

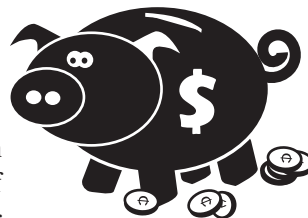
# Additional Sources of Financial Aid

Federal financial assistance is also available to help you pay for college. In fact, approximately two-thirds of all student financial aid comes from federal programs administered by the U.S. Department of Education. The programs are outlined in detail in the U.S. Department of Education, Federal Student Aid, Students Channel, *Funding Education Beyond High School: The Guide to Federal Student Aid*.

## FEDERAL STUDENT AID

Federal student aid is financial assistance through the U.S. Department of Education that is available if you are enrolled in an eligible program as a regular student at a school participating in federal student aid programs.

Federal Student Aid assists more than 10 million students each year with grants, low-interest loans and work-study programs.



### The U.S. Department of Education offers the following Major Student Financial Assistance Programs

- \$ Federal Pell Grant
- \$ Federal Supplemental Educational Opportunity Grant (FSEOG)
- \$ Federal Work-Study
- \$ Federal Perkins Loan
- \$ Stafford Loans
- \$ Federal PLUS Loan
- \$ Academic Competitiveness Grant
- \$ National Science and Mathematics Access to Retain Talent (SMART) Grant

*Note: Not all schools participate in the Student Financial Assistance programs. Also, not all schools take part in all the programs. To find out which programs (if any) are available at a particular school, contact the financial aid office at that school.*



there is anything left over, you are considered to have financial need. In determining your need for aid from the Student Financial Assistance programs, your financial aid administrator must first consider other aid you are expected to receive.

Your EFC will appear on the Student Aid Report (SAR) you receive after you file your Free Application for Federal Student Aid (FAFSA).

### ***How Much Aid Can I Get?***

Because the EFC formula must be applied to each family's financial information, the Department of Education cannot tell you whether you will be eligible for federal student aid or estimate how much aid you might get. You must apply for financial aid to find out what you qualify to receive.

The financial aid administrator at each school that offers you admission puts together a financial aid package that comes as close as possible to meeting your financial aid needs. However, because most federal student aid funds are limited, the total amount awarded to you might fall short of the amount for which you're eligible. Each school you apply to will send you a notice of the types and amounts of aid you are eligible to receive.

If you are eligible for financial aid, the financial aid office at each school will send you an award letter outlining the amount and type of student financial aid available from all sources.

## **There Are Three Types Of Federal Student Aid**

- Grants—financial aid that does not 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 school.  
You must repay your loans, with interest.

### **Federal Grants**

- **Are awarded based solely on financial need.**
- **Unlike loans, grants do not have to be repaid unless you are awarded funds incorrectly or you withdraw from school.**
- **The amount you receive depends on your financial need, cost of attendance and enrollment status (full-time or part-time).**

## GRANTS

There are five types of federal student aid grants:

- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Academic Competitiveness Grant (ACG)
- National Science and Mathematics Access to Retain Talent (SMART) Grant
- Teacher Education Assistance for College and Higher Education (TEACH) Grant



### *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 have not earned a bachelor’s or graduate degree.

### *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.

### *What is an Academic Competitiveness Grant (ACG)?*

This grant is for students who also qualify for a Pell Grant in the same year of the award and who are in their first or second year of undergraduate study, and enrolled at least half-time at a degree granting institution. Eligibility requires completion of a rigorous secondary school program of study as defined at: [www.ed.gov/admins/finaid/about/ac-smart/state-programs.html](http://www.ed.gov/admins/finaid/about/ac-smart/state-programs.html) and a minimum 3.0 cumulative GPA for the first academic year if applicant is a second year student.

