

# FUNDING YOUR EDUCATION



2012–13 | The Guide to Federal Student Aid



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

## Useful Websites and Contact Information

### FIND OUT ABOUT FINANCIAL AID

#### 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" account, 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.

### APPLY FOR FINANCIAL 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>.)

### ACCESS YOUR FEDERAL LOAN RECORDS

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

[www.nsls.ed.gov](http://www.nsls.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

[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.

### REPORT STUDENT AID FRAUD

#### 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 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 the FAFSA,
- help making any corrections or updates to 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 *Student Aid Report* (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) (case-sensitive)

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 YOUR EDUCATION

The Guide to Federal Student Aid | 2012–13

U.S. Department of Education  
Federal Student Aid





## U.S. Department of Education

**Arne Duncan**

*Secretary*

## Federal Student Aid

**James W. Runcie**

*Chief Operating Officer*

## Customer Experience Office

**Brenda F. Wensil**

*Chief Customer Experience Officer*

December 2011

This publication is in the public domain. Authorization to reproduce it in whole or in part is granted. While permission to reprint this publication is not necessary, the citation should be: U.S. Department of Education, Federal Student Aid, Customer Experience Group, *Funding Your Education: The Guide to Federal Student Aid, 2012–13*, Washington, D.C., 2011.

## 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@edpubs.ed.gov](mailto: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**.

### 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**.

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

Front cover photos:

U.S. Department of Education

## Online Access

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

## 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.

The information in this guide was compiled in the summer of 2011. For changes to the federal student aid programs since then, visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).



# CONTENTS

<b>Federal Student Aid At-a-Glance .....</b>	<b>1</b>	How much can I borrow? .....	9
<b>Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate, and other details, by program .....</b>	<b>2</b>	How will I receive my loans? .....	9
<b>Steps to Federal Student Aid.....</b>	<b>4</b>	What if I don't want the loan(s) I was offered? .....	9
<b>Federal Student Aid Process .....</b>	<b>4</b>	What's the interest rate on these loans? .....	10
		<b>Table 3. Interest rates for Direct and Perkins loans .....</b>	<b>10</b>
		Who pays the interest on my loans? .....	10
		No interest accrual for borrowers in the military .....	10
<b>Part I. PREPARE TO PAY FOR COLLEGE .....</b>	<b>5</b>	<b>Other Sources of Information .....</b>	<b>10</b>
