FUNDING YOUR EDUCATION

The Guide to Federal Student Aid

Federal Student Aid
An OFFICE *of the* U.S. DEPARTMENT *of* EDUCATION

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Useful Websites and Contact Information

FIND OUT ABOUT FINANCIAL AID

StudentAid.gov

Visit the U.S. Department of Education's Federal Student Aid website to get detailed information on planning and paying for college, including:

- researching school and career choices;
- learning about the entire federal student aid process;
- understanding the types of aid available and who can get aid;
- the FAFSA, how to apply for aid, and what happens after you apply;
- receiving aid; and
- information on managing your loans such as loan repayment plans, making payments, and what to do if you're having trouble managing your debt.

APPLY FOR FINANCIAL AID

FAFSA on the Web

www.fafsa.gov

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

ACCESS YOUR FEDERAL LOAN RECORDS

National Student Loan Data System (NSLDS®)

www.nslds.ed.gov

Use your Federal Student Aid PIN to access your federal student loan records and obtain contact information on your loan servicer.

U.S. ARMED FORCES

StudentAid.gov/military

If you or a family member is in the armed forces, visit this section of **StudentAid.gov** to find out more about grants, repayment, and forgiveness options.

REPORT STUDENT AID FRAUD

Office of Inspector General Hotline

www.ed.gov/misused

Contact this office 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**

CONTACT US
U.S. Department of Education
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 and provide you with:

- information about federal student aid programs,
- help completing, correcting, or updating your FAFSA,
- help 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 SAR.

STATE HIGHER EDUCATION AGENCIES

www.ed.gov/Programs/bastmp/SHEA.htm (case-sensitive)

List of agencies responsible for administering state financial aid programs.

Find detailed federal student aid information at **StudentAid.gov**.

Stay connected:

/FederalStudentAid

/FAFSA

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

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Arne Duncan
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Federal Student Aid
James W. Runcie
Chief Operating Officer

Customer Experience Office
Brenda F. Wensil
Chief Customer Experience Officer

September 2013

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Updates

Any changes to federal student aid programs since this publication was printed are available at **StudentAid.gov**.

To order copies of this publication

Students and Parents

Order online at: **www.edpubs.gov**
E-mail your request to: **edpubs@edpubs.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**.

The information in this guide was compiled in the summer of 2013 For changes to the federal student aid programs since then, visit **StudentAid.gov**.

All website addresses included in this publication were accurate at press time.
Front cover photos: U.S. Department of Education

Counselors, Mentors, and Other Professionals

Order online at: **www.FSAPubs.gov**
E-mail your request to: **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 **StudentAid.gov/resources**.

Alternate Formats

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.

Notice to Limited English Proficient Persons

If you have difficulty understanding English, you may request language assistance services for Department information that is available to the public. These language assistance services are available free of charge. If you need more information about interpretation or translation services, please call 1-800-USA-LEARN (1-800-872-5327) (TTY: 1-800-437-0833), or e-mail us at: **ed.language.assistance@ed.gov**. Or write to:

U.S. Department of Education
Information Resource Center
LBJ Education Building
400 Maryland Ave., S.W.
Washington, DC 20202

To view federal student aid publications and resources in Spanish, go to **StudentAid.ed.gov/recursos**.

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FEDERAL STUDENT AID AT A GLANCE

This section is a quick reference to federal student aid programs from the office of Federal Student Aid at the U.S. Department of Education. The rest of the publication provides more details on what you need to know as you go through the federal student aid process.

Who gets federal student aid?

Every student, who meets certain eligibility requirements, can get some type of financial aid regardless of age or family income.

What is federal student aid?

It's financial aid from the federal government to help you pay for education expenses at an eligible college, technical school, vocational school, or graduate school. There are three categories of federal student aid: grants, work-study, and loans.

What is the FAFSA?

It's the ***Free Application for Federal Student Aid*** (FAFSA℠), which you need to complete to receive federal student aid.

How do I apply for aid?

Complete the FAFSA, online or in print. The simplified online application is available at **www.fafsa.gov**.

When do I complete the FAFSA?

Apply as soon as possible after Jan. 1 of the year you plan on attending college.

How much aid is available?

More than $150 billion of aid is available every year to students to help cover tuition and fees, room and board, books and supplies, transportation, and other education-related expenses.

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

GRANTS AND WORK-STUDY		
PROGRAM	**PROGRAM DETAILS**	**AWARD AMOUNTS (subject to change)**
Federal Pell Grant Grant: does not have to be repaid	Available almost exclusively to undergraduates	Up to $5,645 Total amount may not exceed the equivalent of six years of Pell Grant funding
Federal Supplemental Educational Opportunity Grant (FSEOG) 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
Teacher Education Assistance for College and Higher Education (TEACH) Grant Grant: does not have to be repaid unless you fail to carry out the service obligation	For undergraduate, postbaccalaureate, and graduate students who plan to become teachers; recipient must sign Agreement to Serve saying he or she will teach full-time in a high-need field for four complete years (within eight years of completing the academic program) at an elementary school, secondary school, or educational service agency serving children from low-income families	Up to $4,000 Undergraduate student: total amount may not exceed $16,000 Graduate student: total amount may not exceed $8,000
Iraq and Afghanistan Service Grant Grant: does not have to be repaid	For students who are not Pell-eligible due only to having less financial need than is required to receive Pell funds; whose parent or guardian died as a result of military service in Iraq or Afghanistan after 9/11; 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 Grant maximum; payment adjusted for less-than-full-time study Total amount may not exceed the equivalent of six years of Iraq and Afghanistan Service Grant funding
Federal Work-Study Money earned while attending school; does not have to be repaid	For undergraduate and graduate students; jobs can be on campus or off campus; students are paid at least federal minimum wage; funds depend on availability at school	No annual minimum or maximum amounts

(continued on next page)

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

LOANS		
PROGRAM	**PROGRAM DETAILS**	**AWARD AMOUNTS (subject to change)**
Federal Perkins Loans Loan: must be repaid with interest Interest rate: 5%	For undergraduate and graduate students, must be repaid to the school that made the loan	Undergraduate students: up to $5,500 Graduate and professional students: up to $8,000 Total amount may not exceed $27,500 for undergraduates and $60,000 for graduate students (including amounts borrowed as an undergraduate)
Direct Subsidized Loans Loan: must be repaid with interest The interest rate for new loans made on or after July 1, 2013, and before July 1, 2014 is 3.86%	For undergraduate students; U.S. Department of Education pays interest while borrower is in school and during grace and deferment periods (if you receive a Direct Subsidized Loan that is first disbursed between July 1, 2012, and July 1, 2014, you will be responsible for paying any interest that accrues during your grace period); student must be attending at least half-time and have financial need	$3,500–$5,500, depending on grade level For total lifetime limit, go to page 13 or **StudentAid.gov/sub-unsub**
Direct Unsubsidized Loans Loan: must be repaid with interest The interest rate for new loans made on or after July 1, 2013, and before July 1, 2014 is 3.86% (undergraduates) and 5.41% (graduate or professional students)	For undergraduate and graduate students; borrower is responsible for all interest; student must be 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 grade level and dependency status For total lifetime limit, go to page 13 or **StudentAid.gov/sub-unsub**
Direct PLUS Loans Loan: must be repaid with interest The interest rate for new loans made on or after July 1, 2013, and before July 1, 2014 is 6.41%	For parents of dependent undergraduate students and for graduate or professional students; student must be enrolled at least half-time; financial need is not required Borrower is responsible for all interest	Maximum amount is cost of attendance minus any other financial aid student receives

Steps to Federal Student Aid

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

STEP 1

Get free information and help from a school counselor, the financial aid office at the college or career school you plan to attend, or the U.S. Department of Education at **StudentAid.gov** or 1-800-4-FED-AID (1-800-433-3243). Free help is available any time during the application process. You should never have to pay for help.

