAL STUDENT AID AT-A-GLANCE

*This section is a quick reference to federal student aid programs and how to apply for aid. The rest of the publication provides more detail of what you need to know as you go through the federal student aid process.*

## What is federal student aid?

It's financial help for eligible students to pay for education expenses at an eligible postsecondary school (e.g., college, vocational school, graduate school).

There are three categories of federal student aid: grants, work-study, and loans. Check with your school to find out which program(s) it participates in.

Federal student aid covers such expenses as tuition and fees, room and board, books and supplies, and transportation. Aid also can help pay for other related expenses, such as a computer and for dependent care.

This section is a quick reference to our federal student aid programs and how to apply for this aid. The rest of this publication provides more detail of what you need to know as you go through the federal student aid process.

## Who receives federal student aid?

Our most basic eligibility requirements are that you must

- demonstrate financial need,
- be a U.S. citizen or an eligible noncitizen,
- have a valid Social Security number,
- register (if you haven't already) with Selective Service, if you're a male between the ages of 18 and 25,
- maintain satisfactory academic progress in postsecondary school, and
- show you're qualified to obtain a postsecondary education by
  - ▶ having a high school diploma or General Educational Development (GED) certificate;
  - ▶ completing a high school education in a homeschool setting approved under state law;
  - ▶ passing an approved ability-to-benefit test (if you don't have a diploma or GED, a school can administer a test to determine whether you can benefit from the education offered at that school);

The graphic at the lower left and right of each page provides a key to the primary topic—based on the Prepare-Apply-Receive-Repay cycle—covered in the text on that page.



- ▶ completing six credit hours or equivalent course work toward a degree or certificate; or
- ▶ meeting other federally approved standards your state establishes.

## How do I apply for federal student aid?

### 1. Complete the *Free Application for Federal Student Aid* (FAFSA<sup>SM</sup>).

For *FAFSA on the Web*, go to [www.fafsa.gov](http://www.fafsa.gov). Using *FAFSA on the Web* is faster and easier than using paper.

If you need a paper FAFSA, you can download a PDF from [www.fafsa.gov](http://www.fafsa.gov) or order one from the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

**You can apply beginning Jan. 1, 2011; for the 2011–12 academic year and have until June 30, 2012, to submit your FAFSA. But you need to apply early!** Schools and states often use FAFSA information to award nonfederal aid. Their deadlines are usually early in the year. You can find state deadlines at *FAFSA on the Web* or on the paper FAFSA. Check with the schools you're interested in for their deadlines.

### 2. Review your *Student Aid Report* (SAR).

After you apply, you'll receive a *Student Aid Report*, or SAR. Your SAR contains the information reported on your FAFSA and usually includes your Expected Family Contribution (EFC). The EFC is an index used to determine your eligibility for federal student aid. Review your SAR information and make any corrections or changes, if necessary. The school(s) you list on your FAFSA will get your SAR data electronically.

### 3. Contact the school(s) you might attend.

Make sure the financial aid office at each school you're interested in has all the information needed to determine your eligibility. If you're eligible, each school's financial aid office will send you an award letter showing the amount and types of aid (from all sources) the school will offer you. You can compare award letters from the schools to which you applied and see what aid you can receive from each school.

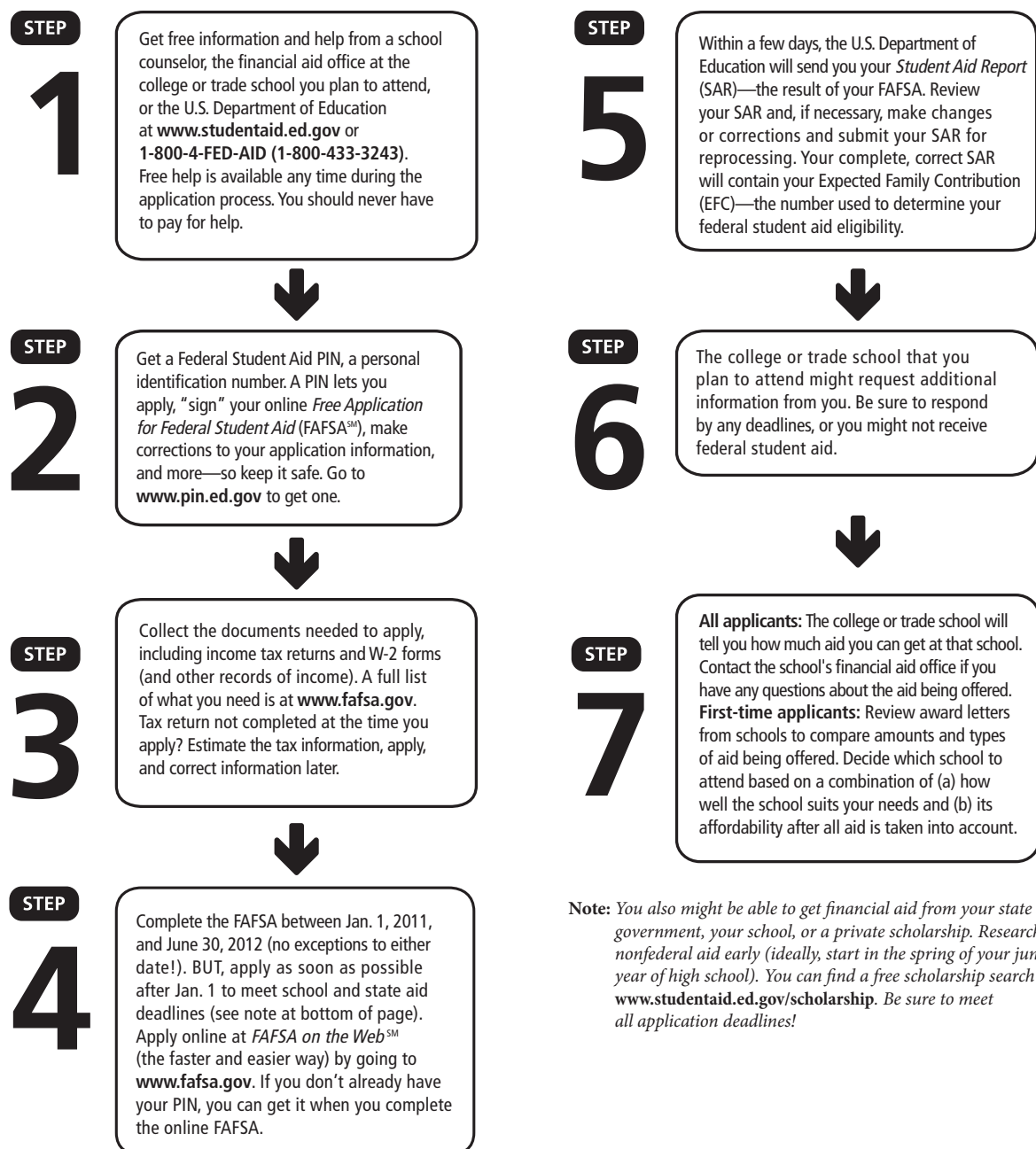
### Have questions? Contact/visit the following:

- 1-800-4-FED-AID (1-800-433-3243)
- 1-800-730-8913 (TTY for the hearing impaired)
- [studentaid@ed.gov](mailto:studentaid@ed.gov)
- [www.studentaid.ed.gov](http://www.studentaid.ed.gov)
- a college financial aid office



## Steps to Federal Student Aid

The following figure will help you keep track of what you need to do when applying for federal student aid.



## Federal Student Aid Process

The Federal Student Aid process has four cycles. Below is a brief description of each one of them, with fuller details to follow.

### Federal Student Aid process: In summary

#### PREPARE

This guide gives you information about federal student aid programs, as well as other means of paying for your education after high school.

#### APPLY

Too many students assume they won't qualify or think the FAFSA looks difficult to complete. The improved online FAFSA is much simpler than it used to be. It's a good idea to apply. You may be surprised by the amount of aid for which you qualify.

#### RECEIVE

We'll inform you and your selected schools about your Expected Family Contribution (EFC). Then the schools will tell you how much—and what sorts of—aid you qualify for.

#### REPAY

If your aid is in the form of a loan, this guide will give you general information on the repayment process. You can find detailed information on repaying student loans at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) as well as the publication *Your Federal Student Loans* at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs).

**Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate, and other details, by program**

Program	Type of Aid	Eligibility (i.e., who can get the grant)	Award Amounts	Details
Grants and Work-Study				
<b>Federal Pell Grant</b>	Grant: does not have to be repaid	Available almost exclusively to undergraduates; student may receive up to 2 consecutive maximum awards in a year if attending school year-round	\$609–\$5,550 for 2010–11	
<b>Federal Supplemental Educational Opportunity Grant (FSEOG)</b>	Grant: does not have to be repaid	For undergraduates with exceptional financial need; Federal Pell Grant recipients take priority; funds depend on availability at school	\$100–\$4,000	
<b>Teacher Education Assistance for College and Higher Education (TEACH) Grant</b>	Grant: does not have to be repaid unless you fail to carry out the service obligation  In that case, you must repay a TEACH Grant as a Direct Unsubsidized Loan with interest accrued from the date the grant was disbursed	For undergraduate, postbaccalaureate, and graduate students who are taking or will be taking course work necessary to become an elementary or secondary school teacher; recipient must sign an Agreement to Serve promising to teach full-time in a high-need field for four complete academic years (within eight years of completing academic program for which the TEACH Grant was received) at a low-income elementary or secondary school or educational service agency	Up to \$4,000 a year	Undergraduate students: total amount may not exceed \$16,000  Graduate student: total amount may not exceed \$8,000
<b>Iraq and Afghanistan Service Grant</b>	Grant: does not have to be repaid	For students who are not Pell-eligible; whose parent or guardian died as a result of military service in Iraq or Afghanistan after Sept. 11, 2001; and who, at the time of the parent's or guardian's death, were less than 24 years old or were enrolled at least part-time at an institution of higher education	Maximum is same as Pell maximum; payment adjusted for less-than-full-time study	
<b>Federal Work-Study</b>	Money earned while attending school; does not have to be repaid	For undergraduate and graduate students	No annual minimum or maximum amounts	Jobs can be on campus or off campus; students are paid at least federal minimum wage

*(continued on next page)*



**Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate, and other details, by program (continued)**

Program	Type of Aid and Interest Rate	Eligibility (i.e., who can get the loan)	Award Amounts	Details
<b>Loans</b>				
<b>Federal Perkins Loans</b>	Loan: must be repaid  5%	Undergraduate and graduate students enrolled at least half-time  Must demonstrate financial need	Undergraduate students: up to \$5,500 a year Graduate and professional students: up to \$8,000 a year Amount actually received depends on financial need, amount of other aid, availability of funds at school	Must be repaid to the school that made the loan  Up to 10 years to repay, depending on the amount owed
<b>William D. Ford Direct Stafford Loans</b>  <b>Direct Subsidized Stafford Loans</b>	Loan: must be repaid  Undergraduate students: <ul style="list-style-type: none"> <li>• For loans first disbursed on or after July 1, 2010, and before July 1, 2011: 4.5%</li> <li>• For loans first disbursed on or after July 1, 2011, and before July 1, 2012: 3.4%</li> <li>• For loans first disbursed on or after July 1, 2012: 6.8%</li> </ul> Graduate students: 6.8%	Undergraduate and graduate students enrolled at least half-time  Must demonstrate financial need	\$3,500–\$8,500, depending on year in school	The U.S. Department of Education is the lender and pays interest on the loan while you are in school at least half-time and during grace and deferment periods  Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
<b>Direct Unsubsidized Stafford Loans</b>	Loan: must be repaid  6.8%	Undergraduate and graduate students enrolled at least half-time  Financial need is not required	\$5,500–\$20,500 (less any subsidized amount received for the same period), depending on year in school and dependency status	The U.S. Department of Education is the lender  The borrower is responsible for paying all interest on the loan starting on the date the loan is first disbursed  Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected

(continued on next page)



Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate, and other details, by program (continued)

Program	Type of Aid and Interest Rate	Eligibility (i.e., who can get the loan)	Award Amounts	Details
Loans (continued)				
<b>Direct PLUS Loans</b> (for parents and graduate and professional degree students)	Loan: must be repaid  7.9%	Graduate students enrolled at least half-time and  Parents of dependent undergraduate students to help pay the cost of their child’s education  Financial need is not required  Must not have adverse credit history	Cost of attendance (determined by the school) minus any other financial aid received; there is no minimum amount	The U.S. Department of Education is the lender  Loan is unsubsidized (you are responsible for paying all interest)
Loan Consolidation				
<b>Direct Consolidation Loans</b>	Loan: must be repaid  Fixed rate is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of 1%  Cannot exceed 8.25%	Borrowers with multiple federal student loans	Depends on the amount of the loans	Combine multiple federal student loans into one loan  A parent loan cannot be consolidated with the student’s loan(s) and become the student’s responsibility to pay





# PART I.

## WHAT YOU SHOULD KNOW BEFORE YOU APPLY

*The amount and type of federal aid the U.S. Department of Education provides doesn't always depend solely on financial need. Once students apply for aid, many are surprised by the amount of aid they receive. So a good rule of thumb is: Don't assume you're not eligible. Take the time to complete and submit the Free Application for Federal Student Aid—the FAFSA<sup>SM</sup>.*

### **Why Should I Invest in an Education? Can't I Get a Job Now?**

Yes, maybe you could, but a college degree will make your chances even better. Over a working life, a person with a bachelor's degree will earn almost twice as much as someone with just a high school diploma. Higher education equates to more job options and higher earnings. Check out the earnings and unemployment rates for people 25 years and older with different levels of education in table 2. The more education you have, the more you earn.

#### **Not sure what a term means?**

What does this word mean? You will encounter financial aid terms that might be new to you. These words will be highlighted in **bold** at first mention. If you find a word you don't understand, see the Glossary on page 39 or visit our online glossary at [www.studentaid.ed.gov/glossary](http://www.studentaid.ed.gov/glossary).