<b>Choosing the Right School .....</b>	<b>5</b>	<b>Table 4. Maximum annual and aggregate loan limits for Subsidized and Unsubsidized Direct Loans, by type of student and number of years in school.....</b>	<b>11</b>
What type of school is right for me? .....	5		
<b>MyFSA.....</b>	<b>5</b>	<b>Part II. APPLY FOR AID .....</b>	<b>13</b>
What can I do with a MyFSA account? .....	5	<b>Complete the FAFSA<sup>SM</sup> .....</b>	<b>13</b>
<b>Early Eligibility Indicator: FAFSA4caster<sup>SM</sup> .....</b>	<b>5</b>	What do I need to complete the FAFSA? .....	13
What is the FAFSA4caster?.....	5	When should I apply for federal student aid?.....	13
Who should use FAFSA4caster? .....	6	How do I apply? .....	13
<b>Reducing the Cost of Education .....</b>	<b>6</b>	What if I need help filling out my FAFSA? .....	13
Lower-cost schools.....	6	How do I sign my online application?.....	13
State Higher Education Agencies.....	6	How and when should I get a PIN? .....	14
Work or volunteer opportunities.....	6	I can't remember my PIN. ....	14
Federal income tax credits and tax breaks .....	6	Safeguard Your PIN!.....	14
<b>Am I Eligible? .....</b>	<b>6</b>	<b>Table 5. Dependency Status .....</b>	<b>14</b>
Students with intellectual disabilities .....	6	What if I'm considered a dependent student but have no contact with my parents or access to their information? .....	15
<b>How Much Financial Aid Can I Get?.....</b>	<b>6</b>	What if I'm a dependent student but my parents are divorced or separated?.....	15
Calculating your financial need .....	6	Do I report my stepparent's information? .....	15
Understanding your Expected Family Contribution (EFC) .....	6	Do I need to fill out a FAFSA every year I apply for aid?.....	15
<b>Table 2. Basic Requirements .....</b>	<b>7</b>	<b>What Happens After I Submit My FAFSA Online? .....</b>	<b>15</b>
How will I be paid and how often? .....	8	You will receive your <i>Student Aid Report</i> (SAR)-- the processed FAFSA results. ....	15
Unusual family circumstances .....	8	What do I do with my SAR?.....	15
<b>Types of Federal Student Aid.....</b>	<b>8</b>	Making corrections to my information .....	15
There are three types of federal student aid. ....	8	<b>When Will I Receive My Aid? .....</b>	<b>16</b>
<b>Grants .....</b>	<b>8</b>	How much will I get? .....	16
There are four types of federal student aid grants. ....	8	<b>Part III. REPAY YOUR LOAN .....</b>	<b>17</b>
Can I receive a grant if I'm enrolled less than half-time? .....	8	<b>Loan Repayment .....</b>	<b>17</b>
<b>Work-Study .....</b>	<b>8</b>	When do I start paying back my student loans? .....	17
What is the Federal Work-Study (FWS) Program?.....	8	How much time do I have to repay my student loans?.....	17
<b>Loans .....</b>	<b>9</b>	How much will I have to repay each month? .....	17
Federal Perkins Loan Program .....	9	What repayment plans are available?.....	17
How much can I borrow? .....	9	What if I'm having trouble repaying my loans? .....	17
How will I receive my loans? .....	9		
William D. Ford Direct Loan (Direct Loan) Program .....	9		
Direct Loans .....	9		
Direct PLUS Loans.....	9		
Direct Consolidation Loans .....	9		