STEP 2

Collect the documents needed to apply, including income tax returns and W-2 forms (and other records of income). A full list of what you need is at **www.fafsa.gov**. Tax return not completed at the time you apply? Estimate the tax information, apply; and correct the information later.

STEP 3

For the 2013–14 year, you can complete the FAFSA between Jan. 1, 2013, and June 30, 2014 (no exceptions to either date!). BUT, apply as soon as possible after Jan. 1 to meet school and state aid deadlines (see note after Step 6). Apply online at *FAFSA on the Web* (the faster and easier way) by going to **www.fafsa.gov**. If you don't already have your PIN to electronically sign your FAFSA, you can get it when you complete the online FAFSA.

STEP 4

Within a few days, the U.S. Department of Education will send you your *Student Aid Report* (SAR)—the result of your FAFSA—by e-mail with a link to your electronic SAR, or by mail if you completed a paper FAFSA. Review your SAR and, if necessary, make changes or corrections following the instructions in your SAR. Your complete, correct SAR will contain your Expected Family Contribution (EFC)—the number used to determine your financial need.

STEP 5

The college or career school that you plan to attend might request additional information from you. Be sure to respond by any deadlines, or you might not receive federal student aid.

STEP 6

All applicants: The college or career school will tell you how much aid you can get at that school. Contact the school's financial aid office if you have any questions about the aid being offered.
First-time applicants: Review award letters from schools to compare amounts and types of aid being offered. Decide which school to attend based on a combination of (a) how well the school suits your needs and (b) its affordability after all aid is taken into account.

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 are having financial difficulty.

Note: You also might be able to get financial aid from your state or local government, your school, or a private scholarship. Research nonfederal aid early (ideally, start in the spring of your junior year of high school). You can find a free scholarship search at **StudentAid.gov/scholarship**. Be sure to meet all application deadlines!

PART I.

PREPARE TO PAY FOR COLLEGE

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 school.

Choosing the Right School

While getting the right education and training will help you get a better-paying job, going to college or career school is a big investment in time, money, and effort. Make sure to take your time and research your options.

There is a wide array of schools available for higher education. Options include two- and four-year colleges and universities, vocational, trade, and career schools, online schools, and graduate schools. For more help on choosing the right school, go to **StudentAid.gov/prepare**.

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.

If you suspect fraud, waste, or abuse involving federal student aid 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 (1-800-647-8733).

Estimate Your Aid: *FAFSA4caster*

What is the *FAFSA4caster*?

FAFSA4caster, at **www.fafsa.gov**, is a free online calculator that gives you an early estimate of your federal student aid to help you 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 for middle school students.

Reducing the Cost of Education

There are other options you might consider to lower the cost of your education after high school.

- Set a budget.
- Community colleges are usually less expensive than four-year schools. If you plan to attend a community college first and then transfer to a four-year school, make sure your community college courses will transfer to your four-year school and that they will count toward your bachelor's degree. Discuss any concerns you have about transfer courses and credits with the college registrar at the college you're transferring to.
- You can live at home and save money on room and board.
- You can work part-time to pay part of your costs as long as work and school schedules don't conflict and you have enough time for studying.

Not sure what a term means? You will find financial aid terms that might be new to you. Go to the Glossary on page 25 or visit our online glossary at **StudentAid.gov/glossary** to find out what they mean.

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PART II.

WHO GETS AID?

Can I Get Aid?

Most people are eligible for financial aid for college or career school, and there is no age limit or cut-off age to receive federal student aid.

Different types of aid (private scholarships, state grants, etc.) have different rules, called eligibility criteria, to determine who gets the aid.

Some general eligibility requirements to receive federal student aid include being a U.S. citizen or eligible noncitizen, being enrolled in an eligible degree or certificate program. See table 2 for additional eligibility criteria or go to **StudentAid.gov/eligibility** for detailed information. Make sure you're familiar with these requirements and ask a college financial aid office if you have any questions about whether you qualify.

How Much Financial Aid Can I Get?

Your eligibility depends on your

- cost of attendance (COA) (this is the amount it will cost you to go to school);
- Expected Family Contribution (EFC);
- year in school; and
- enrollment status (that is, full-time, half-time, etc.).

The financial aid office at your college or career school will determine how much financial aid you are eligible to receive.

What does cost of attendance (COA) mean?

Your COA is the amount it will cost you to go to school. Most two-year and four-year colleges will calculate your COA to show your total cost for the school year.

What's the Expected Family Contribution (EFC)?

Your EFC is an index number that college financial aid staff use to determine how much financial aid you would receive if you were to attend their school. The information you report on your FAFSA is used to calculate your EFC.

The EFC is calculated according to a formula established by law. Your family's taxed and untaxed income, assets, and benefits (such as unemployment or Social Security) all could be considered in the formula. Also considered are your family size and the number of family members who will attend college or career school during the year.

Your college or career school first determines whether you have financial need by using this simple formula.

Calculating Your Financial Need

Cost of Attendance
– Expected Family Contribution
= Financial Need

For more information on how aid is calculated, go to **StudentAid.gov/how-calculated**.

Staying Eligible

Once you're in school, make sure you stay eligible for federal student aid by paying attention to a few things, including progressing toward graduation. And remember to fill out your *Free Application for Federal Student Aid* (FAFSA℠) every year. For detailed information on staying eligible, go to **StudentAid.gov/eligibility/staying-eligible**.

Table 2. Basic Requirements

BASIC REQUIREMENTS	
Financial need	Demonstrate financial need (for most programs).
U.S. citizen or eligible noncitizen	You must be a U.S. citizen or eligible noncitizen.
Social Security number	You must have a valid Social Security number (with the exception of students from the Republic of the Marshall Islands, Federated States of Micronesia, or the Republic of Palau)
Selective Service	You must be registered with Selective Service, if you're a male (you must register between the ages of 18 and 25).
Enrollment	You must be enrolled or accepted for enrollment in an eligible degree or certificate program.
	You must be enrolled at least half-time to be eligible for Direct Loan Program funds.
Satisfactory academic progress	You must meet satisfactory academic progress standards set by the school you are or will be attending.
Not in default	You must sign statements on the *Free Application for Federal Student Aid* (FAFSA℠) stating that you are not in default on a federal student loan and do not owe money on a federal student grant.
Educational purpose	You must sign statements on the FAFSA℠ stating that you will use federal student aid only for educational purposes.
High School	You must show you're qualified to obtain a college or career school education by having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate or by completing a high school education in a homeschool setting approved under state law.

For more information on eligibility, go to **StudentAid.gov/eligibility**.