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*When we refer to “school” in this guide, we mean a two-year or four-year public or private college or university, or a career or trade school.*

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### **Choosing the Right School**

#### **What type of school is right for me?**

If you can't decide where to go to school or need help planning for college, talk to your school counselor or visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov) and click on “Choosing a School.” Here you can learn more about the types of schools available in the field you interested in, start comparing schools, and learn how to assess them. You can even create a personal portfolio at [www.studentaid.ed.gov/myfsa](http://www.studentaid.ed.gov/myfsa) to keep track of your college search and access other U.S. Department of Education databases with detailed college information and career options.

#### **What should I consider?**

- Does the school offer the courses and type of program I want?
- Do I meet the admissions requirements?
- Does the school offer a high-quality education?
- Does the school participate in Federal Student Aid programs?
- Does the school offer services I need and activities I'm interested in?



**Table 2. Earnings and unemployment rate for people 25 years and over**

Unemployment rate in 2009	Level of education completed	Mean (average) earnings in 2009
14.6%	Less than a high school diploma	\$28,496
9.7%	High school graduate, no college	\$40,352
8.6%	Some college, no degree	\$46,800
7.0%	Occupational program (trade/vocational school)	\$46,696
6.8%	Associate degree	\$48,308
5.2%	Bachelor's degree	\$71,552
3.9%	Master's degree	\$82,628
2.5%	Doctoral degree	\$113,308
2.3%	Professional degree	\$114,712

Source: Bureau of Labor Statistics, *Current Population Survey*, unpublished tables, 2010.

Remember to carefully evaluate all relevant aspects of the schools you're considering. Just because a school participates in our federal student aid programs doesn't mean we've endorsed the quality of education the school offers. We don't approve a school's curricula, policies, or administrative practices, except as they relate to the administration of our federal student aid programs.

## Where can I find this information about college?

- Read the school's catalog or introductory materials.
- Visit the U.S. Department of Education's *College Navigator* at <http://nces.ed.gov/collegenavigator>.
- Talk with students who currently attend or have attended the school you're considering to get their opinion of the school.
- Check the school's website.
- Visit the reference section of your local library.
- Talk to high school counselors.
- Contact your State Higher Education Agency; find information at [www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (this URL is case-sensitive).
- Check to see if any complaints about the school have been filed with the local Better Business Bureau or the consumer protection division of the state attorney general's office. Search for Better Business Bureau offices at [www.bbb.org](http://www.bbb.org).

If you suspect fraud, waste, or abuse involving federal student aid (Pell Grants, Direct Loans, etc.) or if you believe that school

personnel have misrepresented any aspect of the educational program or its costs, you should call the Inspector General Hotline at 1-800-MIS-USED (1-800-647-3387). You're paying for a high-quality education—make sure you get it.

## Take the next steps

Before enrolling, make appointments to visit the colleges or career schools you're considering. Bring a list of questions to ask school representatives. Your education is a major investment, so find out as much information as you can before you enroll.

## What additional information should I get from a school?

- Ask about the school's **accreditation**, licensing, and student campus security.
- Find out the school's loan **default** rate (the percentage of students who have attended the school, taken out federal student loans, and failed to repay their loans on time). You might not be able to get aid from some of our programs at a school that has a high default rate.
- Find out the school's job placement rates (the percentage of students who are placed in jobs relevant to their courses of study).

If the school advertises its job placement rates, it also must publish:

- ▶ the most recent employment statistics,
- ▶ graduation statistics, and
- ▶ any other information necessary to back up its claims.

This information must be made available at the time you apply for admission to the school. Make sure you get the information you need and check out all of your options as you prepare for education after high school. It's never too early to get started pursuing an education, so don't wait until the last minute to get started! Know what to expect from the schools you're considering.

## Find out about financial aid at the school

### You have the right to receive the following information from the school

- The location, hours, and counseling procedures for the school's financial aid office.
- The financial aid assistance available, including federal, state, local, private, and institutional financial aid programs.
- The procedures and deadlines for submitting applications for each available financial aid program.
- The school's criteria for selecting financial aid recipients.



- The school's process for determining your financial need.
- The school's process for determining the type and amount of assistance in your **financial aid package**.
- The method and timing of financial aid payments made to you.
- The school's basis for determining whether you're making **satisfactory academic progress** and what happens if you're not. (Whether you continue to receive federal student aid depends, in part, on whether you make satisfactory academic progress.)
- If you're offered a Federal Work-Study job, the nature of the job, the hours you must work, your job duties, the pay, and the method and timing of payment to you.

## Find out the school's tuition refund policy

If you enroll but never begin classes, you should get most of your money back. If you begin attending classes but leave before completing your course work, you might be able to get some of your money back.

## Find out the school's return-of-aid policy

If you receive federal student aid from any program mentioned in this publication (except for Federal Work-Study), and you withdraw from school, some of that money might have to be given back to the source by you or by your school. Even if you don't finish your course work, you'll have to repay the loan funds you received, minus any student loan funds your school has returned to the U.S. Department of Education.

## Find out the school's completion and transfer-out rates

If many students withdraw from a school, it might indicate a problem with the school. A school is required to tell current and prospective students the percentage of students who complete the school's programs and the percentage of students who transfer out.

## MyFSA

Create a personal portfolio at Federal Student Aid to keep track of your college searches, college applications, career interests, and other items related to your college and career search. Go to [www.studentaid.ed.gov/myfsa](http://www.studentaid.ed.gov/myfsa) to create your MyFSA account.

## What can I do with a MyFSA account?

With your MyFSA account, you can:

**Create a profile.** The information you enter about yourself will be stored in your profile. Make sure to keep your information as accurate and up-to-date as possible.

**Search for colleges and scholarships.** Any colleges you add to MyFSA will be stored and can be used in worksheets and tables you use in MyFSA. You may add or delete colleges from this list at anytime and search for potential scholarships that match your profile.

**Apply for colleges.** MyFSA will track where you stopped entering your information and will link you to all applications in progress. It will also provide the date and confirmation number of your submitted applications.

**Store and access financial aid information.** Any scholarship, loan, and cost of attendance information is saved in the Financial Aid Wizard. You also can calculate an estimated family contribution (EFC)—the eligibility index. This section of MyFSA also uses the schools you're interested in to calculate approximate costs and also has the option of completing electronic college admission applications.

**Create an event calendar.** Access your personal events on a daily, weekly, or monthly basis.

**Research careers.** Once you have completed the Self Assessment and Career Finder, any careers or majors that have met your specifications can be stored and accessed.

## Early Eligibility Indicator: FAFSA4caster<sup>SM</sup>

### What is the purpose of FAFSA4caster?

*FAFSA4caster<sup>SM</sup>*, at [www.fafsa.gov](http://www.fafsa.gov), is a free online tool that provides you with early estimates of your eligibility for federal student aid. Having such information helps families plan ahead for college.

### Who should use FAFSA4caster?

*FAFSA4caster* is for anyone who is not yet ready to file an official FAFSA. You do not have to be a high school senior to use *FAFSA4caster*; in fact, the tool is recommended for juniors, and even as early as middle school.



### How do you use *FAFSA4caster*?

In *FAFSA4caster*, you answer financial and other questions that are used to estimate your federal student aid eligibility. No signatures are required to submit *FAFSA4caster* because it is not the official federal student aid application.

### What information does *FAFSA4caster* provide?

When you complete *FAFSA4caster*, the tool displays a worksheet to help you determine the net cost of attending your chosen school. At the top of the page, you can enter the school's cost of attendance (there is a link to *College Navigator* in case you need to look up the cost). Next, a number of sources of college funding are listed. *FAFSA4caster* indicates your estimated Pell Grant amount (if any), Federal Work-Study amount (based on the average nationally), and maximum Stafford Loan eligibility. There are fields where you can fill in the amounts of state and college aid and private scholarships you expect (or hope) to get. Finally, there is a field where you can indicate how much in savings you (or your family) will contribute toward the cost of college. At the bottom of the page, *FAFSA4caster* summarizes the cost, the aid entered, and the difference (the net cost of attending college). You can compare schools by changing cost of attendance, deleting state aid if you will be an out-of-state student at a particular school, amending the amount of aid available from the school, and so on.

#### Note:

*It is important to understand that the federal aid amounts provided by FAFSA4caster are estimates.*

### Reducing the Cost of Education

There are other options you might consider to lower the cost of your education after high school. The following are a few ideas to think about.

#### Lower-cost schools

If you'll be working toward a bachelor's degree, you might consider starting at a two-year community college and then transferring to a four-year school. Community colleges are usually less expensive than four-year schools. (Some four-year schools that are partially funded by local or state taxes can be less expensive as well.) If attending a community college allows you to live at home, you can save money on room and board. If you decide to start at a community college, make sure your community college courses will transfer to your four-year college and that they will count toward your bachelor's degree. Many community colleges have "articulation

agreements" with four-year colleges under which the course work taken at the community college transfers into the four-year degree program. Be sure to ask about the types of articulation agreements the community college has, with whom, and for what programs of study. Discuss any concerns you have about transfer courses and credits with the college registrar at the college you're transferring to.

### State Higher Education Agencies

Contact your state Higher Education Agency about any aid program or scholarship sponsored by your state. Contact information, by state, is available at [www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (this URL is case-sensitive)

### Work or volunteer opportunities

You can work part-time to pay part of your costs. Be sure your work and school schedules don't conflict and that you save enough time for studying.

### Federal income tax credits

There are three tax credits available to help you offset the costs of higher education by reducing the amount of your income tax: the Hope Credit, American Opportunity Credit, and the Lifetime Learning Credit, also referred to as education credits. See Internal Revenue Services (IRS) Publication 970, *Tax Benefits for Education* at [www.irs.gov](http://www.irs.gov).

### Tax breaks

Certain borrowers can take a tax deduction for the interest actually paid on student loans. This benefit applies to all loans used to pay for postsecondary education school expenses. The maximum deduction is \$2,500 a year. See IRS Publication 970, *Tax Benefits for Education*, chapter 4, at [www.irs.gov](http://www.irs.gov).

### Am I Eligible?

#### Basic requirements

To receive aid from the federal student aid programs discussed in this guide, you must meet certain criteria.

#### Financial need

Except for some loan programs, you must show that you have financial need, according to our requirements (see "Financial Need and Expected Family Contribution (EFC)" on page 12).



## Education requirements

- You must demonstrate by one of the following means that you are qualified to enroll in postsecondary education:
  - ▶ Have a high school diploma or a **General Educational Development (GED) certificate**.
  - ▶ Complete a high school education in a homeschool setting approved under state law.
  - ▶ Pass an approved **ability-to-benefit (ATB) test**. If you don't have a diploma or GED, you can take an approved ATB test to determine whether you can benefit from the education offered at that school.
  - ▶ If you don't have a high school diploma or its equivalent, or pass an ATB test, you may become eligible to receive federal student aid if the institution you plan on attending determines you have the ability to benefit from postsecondary education because you have satisfactorily completed six credit hours or the equivalent course work toward a degree or certificate offered by the institution. You may not receive aid while earning the six credit hours.
  - ▶ Meet other standards your state has established and that the U.S. Department of Education has approved.
- You must be enrolled or accepted for enrollment as a **regular student** working toward a degree or certificate in an **eligible program**.
- You must meet satisfactory academic progress standards set by the postsecondary school you are or will be attending.
- You might be able to receive aid for distance education courses as long as they are part of a recognized certificate or degree program.

## Intellectual disabilities

Students with intellectual disabilities can receive federal student aid under the Federal Pell Grant Program, FSEOG Program, and Federal Work-Study Program. To be eligible, you must

- be enrolled or accepted for enrollment in a comprehensive transition and postsecondary program for students with intellectual disabilities at an institution of higher education;
- be maintaining satisfactory progress; and
- meet the other student eligibility criteria.

A comprehensive transition and postsecondary program for students with intellectual disabilities means a degree, certificate, or nondegree program that

- is offered by an institution of higher education and approved by the U.S. Department of Education;

- is designed to support students with intellectual disabilities who are seeking to continue academic, career and technical training for education, and independent living instruction to prepare for gainful employment;
- offers academic advising and a structured curriculum; and
- requires students with intellectual disabilities to participate on a not less than half-time basis with nondisabled students in (1) regular enrollment in credit-bearing courses, (2) auditing or participating in courses for which the student does not receive regular academic credit, (3) enrollment in noncredit-bearing, nondegree courses, or (4) participation in internships or work-based training.

## Children of military personnel killed in Iraq or Afghanistan after Sept. 11, 2001

If your parent or guardian died as a result of military service in Iraq or Afghanistan after Sept. 11, 2001, you may be eligible for additional aid if, at the time of your parent's or guardian's death, you were less than 24 years of age or enrolled at least part-time at an institution of higher education. Payments are adjusted if you are enrolled less than full-time.

- Pell Grants:** If you meet these requirements and are eligible to receive a Pell Grant, your EFC will be equated to zero, which can increase your eligibility for all federal student aid programs and maximize your Pell amount.
- Iraq and Afghanistan Service Grants:** If you meet these requirements, but you are not eligible to receive a Pell Grant you will be eligible to receive this non-need-based grant; however, your EFC will not be changed, and, therefore neither will your eligibility for any need-based federal student aid. The maximum amount of this grant is the same as the maximum Pell Grant award but may not exceed the **cost of attendance**.

## Legal and other requirements

- You must be a U.S. citizen or eligible noncitizen.
- You must have a valid Social Security number (SSN). If you don't have an SSN, you can find out more about applying for one at [www.ssa.gov](http://www.ssa.gov) or by calling **1-800-772-1213**; TTY users can call **1-800-325-0778**.
- When you apply for federal student aid you sign a statement that certifies that you will use federal student aid for educational purposes only. You also certify that you are not in **default** on a federal student loan and do not owe a refund on a federal student grant (which could happen if you have withdrawn from school, for example).