How do I keep track of how much money I'm borrowing and the types of aid I have?..... 17

**Postponing Loan Repayment ..... 17**

Applying for deferment or forbearance ..... 17

**Consolidating Your Loans ..... 18**

What is loan consolidation? ..... 18

When can I consolidate my loans? ..... 18

**Loan Cancellation ..... 18**

Is it ever possible to have my federal student loan canceled? ..... 18

**GLOSSARY ..... 19**

**OTHER FEDERAL STUDENT AID**

**PUBLICATIONS ..... Inside Back Cover**

As a result of the *Health Care and Education Reconciliation Act of 2010*, as of July 1, 2010, federal student loans under the Federal Family Education Loan (FFEL) Program<sup>SM</sup> 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 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 some basic 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<sup>SM</sup>), which you need to complete to receive this aid.

## How do I apply?

Fill out the FAFSA, online or in print, to have access to financial aid to help pay for college. The simplified online application is available at [www.fafsa.gov](http://www.fafsa.gov).

## When do I apply?

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.

The graphic at the lower left or 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.



**Table 1. Federal Student Aid: Type of aid, eligibility, award amount, interest rate,**

GRANTS AND WORK-STUDY		
Program	Type of Aid	Eligibility (i.e., who can get the aid)
<b>Federal Pell Grant</b>	Grant: does not have to be repaid	Available almost exclusively to undergraduates
<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
<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	For undergraduate, postbaccalaureate, and graduate students who are taking or will be taking coursework necessary to become an elementary or secondary school teacher; recipient must sign Agreement to Serve saying he or she will teach full-time in designated teacher shortage area for four complete years at elementary or secondary school serving children from low-income families
<b>Iraq and Afghanistan Service Grant</b>	Grant: does not have to be repaid	For undergraduate students who are not Pell-eligible; 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
<b>Federal Work-Study</b>	Money earned while attending school; does not have to be repaid	For undergraduate and graduate students; funds depend on availability at school
LOANS		
Program	Type of Aid	Eligibility (i.e., who can get the loan)
<b>Federal Perkins Loans</b>	Loan: must be repaid with interest Interest rate: 5%	Undergraduate and graduate students Must demonstrate financial need; funds depend on availability at school
<b>William D. Ford Direct Loans</b>  <b>Direct Subsidized Loans</b>	Loan: must be repaid with interest Interest rate: 6.8% (for loans first disbursed on or after July 1, 2012)	Undergraduate students enrolled at least half-time Must demonstrate financial need
<b>Direct Unsubsidized Loans</b>	Loan: must be repaid with interest Interest rate: 6.8%	Undergraduate and graduate students enrolled at least half-time Financial need is not required
<b>Direct PLUS Loans</b> (for parents and graduate and professional degree students)	Loan: must be repaid with interest Interest rate: 7.9%	Graduate students Parents of dependent undergraduate students who are helping pay the cost of their child's education Financial need is not required; must not have adverse credit history; must be enrolled at least half-time
<b>Direct Consolidation Loans</b>	Loan: must be repaid with interest Interest rate is fixed and based on the weighted average of the interest on the loans being consolidated, rounded up to the nearest one-eighth of 1% Interest rate: cannot exceed 8.25%	Borrowers with one or more federal student loans





## and other details, by program

Annual Award Amounts	Details
Up to \$5,550 for 2011–12	
\$100–\$4,000	
Up to \$4,000	Undergraduate: total amount may not exceed \$16,000 Graduate: total amount may not exceed \$8,000
Same as Federal Pell Grant	
No annual minimum or maximum amounts	Jobs can be on campus or off campus; students are paid at least federal minimum wage

Annual Award Amounts	Details
Undergraduate students: up to \$5,500 Graduate and professional students: up to \$8,000	Must be repaid to the school that made the loan Up to 10 years to repay, depending on the amount owed
\$3,500–\$5,500, 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
\$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
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) Fee of 4% of loan amount
No minimum or maximum amounts Depends on the amount of the loans consolidated	A borrower can combine their own federal student loans into one loan.

## 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.

### STEP 1

Get free information and help from a school counselor, the financial aid office at the college or trade school you plan to attend, or the U.S. Department of Education at [www.studentaid.ed.gov](http://www.studentaid.ed.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](http://www.fafsa.gov). Tax return not completed at the time you apply? Estimate the tax information, apply, and correct information later.

### STEP 3

Complete the FAFSA between Jan. 1, 2012, and June 30, 2013 (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*<sup>SM</sup> (the faster and easier way) by going to [www.fafsa.gov](http://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 federal student aid eligibility.

### STEP 5

The college or trade 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 trade 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.

**Note:** You also might be able to get financial aid from your state 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 [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship). Be sure to meet all application deadlines!

## Federal Student Aid Process

The Federal Student Aid process has four cycles. Below is a brief description of each one of them.

### 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 repayment. You can find detailed information on repaying student loans at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) and in *Your Federal Student Loans* at [www.studentaid.ed.gov/pubs](http://www.studentaid.ed.gov/pubs).

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.

Loans are legal obligations, so before you take out a student loan, think about the amount you'll have to repay over the years. For information on repayment plans go to

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



# 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

### 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.”
- Read the school's catalog or introductory materials.
- Visit the U.S. Department of Education's *College Navigator* at <http://nces.ed.gov/collegenavigator>.
- Visit [www.collegecost.ed.gov](http://www.collegecost.ed.gov).

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).

## 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?

**Create a profile.** Your information will be stored in your profile.

**Search for colleges and scholarships.** Any colleges you add will be stored and can be used in worksheets and tables you use in MyFSA.

**Apply for colleges.** MyFSA will track where you stopped entering your information and will link you to all applications in progress.