Students with intellectual disabilities

Students with intellectual disabilities who do not meet the eligibility requirements outlined above may be able to get certain types of aid. To be eligible, you must be accepted for enrollment in a comprehensive transition and postsecondary program. For more information, go to **StudentAid.gov/eligibility** and select Students With Intellectual Disabilities.

PART III.

TYPES OF FEDERAL STUDENT AID

Types of Federal Student Aid

When it comes to school, grants, work-study, and low-interest loans help make college affordable.

The U.S. Department of Education awards about $150 billion a year in grants, work-study funds, and low-interest loans to more than 14 million students. Federal student aid covers such expenses as tuition and fees, room and board, books and supplies, and transportation. Thousands of schools across the country participate in the federal student aid programs; ask the schools you're interested in whether they do!

For detailed information on types of aid, visit **StudentAid.gov/types**.

Federal student aid includes:

Grants—financial aid that doesn't have to be repaid (unless, for example, you withdraw from school and owe a refund)
Work-Study—a work program through which you earn money to help you pay for school
Loans—borrowed money for college or career school; you must repay your loans, with interest

Grants

Grants are free money to help pay for college or career school. A grant is financial aid that doesn't have to be repaid. Grants are often need-based.

What kinds of federal grants are available?

Federal Pell Grant: Federal Pell Grants usually are awarded only to undergraduate students who have not earned a bachelor's or a professional degree. (In some cases, however, a student enrolled in a postbaccalaureate teacher certification program might receive a Federal Pell Grant.) You are not eligible to receive a Federal Pell Grant if you are incarcerated in a federal or state penal institution or are subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense.

Federal Supplemental Educational Opportunity Grant (FSEOG): FSEOGs are awarded to undergraduate students with exceptional financial need. Students who will receive Federal Pell Grants and have the most financial need will receive FSEOGs first. Not all schools participate. Check with your school's financial aid office to find out if the school offers the FSEOG.

Teacher Education Assistance for College and Higher Education (TEACH) Grant: A TEACH Grant can help you pay for college if you plan to become a teacher in a high-need field in a low-income area. You'll be required to teach for a certain length of time, so make sure you understand your obligation.

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 9/11, you may be eligible for this grant. You must have been under 24 years old or enrolled in college, at least part-time, at the time of your parent's or guardian's death.

For more information on grants, go to **StudentAid.gov/types/grants-scholarships**.

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.

Work-Study

What is the Federal Work-Study Program?

Federal Work-Study provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the student's course of study. Not all schools participated in this program. Check with your school's financial aid office.

For more information on Work-Study, go to **StudentAid.gov/types/work-study**.

Loans

Federal student loans help cover the costs of higher education at a college or career school and are an investment in your future. You must repay your loan, so be sure you understand your options and responsibilities. The U.S. Department of Education has two federal student loan programs:

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

The **William D. Ford Federal Direct Loan (Direct Loan) Program** is the largest federal student loan program. Under this program, the U.S. Department of Education is your lender. Four types of Direct Loans are available:

- **Direct Subsidized Loans** are loans made to eligible undergraduate students who demonstrate financial need.
- **Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate, and professional degree students, students are not required to demonstrate financial need to be eligible for these loans.
- **Direct PLUS Loans** are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
- **Direct Consolidation Loans** (see page 24) allow you to combine all of your eligible federal student loans into a single loan with a single loan servicer.

Federal Perkins Loan Program

The **Federal Perkins Loan Program** is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is the lender.

Differences between Direct Subsidized Loans and Direct Unsubsidized Loans

The following highlights differences between the two loans.

Direct Subsidized Loans

- Direct Subsidized Loans are available only to undergraduate students with financial need.
- Your school determines the amount you can borrow, and the amount may not exceed your financial need.
- The U.S. Department of Education pays the interest on a Direct Subsidized Loan
  - while you're in school at least half-time,
  - for the first six months after you leave school (referred to as a grace period*), and
  - during certain other periods (postponement of loan payments).

Direct Unsubsidized Loans

- Direct Unsubsidized Loans are available to both undergraduate and graduate or professional degree students; there is no requirement to demonstrate financial need.
- Your school determines the amount you can borrow by considering the cost of attendance and the amount of other financial aid you receive.
- You are responsible for paying the interest on Direct Unsubsidized Loans during all periods.
- If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, the interest will be capitalized at the end of the grace, deferment, or forbearance period. That is, the unpaid interest will be added to the principal amount of your loan.

For more information on subsidized and unsubsidized loans, go to **StudentAid.gov/sub-unsub**.

***Note:** If you receive a Direct Subsidized Loan that is first disbursed between July 1, 2012, and July 1, 2014, you will be responsible for paying the interest that accrues during your grace period. If you choose not to pay the interest that accrues during your grace period, the unpaid interest will be added to your principal balance at the end of the grace period (this is called "capitalization").

What are Direct PLUS Loans?

These are federal loans that graduate or professional degree students and parents of dependent undergraduate students can use to help pay education expenses that are not covered by other aid. The U.S. Department of Education makes Direct PLUS Loans to eligible borrowers through schools participating in the Direct Loan Program. Here's a quick overview of Direct PLUS Loans:

- The U.S. Department of Education is the lender.
- The borrower must not have an adverse credit history (a credit check will be conducted).
- The maximum loan amount is the student's cost of attendance (determined by the school) minus any other financial aid received.

For more information, go to **StudentAid.gov/types/loans/plus**.

What is a Federal Perkins Loan?

Perkins Loans, are low-interest federal student loans for undergraduate and graduate students with exceptional financial need. Here's a quick overview of Federal Perkins Loans:

- Available to undergraduate, graduate, and professional students with exceptional financial need.
- Not all schools participate in the Federal Perkins Loan Program. You should check with your school's financial aid office to see if your school participates.
- Your school is the lender; you will make your payments to the school that made your loan or to your school's loan servicer.
- Eligibility depends on your financial need and the availability of funds at your school.

For more information, go to **StudentAid.gov/types/loans/perkins**.

How much can I borrow?

For all types of loans, your school determines the actual loan amount you are eligible to receive each academic year. However, there are limits on the amount in Direct Subsidized Loans, Direct Unsubsidized Loans, and Federal Perkins Loans that you may be eligible to receive each academic year (annual loan limits) and over your academic career (aggregate loan limits). These limits depend on what year you are in school (your grade level) and (for Direct Subsidized and Direct Unsubsidized Loans) whether you are a dependent or independent student. If you are a dependent student whose parents are ineligible for a Direct PLUS Loan, you may be able to receive additional funds from Direct Unsubsidized Loans, up to the amounts that are normally available only to independent students.

The chart on pages 2–3 shows the loan limits for the different programs. The chart on page 13 provides maximum annual and maximum total loan limits for Direct Subsidized Loans and Direct Unsubsidized Loans.

For more information on federal student loans, including time limits on how long you can receive federal student loans, go to **StudentAid.gov/sub-unsub**.

What are the current interest rates?

The table below shows interest rates for new Direct Loans made on or after July 1, 2013, and before July 1, 2014. Visit **StudentAid.gov/interest** for more information on interest rates and fees.