- You must comply with **Selective Service** registration. If you're a male aged 18 through 25 and you have not registered you can, at the same time you complete your FAFSA, give the Selective Service System permission to register you by means of the FAFSA. You can also register online at [www.sss.gov](http://www.sss.gov) or call 1-847-688-6888; TTY users can call 1-847-688-2567.
- You have limited eligibility for federal student aid while you're incarcerated. Generally, you're only eligible for a Pell Grant and then only if you're NOT incarcerated in a federal or state penal institution. Check with the financial aid office at the school you plan on attending.
- Generally, if you have been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid, you will be ineligible for a period of time based on the type and number of convictions. If you have been convicted of a drug-related offense, it is very important that you complete and submit the FAFSA to determine your eligibility. If you are submitting a paper FAFSA, you will be mailed a worksheet to assist you in determining whether your conviction affects your eligibility for federal student aid. If you are applying using *FAFSA on the Web* at [www.fafsa.gov](http://www.fafsa.gov), your eligibility will be determined during your online session. If you need assistance or have any questions on how to answer this question, call **1-800-4-FED-AID (1-800-433-3243)** for help from the Federal Student Aid Information Center. Even if you're ineligible for federal student aid because of a drug conviction, you should still complete the FAFSA because most schools and states use FAFSA information to award nonfederal aid.

If you have lost federal student aid eligibility due to a drug conviction, you can regain eligibility if you pass two unannounced drug tests conducted by a drug rehabilitation program that complies with criteria established by the U.S. Department of Education.

### Agency matching of selected requirements

When you apply for federal student aid, the Department verifies some of your information with certain federal agencies, including the Social Security Administration (for verification of Social Security numbers and U.S. citizenship status) and the Department of Homeland Security (to verify Alien Registration numbers). If the information doesn't match, the discrepancy must be resolved before you can receive federal student aid. We also check your information against our **National Student Loan Data System<sup>SM</sup>** (NSLDS<sup>SM</sup>), to verify that you haven't defaulted on your federal student loan, haven't received an overpayment on a federal grant or a Federal Perkins Loan, and haven't borrowed more than the total limit you are allowed. We also check your information against Veterans Affairs if you answer the question regarding veteran

status. Most males between the ages of 18 and 25 must register with Selective Service in order to be eligible for federal student aid, so we check with this agency as well.

#### DID YOU KNOW?

Federal Student Aid issues over \$150 billion in aid every year.

### Financial need and Expected Family Contribution (EFC)

Aid for most of our programs is awarded based on financial need (except for **unsubsidized Stafford Loans, PLUS Loans, and TEACH Grants**; see pages 16–20 for more information on these programs). The EFC is the number used to determine your eligibility for federal student aid.

The EFC is calculated from the information you report on the FAFSA and according to a formula established by law. Your family's income (taxable and untaxed) and assets are considered in determining your EFC. Your family size and the number of family members who will be attending a college or career school also are considered. Your EFC will appear on the **Student Aid Report (SAR)** you receive from the Department after you file your FAFSA. To determine your financial need for federal student aid programs (except for an unsubsidized Stafford Loan), your school subtracts the Expected Family Contribution (EFC) from your cost of attendance.

#### Calculating Your Financial Need

Your Expected Family Contribution (EFC) is used to determine your financial need:

$$\begin{array}{r} \text{Cost of Attendance} \\ - \text{Expected Family Contribution (EFC)} \\ \hline = \text{Financial Need} \end{array}$$

The school also uses federal grants and other financial aid to meet your financial need. Because the EFC formula must be applied to each family's financial information, it can't be stated here whether you will be eligible for federal student aid or estimate how much aid you might receive. However, if you'd like to get an early estimate of your financial aid award use *FAFSA4caster* at [www.fafsa.gov](http://www.fafsa.gov); but, to find out exactly what you will be eligible to receive, you must apply for financial aid. To see how the EFC formula works, you can get detailed worksheets from [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs). Click on the year under The EFC





Formula or you can call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

After you receive your SAR, you also will receive an **award letter** from the school(s) listed on your FAFSA that offer you admission. Contact the financial aid office at the school(s) that sent you an award letter if you have questions about your student financial aid award.

## Unusual family circumstances

The EFC formula is basically the same for all applicants; however, if your family has unusual circumstances, your **financial aid administrator (FAA)** can use professional judgment authority to adjust the cost of attendance or the information used to calculate your EFC. These circumstances could include your family's unusual medical expenses, tuition expenses, or unemployment. The FAA must have good reasons to use professional judgment to make adjustments because of unusual circumstances. You will have to provide documentation to support any adjustments. The FAA's decision as to whether to make changes is final and can't be appealed to the Department.

Additional examples of unusual circumstances that FAAs may consider as factors in making an adjustment in the **expected family contribution** calculation or to the cost of attendance are:

- nursing home expenses not covered by insurance;
- dependent care costs;
- a student or family member who is a dislocated worker; and
- a change in housing status that results in homelessness.

## Types of Federal Student Aid

### There are three types of federal student aid

- Grants—financial aid that doesn't have to be repaid (unless, for example, you withdraw from school and owe a refund).
- Work-Study—allows you to earn money for your education.
- Loans—allow you to borrow money for your education; you must repay your loans, with interest.

## Grants

### There are four types of federal student aid grants

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)

- Teacher Education Assistance for College and Higher Education (TEACH) Grant. If you don't fulfill your teaching service obligation, this grant will be converted to a Federal Direct Unsubsidized Loan that you must repay, with interest.

- Iraq and Afghanistan Service Grant

Unlike loans, grants are not repaid unless, for example, you are awarded funds incorrectly or you withdraw from school prior to the planned end of term or, if you have a TEACH Grant, you do not meet the terms in your "Agreement to Serve" (see page 14).

Almost all federal grants are awarded to students with financial need. The amount of your Federal Pell Grant depends on your cost of attendance, expected family contribution, enrollment status (full- or part-time) and whether you attend for a full **academic year** or less. To receive an FSEOG, you must first be eligible to receive a Federal Pell Grant. For an FSEOG, priority is given to Pell Grant recipients; non-Pell recipients can receive awards if the institution has sufficient funds. The amount of your FSEOG depends on your financial need and other criteria (see "Financial Need and Expected Family Contribution (EFC)" on page 12).

**The Academic Competitiveness Grant and the National Science and Mathematics Access to Retain Talent (SMART) Grant are no longer available as of July 1, 2011.**

## What is a Federal Pell Grant?

- Pell Grants are the foundation of federal student financial aid, to which aid from other federal and nonfederal sources might be added.
- Pell Grants are generally awarded only to undergraduate students—those who haven't earned a bachelor's or graduate degree.
- In some limited cases, however, you might receive a Pell Grant if you're enrolled in a post-baccalaureate teacher certificate program.
- Amounts can change yearly. The maximum award for the 2010–11 award year is \$5,550.
- You may receive up to two consecutive Pell Grant awards during a single award year to accelerate your program toward your degree. You must be enrolled at least half-time and in a program that leads to an associate or bachelor's degree or certificate.
- The maximum award grant is given for any Pell Grant-eligible student whose parent or guardian was a member of the U.S. armed forces and died as a result of service performed in Iraq or Afghanistan after Sept. 11, 2001. You must be under 24 years old or enrolled at least part-time in college at the time



of your parent's or guardian's death. If you are not eligible for a Pell Grant but your parent or guardian met the same post-Sept. 11, 2001 conditions above, you will be eligible to receive an Iraq and Afghanistan Service Grant equal to the amount of a maximum Pell Grant for the award year, although the amount will not exceed the cost of attendance for that award year.

- If you're eligible for a Pell Grant you'll receive the full amount you qualify for—each school participating in the program receives enough funds each year from the U.S. Department of Education to pay the Pell Grant amounts for all its eligible students.
- The amount of other student aid you might qualify for does not affect the amount of your Pell Grant.
- You are not eligible to receive a Pell Grant if you are subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense.
- If you received a Pell Grant for the first time on or after July 1, 2008, you can only receive Pell Grants for up to 18 semesters, or the equivalent.

### What is a Federal Supplemental Educational Opportunity Grant (FSEOG)?

- FSEOGs are awarded to undergraduate students with exceptional financial need—those with the lowest Expected Family Contribution (EFC) numbers.
- Federal Pell Grant recipients receive priority for FSEOG awards.
- FSEOG awards range from \$100 to \$4,000 a year. The amount of the award is determined by your school's financial aid office.
- Unlike Pell Grants, the amount of an FSEOG you receive depends not only on your financial need but also on the amount of other aid you get and the availability of funds at your school.
- Receiving other aid might reduce the amount of your FSEOG program.
- Not all schools participate in the FSEOG Program.
- The school's financial aid office decides how to award these funds.
- Each school participating in the FSEOG Program receives a certain amount of FSEOG funds each year from the U.S. Department of Education's office of Federal Student Aid. When all of those funds have been disbursed for that award year, no more FSEOG awards can be made for that year.
- Due to limited program funds, it's important to apply early to be considered for these funds. Not everyone who qualifies for an FSEOG will get one.

### What is a TEACH Grant?

The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program provides you with up to \$4,000 a year in grant assistance if you are completing or plan to complete course work needed to begin a career in teaching.

As a condition for receiving a TEACH Grant, you must sign an **Agreement to Serve** promising to teach full-time in a high-need field at a low-income school or educational service agency, or teach at certain low-income schools and within certain high-need fields for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which you received the grant.

If you do not complete your teaching service obligation, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charged from the date of each TEACH Grant disbursement.

For detailed information on this grant, visit [www.teachgrant.ed.gov](http://www.teachgrant.ed.gov).

### What is an Iraq and Afghanistan Service Grant?

If you are not eligible for a Pell Grant but your parent or guardian was a member of the U.S. armed forces and died as a result of service performed in Iraq or Afghanistan after Sept. 11, 2001, you may be eligible for this grant. To receive the grant, you must be under 24 years old or enrolled in college, at least part-time, at the time of your parent's or guardian's death. The amount of the grant will be equal to the maximum Pell Grant for the award year, although the amount will not exceed the cost of attendance for that award year.

### How much financial aid can I get?

#### Pell Grant

- Pell Grant award amounts can change yearly. The maximum award for the 2010–11 award year is \$5,550.
- How much grant aid you get depends on:
  - ▶ Your EFC.
  - ▶ Your cost of attendance.
  - ▶ Whether you're a full-time or half-time student.
  - ▶ Whether you attend school for a full academic year.
- You may receive up to two Pell Grants in an award year.
- You may not receive Pell Grant funds from more than one school at a time.



- If you received your first Pell Grant on or after July 1, 2008, you can only receive the Pell Grant for up to 18 semesters or the equivalent.

### FSEOG

- You can get between \$100 and \$4,000 per academic year, depending on:
  - ▶ When you apply.
  - ▶ Your financial need.
  - ▶ The amount of funding the school you're attending has.
  - ▶ The policies of your school's financial aid office.

### TEACH Grant

- Up to \$4,000 per year.

### Iraq and Afghanistan Service Grant

- Maximum is same as Pell Grant maximum.

## How will I be paid?

Your school will:

- Credit your grant funds to your school account;
- Pay you directly (usually by check);
- Combine these methods; or
- With your permission, credit your bank account.

## How often will I receive funds?

- Schools must pay you at least once per term (semester, trimester, or quarter).
- Schools that don't use formally defined, traditional terms (e.g., semester, quarter, etc.) must pay you at least twice per academic year.

## Can I receive a grant if I'm enrolled less than half-time?

**Yes**, less than half-time students are eligible for Pell, FSEOG, TEACH, and Iraq and Afghanistan Service Grants.

*The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

## Work-Study

### What is the Federal Work-Study (FWS) Program?

Under the FWS Program, you can work part-time to earn money for your education. The FWS Program:

- Provides part-time employment while you are enrolled in school.
- Helps pay your educational expenses.
- Is available to undergraduate and graduate students.
- Is available to full-time or part-time students.
- Is administered by schools participating in the FWS Program.

### What kinds of jobs are there?

The FWS Program provides jobs for students demonstrating financial need and emphasizes employment in civic education and work related to your course of study, whenever possible.

### Are Federal Work-Study jobs on campus or off campus?

**Both.** If you work on campus, you'll usually work for your school. If you work off campus, your employer will usually be a private nonprofit organization or a public agency, and the work performed must be in the public interest.

Some schools might have agreements with private for-profit employers for FWS jobs. These jobs must be relevant to your course of study (to the maximum extent possible). If you attend a proprietary school (i.e., a for-profit institution), there may be further restrictions on the types of jobs you can be assigned.

### How much can I earn?

You'll earn at least the current federal minimum wage. However, the amount might be higher depending on the type of work you do and the skills required for the position.

Your total FWS award depends on:

- when you apply,
- your level of financial need, and
- your school's funding level. (The U.S. Department of Education's office of Federal Student Aid provides a certain amount of work-study funds to participating schools; when all funds have been awarded, no additional work-study awards can be made for that year.)



## How will I be paid?

- If you are an undergraduate student, you're paid by the hour.
- If you are a graduate student, you're paid by the hour or by salary, depending on the work you do.
- Your school must pay you at least once a month.
- Your school must pay you directly unless you request that the school:
  - ▶ Send your payments directly to your bank account; or
  - ▶ Use the money to pay for your education-related institutional charges, such as tuition, fees, and room and board.

## Can I work as many hours as I want?

**No.** The amount you earn can't exceed your total FWS award. When assigning work hours, your employer or FAA will consider your class schedule and your academic progress.

## Loans

Student loans, unlike grants and work-study, are borrowed money that must be repaid, with interest, just like car loans and home mortgages. You cannot have these loans canceled because you didn't like the education you received, didn't get a job in your field of study, or you're having financial difficulty. Loans are legal obligations, so before you take out a student loan, think about the amount you'll have to repay over the years. *Your Federal Student Loans: Learn the Basics and Manage Your Debt* can help you learn more about federal student loan programs and repayment options. You can find this publication at [www.studentaid.ed.gov/repayingpub](http://www.studentaid.ed.gov/repayingpub).

## Federal Perkins Loan Program

This school-based loan program is

- ▶ Made through participating schools to undergraduate, graduate, and professional degree students.
- ▶ Offered to students who demonstrate financial need.
- ▶ Made to students enrolled full-time or part-time.
- ▶ Repaid to your school.