**Store and access financial aid information.** Any scholarship, loan, and **cost of attendance** information is saved. You also can calculate an **Estimated Family Contribution (EFC)**—the eligibility index.

**Create an event calendar.** Access your 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 *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 to help you plan ahead for college.

#### Not sure what a term means?

You will find financial aid terms that might be new to you. These words will be highlighted in bold the first time you see them. Go to the Glossary on page 19 or visit our online glossary at [www.studentaid.ed.gov/glossary](http://www.studentaid.ed.gov/glossary) to find out what they mean.

### 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.

## Reducing the Cost of Education

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

### Lower-cost schools

- Community colleges are usually less expensive than four-year schools. Make sure your community college courses will transfer to your four-year college 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 can save money on room and board.

### State Higher Education Agencies

Contact your state higher education agency about any aid program or scholarship sponsored by your state. Find its contact information information 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 as long as work and school schedules don’t conflict and you have enough time for studying.

### Federal income tax credits and tax breaks

There are tax credits available to help you offset the costs of higher education by reducing the amount of your income tax. Certain borrowers can receive a tax deduction for the interest actually paid on student loans for postsecondary education expenses. For information on both benefits, see IRS Publication 970, *Tax Benefits for Education* at [www.irs.gov](http://www.irs.gov).

## Am I Eligible?

To receive aid from the federal student aid programs discussed in this guide, you must meet basic requirements (see table 2). For more details, go to [www.studentaid.ed.gov/eligible](http://www.studentaid.ed.gov/eligible). There is no age limit or cut-off age to receive federal student aid.

### Students with 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.

For more information on a comprehensive transition and postsecondary program for students with intellectual disabilities, ask your financial aid office at the school you’re planning on attending or go to [www.studentaid.ed.gov/eligible](http://www.studentaid.ed.gov/eligible).

## How Much Financial Aid Can I Get?

How much aid you get depends on:

- Your financial need;
- Your **cost of attendance** (total amount it will cost you to go to school); and
- Your enrollment status (that is, full-time, half-time, etc.).

### Calculating your financial need

Aid for most of our programs is awarded based on financial need (except for **Direct Unsubsidized Loans, Direct PLUS Loans, and TEACH Grants**; see pages 8 – 11 for more information on these programs). The EFC is the number used to determine your federal student aid.

#### Calculating Your Financial Need

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

$$\begin{aligned} &\text{Cost of Attendance} \\ &- \text{Expected Family Contribution} \\ &= \text{Financial Need} \end{aligned}$$

### Understanding your Expected Family Contribution (EFC)

The EFC is calculated using information you report on the FAFSA, according to a formula established by law. Your family’s income


**Table 2. Basic Requirements**

Basic Requirements	
Financial need	Except for the TEACH Grant and some loan programs, you must show that you have financial need, according to our requirements (see How much financial aid can I get? on page 6).
Education	<p>You must meet one of the following:</p> <ul style="list-style-type: none"> <li>▶ Received a high school diploma or a <b>General Educational Development (GED) certificate</b>.</li> <li>▶ Completed a high school education in a homeschool setting approved under state law.</li> <li>▶ Passed an approved <b>ability-to-benefit (ATB)</b> test. If you don't have a diploma or GED certificate, you can take an approved ATB test to determine whether you can benefit from the education offered at that school.</li> <li>▶ If you don't have a high school diploma or its equivalent, or have not passed 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.</li> <li>▶ Meet other standards your state has established and that the U.S. Department of Education has approved.</li> </ul>
U.S. citizen or eligible noncitizen	You must be a U.S. citizen or <b>eligible noncitizen</b> .
Social Security number	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 <a href="http://www.ssa.gov">www.ssa.gov</a> or by calling <b>1-800-772-1213</b> ; TTY users can call <b>1-800-325-0778</b> .
Enrollment	You must be enrolled or accepted for enrollment as a <b>regular student</b> leading to a degree or certificate in an <b>eligible program</b> .
Selective Service	You must comply with <b>Selective Service registration</b> . If you're a male age 18 through 25 you can register online at <a href="http://www.sss.gov">www.sss.gov</a> or call <b>1-847-688-6888</b> ; TTY users can call <b>1-847-688-2567</b> .
Not in default	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 <b>default</b> 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).
Satisfactory academic progress	You must meet <b>satisfactory academic progress</b> standards set by the postsecondary school you are or will be attending.
Cases of limited eligibility	You have limited eligibility for federal student aid while you're incarcerated. 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.