Table 3. Interest rates for Direct and Perkins loans

TYPE OF LOAN	INTEREST RATE
Direct Subsidized	3.86% (undergraduates)
Direct Unsubsidized	5.41% (graduate or professional students)
Direct PLUS	5.41%
Federal Perkins	5%

How will I receive my loans?

In general, your school will disburse your loan in at least two installments. If you're a first-time Direct Subsidized or Direct Unsubsidized Loan borrower, or a first-time student Direct PLUS Loan borrower, you must complete entrance counseling before you receive your first loan disbursement.

Your school will first apply your loan funds to your school account to pay for tuition, fees, room and board, and other school charges. If any additional loan funds remain, they will be paid to you. All loan funds must be used for your education expenses.

For more information on our loan programs, visit **StudentAid.gov/types/loans**.

Should I accept all the aid I'm offered?

You'll need to tell your college or career school which financial aid you'd like to accept.

Start by accepting the financial aid funds you don't have to pay back. When your school financial aid office sends you an award letter, they'll ask you to indicate which financial aid you want. Look carefully at your options and make an informed decision. For more information, go to **StudentAid.gov/fafsa/next-steps/accept-aid**.

Benefits for Members of the Military

You may be able to get money for college or career school as a result of your or your family member's military service. Both the federal government and nonprofit organizations offer money for college to veterans, future military personnel, active duty personnel, or those related to veterans or active duty personnel.

If you are a member of the military, you may be eligible for special interest benefits relating to your federal student loans. For information on limited interest rates, no accrual of interest, and deferment of student loans, go to **StudentAid.gov/military**.

Other resources include:
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**, click on "Benefits" and then go to "Education Support."

U.S. Department of Veterans Affairs: If you are a veteran or you're the spouse or dependent of a veteran, education benefits may be available. Under the Post-9/11 Veterans Education Assistance Act of 2008, many post 9/11 veterans and service members are eligible for a comprehensive education benefits package that goes beyond helping to pay for tuition. Information is available at **www.gibill.va.gov** or by calling **1-888-GI-BILL-1 (1-888-442-4551)**.

Important points to remember

- Undergraduate students can apply for Direct Subsidized Loans and Direct Unsubsidized Loans. Graduate and professional degree students can apply for Direct Unsubsidized Loans and Direct PLUS Loans. Parents of undergraduate students can apply for Direct PLUS Loans to help pay for the cost of their dependent child's undergraduate education.
- Student loans are legal obligations. It is borrowed money that must be repaid, with interest, just like car loans and home mortgages. So think about the amount you'll have to repay before you take out a loan.
- Student loans can't 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 are having financial difficulty. Student loans aren't easily written off in bankruptcy.

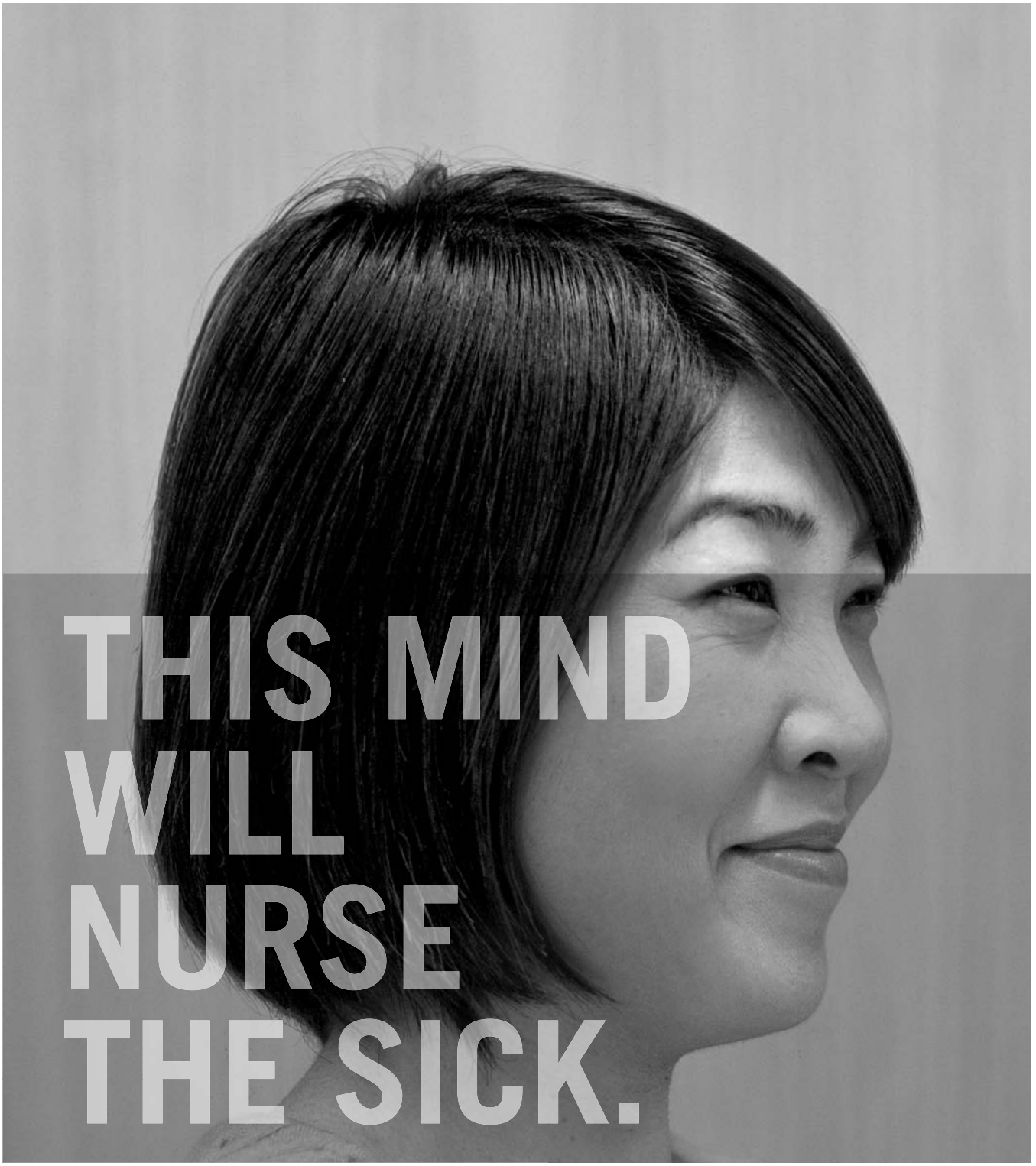
Table 4. Annual and aggregate limits for Direct Subsidized Loans and Direct Unsubsidized Loans

YEAR	TYPE OF STUDENT	
	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
First-Year Undergraduate Annual Loan Limits	$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
Second-Year Undergraduate Annual Loan Limits	$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-Year and Beyond Undergraduate Annual Loan Limits	$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
Graduate and Professional Degree Student Annual Loan Limits	Not Applicable—All graduate and professional degree students are considered independent	$20,500
Aggregate Loan Limits for Subsidized and Unsubsidized Loans	$31,000—No more than $23,000 of this amount may be in subsidized loans	$57,500 for independent undergraduate students (and dependent undergraduates whose parents are unable to obtain PLUS Loans)—No more than $23,000 of this amount may be in subsidized loans $138,500 for graduate or professional degree students—No more than $65,500 of this amount may be in subsidized loans*. This limit includes federal loans received for undergraduate study.