## William D. Ford Federal Direct Loan (Direct Loan) Program

Loans made through this program are referred to as Direct Loans, because eligible students and parents borrow directly from the U.S. Department of Education at participating schools. You must be enrolled as at least a **half-time** student to be eligible for a loan. Direct Loans include the following:

### Direct Stafford Loans

- **Direct Subsidized Loans**—you must have financial need to receive a subsidized loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on your Direct Subsidized Loan during certain periods.
- **Direct Unsubsidized Loans**—financial need is not a requirement to obtain an unsubsidized loan. You are responsible for paying the interest that accrues on your Direct Unsubsidized Loan.

**Direct PLUS Loans** (PLUS Loans) are loans parents can obtain to help pay the cost of education for their dependent undergraduate children. In addition, graduate and professional degree students may obtain PLUS Loans to help pay for their own education.

**Direct Consolidation Loans** (Consolidation Loans) allow student or parent borrowers to combine multiple federal education loans into one loan with one monthly payment. (See page 36 for more information on these loans.)

As a result of the *Health Care and Education Reconciliation Act of 2010*, beginning July 1, 2010, federal student loans under the Federal Family Education Loan Program<sup>SM</sup> (FFEL<sup>SM</sup> Program) are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program<sup>SM</sup>.

## What's the interest rate on these loans?

The fixed interest rates for loans disbursed between July 1, 2011, and June 30, 2012, are as listed in table 3 below:

**Table 3. Interest rates for Direct and Perkins loans**

Type of loan	Interest rate
Direct Subsidized Stafford	
Undergraduate	3.4%
Graduate	6.8%
Direct Unsubsidized Stafford	6.8%
Direct PLUS	7.9%
Federal Perkins	5%

## No interest accrual for borrowers in the military

No interest accrues (for a period of no more than 60 months) on Direct Loans first disbursed on or after Oct. 1, 2008, for eligible



military borrowers while serving on active duty or performing qualifying national guard duty during a war or other military operation or other emergency, and serving in an area of hostilities qualifying for special pay. You also may qualify for deferment of repayment on your loans while serving on active duty in the military (see page 35).

*The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

#### DID YOU KNOW?

The value of a postsecondary education as a credential for future employment and earnings is expected to rise. About 90 percent of the fastest-growing jobs in the new knowledge-driven market economy require some postsecondary education.

## How much can I borrow?

### Perkins Loans

The Federal Student Aid summary table on page 5 shows the maximum Perkins Loan funds you can receive, depending on whether you're an undergraduate, graduate, or professional degree student. However, the amount you can borrow might be less than the maximum available.

- Each school participating in the Federal Perkins Loan Program receives a certain amount of Perkins funds each year from the U.S. Department of Education's office of Federal Student Aid.
- Due to limited funds, it's important to apply early to be considered for these funds. Not everyone who qualifies for a Perkins Loan might get one.
- Submit your FAFSA early so you can be considered for these funds.

### Direct Stafford Loans

Table 4 on page 18 shows that the maximum amount you can borrow for subsidized and unsubsidized Direct Stafford Loans depends on:

- What year you are in school; and
- Whether you are a dependent or independent student.

### Subsidized Direct Stafford Loan

- Available to students who demonstrate financial need.

- Eligible students can apply for a subsidized Stafford Loan to cover some or all of their need.
- For a subsidized loan, the U.S. Department of Education pays the interest:
  - ▶ While you're in school at least half-time.
  - ▶ For the first six months after you leave school (referred to as a "grace period").
  - ▶ During a period of deferment (a postponement of loan payments).

The amount of your Direct Subsidized Loan may not exceed your financial need.

### Unsubsidized Direct Stafford Loan

- There is no requirement for students to demonstrate financial need.
- You are responsible for paying interest on unsubsidized loans during all periods.

To determine the amount of your unsubsidized loan, your school considers:

#### Cost of Attendance

- Federal Pell Grant (if eligible)
  - Subsidized Stafford Loan amount (if eligible)
  - Any other financial aid you receive
- 
- = Amount of unsubsidized loan you receive  
(up to the annual maximum loan amount)

Depending on your financial need, you may receive both subsidized and unsubsidized loans for the same enrollment period, but the total amount of these loans may not exceed the annual loan limit.

### For an *unsubsidized* loan:

- You're responsible for paying the interest that accrues on the loan from the time the loan is disbursed until it's paid in full.
- You can pay the interest while you're in school or during a period of deferment or forbearance.
- Or, you can allow the interest to accrue (accumulate) and have the interest added to the **principal** amount of your loan. This is called "capitalization." If you choose not to pay the interest as it accrues and allow it to be **capitalized**, this will increase the total amount that you have to repay because you will be charged interest on a higher principal amount.





**Table 4. Maximum annual and aggregate loan limits for Subsidized and Unsubsidized Direct Stafford Loans, by type of student and number of years in school**

Year in school	Type of student		
	Dependent undergraduate student (except those whose parents are unable to obtain PLUS Loans)	Independent undergraduate student (and dependent students whose parents are unable to obtain PLUS Loans)	Graduate and professional degree students
First	\$5,500—No more than \$3,500 of this amount may be in subsidized loans	\$9,500—No more than \$3,500 of this amount may be in subsidized loans	\$20,500—No more than \$8,500 of this amount may be in subsidized loans
Second	\$6,500—No more than \$4,500 of this amount may be in subsidized loans	\$10,500—No more than \$4,500 of this amount may be in subsidized loans	
Third and beyond (each year beyond)	\$7,500—No more than \$5,500 of this amount may be in subsidized loans	\$12,500—No more than \$5,500 of this amount may be in subsidized loans	
Maximum total debt from Stafford Loans when you graduate (aggregate loan limits)	\$31,000—No more than \$23,000 of this amount may be in subsidized loans	\$57,500—No more than \$23,000 of this amount may be in subsidized loans	\$138,500—No more than \$65,500 of this amount may be in subsidized loans; the graduate debt limit includes Stafford Loans received for undergraduate study

**NOTE:** The amounts shown are the maximum amounts that you may borrow for an academic year (annual loan limits) and in total (aggregate loan limits). These are combined annual and aggregate loan limits for Stafford Loans. You might receive less than the maximum if you receive other financial aid that's used to cover a portion of your cost of attendance. The maximum amount you may borrow will also be less in certain situations, such as if you are an undergraduate student enrolled in a program of study that is shorter than an academic year. Graduate and professional students enrolled in certain health profession programs may receive additional unsubsidized Stafford Loan amounts beyond those shown above.

Your school can refuse to certify your loan or can certify a loan for an amount less than you would otherwise be eligible for if the school documents the reason for its action and explains the reason to you in writing. The school's decision is final and cannot be appealed to the U.S. Department of Education.

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## Other than interest, are there any fees or charges required to get these loans?

- Federal Perkins Loans—No.
- Direct Loans—**Yes:** for all Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2010, the loan origination fee is 1 percent. The Direct PLUS Loan origination fee is 4 percent for loans made to both parent and graduate and professional degree student borrowers.

## How will I be paid?

### Perkins Loans

- Your school will either pay you directly (usually by check) or credit your account.
- Generally, you'll receive the loan in at least two payments during the academic year.

### Direct Stafford Loans

- In general, your school will disburse your loan in at least two installments.

- No installment will be greater than half the amount of your loan.
- If you're a first-year undergraduate student and a first-time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period.
- If you're a first-time borrower, you must complete entrance counseling before you receive your first loan disbursement.

Student loan money must first be used to pay for your tuition, fees, and room and board. If loan funds remain, you'll receive them by check or in cash, unless you give the school written permission to hold the funds until later in the enrollment period.

## Can I cancel a loan?

**Yes.** Before your loan money is disbursed, you may cancel all or part of your loan at any time by notifying your school. After your loan is disbursed, you may cancel all or part of the loan within certain time frames. Your **promissory note** and additional information you receive from your school will explain the procedures and time frames for canceling your loan.





## Direct PLUS Loans

### Who can apply for a PLUS Loan?

Parents of dependent students and students pursuing a graduate or professional degree can borrow from the PLUS Loan program.

### How do I apply for a PLUS Loan?

Graduate and professional degree students and dependent undergraduate students whose parents are applying for a PLUS Loan must complete a FAFSA.

The school's financial aid office can provide additional instructions on applying for a PLUS Loan and may offer the option of completing the PLUS application and Master Promissory Note (MPN) online at [www.studentloans.gov](http://www.studentloans.gov). The MPN is a legal document in which the borrower promises to repay the loan and any accrued interest and fees to the U.S. Department of Education.

### What are the eligibility requirements for PLUS Loans?

PLUS applicants must meet the general eligibility requirements for federal student aid. If a parent is borrowing on behalf of a dependent undergraduate student, the student also must meet these general eligibility requirements. For example, the PLUS applicant and the student must:

- be a United States citizen or eligible noncitizen;
- not be in default on a federal student loan; and
- not owe a refund on a federal education grant.

In addition, graduate and professional degree students must have their annual loan maximum eligibility under the Stafford Loan program determined by the school before they apply for a PLUS Loan.

### Are there any other requirements?

The terms and conditions applicable to parent PLUS Loans (made to parents of dependent students) also apply to PLUS Loans made to graduate and professional degree students. These terms and conditions include that the applicant not have an adverse credit history. The fixed interest rate is 7.9%.

A PLUS Loan applicant must not have an adverse credit history. (A credit check will be conducted.) If a PLUS Loan applicant does have an adverse credit history, he or she may still receive a loan by documenting existing extenuating circumstances or by obtaining an

endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the loan if the borrower fails to do so.

### Do I need to find a lender?

**No.** The U.S. Department of Education is the lender.

### How much can a parent or graduate and professional degree student borrow?

The maximum PLUS Loan amount that a parent or graduate and professional degree student can borrow is the student's cost of attendance minus any other financial aid the student receives.

### Who receives the loan money—the parent or the student?

- The school will first apply the PLUS Loan funds to the student's school account to pay for tuition, fees, room and board, and other school charges.
- If any loan funds remain, they will be sent to the parent borrower, unless the parent authorizes the school to hold the funds or release them to the student.
- Any remaining loan funds must be used for the student's education expenses.

### Can the PLUS Loan be transferred to the student and become the student's responsibility to repay?

**No.** A PLUS Loan made to the parent cannot be transferred to the student. The parent is responsible for repaying the PLUS Loan.

### Can a borrower cancel a PLUS Loan?

**Yes.** A borrower can cancel and return the funds of a PLUS Loan the same way that a borrower would cancel a Perkins or Stafford Loan.

### Other than interest, are there any fees or charges to get a PLUS Loan?

**Yes.** There is a fee of 4 percent of the loan amount.

### Is there a grace period?

The repayment period for a Direct PLUS Loan begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement. However, you may defer repayment while you (the borrower) are enrolled at least half-time and (for Direct PLUS Loans first disbursed on or after July 1, 2008) for an additional six months



### Direct Stafford and PLUS Loans: Summary of borrowing guidelines

- Undergraduate and graduate or professional degree students may receive Stafford Loans. Graduate and professional degree students and parents of dependent undergraduate students may receive PLUS Loans.
- You must be enrolled at least half-time at an eligible school in a program leading to a degree or certificate.
- Student loans are borrowed money that must be repaid, with interest, just like car loans and home mortgages.
- Student loans cannot be canceled because you didn't get—or didn't like—the education you paid for with the loans, didn't get a job in your field of study, or you're having financial difficulty.
- Loans are legal obligations, so think about the amount you'll have to repay before you take out a loan.
- The maximum Stafford Loan amount you can borrow each academic year depends on your academic level in school and whether you are a dependent or independent student.
- Students who demonstrate financial need are eligible for a subsidized Stafford Loan to cover some or all of that need.
- For students who are eligible for a subsidized Stafford Loan, the U.S. Department of Education pays the interest while you're in school at least half-time, for the first six months after you leave school (your grace period), and during a deferment (a postponement of loan payments).
- Unsubsidized Stafford Loans do not require a student to have financial need. The borrower is responsible for paying all interest on unsubsidized Stafford Loans.

after you cease to be enrolled at least half-time. If you are a parent Direct PLUS Loan borrower, you may defer repayment of Direct PLUS Loans first disbursed on or after July 1, 2008, while the student for whom you obtained the loan is enrolled at least half-time and for an additional six months after the student ceases to be enrolled at least half-time.

Interest that accrues on a PLUS Loan during a period of deferment may be paid by the borrower or capitalized when the deferment period ends.

*The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

### Need to Find Out More?

Most student financial aid comes from the U.S. Department of Education grant, work-study, and loan programs you read about here. Most aid is based on need; your high school grades and class ranking are not considered in this process. If you still have questions about federal student aid programs after reviewing this publication, you can:

- Go online to [www.studentaid.ed.gov](http://www.studentaid.ed.gov). This site provides comprehensive, **FREE** information on the student aid process, and it links to other student aid-related sites.
- Call our Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

## Other Sources of Information

### School financial aid office

Talk to the financial aid staff at each school you're interested in to find out about the school's financial aid programs and the total cost of attending that school. Staff at the financial aid office also help students apply for, receive and—in many cases—learn how to repay their student aid.

### When should I first contact the financial aid office?

While researching the school before applying, be sure to find out what types of financial aid are available at that school by visiting their office and website. Later, as you prepare to apply for aid at that school, the **Financial Aid Administrator (FAA)**, or the staff at that office, will be able to answer your questions about the process.

### What questions can my FAA answer for me?

- What financial aid can I apply for through the school and through the state education agency?
- What are the financial aid application deadlines at the school?
- Do I need to complete additional forms to apply for institutional and/or state aid?
- What am I supposed to do with my *Student Aid Report (SAR)*?
- What is verification, what documents must I provide and when, and why was I chosen in the first place?
- When will I find out how much aid I've been awarded?



- What are all these different kinds of aid the school has awarded me?
- What if I'm not awarded enough money to pay for all school-related expenses?

If you have any other questions or concerns about the financial aid process, contact the financial aid office at your school. Your FAA is there to help you.