and assets are considered in determining your EFC. Your family size and how many 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 a Direct Unsubsidized Loan), your school subtracts the Expected Family Contribution (EFC) from your cost of attendance (see Calculating Your Financial Need on page 6).

You can get detailed worksheets of the EFC formula at [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).

### How will I be paid and how often?

Your school will:

- Credit your funds to your school account;
- Pay you directly;
- Combine these methods; or
- With your permission, credit your bank account.

### 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 to adjust the cost of attendance or the information used to calculate your EFC.

## 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—you work to earn money for your education.
- Loans—you borrow money for your education; you must repay your loans, with interest.

## Grants

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

Almost all federal grants are awarded to students with financial need. The amount of your grant depends on your cost of attendance, EFC, enrollment status (full- or part-time) and your enrollment period (whether you attend for a full **academic year** or less). For award amounts, go to page 2 or go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).

- **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 degree. For more information, go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).
- **Federal Supplemental Educational Opportunity Grant (FSEOG):** FSEOGs are awarded to undergraduate students with exceptional financial need—those with the lowest EFCs. Not all schools participate in the FSEOG Program and those that do have limited funds available.
- **Teacher Education Assistance for College and Higher Education (TEACH) Grant:** The program provides you with grant assistance if you meet certain teaching obligations. If you do not complete these obligations, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan. For detailed information on this grant, visit [www.teachgrant.ed.gov](http://www.teachgrant.ed.gov).
- **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.

### 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 2011. 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 is administered by schools participating in the program.



## Loans

There are two loan programs. The Federal Perkins Loan Program and the Direct Loan Program. The Direct Loan Program is the largest student loan program and has four types of loans available. They are: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans.

### Federal Perkins Loan Program

This school-based loan program is

- Available at participating schools to undergraduate, graduate, and professional degree students.
- Offered to students who demonstrate financial need.
- Available to students enrolled full-time or part-time.

Repayments are made directly to your school.

### How much can I borrow?

The Federal Student Aid summary table on page 2 shows the maximum Perkins Loan funds you can receive, depending on whether you're an undergraduate, graduate, or professional degree student. Go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding) for more information.

### How will I receive my loans?

Your school will either pay you directly (usually by check) or credit your account.

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

You must be enrolled as at least a **half-time** student to be eligible for a loan. Direct Loans include the following:

#### Direct 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. As of July 1, 2012, graduate and professional degree students are not eligible to receive subsidized loans.
- **Direct Unsubsidized Loans**—financial need is not a requirement to obtain an unsubsidized loan. You are responsible for paying the interest that accrues during all periods.

#### Direct PLUS Loans (PLUS Loans)

Parents of dependent students and students pursuing a graduate

or professional degree can borrow from the PLUS Loan program. The school's financial aid office can provide additional instructions and details on applying for a PLUS Loan.

The applicant must not have an adverse credit history. The fixed interest rate is 7.9%

A PLUS Loan made to the parent cannot be transferred to the student. The parent is responsible for repaying the PLUS Loan. There is a fee of 4 percent of the loan amount.

#### 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 18 for more information on these loans.)

### How much can I borrow?

Table 1 shows the annual amount you can borrow. Table 4 shows the maximum amounts you can borrow per year and in aggregate for Subsidized and Unsubsidized Direct Loans.