NOTE: The aggregate loan limits include any Subsidized Federal Stafford Loans or Unsubsidized Federal Stafford Loans you may have previously received under the Federal Family Education Loan (FFEL) Program. As a result of legislation that took effect July 1, 2010, no new loans have been made under the FFEL Program.

Graduate and professional degree students enrolled in certain health profession programs may receive additional Direct Unsubsidized Loan amounts each academic year, and in total, beyond the amounts shown above. If your are enrolled in a health profession program, talk to the financial aid office at your school for information about annual and aggregate limits.

*For periods of enrollment beginning on or after July 1, 2012, graduate and professional students are no longer eligible to receive Direct Subsidized Loans. The $65,500 subsidized aggregate loan limit for graduate or professional degree students includes subsidized loans that a graduate or professional degree student may have received for periods of enrollment that began before July 1, 2012, or for prior undergraduate study.



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PART IV.

FAFSA: APPLY FOR AID

Complete the FAFSA℠

To apply for federal student aid, you need to complete the FAFSA℠ or *Free Application for Federal Student Aid*. Completing and submitting the FAFSA is free and easier than ever, and it gives you access to the largest source of financial aid to pay for college or career school.

In addition, many states and colleges use your FAFSA data to determine your eligibility for state and school aid, and some private financial aid providers may use your FAFSA information to determine whether you qualify for their aid.

Why should I fill out the FAFSA?

If you don't fill out the FAFSA, you could be missing out on a lot of financial aid! We've heard a number of reasons students think they shouldn't complete the FAFSA. Here are a few:

- "I (or my parents) make too much money, so I won't qualify for aid."
- "Only students with good grades get financial aid."
- "The FAFSA is too hard to fill out."
- "I'm too old to qualify for financial aid."

Don't think any of these statements apply to you. The reality is, EVERYONE should fill out the FAFSA!

When should I apply for federal student aid?

As soon as possible. For example, for the 2014–15 academic year, you must apply between Jan. 1, 2014, and June 30, 2015. 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. Contact the school you plan on attending for more information.

If you have done your taxes, be sure to consider the option in *FAFSA on the Web* to use the IRS Data Retrieval Tool (IRS DRT). You may be able to use the tool if you filed your taxes electronically at least two weeks ago or if you filed on paper at least eight weeks ago. To find out when your tax return information will likely be available using the IRS DRT, go to **StudentAid.gov/whenirsdrt**. 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.

How do I fill out the FAFSA?

There are several ways to file:

- Online at **www.fafsa.gov** is faster and easier than using paper.
- If you need a paper FAFSA, you can also download a PDF FAFSA at **www.fafsa.gov** or order a paper FAFSA at **www.edpubs.gov**.
- Ask the financial aid office at your college or career school if you can file it there. Some schools will use special software to submit your FAFSA for you.

What if I need help filling out my FAFSA?

If you need help filling out the FAFSA, use these free tools:

- Read the "Help and Hints" located on the right side of any *FAFSA on the Web* entry page. (The hints change depending on what question you're on.)
- Click "Need Help?" on any page where you're entering information into the application.
- Chat (in English or Spanish) with live technical support staff by clicking the "Contact Us" icon at the top of any *FAFSA on the Web* entry page.
- Contact the financial aid office at the college or career school you plan to attend.

How do I sign my online application?

You'll need a Federal Student Aid PIN, a personal identification number that allows you to sign your FAFSA electronically. Your PIN also can be used to sign loan contracts and to access certain information online. You can get your PIN as you fill out the FAFSA, but you also have the option to get it ahead of time. Find out how to get a PIN and what to do if you forgot your PIN at **StudentAid.gov/fafsa/filling-out/pin**.

Safeguard your PIN!

- Your PIN is used to sign legally binding documents electronically and access your student aid records. 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.
- Change your PIN to one you can easily remember if you think you might forget the one issued or think someone might know your PIN.

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

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

Why does dependency status matter?

Your dependency status determines whose information you must report on the *Free Application for Federal Student Aid* (FAFSA℠).

- If you're a dependent student, you will report your and your parents' information.
- If you're an independent student, you will report your own information (and, if you're married, your spouse's).

The federal student aid programs are based on the concept that it is primarily your and your family's responsibility to pay for your education. And because a dependent student has the support of parents, the parents' information has to be assessed along with the student's, in order to get a full picture of the family's financial strength. If you're a dependent student, it doesn't mean your parents are required to pay anything toward your education. See Table 5 to find out if you are a dependent or independent student.

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

You should report information about the parent with whom you lived more during the past 12 months. If this parent is remarried as of today, answer the questions on the FAFSA about that parent and the person whom your parent married (your stepparent).

For more information on dependency status, go to **StudentAid.gov/dependency**.

What Happens After I Submit My FAFSA Online?

You filled out your FAFSA℠ and submitted it. What happens next?

Where does my FAFSA information go once I submit it?

Your FAFSA information is shared with the colleges or career schools you list on the application. The financial aid office at a school uses your information to figure out how much federal student aid you may receive at that school. If the school has its own funds to use for financial aid, it might use your FAFSA information to determine your eligibility for that aid as well. (The school might also have other forms it wants you to fill out to get school aid, so check with the financial aid office to be sure.)

Your information also goes to your state higher education agency, as well as to agencies of the states where your chosen schools are located. Many states have financial aid funds that they give out based on FAFSA information. So, your FAFSA helps you apply for federal, state, and school financial aid.

How can I check to see whether my FAFSA has been processed?

You can check the status of your FAFSA immediately after submitting it online. You can check the status of a paper FAFSA after it has been processed (roughly 7–10 days from the date mailed). Here's how:

Option 1: Go to **www.fafsa.gov**.
Option 2: Contact the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

If your FAFSA is still being processed, we recommend that you wait a few days before checking the status again.

Who will I hear from, and when?

First, we (the office of Federal Student Aid at the U.S.

Table 5. Am I Dependent or Independent?

Answer these questions to find out if you are dependent or independent (for the 2013–14 FAFSA)		
Were you born before Jan. 1, 1990?	Yes	No
Are you married? (Answer "Yes" if you are separated but not divorced.)	Yes	No
At the beginning of the 2013–14 school year, will you be working on a master's or doctorate degree (such as an M.A., M.B.A., M.D., J.D., Ph.D., Ed.D., graduate certificate, etc.)?	Yes	No
Are you currently serving on active duty in the U.S. armed forces for purposes other than training? If you are a National Guard or Reserves enlistee, are you on active duty for other than state or training purposes?	Yes	No
Are you a veteran of the U.S. armed forces?	Yes	No
Do you have children who will receive more than half of their support from you between July 1, 2013, and June 30, 2014?	Yes	No
Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2014?	Yes	No
At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court?	Yes	No
Has it been decided by a court in your state of legal residence that you are an emancipated minor or that you are in a legal guardianship?	Yes	No
At any time on or after July 1, 2012, were you determined to be an unaccompanied youth who was homeless, as determined by (a) your high school or district homeless liaison or (b) the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development?	Yes	No
At any time on or after July 1, 2012, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless?	Yes	No

If you answered "No" to all of these questions, you're a dependent student and you must provide information about your parents on the FAFSA.