## State Higher Education Agency

Your state agency can give you important information about state aid—including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, funded jointly by states and the U.S. Department of Education. See the “State Higher Education Agency” at [www.ed.gov/Programs/bastmp/SHEA.htm](http://www.ed.gov/Programs/bastmp/SHEA.htm) (this URL is case-sensitive) for contact information.

## AmeriCorps

This program provides full-time educational awards in return for community service work. These awards consist of working before, during, or after your postsecondary education, and you can use the funds either to pay current education expenses or to repay federal student loans. For more information, contact:

### Corporation for National and Community Service

1201 New York Avenue, NW

Washington, DC 20525

1-800-942-2677 (TTY: 1-800-833-3722)

[www.americorps.org](http://www.americorps.org)

## Robert C. Byrd Honors Scholarship Program (Byrd Program)

To receive this scholarship, you must demonstrate outstanding academic achievement and show promise of continued academic excellence. For more information, call toll-free 1-800-4-FED-AID (1-800-433-3243) or visit [www.ed.gov/programs/lduesbyrd/index.html](http://www.ed.gov/programs/lduesbyrd/index.html).

## Public libraries and the Internet

These are excellent sources of information on state and private sources of financial aid. When using either source, search using keywords like “financial aid,” “student aid,” “scholarships,” etc. Beware of scams and services that will search for financial aid money for you for a fee. You should not have to pay for this information. For more tips on looking for student aid, go to [www.studentaid.ed.gov/LSA](http://www.studentaid.ed.gov/LSA).

## Businesses and labor organizations

Many companies, businesses, and labor organizations have programs to help employees or members and their families pay the cost of postsecondary education. Ask if they have a scholarship program and about the application process.

## Organizations, foundations, etc.

Foundations, religious organizations, fraternities or sororities, and town or city clubs usually offer financial aid. Include in your search community organizations and civic groups, such as the American Legion, YMCA, 4-H Club, Elks, Kiwanis, Jaycees, and the Girl or Boy Scouts. Organizations connected with your field of interest can also be helpful. For example, the American Medical Association and the American Bar Association are good sources for students seeking to specialize in medicine and law, respectively.

## U.S. armed forces

The armed forces offer financial aid for service members and their families. For more information on recruitment incentives, contact your local military recruiter or visit the U.S. Department of Defense at [www.todaysmilitary.com](http://www.todaysmilitary.com), click on “Benefits” and then go to “Tuition Support.” For more information, go to our website at [www.studentaid.ed.gov/military](http://www.studentaid.ed.gov/military) for those serving in our armed forces.

## U.S. Department of Veterans Affairs

If you (or your spouse) are a veteran or you're the dependent of a veteran, education benefits may be available. Under the *Post-9/11 Veterans Education Assistance Act of 2008*, many post-Sept. 11 veterans and service members will be eligible for a new comprehensive education benefits package that goes beyond helping to pay for tuition. Many veterans who served after Sept. 11, 2001, will get full tuition and fees, a monthly housing stipend, and a \$1,000 a year stipend for books and supplies. The new bill also gives reserve and national guard members who have been activated for more than 90 days since Sept. 11 access to the same GI Bill benefits. Information is available at [www.gibill.va.gov](http://www.gibill.va.gov) or by calling 1-888-GI-BILL-1 (1-888-442-4551).



### College.gov

This website motivates students with inspirational stories and information about planning, preparing, and paying for college. With students' input and participation, College.gov was created for high school students and their families as a single online resource with the help and tools students need to get started. College.gov shows that postsecondary education is an achievable goal for anyone, regardless of income, ethnicity, age, or gender.

***Remember,** you can get **FREE** help in finding financial aid from the sources mentioned in this section. You also can check with the colleges or career schools you'll be applying to. You don't have to pay for someone to help you.*

### *It's a Jungle Out There ... Be Careful!*

#### Scholarship scams

##### What about scholarship search services?

Many private scholarship search services provide sources of financial assistance. The Department does not evaluate those services. If you decide to use a search service, check its reputation by contacting the Better Business Bureau or your state attorney general's office. You can search for scholarships for free at [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship).

##### How can I tell which scholarship services are scams?

Be careful when searching for information on student financial aid. Estimates show that families lose millions of dollars every year to scholarship fraud. The *College Scholarship Fraud Prevention Act of 2000* was enacted to protect against fraud in student financial assistance. The Federal Trade Commission (FTC) cautions students to look for these telltale lines when speaking with a service representative or reading a service's literature:

- "The scholarship is guaranteed or your money back."
- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "You've been selected by a 'national foundation' to receive a scholarship."
- "You're a finalist" in a contest you never entered.

Make sure the information you receive and offers for assistance are legitimate. Don't fall prey to fraud. To file a complaint with the FTC, or for more detailed information on scams, call **1-877-FTC-HELP (1-877-382-4357)**; TTY **1-866-653-4261**. Or visit [www.ftc.gov/scholarshipscams](http://www.ftc.gov/scholarshipscams).

#### Identity theft

Besides scholarship scams, you need to be aware of identity theft.

##### What is identity theft?

This crime involves the theft of your personal information, such as your name, address, telephone number and Social Security number. Identity theft is a widespread and growing national problem for everyone. Identity thieves steal your personal information and often run up thousands of dollars in credit card debt, just to name one problem, and can ruin your credit. Even though it's not your fault, you're the one who has to clean up the damage, which can take months or even years.

##### How can this happen?

Identity theft occurs when someone wrongly gets your personal information, such as your Social Security number or driver's license number, and uses that information to obtain credit cards, loans (including student loans), or merchandise and services in your name. Identity thieves can get this information from a personal computer that you used for online banking, purchasing transactions, and many other ways. Sometimes just using a cell phone or using your Social Security number for identification can leave you at risk. Why? Each of these transactions requires that you share personal information, such as your name, address, and phone number, and your bank and credit card numbers. Occasionally, this information falls into the wrong hands.

##### What happens if someone steals my identity and gets a student loan in my name?

A Stafford Loan or PLUS Loan may be discharged (canceled) if a court determines that the loan was made as a result of a crime of identity theft.

##### How can I avoid identity theft?

- Don't throw credit card applications you don't want into the trash. Cut them into several pieces, or shred them, so no one can retrieve them and apply for credit in your name.
- Safeguard your Social Security number at all times. You generally have to provide it to your employer or your bank, but if a business wants it, ask why it's needed and how it will be used before you give it out. There probably is no legitimate reason for any business to need your Social Security number. Never give it or your driver's license number to anyone who



calls you on the phone or contacts you online saying they need this information to verify your identity.

- Never give personal or financial information over the phone or the Internet unless you initiated the contact.
- If you apply for our federal student aid programs over the Internet, do so at the Department of Education's **[www.fafsa.gov](http://www.fafsa.gov)** or **[www.studentaid.ed.gov](http://www.studentaid.ed.gov)**, which are official U.S. government websites that are safe and protected from unauthorized disclosure.
- After completing any online application or transaction, remember to log off your session.
- Review your financial aid award documents and keep track of the amount of student aid applied for and awarded.
- Keep your Federal Student Aid PIN, which is your online student identifier, in a safe place and never give it to anyone.

These are just a few steps you can take to protect yourself from identity theft. For more information, contact the Federal Trade Commission (FTC) at **[www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)**, or call **1-877-IDTHEFT (1-877-438-4338)**. To report identity theft that affects your federal student aid, call the U.S. Department of Education's Office of Inspector General Hotline at **1-800-MISUSED (1-800-647-8733)**, or go to **[www.ed.gov/misused](http://www.ed.gov/misused)**.

#### DID YOU KNOW?

Identity theft is a growing problem. Typical ways a student becomes a victim include leaving personal information lying around the dorm room or failing to shred credit card offers before throwing them away.

The U.S. Department of Education works hard to ensure that your personal information is secure. However, students should do their part as well. Make sure you keep your information safe.







# PART II.

## HOW DO I APPLY?

*In spite of all the acronyms you'll encounter, the student aid process is fairly straightforward and completing the FAFSA<sup>SM</sup> is easier than ever. You can apply and check the progress of your application online. We've added a feature that lets you skip the questions that don't relate to you, and we have help text and live chat to help answer questions you have while you're online.*

### DID YOU KNOW?

Applying for federal student aid grants, work-study, and loans is FREE! Why pay a third party for help with the FAFSA? Help in completing the FAFSA is available from our office for free, and there are no fees of any kind assessed by the government when you submit a FAFSA.

### Applying for Federal Student Aid

Applying for Federal Student Aid is free, that is why the application is called the *Free Application for Federal Student Aid* (FAFSA). If you need help completing the FAFSA, that help is free too. You don't have to pay anyone for help or share your personal information. Also beware of scams and services that will search

for financial aid for you for a fee. *The College Scholarship Fraud Prevention Act of 2000* protects you from this type of fraud. We tell you some ways to protect yourself from this and scams on page 22.

### Completing the FAFSA<sup>SM</sup>

#### What information do I need to complete a FAFSA?

You will need your Social Security number and your parents' numbers, if you're a dependent student; your driver's license number (if any); 2010 W-2 forms; 2010 federal income tax returns; bank statements; alien registration number (if you are not a U.S. citizen), and other records. For a detailed list, visit [www.fafsa.gov](http://www.fafsa.gov).

If you apply before your tax return has been completed, you'll have to estimate your income and tax information on your application and make corrections later if your estimated income or tax information was not accurate.



### Do I need a PIN?

Your PIN (Personal Identification Number) is an electronic access code that serves as your personal identifier. Your Federal Student Aid PIN allows you to:

- Sign your FAFSA electronically and complete the student aid process completely online—no paper is involved. If you're a dependent student and one of your parents has a Federal Student Aid PIN, he or she can sign your FAFSA electronically online as well.
- Correct your FAFSA online.
- Access your *Student Aid Report* (SAR).
- Sign a master promissory note for a federal student loan.
- Access your federal student aid records online, including your student loan history information on NSLDS<sup>SM</sup>.

We encourage you to apply online because that process is much faster and easier. The electronic FAFSA process has edits built into the application that dramatically reduce the chance for errors. That saves you time and trouble. But, even if you don't apply online, you need your PIN to access all your federal student aid information.

### How and when should I get a PIN?

You, and your parents if you're a dependent student, can apply for a PIN anytime at [www.pin.ed.gov](http://www.pin.ed.gov), and you will be offered one when you fill out a FAFSA, the application for federal student aid.

### Don't I get one automatically?

If you did not already apply for a PIN, either before submitting your FAFSA or while you completed the FAFSA, your personal data, such as your Social Security number, full name and date of birth, will be matched with the Social Security Administration's data. If the match is successful, we'll automatically send you a PIN.

#### NOTE:

*If you opted to receive your PIN by e-mail, you should add [FederalStudentAidPIN@cpsemail.ed.gov](mailto:FederalStudentAidPIN@cpsemail.ed.gov) to your e-mail address book or "safe list" to help avoid delivery problems.*

You cannot receive federal student aid unless all your information is complete and accurate.

### When should I apply for federal student aid?

**For the 2011–12 academic year, you must apply between Jan. 1, 2011, and June 30, 2012.** To determine your eligibility for federal student aid, you need to complete the FAFSA. You may also need to complete an additional application in order to be considered for financial aid from your state or the school you're interested in attending.

### Can I apply online?

Yes. We encourage you to complete the FAFSA online at [www.fafsa.gov](http://www.fafsa.gov). Applying online is the fastest and easiest way to apply.

### Why should I apply online?

As you complete the online application, *FAFSA on the Web*<sup>SM</sup> looks at your answers and uses skip logic to display questions that only apply to your situation. This makes the application process shorter and simpler. *FAFSA on the Web* also identifies potential errors right away and prompts you to make on-the-spot corrections.

### How do I apply online?

Complete the *Free Application for Federal Student Aid* (FAFSA) at [www.fafsa.gov](http://www.fafsa.gov). For the 2011–12 academic year, **you can apply beginning Jan. 1, 2011; you have until June 30, 2012, to submit your FAFSA. But you need to apply early!** Schools and states often use the FAFSA information to also award nonfederal aid. Their deadlines are usually early in the year. You can find state deadlines at *FAFSA on the Web* or check with the schools you're interested in for their deadlines.

#### Applying Online

- Go online to [www.fafsa.gov](http://www.fafsa.gov).
- As an alternative, go online to [www.studentaid.ed.gov](http://www.studentaid.ed.gov) and click on "FAFSA."

#### Can't remember your PIN?

You can request a duplicate PIN at [www.pin.ed.gov](http://www.pin.ed.gov). You can choose to view the PIN immediately on the screen, have it e-mailed, or have it mailed. After you receive your duplicate PIN, you should return to the PIN site and use the "Change My PIN" function to choose a PIN you will be able to remember.



## NOTE:

*Initially, your PIN can be used only to sign your FAFSA. Once your personal data (i.e., Social Security number, full name, and date of birth) successfully matches with the data the Social Security Administration has on file for you, your PIN can be used for other federal student aid purposes, such as signing a promissory note and accessing other federal student aid websites. Your SAR will contain a comment that lets you know whether your data successfully matched with the Social Security Administration's data or not. If your data does not match you will receive a notice with information to help you resolve the issue.*

## Can I only apply online?

In addition to applying online, you can also apply using the print version of the FAFSA. You can get a paper FAFSA—in English or Spanish—from our Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243)**. Complete, sign, and mail the FAFSA in the pre-addressed envelope. You also can download a Portable Data Format (PDF) FAFSA by going to **www.studentaid.ed.gov** or **www.fafsa.gov**. The PDF FAFSA is identical to the paper FAFSA.

Your FAFSA will be processed in two to three weeks. But, before mailing it, you should check to see if your school, or a school that you're interested in, can submit your FAFSA for you electronically. If you don't hear anything within three weeks of the date you submitted your application, check your status through *FAFSA on the Web* at **www.fafsa.gov**. You can also check your status by contacting the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

### Safeguard Your PIN and Remember It! **www.pin.ed.gov**

- Your PIN is used to sign legally binding documents electronically. It has the same legal status as a written signature.
- Don't give your PIN to anyone—not even to someone helping you fill out the FAFSA. Sharing your PIN could put you at risk of identity theft!
- Remember your PIN! You'll use this same PIN for future online FAFSAs and the many different actions regarding your student aid records. Change your PIN to one you can easily remember if you think you might forget the one issued.