#### Direct Subsidized Loans

- Available to undergraduate students who demonstrate financial need.
- Eligible students can apply for it to cover some or all of their need, but should not exceed it.

#### Direct Unsubsidized Loans

- There is no requirement for students to demonstrate financial need.

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.

### 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 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.

### What if I don't want the loan(s) I was offered?

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.

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

The fixed interest rates for loans first disbursed on or after July 1, 2012, appear in the table 3 below.

Go to [www.studentaid.ed.gov/interestrates](http://www.studentaid.ed.gov/interestrates) for more information on interest rates.

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

Type of loan	Interest rate
Direct Subsidized	6.8%
Direct Unsubsidized	6.8%
Direct PLUS	7.9%
Federal Perkins	5%

### Who pays the interest on my loans?

#### Direct Subsidized Loan

For a subsidized loan, the U.S. Department of Education pays the interest:

- ▶ While you’re in school at least half-time; or
- ▶ For the first six months after you leave school (referred to as a “grace period”); or
- ▶ During a period of **deferment** (a postponement of loan payments).

However, you pay the interest during periods of **forbearance**.

#### Direct Unsubsidized Loan

You’re responsible for paying the interest on unsubsidized loans during all periods. The interest 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 and during deferment or forbearance periods.
- 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**.” This will increase the total amount that you have to repay because you will be charged interest on a higher principal amount.

#### Direct PLUS Loan

You’re responsible for paying the interest during all periods.

### 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 17).

### Other Sources of Information

Below are other resources for information on financial aid.

- **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.
- **State Higher Education Agency:** Your state agency can give you important information about state aid. 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. For more information, go to: [www.americorps.gov](http://www.americorps.gov) or call 1-800-942-2677 (TTY: 1-800-833-3722).
- **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.
- **Organizations, foundations, etc.:** Foundations, religious organizations, fraternities or sororities, and town or city clubs often offer financial aid. Include in your search community organizations and civic groups. Organizations connected with your field of interest can also be helpful.
- **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.”
- **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. 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 bill also gives reserve and National Guard members who have been activated for more than 90 days since 9/11 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).

- **Public libraries, scholarship services, and the Internet:**

Many private scholarship search services provide sources of financial assistance. The U.S. Department of Education 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. 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).

You can also search for scholarships at our website at [www.studentaid.ed.gov/scholarship](http://www.studentaid.ed.gov/scholarship).

**Table 4. Maximum annual and aggregate loan limits for Subsidized and Unsubsidized Direct 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
<b>First</b>	\$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
<b>Second</b>	\$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	(As of July 1, 2012, subsidized loans are no longer available to graduate and professional degree students)
<b>Third and beyond (each year beyond)</b>	\$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	
<b>Maximum total debt from loans when you graduate (aggregate loan limits)</b>	\$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 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). 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 Direct 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.

### Important points to remember

- Undergraduate students can apply for Direct Loans. Graduate and professional degree students can apply for Direct Loans and PLUS Loans. Parents of undergraduate students can apply for a PLUS Loan for their dependent child.
- 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.





# PART II. APPLY FOR AID

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

Completing the *Free Application for Federal Student Aid* (FAFSA) is free and easy. Go to *FAFSA on the Web*<sup>SM</sup> at [www.fafsa.gov](http://www.fafsa.gov) for the paper and online version of the application.

### What do I need to complete the FAFSA?

You will need your Social Security number; your driver's license number (if any); 2011 W-2 forms; 2011 federal income tax returns (or estimates); bank statements; alien registration number (if you are not a U.S. citizen); a Federal Student Aid PIN which can be obtained before or during the application process; and other records. If you are a dependent student (see page 14), you will need your parents' data too. For a detailed list, go to [www.fafsa.gov](http://www.fafsa.gov).

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

**For the 2012–13 academic year, you must apply between Jan. 1, 2012, and June 30, 2013.** 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 your state higher education agency and school for more information.