Department of Education) will send you a *Student Aid Report* (SAR), which is a summary of the FAFSA data you submitted. You'll get your SAR within three days to three weeks after you submit your FAFSA. Be sure to look over your SAR to make sure you didn't make a mistake on your FAFSA.

The SAR won't tell you how much financial aid you'll get. Instead, if you applied for admission to a college or career school and have been accepted, and you listed that school on your FAFSA, the school will calculate your aid and will send you an electronic or paper "award letter" telling you how much aid you're eligible for at the school. The timing of the award letter varies from school to school and could be as early as springtime (awarding for the fall) or as late as immediately before you start school. It depends on when you apply and how the school prefers to schedule awarding of aid.

What is a *Student Aid Report* (SAR)?

Your *Student Aid Report* (SAR) is a paper or electronic document that gives you some basic information about your eligibility for federal student aid as well as listing your answers to the questions on your FAFSA℠.

How and when will I get my SAR?

Whether you receive your SAR online or on paper depends on whether you provide an e-mail address on your FAFSA.

If you provide a valid e-mail address when you apply for aid, you'll receive an e-mail with instructions on how to access an online copy of your SAR.

We encourage you to add our e-mail address, FederalStudentAidFAFSA@cpsemail.ed.gov, to your e-mail contact list so that your SAR notification e-mail won't go to your spam folder.

If you don't provide a valid e-mail address on your FAFSA, you will receive either a SAR or a SAR Acknowledgment via postal mail.

- The SAR lists your FAFSA information and provides space for you to make corrections. You will receive a paper SAR if you file a paper FAFSA and don't provide an e-mail address.
- The SAR Acknowledgment lists your FAFSA information, but you'll need to make any corrections at *FAFSA on the Web* (the FAFSA website at **www.fafsa.gov**).

If you have a Federal Student Aid PIN and your FAFSA has been processed, you can login at *FAFSA on the Web* to view SAR information regardless of whether you filed the online or paper FAFSA or provided an e-mail address or not.

The school(s) you list on your FAFSA will have access to your SAR data electronically within a day after it is processed.

What information does a SAR contain?

If your application is complete, an Expected Family Contribution (EFC) will display in the upper right-hand corner of your SAR. If your application is incomplete, your SAR will not include an EFC, but it will tell you what you need to do to resolve any issues.

The SAR also contains a four-digit Data Release Number (DRN), which appears on the first page in the upper right corner of the paper SAR and SAR Acknowledgment. On the electronic SAR the DRN is located in the box that contains the Application Receipt date, below the EFC. You will need the DRN if you choose to allow your college or career school to change certain information on your FAFSA.

What am I supposed to do with my SAR?

When you get your SAR, review it carefully to make sure it's correct and complete. The school(s) you listed on your FAFSA will use your information to determine your eligibility for federal—and possibly nonfederal—financial aid. A school may ask you to verify the accuracy of the data you provide on the FAFSA, so you need to be sure the information is correct.

If you don't have any changes to make to the information listed on your SAR, just keep it for your records.

What if I find a mistake on my SAR?

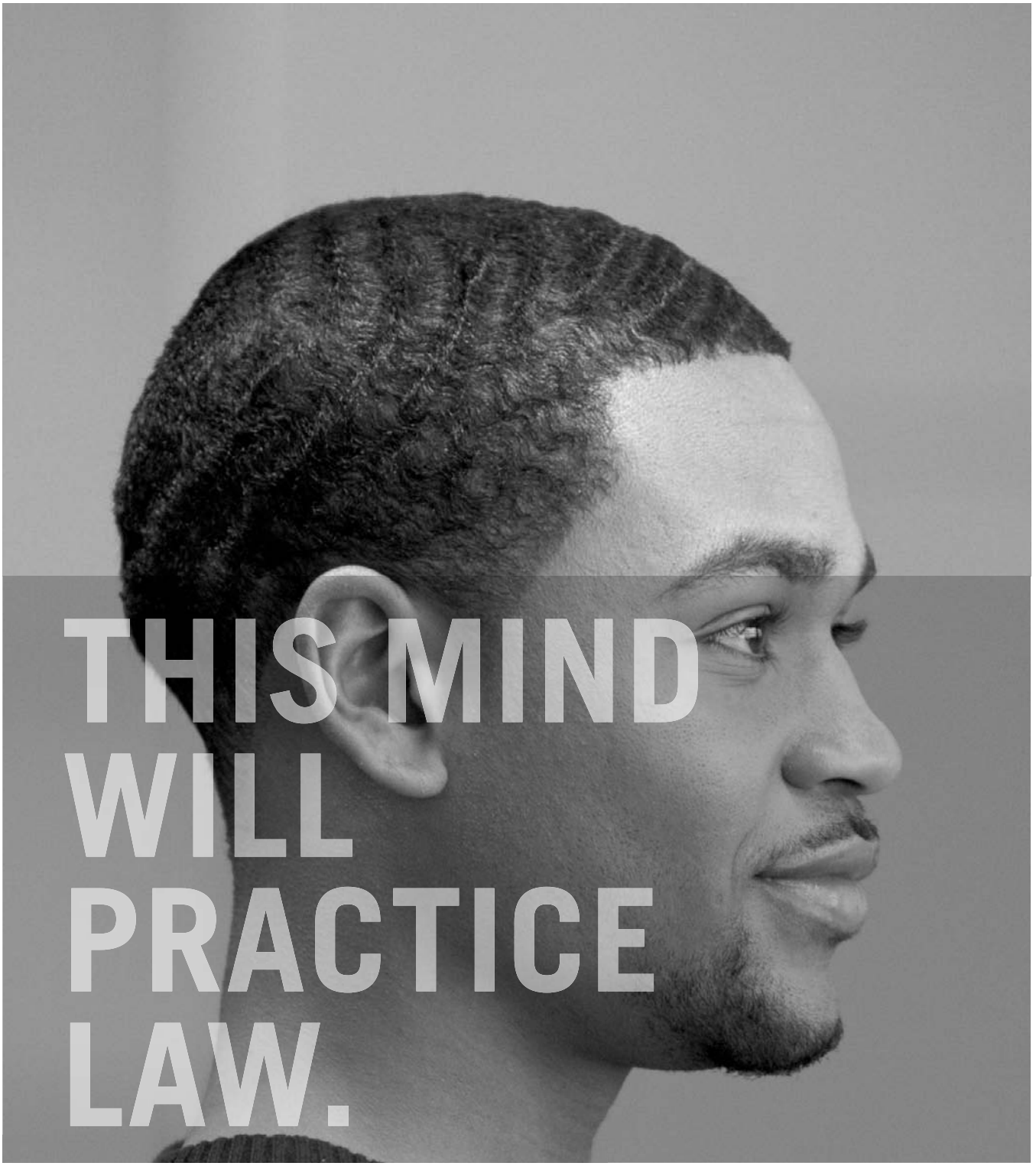
If you review your SAR and find a mistake, you will need to correct or update your FAFSA. For information on how to correct or update your FAFSA, go to **StudentAid.gov/fafsa/next-steps/correct-update**.

Here's a summary of what you'll receive, and how soon after filing your FAFSA, based on what type of FAFSA you file.