## NOTE:

*No paper or electronic FAFSA will be accepted prior to Jan. 1, 2011 for the 2011–12 academic year. Any FAFSA received before Jan. 1, 2011, will not be accepted or processed.*

## Dependency status

You'll need to determine whose information to report on the FAFSA—if you're an independent student, you will report yours (and, if married, your spouse's); if you're a dependent student, yours and your parents'.

When you apply for federal student aid, your answers to questions on the FAFSA determine whether you are considered a dependent or independent student.

Dependent students must report their parents' income and assets on the FAFSA as well as their own. Federal Student Aid programs are based on the concept that a dependent student's parents have the primary responsibility for paying for their child's education.

### Independent students report their own income and assets (and those of a spouse, if married).

For the 2011–12 academic year, you're an independent student if **at least one** of the following applies to you:

- You were born before Jan. 1, 1988.
- You're married on the day you apply (even if you are separated but not divorced).
- You are or will be enrolled in a master's or doctoral degree program (beyond a bachelor's degree) at the beginning of the 2011–12 academic year.
- You are currently serving on active duty in the U.S. armed forces for purposes other than training.
- You're a veteran of the U.S. armed forces. (A "veteran" includes students who attended a U.S. service academy and were released under a condition other than dishonorable. For more details on who is considered a veteran, see the explanatory notes on the FAFSA or go to **www.fafsa.gov**.)
- You have children who will receive more than half their support from you between July 1, 2011, and June 30, 2012.
- You have legal dependents (other than your children or spouse) who live with you and who receive more than half their support from you now and through June 30, 2012.
- At any time since you turned age 13, both your parents were deceased, you were in foster care or you were a dependent or ward of the court.
- You are or were an emancipated minor as determined by a court in your state of legal residence.



- You are or were in legal guardianship as determined by a court in your state of legal residence.
- At any time on or after July 1, 2010, your high school or school district homeless liaison determined that you were an “unaccompanied youth” who was homeless.
- At any time on or after July 1, 2010, the director of an emergency shelter or transitional housing program, funded by the U.S. Department of Housing and Urban Development, determined that you were an “unaccompanied youth” who was homeless.
- At any time on or after July 1, 2010, the director of a runaway or homeless youth basic center or transitional living program determined that you were an unaccompanied youth who was homeless or self-supporting and at risk of being homeless.

*If none of these criteria apply to you, you’re a dependent student.*

### NOTE:

*Financial aid administrators may make determinations regarding a student’s independent student status based on a documented determination of independence by another financial aid administrator in the same award year.*

If you do not have a determination that you are homeless, you should contact your financial aid office for assistance if you believe you are an unaccompanied youth who is homeless or self-supporting at risk of being homeless and answer “No” to the FAFSA questions concerning being homeless.

**Not living with parents or not being claimed by them on tax forms does not determine dependency status for federal student aid.**

## What if I’m considered a dependent student but have no contact with my parents or access to their information?

Under federal law you and your family are primarily responsible for paying for your college expenses. To determine how much your family can afford to pay toward your college expenses, the Department must collect your financial information and, if you are a dependent student, the Department also must collect your parents’ financial information.

### Special circumstances

Under very limited circumstances, an otherwise dependent student may be able to submit the FAFSA without parental

information due to special circumstances. Before you proceed to skip the parental section of your FAFSA, consider the following:

Examples of special circumstances where you may be able to submit your FAFSA without providing parental information include:

- Your parents are incarcerated.
- You have left home due to an abusive family environment.
- You do not know where your parents are and are unable to contact them (and you have not been adopted).
- You are older than 21 but not yet 24, and are unaccompanied and either homeless or self-supporting and at risk of being homeless.

Not all situations are considered a special circumstance.

The following are situations that would **not** be considered a special circumstance:

- Your parents do not want to provide their information on your FAFSA.
- Your parents refuse to contribute to your college expenses.
- Your parents do not claim you as a dependent on their income taxes.
- You do not live with your parents.

If you believe you have a special circumstance and are unable to provide parental information, you should complete the information about you and your finances and skip any questions about your parents. You should sign your FAFSA with your PIN and leave your parent’s PIN blank. It is important to note:

- We will allow you to submit your FAFSA without parental information; however, your FAFSA will not be considered complete.
- Because your FAFSA is not considered complete, we will not calculate your Expected Family Contribution (EFC), which is the number used by colleges to determine how much student aid you are eligible to receive.
- If you are approaching any deadlines for your state, college or scholarship aid, you may want to contact your financial aid administrator (FAA) before submitting your FAFSA without parental data.
- Once you submit your FAFSA without parental data, you must follow up with the FAA at the school you plan to attend in order to complete your FAFSA.
  - ▶ You will have to provide documentation to verify your situation. Gather as much written evidence of your situation as you can. Written evidence may include court or law enforcement documents, letters from a clergy member, school counselor or social worker, and/or any other relevant data that explains your special circumstance.



- ▶ After reviewing your circumstances carefully, your FAA will decide if you must provide parental information or if your circumstances allow you to proceed without providing parental data. Your FAA's decision is final and cannot be appealed to the Department.

## What if I'm a dependent student but my parents are divorced or separated?

- You should report information about the parent you lived with for the greater amount of time during the 12 months preceding the date you file your FAFSA application.
- If you didn't live with either parent, or if you lived with each parent an equal amount of time, then use information about the parent who provided the greater amount of financial support during the 12 months prior to the date you file your FAFSA application.
- If you didn't receive any parental financial support during the 12 months prior to filling your application, you must report information about the parent who most recently provided the greater amount of parental support.

## Do I report stepparents' information?

Your stepparent's financial information is required on the FAFSA if the parent you received financial support from (your mother or father) was

- a single parent who is now married (to your now stepparent); or
- divorced or widowed but has remarried (to your now stepparent).

This does not mean your stepparent is obligated to give financial assistance to you, but his or her income and assets are important pieces of your family's financial situation. Including this information on the FAFSA helps us form an accurate picture of your family's total financial strength.

## Do I need to fill out a FAFSA every year I apply for aid?

**Yes.** You must reapply for federal student aid every year. If you change schools, your aid doesn't automatically transfer with you. Remember to check with your new school to find out what you need to do to continue receiving financial aid.

For those who applied in 2010–11 award year, there will be fewer questions to answer for 2011–12 award year because your FAFSA for the new year contains much of the information given in the 2010–11 application. Only the information that has changed since last year, such as your income and tax information, and any new questions that appear in the FAFSA must be answered.

You can complete your FAFSA online at [www.fafsa.gov](http://www.fafsa.gov) between Jan. 1, 2011, and June 30, 2012. Remember that states and schools may have earlier deadlines for nonfederal aid, so it's important to check your state or school deadlines. State contact information is provided on page 21.

### If you filled out FAFSA last year

- In January 2011, you will receive notice (by e-mail or regular mail) reminding you to apply for federal student aid for the 2011–12 award year. The 2011–12 award year is July 1, 2011, to June 30, 2012.
- You will need your PIN to access your 2011–12 FAFSA *on the Web* (also called a Renewal FAFSA). Go to [www.fafsa.gov](http://www.fafsa.gov) and select "Start Here." You will be presented with an option to access your Renewal FAFSA. Review the information on your FAFSA and change or add information as needed, sign and submit it.
- If you prefer to complete a paper application, you will have to answer all questions on the form, sign, and mail it in for processing.
- You'll then receive your *Student Aid Report* (SAR) containing your application results (see page 30 for details on the SAR).
- Review your SAR to make sure all your information is correct.
- Check with your financial aid office, or contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** if you have questions about the FAFSA process for subsequent years.

## What if I need help filling out my FAFSA?

- Help text is available and accessible for every question on the FAFSA if you apply online using *FAFSA on the Web* at [www.fafsa.gov](http://www.fafsa.gov).
- You also can get free live help online at [www.fafsa.gov](http://www.fafsa.gov) while you complete the application.
- Free help is also available online at [www.studentaid.ed.gov/completefafsa](http://www.studentaid.ed.gov/completefafsa).
- Contact the Federal Student Aid Information Center **1-800-4-FED-AID (1-800-433-3243)** for assistance with any questions you have on either the paper or electronic FAFSA.
- You also can contact your high school guidance counselor or your college financial aid office.

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**Remember,** you can get all the help you need for **FREE** from one of these sources. **NEVER** pay anyone for assistance in completing the online or paper FAFSA.

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### How do the schools I'm interested in attending get my FAFSA information?

Schools you listed on your FAFSA will automatically receive your FAFSA results electronically. You can list up to four schools on a paper FAFSA and up to 10 schools on *FAFSA on the Web*.

### What if I want to add or change schools later?

Go to [www.fafsa.gov](http://www.fafsa.gov) and select "Start Here" to make changes online, or you can call the Federal Student Aid Information Center 1-800-4-FED-AID (1-800-433-3243). If you call, you'll need your Data Release Number (DRN), which is located on your *FAFSA on the Web* confirmation page and on your SAR.

#### REMEMBER!

Save all records and materials used to complete your FAFSA. Make a copy of your paper FAFSA or print the summary page of your *FAFSA on the Web* data and your confirmation page. You might need them later to prove the information you reported was accurate.

The process of documenting the information you provided on the FAFSA is called "verification." If your application is selected for verification and you do not provide the documents requested on time, you will not receive federal student aid, and you might not receive aid from other nonfederal sources.

### How do I sign my application?

If you're in *FAFSA on the Web*, a separate screen will appear when you select the option to apply for a PIN. You will be given the option of instantly receiving your PIN on screen, having it e-mailed to you immediately, or having it sent to you via postal mail (seven to 10 days). If you choose to have it displayed on the screen, you can sign your FAFSA right then and there. If you choose to have your PIN e-mailed to you or sent by postal mail, you'll need to save your *FAFSA on the Web* and sign with your PIN when you receive it. Or, you can print a "signature page" and sign and mail it to the address indicated on the page. You also can select the option to process the application without a signature. If you select this option, you will be mailed a paper SAR that you must sign and mail back to us for processing. The process can take two or more weeks. This option is not recommended because it is the most time-consuming.

### What Happens After I Submit My FAFSA Online?

#### After you apply for federal student aid, you'll receive your processed FAFSA results

When you complete and submit your online application, be sure to print the summary page of your *FAFSA on the Web* data and print your confirmation page. Once your FAFSA is processed, you will receive your *Student Aid Report* (SAR). The SAR summarizes all the information you provided on your FAFSA and will usually contain your Expected Family Contribution (EFC), the number used in determining your eligibility for federal student aid. Your EFC will appear in the upper right-hand portion of a paper SAR or an electronic SAR. You might not get an EFC if the Department needs more information from you to process your data. This means your application is incomplete and you need to make corrections (to learn how to make corrections, see page 31).

The delivery of your SAR depends on whether or not you provided an e-mail address when you apply for aid:

- You will receive your SAR by e-mail within three–five days after your FAFSA has been processed, if you provided an e-mail address when you applied. This e-mail will contain a secure link so you can access your SAR online. If you have a "junk" folder or "spam" folder in your e-mail files, check it. The e-mail from us might be delivered there instead of to your in-box. We encourage you to add our e-mail address, [FederalStudentAidFAFSA@cpsemail.ed.gov](mailto:FederalStudentAidFAFSA@cpsemail.ed.gov), to your e-mail address book to help avoid delivery problems. The e-mail you receive will look like the one on page 31.
- You will receive a paper SAR by mail within seven to 10 days after your FAFSA has been processed, if you do not provide an e-mail address when you apply. Whether you apply online or by paper, we will automatically send your data electronically to the schools you listed on your FAFSA.

Your DRN also will be on the SAR, and if you applied for a PIN during the *FAFSA on the Web* signature process, you'll receive information about the status of your PIN.

#### SAR Submission Deadline

If the school you want to attend is not listed on your SAR, you must add that school to your SAR and submit your data to that school for processing by the last day of enrollment for 2011–12 OR by mid-September 2011, whichever comes first. Be sure you know what the last day of enrollment is at the school(s) you want to attend—that date could be earlier than mid-September.





## Federal Student Aid notice of SAR results available online: Sample e-mail

From: Federal Student Aid [mailto:FederalStudentAidFAFSA@cpsemail.ed.gov]  
Sent: Thursday, January 08, 2011 11:12 PM  
To: John Smith  
Subject: FAFSA Results - 2011-2012 Student Aid Report

Dear John Smith,

Your Free Application for Federal Student Aid (FAFSA) has been processed and the data will be made available to the school(s) listed on your FAFSA. The financial aid office at your school will contact you if additional information is required.

Your Student Aid Report (SAR), which contains a summary of your FAFSA information, is now available for you online. Review your SAR as soon as possible to see if any additional information or corrections may be needed.

Use the link below to view your SAR. You can select the link or copy the entire link and paste it into the address or location line of your Web browser. Make sure you copy and paste the entire link; it may appear on multiple lines.

<https://fafsa.ed.gov/FOTWebApp/sar/90?key=rMBPyoCvCU5IngPxKSadIbLvJT2KC5m>

If you are an AOL user, click here:

[View SAR](https://fafsa.ed.gov/FOTWebApp/sar/90?key=rMBPyoCvCU5IngPxKSadIbLvJT2KC5m)

If you encounter any problems retrieving your SAR, go to [www.fafsa.ed.gov/faq016.htm](http://www.fafsa.ed.gov/faq016.htm) for assistance. You may also call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

Thank You,

U.S. Department of Education  
Federal Student Aid

## What do I do with my SAR?

### Review it carefully to make sure it's correct and complete.

The school(s) you've selected to receive your SAR will use this information to determine if you're eligible for federal—and possibly nonfederal—financial aid funds.