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.

### How do I apply?

Complete the FAFSA. The online and paper applications are available at [www.fafsa.gov](http://www.fafsa.gov). For the 2012–13 academic year, you

can apply beginning Jan. 1, 2012; you have until June 30, 2013, 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*.<sup>SM</sup> Check with the schools you're interested in for their deadlines.

No paper or electronic FAFSA will be accepted prior to Jan. 1, 2012 for the 2012–13 academic year. Any FAFSA received before Jan. 1, 2012, will not be accepted or processed.

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

Help is available and accessible for every question on the FAFSA if you apply online using *FAFSA on the Web*. Find more free help:

- Online at [www.studentaid.ed.gov/completefafsa](http://www.studentaid.ed.gov/completefafsa).
- From the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** for any questions on either the paper or online FAFSA.
- From your high school guidance counselor or your college financial aid office.

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.

### How do I sign my online application?

You use your Federal Student Aid PIN, an electronic access code that serves as your personal identifier and signature. Your Federal Student Aid PIN allows you to sign your FAFSA electronically, complete the student aid process completely paperless, and access your federal student aid records online. If you're a dependent student, one of your parents can also get a PIN to sign your FAFSA electronically.

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

You will be offered the option of getting one in real time when you fill out the online FAFSA. You can also apply for a PIN in advance at [www.pin.ed.gov](http://www.pin.ed.gov).

### I can't remember my PIN.

You can request a duplicate PIN at [www.pin.ed.gov](http://www.pin.ed.gov). 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.

#### 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.

### Table 5. Dependency Status

Answer these questions to find out if you are dependent or independent		
Were you born before Jan. 1, 1989?	Yes	No
Are you married? (Answer “Yes” if you are separated but not divorced.)	Yes	No
At the beginning of the 2012–13 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, 2012, and June 30, 2013?	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, 2013?	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, 2011, 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, 2011, 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. Go to [www.fafsa.gov](http://www.fafsa.gov) for more information.



Not living with parents or not being claimed by them on tax forms doesn't determine your dependency status.

### 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, your parents' financial information.

#### Special circumstances

Under very limited circumstances, an otherwise dependent student may be able to submit the FAFSA without parental information. For more information, go to [www.fafsa.gov](http://www.fafsa.gov).

### 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.

### Do I report my stepparent's information?

Your stepparent's financial information is required on the FAFSA if the parent you lived longer with has remarried.

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. Check with your new school to find out what you need to do to continue receiving financial aid.

## What Happens After I Submit My FAFSA Online?

### You will receive your *Student Aid Report (SAR)*--the 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 a paper or electronic *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 the 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 (see below).

The delivery of your SAR depends on whether you provide an e-mail address when you apply for aid:

- You will receive your SAR by e-mail within three to 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.
- 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 **Data Release Number (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.

### 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. If the school you want to attend is not listed on your SAR, you must add that school to your SAR so that the school can receive your data.

### Making corrections to my information

- 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 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.**

## When will I receive my aid?

If you're eligible for federal student aid, the schools listed on your FAFSA (that also have offered you admission) will send you an **award letter** before you start class. The award letter lists the types and amounts of financial aid you are eligible to receive from federal, state, and institutional sources. You review the award letter and decide which aid to accept.

## How much will I get?

The award letter shows your complete **financial aid package**, which can include a combination of aid types. Once you decide which aid to accept in the award letter, sign it and return it to the school for processing. Depending on the school, this process is done either on paper or online. The school will then deposit the funds to your student account or send you a check (find out at your financial aid office). You won't be receiving checks or deposits directly from the U.S. Department of Education; all funds will be given to you through your school. For more information, go to [www.studentaid.ed.gov/funding](http://www.studentaid.ed.gov/funding).



# PART III. REPAY YOUR LOAN

## Loan Repayment

This section gives you basic information on loan repayment. You can find more information online at [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) or from the publication *Your Federal Student Loans: Learn the Basics and Manage Your Debt* (see inside back cover).