Table 6. *Student Aid Report* Table

Type of FAFSA submitted	E-mail supplied?	Type of SAR received	When SAR arrives (at the latest)*	
FAFSA on the Web (the online application at **www.fafsa.gov**)	Yes	E-mail link to SAR information online	If FAFSA signed with PIN(s): 3–5 days; if signature page used: 2 weeks	
	No	Paper SAR Acknowledgment	If FAFSA signed with PIN(s): 7–10 days; if signature page used: 2 weeks	
FAFSA submitted by school	Yes	E-mail link to online SAR	3–5 days	
	No	Paper SAR Acknowledgment	7–10 days	
Paper FAFSA	Yes	E-mail link to online SAR	2 weeks	
	No	Paper SAR	3 weeks	
Corrections at *FAFSA on the Web*	Yes	E-mail link to online SAR	1–5 days	Depending on type of changes, updated SAR may be immediately available at *FAFSA on the Web*. If you don't see your SAR immediately, wait for your e-mail or paper version.
	No	Paper SAR Acknowledgment	7–10 days	

*The time frames in this table indicate how long it takes for the SAR to arrive after the FAFSA is submitted.



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PART V.

REPAY YOUR LOANS

Loan Repayment

Understanding the repayment process for your federal student loans can go a long way toward building a solid financial foundation.

Remember, federal student loans are real loans, just like car loans or mortgages. You must repay a student loan even if your financial circumstances become difficult. Your student loans cannot be canceled because you didn't get the education or job you expected, or because you didn't complete your education (unless you couldn't complete your education because your school closed).

Visit **StudentAid.gov/repay** for detailed information on student loan repayment.

Loan servicers

The U.S. Department of Education (ED) uses multiple loan servicers to handle the billing and other services on loans for the Direct Loan Program and for many loans originally made under the Federal Family Education Loan (FFEL) Program that were later purchased by ED. The loan servicer will help you choose a repayment plan and will assist you with other tasks related to your federal student loans. It is important to maintain contact with your loan servicer. If your circumstances change at any time during your repayment period, your loan servicer will be able to help. Visit the National Student Loan Data System (NSLDS®) to view information about all of the federal student loans you have received and to find contact information for the loan servicer or lender for your loans. You will need your Federal Student Aid PIN to access your information. For more information on loan servicers go to **StudentAid.gov/repay-loans/understand/servicers**.

Making payments

You need to make payments to your loan servicer. Check with your servicer if you aren't sure how or when to make a payment. You are responsible for staying in touch with your servicer and making your payments, even if you do not receive a bill.

Choosing a Repayment Plan

You have a choice of several repayment plans that are designed to meet your needs. The amount you pay and the length of time to repay your loans will vary depending on the repayment plan you choose and your loan amount. Table 7, on the next page, shows the different repayment plans.

To get an early look at which plans you may be eligible for and see estimates for how much you would pay monthly and overall different plans, go to **StudentAid.gov/repay-loans/understand/plans**.

Standard Repayment Plan: The Standard Repayment Plan allows you to pay off your federal student loans in fixed monthly payments over a period of up to 10 years.

Your monthly payments may be slightly higher than payments made under other plans, but because you'll pay off your loans within 10 years, you will pay less interest over the life of your loans.

Graduated Repayment Plan: The Graduated Repayment Plan starts with lower payments that increase every two years. Payments are made for up to 10 years.

If your income is low now, but you expect it to increase steadily over time, this plan may be right for you.

Table 7. Repayment Plans

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Standard Repayment Plan	• Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans	Payments are a fixed amount of at least $50 per month. Up to 10 years	You'll pay less interest for your loan over time under this plan than you would under other plans.
Graduated Repayment Plan	• Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans	Payments are lower at first and then increase, usually every two years. Up to 10 years	You'll pay more for your loan over time than under the 10-year standard plan.
Extended Repayment Plan	• Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans	Payments may be fixed or graduated. Up to 25 years	Your monthly payments would be lower than the 10-year standard plan. If you are a • Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans. • FFEL borrower, you must have more than $30,000 in outstanding FFEL Program loans. For example, if you have $35,000 in outstanding FFEL Program loans, and $10,000 in Direct Loans, you can use the extended repayment plan for your FFEL Program loans, but not for your Direct Loans. • For both programs, you must also be a new borrower as of Oct. 7, 1998. • You'll pay more for your loan over time than under the 10-year standard plan.
Income-Based Repayment Plan (IBR)	• Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans made to students • Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents	• Your maximum monthly payments will be 15 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. Up to 25 years	• You must have a partial financial hardship. • Your monthly payments will be lower than payments under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after making the equivalent of 25 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.

(continued on next page)

Table 7. Repayment Plans (continued)

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Pay As You Earn Repayment Plan	• Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include (Direct or FFEL) PLUS loans made to parents	• Your maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. Up to 20 years	• You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. • You must have a partial financial hardship. • Your monthly payments will be lower than payments under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.
Income-Contingent Repayment Plan (ICR)	• Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans	• Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans. • Your payments change as your income changes. Up to 25 years	• You'll pay more for your loan over time than under the 10-year standard plan. • If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven. • You may have to pay income tax on the amount that is forgiven.
Income-Sensitive Repayment Plan	• Subsidized and Unsubsidized Federal Stafford Loans • FFEL PLUS Loans • FFEL Consolidation Loans	• Your monthly payment is based on annual income. • Your payments change as your income changes. Up to 10 years	• You'll pay more for your loan over time than you would under the 10-year standard plan. • Each lender's formula for determining the monthly payment amount under this plan can vary.

Extended Repayment Plan: The Extended Repayment Plan allows you to repay your loans over an extended period of time. Payments are made for up to 25 years.

To qualify for this plan, you must owe more than $30,000 in outstanding Direct Loans or more than $30,000 in outstanding FFEL Program Loans.

Income-Driven Repayment Plans

When you have high debt relative to income, you may qualify for the following repayment plan options.

Income-Based Repayment (IBR) Plan: If your student loan debt is high relative to your income, you may qualify for the Income-Based Repayment Plan (IBR).

Most major types of federal student loans—except for PLUS loans for parents and Consolidation Loans that repaid PLUS loans for parents—are eligible for IBR. IBR is designed to

make your student loan debt manageable by providing a monthly repayment amount that is reasonable and based on your income. If you need to make lower monthly payments, this plan may be for you.

For detailed information on this repayment plan, visit **StudentAid.gov/ibr**.

Pay As You Earn Repayment Plan: If your student loan debt is high relative to your income, and depending on when you received your federal student loans, you may qualify for the Pay As You Earn Repayment Plan. For detailed information on this repayment plan, visit **StudentAid.gov/PayAsYouEarn**.

Income-Contingent Repayment (ICR) Plan: If you have a low income but do not qualify for the IBR Plan or the Pay As You Earn Repayment Plan, you may want to consider the Income-Contingent Repayment (ICR) Plan. This plan is based on your adjusted gross income, family size, and the total amount of your Direct Loans.

If you need to make lower Direct Loan payments, but you do not qualify for the IBR or Pay As You Earn plans, the ICR Plan may be for you.

Income-Sensitive Repayment Plan: The Income-Sensitive Repayment Plan is available to borrowers who have FFEL Program loans. The payments under this plan increase or decrease based on your annual income.