## If you need to make corrections to your SAR

- You can make them online using your PIN by going to [www.fafsa.gov](http://www.fafsa.gov) and selecting "Start Here."
- Your school might be able to make them for you electronically (check with your school).
- Or, if you received a paper SAR, make any necessary corrections on that SAR and mail it to the address on the form for processing.

You can make a few changes to your FAFSA by calling the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**. You must have the Data Release Number (DRN) available. The DRN is located on your SAR and on your *FAFSA on the Web* confirmation page. Here's what you can change over the phone:

- your mailing or e-mail address;
- the names of schools that you want to receive your FAFSA information; and
- your answer to the question concerning a drug conviction.


**For all other changes, you must correct your FAFSA using one of the other options above.**

## How do I find out if I'm eligible for federal student aid and how much I'll receive?

If you're eligible for federal student financial aid, the schools listed on your FAFSA (who also have offered you admission) will send you an award letter. The **award letter** tells you the type of financial aid you are eligible to receive from federal, state, and institutional sources and how much you may receive.

This combination of aid is your **financial aid package**. Review each award letter very carefully and compare how much aid you can receive at each school. Once you accept a school's award letter, sign it and return it to the school for processing.

## Student Aid Report (SAR) for 2011–2012: Sample



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

**STUDENT AID REPORT**  
**2011 - 2012**

WWW.FAFSA.GOV      1-800-4-FED-AID (TTY: 1-800-730-8913)      OMB No. 1845-0008

APRIL 22, 2011      DATA RELEASE NUMBER (DRN): 9755  
000001C001      EXPECTED FAMILY CONTRIBUTION (EFC): 00000\*C

JOHN SMITH  
742 EVERGREEN TERRACE  
SPRINGFIELD OH 55555

Dear JOHN SMITH,

**Your Student Aid Report (SAR) summarizes the information you submitted on your 2011–2012 Free Application for Federal Student Aid (FAFSA).**

**Application Status (review the checked boxes)**

- ☒ Your FAFSA appears to be complete. **Review the data on pages 3–10 of your SAR and make corrections or updates if necessary.** The school(s) listed on your FAFSA will receive your information.
- ☒ Your FAFSA has been selected for verification. Verification is a process where your school confirms the data you reported on your FAFSA. Your school has the authority to contact you for documentation that supports income and other information that you reported on your FAFSA.

**Federal Student Aid Eligibility (review the checked boxes)**

The data submitted on your FAFSA is used to calculate your Expected Family Contribution (EFC), which is 00000.


The EFC is **not** the amount of money that your family must provide. Rather, you should think of the EFC as an index that colleges use to determine how much financial aid you would receive if you were to attend their school. Financial aid may include grants (free funds that do not have to be repaid), low-interest loans (borrowed funds that must be repaid), and/or work-study (paid part-time employment). Please note that your EFC is subject to change if you update or correct your FAFSA.

Your financial aid package could also include other federal, state, or institutional grants and scholarships, and/or a work-study award. Your school's financial aid office will advise you of the specific types and amounts of student aid you are eligible to receive. For more information about the EFC, grants, loans or work-study, scholarships and other sources of aid go to [www.FederalStudentAid.ed.gov/aidinfo](http://www.FederalStudentAid.ed.gov/aidinfo).

- ☒ Based on your EFC it appears that you **may be eligible** for a Federal Pell Grant of up to \$5350, in addition to other grants, low-interest student loans, and work-study opportunities.
- ☒ We sent your information to other federal agencies to verify your eligibility for federal student aid and there appears to be an issue with the information provided on your application. **Review the checklist on page 3 for instructions on how to resolve these issues.**

**You should keep this SAR for your records!**

RSEN000001 999      PAGE 1 OF 10



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# PART III.

## REPAYING YOUR STUDENT LOAN

*If you're a federal student loan recipient, the interest rate you pay is lower than commercial rates because the federal government subsidizes the loan and you don't have to begin to repay your Perkins or Stafford Loans until you leave school or drop below half-time. If you have a loan, you need to remember that it must be repaid.*

*This section outlines repayment options; you can get detailed information on repaying loans at Your Federal Student Loans: Learn the Basics and Manage Your Debt (see the inside back cover to order) or at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).*

### *Borrower's Responsibilities*

When you obtain a federal student loan, you have certain responsibilities. You will receive detailed information from your school on your rights and responsibilities, but here are some highlighted examples.

**Think about how much you're borrowing:** Think about how the amount of the loan will affect your future finances, and what your repayment obligation means before you take out a student loan.

**Sign a promissory note:** You're agreeing to repay the loan according to the terms of the note even if you don't complete your

education, can't get a job after you complete the program, or you didn't like the education you received. The U.S. Department of Education does not guarantee the quality of education you receive or that you will find a job in your field of study.

**Make payments on time:** You are required to make payments on time even if you don't receive a bill, repayment notice, or a reminder. You also must make monthly payments in the full amount required by your repayment plan. Partial payments do not fulfill your obligation to repay your student loan on time.

**Continue to pay your loans while waiting for deferment or forbearance approval:** Continue to make payments until you have been notified that your request has been approved.

**Keep in touch with your loan servicer:** Notify your servicer when you graduate; withdraw from school; drop below half-time status; change your name, address, or Social Security number; or transfer to another school. New Social Security numbers are issued only in very rare circumstances.

**Receive entrance and exit counseling:** First-time borrowers must complete an **entrance counseling** session before your first loan disbursement for useful tips and tools to help you develop a budget for managing your education expenses and help you to understand your loan responsibilities. Parent PLUS Loan borrowers do not participate in entrance counseling. You also must receive exit counseling before you leave school to make sure you understand your rights and responsibilities as a borrower.

## Borrower's Rights

You have a right to know the details of your loan (depending on your loan, some of the following might be included as part of your entrance counseling). Below is what you need to know and must receive from your loan servicer.

**Details about your loan:** You are entitled to know the full amount of the loan and the current interest rate; the date you must start repayment; a complete list of any charges you must pay (loan fees) and how those charges are collected; information about the total amounts you can borrow; and information on consolidation. Before you leave school, you will receive more information about your loan (as part of exit counseling) from your school or loan servicer.

**Grace period:** If you are attending school at least half-time, you have a set period of time after you graduate, leave school, or drop below half-time status before you must begin repayment on a Stafford or Perkins loan. This period of time is called a grace period.

**Loan repayment schedule:** Your school or servicer must give you a loan repayment schedule that states when your first payment is due, the number and frequency of payments, and the amount of each payment.

**Change in loan servicers:** If you change loan servicers, both the old and new servicer must give you the identity of the new loan servicer and the address where payments must be sent, and the telephone numbers of both the old and new servicer.

## Loan Repayment

This section gives you basic information on loan repayment. For more information, go online to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) or read *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see the inside back cover to get a copy).

### When do I start paying back my student loans?

If you are attending school at least half-time, there is a set period of time after you graduate, leave school, or drop below half-time status before you must begin repayment on your loan(s). This period of time is called a grace period and gives you time to get financially settled and select your repayment plan.

- You will receive a grace period before your repayment period begins on a Direct Stafford or Perkins Loan.
- Your grace period will be six months for Direct Stafford Loans and nine months for Perkins Loans.

- If you are called to active military duty for more than 30 days, the grace period will be delayed.
- PLUS Loans do not have a grace period (see page 19 for more on PLUS Loans).

### How much time do I have to repay my student loans?

Depending on the types of loans you have and repayment plan you choose, you have from 10 to 25 years to repay your loans. When it comes time to repay, you can pick a repayment plan that's best suited to your financial situation. You'll receive more information about repayment choices before you leave school at exit counseling and from your loan servicer during your grace period.

*The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

### How much will I have to repay each month?

Your monthly repayment amount will depend on the type of loan you have, size of your debt, the length of your repayment period, and the repayment plan you choose.

### What repayment plans are available for Stafford Loans?

Borrowers may choose from several repayment plans.

As a result of the *Health Care and Education Reconciliation Act*, beginning July 1, 2010, federal student loans under the Federal Family Education Loan Program<sup>SM</sup> (FFEL<sup>SM</sup> Program) are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program<sup>SM</sup>. However, borrowers who obtained a FFEL Loan before July 1, 2010, are repaying their loans under one of the repayment plans listed in table 5. These repayment plans are available to Direct and FFEL Loan borrowers.

#### Key Facts About Repaying Direct and FFEL Loans

- If you don't choose a repayment plan when you first begin repayment, you'll be placed under the Standard Repayment Plan (with fixed payments for up to 10 years).
- You can change plans to suit your financial circumstances.

Find more details and examples of repayment amounts at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) (interactive calculators are also available).

**Table 5. Direct and FFEL Repayment Plans: By type of plan, monthly payment terms, time frame, and other information**

Repayment Plan	Monthly Payment	Repayment Time Frame	Other
<b>Standard</b>	Fixed Must be at least \$50 per month	Fixed payments for up to 10 years  Up to 30 years for Consolidation Loans	If you do not choose a repayment plan when you first begin repayment, you will be placed in this one
<b>Graduated</b>	Payments start out low at first and then increase, usually every two years  Payments must at least cover the interest that accumulates on the loans between payments	Variable payments for up to 10 years Up to 30 years for Consolidation Loans	Plan is tailored to individuals with relatively low current incomes (e.g., recent college graduates) who expect their incomes to increase in the future
<b>Extended</b>	Fixed or graduated  Monthly payment is lower than it would be under the Standard Plan	25 years	Direct Loan borrower must have more than \$30,000 in outstanding DL debt and an FFEL borrower must have more than \$30,000 in outstanding FFEL debt; for both programs, borrower must also be a "new borrower" as of October 7, 1998  Ultimately pay more for the loan because of the interest that accumulates during the longer repayment period
<b>Income-Sensitive Repayment Plan</b> (FFEL Loans only)	Monthly loan payment is based on annual income.  As income increases or decreases, so do payments.	Maximum repayment period of 10 years.	
<b>Income-Contingent Repayment Plan (ICR)</b> (Direct Loans only)	Monthly payments are calculated each year and will be based on annual income (and that of spouse, if married), family size, and the total amount of Direct Loan	Unpaid portion will be forgiven, after 25 years of repayment under this plan	May have to pay income tax on the amount that is forgiven  Graduate and professional student PLUS borrowers in the Direct Loan Program are eligible for ICR.  Parent PLUS borrowers are not eligible
<b>Income-Based Repayment (IBR)</b>	Monthly payments are capped at 15% of discretionary income  You must have partial financial hardship to enroll in the IBR Plan	After 25 years of repayment under this plan, the unpaid portion of the loan will be forgiven	May have to pay income tax on the amount that is forgiven  Not available for parent PLUS loans (or Consolidation Loans that repaid parent PLUS Loans)

**NOTE:** Borrowers who obtained an FFEL Loan before July 1, 2010, are repaying their loans under one of these plans.

## Postponing Loan Repayment

Under certain circumstances, you can receive periods of deferment or forbearance that allow you to postpone loan repayment. These periods don't count toward the length of time you have to repay your loan. You can't get a deferment or forbearance for a loan that is already in default.

### What is deferment?

Deferment is a period of time during which no payments are required. To qualify for a deferment, you must meet specific eligibility requirements. Depending on the type of loan you have, interest might accrue and **capitalize** during this period.

### How do I qualify for deferment?

The most common loan deferment conditions are enrollment in school at least half-time, inability to find full-time employment

(for up to three years), economic hardship (for up to three years), and military service. You will find additional details and a loan deferment summary chart in *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see the inside back cover to order) or on the Department's website at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

For more information on deferment, contact your loan servicer or the financial aid office at your school.

### What is forbearance?

If you are temporarily unable to make your monthly loan payments (for example, due to illness or financial hardship) but you do not meet the eligibility requirements for a deferment, you might be granted forbearance for a limited and specific period of time. Forbearance allows you to temporarily postpone or reduce your student loan payments. Interest continues to accrue (accumulate), however, and you are responsible for paying interest even during forbearance no matter what kind of loan you have.

**You must continue making payments on your student loan until you have been notified that your request for deferment has been granted. If you don't, and your deferment is not approved, you will become delinquent and may default on your loan.**

For more information on forbearance, contact your servicer or the financial aid office at your school.

## Applying for deferment or forbearance

Receiving deferment or forbearance is not automatic. You must apply for it. For Perkins Loans, contact your school. For all other loans contact your servicer. If you're not sure who is your servicer you can go to NSLDS at [www.nsls.ed.gov](http://www.nsls.ed.gov) and use your PIN to access all your federal student aid information including how to contact your loan servicer.

## Consolidating Your Loans

### What is loan consolidation?

Student and parent borrowers can consolidate (combine) multiple federal student loans with various repayment schedules into a Direct Consolidation Loan. The result is a single monthly payment instead of multiple monthly payments.

A Consolidation Loan can affect your payment amount, payment period, and amount of interest:

- Your monthly payment might be lower because your repayment period is extended.
- Your repayment period may be extended (up to 30 years, depending on the amount of your consolidation loan and your other student loan debt) therefore increasing the amount of interest you repay.

Compare the cost of repaying your unconsolidated loans with the cost of repaying a Consolidation Loan. You should consider:

- Whether you'll lose any borrower benefits if you consolidate, such as interest rate discounts or principal rebates, as these benefits can significantly reduce the cost of repaying your loans.
- If you include a Perkins Loan in your consolidation loan, you will lose cancellation benefits that are only available in the Perkins Loan Program.

Carefully review your consolidation options before you apply. Talk to your loan servicer for more information before you consolidate.

### When can I consolidate my loans?

You can consolidate during your grace period, once you've entered repayment (the day after the end of the six-month grace period), and during periods of deferment or forbearance.

### What's the interest rate on a Consolidation Loan?

The interest rate for Consolidation Loans is a fixed rate for the life of the loan. The fixed rate is based on the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest one-eighth of 1 percent. The interest rate will never exceed 8.25%.

## Loan Cancellation

### Is it ever possible to have my federal student loan canceled?

Under certain specific circumstances, you can have all or part of your loan canceled, discharged, or forgiven. For more information, go to [www.studentaid.ed.gov/discharges](http://www.studentaid.ed.gov/discharges) or review *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see inside back cover to order).