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

After you graduate, leave school, or drop below half-time status, there is a set period of time called a "grace period" that gives you time to get financially settled and select your repayment plan. After your grace period, you must begin repayment on your loan(s).

- Your grace period will be six months for Direct 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.
- Direct PLUS Loans do not have a grace period, but borrowers can defer repayment for six months. Go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying) for more information. The repayment period begins when the loan is fully disbursed, and the first payment is due 60 days after the final disbursement.

### 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 can have from 10 to 30 years to repay your loans. See below or go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

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

Your monthly repayment amount will depend on the type of

loan you have, the size of your debt, the length of your repayment period, and the repayment plan you choose.

### What repayment plans are available?

You can choose from several repayment plans. 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).

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 there).

### What if I'm having trouble repaying my loans?

You can change repayment plans to suit your financial circumstances.

### How do I keep track of how much money I'm borrowing and the types of aid I have?

Using your PIN, access the **National Student Loan Data System** (NSLDS) at [www.nsls.ed.gov](http://www.nsls.ed.gov) to see details of your loan(s).

## 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**.

### 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 your servicer is 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 loan information, including contact information for your loan servicer.

To find out about the types of deferment and forbearance options, go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

**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.**

## Consolidating Your Loans

### What is loan consolidation?

Borrowers can combine one or more of federal student loans with various repayment schedules into one Direct Consolidation Loan with one single monthly payment.

Because you could lose borrower benefits if you consolidate, you should carefully review your consolidation options before you apply. Talk to your loan servicer to get more information before you consolidate or go to [www.studentaid.ed.gov/repaying](http://www.studentaid.ed.gov/repaying).

### When can I consolidate my loans?

You can consolidate during your grace period, once you've entered repayment, and during periods of deferment or forbearance.

## Loan Cancellation

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

Under certain circumstances, you can have all or part of your loan canceled. 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).





# GLOSSARY

A detailed version of this glossary is available at [www.studentaid.ed.gov/glossary](http://www.studentaid.ed.gov/glossary).

**Ability to Benefit (ATB)** 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 ATB test.

**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. Academic years vary from school to school and even from educational program to educational program at the same school.

**Agreement to Serve (ATS)** A contractual obligation 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 a certain amount of time.

**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.

**Capitalization** This is the addition of unpaid interest to the principal balance of a loan. 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)** The total amount it will cost you to go to school—usually expressed as a yearly figure. 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.

**Data Release Number (DRN)** A four-digit number assigned to your application by Federal Student Aid. It will appear on the first page of your paper or electronic *Student Aid Report* (SAR) and also on the confirmation page when you complete the FAFSA online. 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. 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. 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.

**Deferment** 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.

**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. Direct Loans include subsidized and unsubsidized, Direct PLUS Loans, and Direct Consolidation Loans.

**Educational Service Agency** 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** A U.S. national (includes natives of American Samoa or Swains Island) or 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) showing a specific designation.

**Eligible Program** A program of organized instruction or study that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential.

**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).

**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.

**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 office at a postsecondary institution combines various forms of aid into a "package" to help meet a student's education costs. The amount of federal student aid in a package is affected by other sources of aid received (scholarships, state aid, etc.).

**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.

### **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.

### **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.

**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.

**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.

**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 on how the application was originally completed (online or paper, respectively).



## *Other Federal Student Aid Publications*

[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.

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

### *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>).

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

### *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

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

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

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

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

### *Loan Forgiveness Program for Teachers*

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

[www.studentaid.ed.gov/LoanForgivenessForTeachers](http://www.studentaid.ed.gov/LoanForgivenessForTeachers) (case-sensitive)

### *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.

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

*Visit [College.gov](https://www.college.gov) on Facebook*



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



START HERE  
GO FURTHER  
FEDERAL STUDENT AID