If you need to make lower payments on your FFEL Program loans, this plan may be for you.

Repay Your Federal Perkins Loan: Perkins Loan repayment plan options are not the same as those for Direct Loan Program or FFEL Program loans. Check with your school for more information on Perkins Loan repayment plans.

For detailed information on these repayment plans, go to **StudentAid.gov/repay-loans/understand/plans**.

Loan Consolidation

If you have multiple federal student loans, you can consolidate them into a single Direct Consolidation Loan. This may simplify repayment if you are currently making separate loan payments to different loan holders or servicers, as you'll only have one monthly payment to make. There may be tradeoffs, however, so you'll want to learn about the advantages and possible disadvantages of consolidation before you consolidate.

Go to **StudentAid.gov/repay-loans/consolidation** for more information.

Deferment and Forbearance

Deferment and forbearance offer a way for you to temporarily postpone or lower your loan payments while you're back in school, in the military, experiencing financial hardship, or in certain other situations. Find out more about deferment and forbearance at **StudentAid.gov/repay-loans/deferment-forbearance**.

Forgiveness, Cancellation, and Discharge

In exchange for performing certain types of service (for example, teaching in a low-income school or working for certain types of public service organizations), you may qualify to have some or all of your loan amount forgiven. Additional requirements apply to receive these benefits. In certain other circumstances, such as if you become totally and permanently disabled or you were unable to complete your program of study because the school closed, your obligation to repay your federal student loan may be discharged. Learn about forgiveness, cancellation, or discharge of federal student loans due to these and other situations at **StudentAid.gov/forgiveness**.

Understanding Default

NEVER ignore delinquency or default notices from your loan servicer. If you don't make your monthly loan payments, you will become delinquent on your student loan and risk going into default. Contact your servicer immediately if you are having trouble making payments or won't be able to pay on time. To learn what may happen if you default, what steps you can take to keep your loan from going into default, and what your options are for getting out of default, go to **StudentAid.gov/repay-loans/default**.

Resolving Disputes

If you have a dispute about your loan, you may be able to resolve it by simply contacting your loan servicer and discussing the issue. To learn more about what you can do to be better prepared before you seek help to resolve a dispute, go to **StudentAid.gov/ombudsman**.

GLOSSARY

Access the complete glossary at StudentAid.gov/glossary.

Academic Year This is the amount of the academic work you must complete each year as defined by your school. For example, your school's academic year may be made up of a fall and spring semester during which a full-time undergraduate student must complete at least 24 semester hours, usually called credits or credit hours. Academic years change from school to school and even from educational program to educational program at the same school.

Award Letter An offer from a school that states the type and amount of financial aid you are eligible to receive if you accept admission and register to take classes at that school.

Capitalization The addition of unpaid interest to the principal balance of a loan. When the interest is not paid as it accrues while you are in school and during grace, deferment, and forbearance periods, your servicer may capitalize the interest. This increases the outstanding principal amount due on the loan and may cause your monthly payment amount to increase. Interest is then charged on that higher principal balance, increasing the overall cost of the loan.

Default Failure to repay a loan according to the terms agreed to in the promissory note. You may experience serious legal consequences if you default.

Deferment A postponement of payment on a loan that is allowed under certain conditions and during which no interest is charged on subsidized loans. Interest is charged in unsubsidized loans deferment periods and any accrued unpaid interest will be added to the principal balance (capitalized) of the loan(s) at the end of the deferment period.

Direct Loan A federal student loan, made through the William D. Ford Federal Direct Loan Program. Eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

Eligible Noncitizen A 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]), or an individual who has an Arrival-Departure Record (I-94) 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)

Victims of human trafficking, T-visa (T-2, T-3, or T-4, etc.) holder

"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 meet the noncitizen criteria above, you are eligible to receive federal student aid. If you are unsure of your eligibility, please check with your school's financial aid office for more information.

Federal Family Education Loan (FFEL) Program Under this program, private lenders provided loans to students and parents that were guaranteed by the federal government. These loans included Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans. As a result of the Health Care and Education Reconciliation Act of 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.

Federal Student Aid Programs The programs authorized under Title IV of the Higher Education Act of 1965 that provide grants, loans and work-study funds from the federal government to eligible students enrolled in college or career school.

Forbearance A period during which your monthly loan payments are temporarily suspended or reduced. You may qualify for forbearance if you are willing but unable to make loan payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue. Accrued unpaid interest will be added to the principal balance (capitalized) of your loan(s) at the end of the forbearance period, increasing the total amount you owe.

General Educational Development (GED) Certificate A certificate that students receive if they've passed a specific, approved high school equivalency test. Students with a GED certificate are eligible to receive federal student aid.

National Student Loan Data System (NSLDS®) A centralized database, available at **www.nslds.ed.gov**, which stores information on federal grants and loans. NSLDS contains information on how much aid you've received, your enrollment status, and your loan servicer(s). You can access NSLDS using your Federal Student Aid PIN.

Principal The total sum of money borrowed plus any interest that has been capitalized.

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.

***Student Aid Report* (SAR)** A summary of the information you submitted on your FAFSA. You receive this report (often called the SAR) via e-mail a few days after your FAFSA has been processed or by mail within 7–10 days if you did not provide an e-mail address. If there are no corrections or additional information you must provide, the SAR will contain your EFC, which is the number that's used to determine your eligibility for federal student aid.

Subsidized Loan A loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in-school, grace, or deferment status. For Direct Subsidized Loans first disbursed between July 1, 2012, and July 1, 2014, the borrower will be responsible for paying any interest that accrues during the grace period. If the interest is not paid during the grace period, the interest will be added to the loan's principal balance.

Unsubsidized Loan A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

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Notes

Federal Student Aid Resources

For a list of videos, infographics, and other federal student aid publications, visit **StudentAid.gov/resources**.

COLLEGE PREPARATION CHECKLIST

Are you a student? A parent? An adult thinking about going back to school? Want to know how to prepare for college or career school?

We've provided checklists with the steps you can take to help your (or your child's) chances of getting into—and being able to afford—the school of your choice.
StudentAid.gov/checklist

REPAY YOUR LOANS

Get all the information you need to manage repayment of your federal student loans. Remember, federal student loans are real loans and must be repaid.
StudentAid.gov/repay

POSTED ON YouTube

- About FSA
- Financial Aid Process
- Types of Federal Student Aid
- FAFSA Overview
- How to Complete the FAFSA
- After the FAFSA
- Responsible Borrowing
- Repayment: What to Expect
- Repayment: How to Manage Your Loans

FUNDING YOUR EDUCATION: AUDIO HIGHLIGHTS

This resource for the visually impaired describes our federal student aid programs. You can order a CD or listen online at **StudentAid.gov/audio**

SCAMS

Avoid scams while searching for scholarships, filling out the FAFSA℠, and giving personal information to schools and lenders.

Concerned you're the victim of a scam? We'll tell you how to file a complaint.
StudentAid.gov/scams

FINANCIAL AID FOR GRADUATE AND PROFESSIONAL DEGREE STUDENTS

Are you headed for graduate or professional school and wondering how to pay for your education? Go to
StudentAid.gov/grad

Find detailed federal student aid information at **StudentAid.gov**.

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