### *What is a National SMART Grant?*

This grant is for students who also qualify for a Pell Grant in the same year of the award and who are in their third or fourth year of an undergraduate degree program, and enrolled at least half-time. Eligibility requires that the applicant have a minimum 3.0 GPA and pursuing a major listed at [ifap.ed.gov/dpcletters/GEN0809.html](http://ifap.ed.gov/dpcletters/GEN0809.html).

### *What is a TEACH Grant?*

This grant provides up to \$4,000 a year in grant assistance to students who are completing or who plan to complete course work needed to begin a career in teaching. Students receiving this grant must sign an “Agreement to Serve” that requires the recipient to serve four years within eight years of completing or ceasing enrollment in a TEACH Grant eligible program. A copy of the agreement is available at [www.teach-ats.ed.gov](http://www.teach-ats.ed.gov).

## WORK-STUDY

The Federal Work Study Program provides 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 your course of study.

### Federal Work-Study

- 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.
- Encourages community service work and work related to your course of study, whenever possible.

## LOANS

Student loans, unlike grants and work-study, are borrowed money that *must* be repaid, with interest, just like car loans and mortgages. You *cannot* have these loans canceled because you did not like the education you received, did not get a job in your field of study or because you are having financial difficulty. Loans are legal obligations, so before you take out a student loan, think about the amount you will have to repay over the years.

### Types of Loans:

*Federal Perkins Loans* are:

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

*Stafford Loans* are student loans that must be repaid and are available to both undergraduate and graduate students. There are two types of Stafford Loans: subsidized and unsubsidized.

If you qualify (based on need) for a subsidized Stafford Loan, the government will pay the interest on your loan until the date your repayment is scheduled to

begin and during any deferment periods. Financial need is not a requirement to obtain an unsubsidized Stafford Loan. However, you are responsible for paying all of the interest that accrues on an unsubsidized Stafford Loan.

### **Direct and FFEL Stafford Loans**

- **Subsidized – financial need – not responsible for interest**
- **Unsubsidized – not financially based – responsible for interest**
- **Can have both during the same enrollment period.**

*PLUS Loans* are loans parents can obtain for their dependent undergraduate children. To be eligible to receive a PLUS Loan, your parents generally will be required to pass a credit check. Your parents must also meet some general requirements. For example, your parents must meet citizenship requirements and may not be in default or owe a refund to any student financial assistance program.

*Consolidation Loans* allow student and parent, if they have a PLUS Loan, borrowers to combine multiple federal student loans with various repayment schedules into one loan with one monthly payment. There are two types of consolidation loans: FFEL or Direct.

For more information, you can go to [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov).

## **APPLYING FOR FEDERAL AID**

**Completing the FAFSA.** The first step is to submit a Free Application for Federal Student Aid (FAFSA) through the Internet by using the FAFSA website [www.fafsa.ed.gov](http://www.fafsa.ed.gov); by having your school submit your application electronically; or by mailing a paper FAFSA.

You can get a paper FAFSA—in English or Spanish—from:

- Your local library,
- High school,
- College or career school you plan to attend, or
- Our Federal Student Aid Information Center by calling 1-800-4-FED-AID (1-800-433-3243).

### ***What is a Federal Student Aid PIN and what is it used for?***

Your PIN is an electronic access code that serves as your personal identifier and can be used every year to electronically apply for federal student aid and to access your U.S. Department of Education records online.

Initially, your PIN can be used only to sign your FAFSA. Your personal data (Social Security Number, name, and date of birth) must successfully match with the data the Social Security Administration has for you before your PIN can be used for other federal student aid purposes, such as electronically signing a promissory note. After your data successfully matches with the Social Security Administration's data you can also use your PIN at other federal student aid websites.

**Your PIN allows you to:**

- **Sign your application electronically and complete the student aid process completely online—no paper is involved.**
- **Make online corrections to your FAFSA.**
- **Access your Student Aid Report (SAR).**
- **Electronically sign a master promissory note for a federal student loan.**
- **Access your federal student aid records online.**

**Note:** You must reapply for federal aid every year by submitting a new FAFSA. Also, if you change schools, your aid does not go with you. Check with your new school to find out what steps you must take to continue receiving aid.