In certain cases, you may be able to have all or a part of your loan canceled because:

- Your school closed before you completed your program.
- Your school forged your signature on your promissory note or falsely certified that you were eligible to get the loan.
- Your loan was falsely certified because of identity theft (additional requirements apply).
- You withdrew from school but the school didn't pay a refund that it owed under its written policy or our regulations. Check with the school to see how refund policies apply to federal aid at the school.
- Your loan may be canceled if it is discharged in bankruptcy. This is not an automatic process—you must prove to the bankruptcy court that repaying the loan would cause undue hardship.
- Of teacher service—If you teach in a low-income school or educational service agency you may qualify for this benefit. This provision is not available for borrowers of PLUS Loans. For more information visit [www.studentaid.ed.gov/TC](http://www.studentaid.ed.gov/TC) or contact your loan servicer.





- Of public service—If you are employed in certain public service jobs and have made 120 payments on your Direct Loan(s) (after Oct. 1, 2007), the remaining balance that you owe may be forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. You must not be in default on the loans that are forgiven. For more information, go to [www.studentaid.ed.gov](http://www.studentaid.ed.gov) and click on Public Service Loan Forgiveness.

For more information, go to [www.studentaid.ed.gov/discharges](http://www.studentaid.ed.gov/discharges).

## Total and permanent disability

Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain requirements. To apply for this discharge, you must provide a physician's statement that you are totally and permanently disabled.

## Death

The loan is discharged based on the death of the borrower or, in the case of a parent PLUS Loan, the death of the student on whose behalf the loan was obtained. The loan will be canceled if a family member or other representative provides acceptable documentation of the borrower's or student's death to the loan servicer.

You can find more information at [www.disabilitydischarge.com](http://www.disabilitydischarge.com)

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*The information in this guide was compiled in the summer of 2010. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).*

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# GLOSSARY

**Ability-to-Benefit (ATB)** One of the criteria used to establish student eligibility in order to receive federal student aid is that a student must have earned a high school diploma or its equivalent. Students who are not high school graduates (or who have not earned a General Educational Development [GED] Certificate) can demonstrate that they have the “ability to benefit” from the education or training being offered by passing an approved ability-to-benefit (ATB) test. Another way to demonstrate your ability-to-benefit is to successfully complete six credit hours or the equivalent course work that are applicable toward a degree or certificate program offered by the institution.

**Academic Year** This is the measure of the academic work to be accomplished by a student each year as defined by the school and that meets minimum requirements in the law. For example, a school’s academic year may consist of a fall and spring semester during which a full-time undergraduate student must complete at least 24 semester hours. Academic years vary from school to school and even from educational program to educational program at the same school.

**Accreditation** Accreditation means that the school meets certain minimum academic standards, as defined by the accrediting body. The school must have accreditation from an accrediting body recognized by the U.S. Department of Education to be eligible to participate in federal student aid programs.

**Agreement to Serve (ATS)** A contractual obligation by the recipient under which a student receiving a TEACH Grant commits to teach full-time in a high-need field at a low-income school or educational service agency that serves certain low-income schools and within certain high-need fields for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which the student received the grant.

If you do not complete your teaching service obligation, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charged from the date of each TEACH Grant disbursement.

**Award Letter** Coming from a school, this letter states the type and amount of financial aid the school is willing to provide if you accept admission and register to take classes at that school. To continue to receive awards, recipients will need to meet the eligibility requirements of the aid program(s).

**Capitalization** This is the addition of unpaid interest to the principal balance of a loan. With certain loans, such as subsidized Direct and FFEL<sup>SM</sup> Stafford Loans, the U.S. Department of Education pays the interest that accrues while the student is enrolled at least half-time, during the grace period, and during periods of deferment. However, for Unsubsidized Stafford Loans or PLUS Loans, the borrower is responsible for paying the interest as it accrues during all

periods. Interest also is charged to the borrower during periods of forbearance on all loan types (subsidized or unsubsidized). When the interest is not paid, it is capitalized at the end of the grace, deferment, or forbearance period. This increases the outstanding principal amount due on the loan. Interest is then charged on that higher principal balance, increasing the overall cost of the loan to the borrower.

**Cost of Attendance (COA)** It is the total amount it will cost you to go to school—usually expressed as a yearly figure. It's determined using rules established by law. The COA includes tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, loan fees, and, if applicable, dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer. Costs related to a disability also are covered. The COA includes reasonable costs for eligible study-abroad programs as well. For students attending less than half-time, the COA includes tuition and fees and an allowance for books, supplies, transportation, and dependent care expenses, and can also include room and board for up to three semesters or the equivalent at the institution. But no more than two of those semesters, or the equivalent, may be consecutive. Talk to the financial aid administrator at the school you're planning to attend if you have any unusual expenses that might affect your cost of attendance.

**Data Release Number (DRN)** A four-digit number assigned to your application by Federal Student Aid. It will appear close to the top right-hand corner on the first page of your paper or electronic *Student Aid Report* (SAR). If you file electronically, you also will find your DRN below the Confirmation Number on your submission confirmation page. You will need the DRN if you contact the Federal Student Aid Information Center to make corrections to your mailing address or the schools you listed on your FAFSA. The DRN also allows you to release your FAFSA data to schools you did not list on your original FAFSA.

**Default** This refers to the failure to repay a loan according to the terms agreed to when you signed a promissory note. For the FFEL and Direct Loan programs, default is more specific—it occurs if you fail to make a payment for 270 days if you repay monthly (or 330 days if your payments are due less frequently). The consequences of default are severe. Your school, the lender, or agency that holds your loan, the state, and the federal government may all take action to recover the money, including notifying national credit bureaus of your default. This may affect your credit rating for as long as seven years; that is, for example,

you might find it difficult to borrow money from a bank to buy a car or a house. In addition, the Internal Revenue Service can withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan might ask your employer to deduct payments from your paycheck. Also, you may be liable for loan collection expenses. If you return to school, you're not entitled to receive additional federal student financial aid. Legal action also might be taken against you. In many cases, default can be avoided by submitting a request for a deferment, forbearance, discharge, or cancellation and by providing the required documentation.

**Direct Loan Program<sup>SM</sup>** The William D. Ford Federal Direct Loan Program. Loans made through this program are referred to as Direct Loans. Eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Loans include subsidized and unsubsidized Direct Stafford Loans (also known as Direct Subsidized Loans and Direct Unsubsidized Loans), Direct PLUS Loans, and Direct Consolidation Loans. You repay these loans directly to the U.S. Department of Education.

**Educational Service Agency** An educational service agency is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, such as public school districts.

**Eligible Noncitizen** You must be one of the following to receive federal student aid:

- U.S. citizen
- U.S. national (includes natives of American Samoa or Swains Island)
- U.S. permanent resident who has an I-151, I-551, or I-551C (Permanent Resident Card). If you're not in one of the previous I categories, you must have an Arrival-Departure Record (I-94 Form) from U.S. Citizenship and Immigration Services (USCIS) showing one of the following designations:
  - ▶ "Refugee"
  - ▶ "Asylum Granted"
  - ▶ "Cuban-Haitian Entrant, Status Pending"
  - ▶ "Conditional Entrant" (valid only if issued before April 1, 1980)
  - ▶ Victim of human trafficking, T-visa holder, or your parent is the holder of a T-1 visa.



- “Parolee” (You must be paroled into the United States for at least one year, and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

If you only have a Notice of Approval to Apply for Permanent Residence (I-171 or I-464), you’re not eligible for federal student financial aid. If you’re in the United States on certain visas, including an F1 or F2 student visa, or a J1 or J2 exchange visitor visa, you’re not eligible for federal student financial aid. Also, people with G series visas (pertaining to international organizations) are not eligible for federal student financial aid. For more information about other types of visas that are not acceptable, check with your school’s financial aid office. Citizens and eligible noncitizens may receive loans from the Direct Loan Program at participating foreign schools. Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are eligible only for certain types of federal student aid. These applicants should check with their schools’ financial aid offices for more information.

**Eligible Program** An eligible program is one of organized instruction or study that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential. To receive federal student financial aid, you must be enrolled in an eligible program, with two exceptions:

- If a school has told you that you must take certain course work to qualify for admission into one of its eligible programs, you can get a Stafford Loan for up to 12 consecutive months while you’re completing that preparatory course work. You must be enrolled at least half-time, and you must meet the basic federal student financial aid eligibility requirements (see pages 10–12 for those basic requirements).
- If you’re enrolled at least half-time in a program to obtain a professional credential or certification required by a state for employment as an elementary or secondary school teacher, you can get a Federal Perkins Loan, Federal Work-Study, a Stafford Loan, or your parents can get a PLUS Loan, while you’re enrolled in that program.

**Expected Family Contribution (EFC)** This is the number that’s used to determine your eligibility for federal student financial aid. This number results from the financial information you provide in your FAFSA<sup>SM</sup> application. Your EFC is reported to you on your *Student Aid Report* (SAR).

**Financial Aid Administrator (FAA)** He or she who works at a college or career school and is responsible for preparing and communicating information on student loans, grants, or

scholarships and employment programs. The FAA and staff help students apply for and receive student aid. The FAA is also capable of analyzing student needs and making professional judgment changes when necessary.

**Financial Aid Package** This is the total amount of financial aid (federal and nonfederal) a student is offered by the school. The financial aid administrator at a postsecondary institution combines various forms of aid into a “package” to help meet a student’s education costs. Using available resources to give each student the best possible package of aid is one of the aid administrator’s major responsibilities. Note that because funds are often limited, an aid package might fall short of the amount a student needs to cover the full cost of attendance. Also, the amount of federal student aid in a package is affected by other sources of aid received (scholarships, state aid, etc.).

**FFEL<sup>SM</sup> Program** The Federal Family Education Loan Program<sup>SM</sup>. As a result of the *Health Care and Education Reconciliation Act of 2010*, beginning July 1, 2010, federal student loans under the FFEL Program are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program.

**General Educational Development (GED) Certificate** Students who’ve passed a specific, approved high school equivalency test receive this certificate. A school that admits students without a high school diploma must make available a GED program in the vicinity of the school and must inform students about the program.

**Half-time** This term refers to an enrolled student who is carrying a half-time academic workload, as determined by the institution, that amounts to at least half of the workload of the applicable minimum requirement outlined in the definition of a full-time student, or a student enrolled solely in a program of study by correspondence who is carrying a workload of at least 12 hours of work per week, or is earning at least six credit hours per semester, trimester, or quarter. However, regardless of the work, no student enrolled solely in correspondence study is considered more than a half-time student.

**National Student Loan Data System<sup>SM</sup> (NSLDS<sup>SM</sup>)** The U.S. Department of Education database for federal student financial aid is where you can find out about the aid you’ve received. NSLDS receives data from schools, guaranty agencies, and U.S. Department of Education programs. The NSLDS website is generally available 24 hours a day, seven days a week. By using your PIN, you can get information on federal loan



and Pell Grant amounts, outstanding balances, the status of your loans, and disbursements made. You can access NSLDS at [www.nsls.ed.gov](http://www.nsls.ed.gov).

**Principal** This is the amount of money borrowed. Interest is charged on this amount.

**Promissory Note** The document you must sign before you receive a student loan is a promissory note, which is a legally binding agreement to repay the loan. It lists the terms and conditions under which you agreed to repay the loan and explains your rights and responsibilities as a borrower. It will include information on how interest is calculated and what deferment and cancellation provisions are available to the borrower. It's very important to read and save this document because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

**Regular Student** This term refers to a student who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential offered by that institution. Generally, to receive federal student financial aid from the programs discussed in this guide, you must be a regular student. There are exceptions to this requirement for some programs.

**Satisfactory Academic Progress** This is the school's standards of satisfactory academic progress toward a degree or certificate offered by that institution. Check with your school to find out its standards.

**Selective Service Registration** Males born on or after Jan. 1, 1960, at least 18 years old, and not currently on active duty in the U.S. armed forces, must register, or arrange to register, with the Selective Service System before their 26th birthday to receive federal student aid. (Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau are exempt from registering.) There is a check box on the FAFSA that allows you to register with the Selective Service System.

**Student Aid Report (SAR)** Your FAFSA results are either sent in an e-mail report within a few days after your FAFSA has been processed or by mail in a few weeks, depending how application was originally completed (online or paper, respectively). This report detailing all the information you provided on your FAFSA is called a *Student Aid Report* or SAR. If there are no corrections or additional information you must provide, the SAR will contain your Expected Family Contribution (EFC), which is the number that's used to determine your eligibility for federal student aid. Whether you applied online or by paper, the Department will automatically send your data electronically to the schools you listed on your FAFSA.





## ***Other Federal Student Aid Publications***

You can find these and other publications at

**[www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs)**

### ***College Preparation Checklist***

This foundational booklet for students (elementary, junior and high school, adult) considering college explains how to prepare academically and financially for college through "to do" lists aimed at students and parents. Simply worded information about federal aid, the application process, and how to find information on scholarships also is included. Readers are directed to publications and websites for more detailed discussions of the topics in the checklist.

### ***Funding Education Beyond High School: Audio Highlights***

This resource for the visually impaired describes our federal student aid programs. You can order a CD or listen online at the address above.

### ***Completing the FAFSA<sup>SM</sup>***

This online resource contains detailed instructions for completing the *Free Application for Federal Student Aid* (FAFSA<sup>SM</sup>).

### ***Save Your Money, Save Your Identity***

This brochure provides information on how financial aid applicants can avoid fraud and identity theft.

### ***Your Federal Student Loans: Learn the Basics and Manage Your Debt***

This booklet covers what you should consider when you're planning on borrowing money to pay for your education, such as what types of federal student loans are available, how much to borrow, tips on repaying your loan successfully, the difference between private and federal student loans, the consequences of default, and other helpful hints on how to manage your debt.

### ***Stafford Loan Forgiveness Program for Teachers***

This brochure describes the eligibility criteria for having a Stafford Loan forgiven for service as a teacher.



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