- **Read the FAFSA instructions very carefully. Pay close attention to questions on income because most errors occur in that area.**
- **You cannot receive federal student aid unless all your information is complete and accurate.**
- **You need to apply only once each school year.**

***When do I apply?***

For school year 2009-2010, apply between Jan. 1, 2009 and June 30, 2010. To determine your eligibility for federal student financial assistance, you need to complete the FAFSA. Remember that states and schools may have earlier deadlines for nonfederal aid, so it is important to check your state or school deadlines.





***What happens after I apply?***

After your completed application is received by the processing system, you will be sent a Student Aid Report (SAR). If you provided an email address when you applied, you will receive your SAR within 3-5 days after it is processed. Otherwise you will receive a paper SAR in the mail within 7-10 days after processing.

***What's a SAR and why is it important?***

Your Student Aid Report (SAR) shows all the information you gave on your FAFSA. Your SAR will usually contain your Expected Family Contribution (EFC), the number used in determining your eligibility for federal student aid.

***What do I do with my SAR?***

Review it carefully to make sure it is correct and complete. Changes must be made using FAFSA on the web, although you can change your mailing or emailing address, or the schools you want to receive your FAFSA information by phone. If it is correct and it contains your EFC, contact the school(s) you are interested in attending. The school(s) you have selected to receive your SAR will use this information to determine if you are eligible for federal—and possibly nonfederal—student financial aid funds.

## **INFORMATION FOR THE BORROWER**

If you are a federal student loan recipient, there are two key points to remember. First, the interest you pay is lower than commercial rates because the federal government subsidizes the rate. Second, if you are a student borrower, you don't begin to repay the amount you borrowed until you leave school or drop below half-time.

As generous as these terms are, you should not forget that you do have to repay your loan. Failure to do so could result in your loan(s) being declared delinquent. This could have a negative impact on your financial status and creditworthiness in the future.

## **Borrower Responsibilities and Rights**

### ***Responsibilities***

When you take out a student loan, you have certain responsibilities. Here are a few of them:

- When you sign a promissory note, you are agreeing to repay the loan according to the terms of the note. The note is a binding legal document and states that, except in cases of discharge, you must repay the loan—even if you do not



### ***Rights***

You have certain rights as a borrower. Following are some of them.

Before your school makes your first loan disbursement, you will receive the following information about your loan from your school, lender, and/or the Direct Loan Servicing Center:

- the full amount of the loan.
- the interest rate.
- when you must start repaying the loan.
- a complete list of any charges you must pay (loan fees) and information on how those charges are calculated.
- the yearly and total amounts you can borrow.
- the maximum repayment periods and the minimum repayment amount.
- an explanation of default and its consequences.
- an explanation of available options for consolidating or refinancing your loan.
- a statement that you can prepay your loan at any time without penalty.

You can obtain a complete copy of the “Guide to Federal Student Aid” by calling the U.S. Department of Education at 1-800-4-FED-AID or by downloading a copy from their website at [http://studentaid.ed.gov/students/publications/student\\_guide/index.html](http://studentaid.ed.gov/students/publications/student_guide/index.html).

## **OTHER RESOURCES FOR FEDERAL OR NONFEDERAL STUDENT AID**

### ***Financial aid administrator***

Talk to the financial aid administrator or the financial aid staff at each school of interest to find out about the school’s financial aid programs and the total cost of attending that school.

### ***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.

### ***AmeriCorps***

This program provides full-time educational awards in return for community service work. You can work before, during or after your postsecondary education, and you can use the funds either to pay current educational expenses or to repay federal student loans. For more information, contact: Corporation for National Service, 1201 New York Avenue, NW, Washington, DC 20525, 1-800-942-2677, TTY Number: 1-800-833-3722, [www.americorps.org](http://www.americorps.org).

