FUNDING EDUCATION
BEYOND HIGH SCHOOL

The Guide to Federal Student Aid | 2009–10

DRAFT

START HERE
GO FURTHER
FEDERAL STUDENT AID

DRAFT

Useful Web Sites

Student Aid on the Web
www.FederalStudentAid.ed.gov

Click on Students, Parents and Counselors

At this Web site you can

- Find information on federal student aid.
- Use "MyFSA" to create a personalized folder to record your interests, career and college searches to help you decide on a career and locate schools offering majors in that field. Track your progress in the college planning and application process by applying to schools online, access other sources of nonfederal aid, and store your personal information to populate fields on *FAFSA on the Web*.
- Use *FAFSA4caster* to get an early estimate of your eligibility for federal student aid, and an early start in the financial aid process. When you're ready to apply for aid, much of the information you enter in *FAFSA4caster* will populate the *FAFSA on the Web*.
- Apply online using *FAFSA on the Web* (the online version of the *Free Application for Federal Student Aid* or FAFSA).
- Obtain a Federal Student Aid PIN to sign your *FAFSA* on the Web.
- Look up the status of your federal student loan.

College.gov
www.college.gov

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

Free Help Completing the FAFSA
www.FederalStudentAid.ed.gov/completefafsa

This Web site explains how to complete the FAFSA and the purpose of FAFSA questions.

The William D. Ford Federal Direct Loan Program (Direct Loan)
U.S. Department of Education as lender
www.ed.gov/DirectLoan

Use this Web site to find out more information on the Direct Loan Program, such as repayment options and interactive calculators.

Direct Loan Servicing Online
www.dl.ed.gov

Use this Web site to make Direct Loan online payments, view account balance, change billing options, enroll in electronic services, and much more.

U.S. Department of Labor's Occupational Outlook Handbook
(information on various careers and their earning potential)

www.bls.gov/oco

Frequently Requested Telephone Numbers

Federal Student Aid Information Center (FSAIC)
1-800-4-FED-AID (1-800-433-3243)

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 can answer your federal student aid questions and can tell you what you need to know—FREE—including:

- Information about federal student aid programs,
- Help completing the FAFSA,
- Help in making corrections to your Student Aid Report (SAR), which contains your application results,
- Information about the process of determining financial need and awarding aid, and
- Information about your federal student loans.

You can also use an automated response system at this number to find out if your FAFSA has been processed and to request a copy of your SAR. You can also write to the FSAIC at the address at the bottom of this page.

Direct Loan Servicing
1-800-848-0979 | TTY users can call **1-800-848-0983**

Direct Loan Consolidation
1-800-557-7392 | TTY users can call **1-800-557-7395**

Inspector General Hotline
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**
Web site: **www.ed.gov/misused**

If you paid for a copy of this FREE publication, please write to the following address and give us the name and address of the organization that charged you.

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20044-0084

DRAFT

FUNDING EDUCATION BEYOND HIGH SCHOOL

The Guide to Federal Student Aid | 2009–10

U.S. Department of Education Federal Student Aid

DRAFT

U.S. Department of Education
Margaret Spellings
Secretary

Federal Student Aid
Lawrence Warder
Acting Chief Operating Officer

Student Aid Awareness and Applicant Services
Jennifer Douglas
General Manager

November 2008

This guide 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, Students Channel, Funding Education Beyond High School: The Guide to Federal Student Aid 2009–10, Washington, D.C., 2008

Order copies of this guide (English and Spanish) in bulk from:

U.S. Department of Education
P. O. Box 1398, Jessup, MD 20794-1398

online at: **www.FSAPubs.org**
by fax to: **301-470-1244**
by e-mail to: **orders@FSApubs.org**
or call in your request toll-free:
1-800-394-7084 or **1-877-433-7827 (1-877-4-ED-PUBS)**.

If 877 services are not available in your area, call **1-800-872-5327 (1-800-USA-LEARN)**. Those who use a telecommunications device for the deaf (TDD) or a teletypewriter (TTY), should call **1-800-437-0833**.

You can order **up to five copies** of this guide by calling the Federal Student Aid Information Center at **1-800-433-3243 (1-800-4-FED-AID)**.

This guide is also available online (PDF and HTML) on the Federal Student Aid Web site at **www.FederalStudentAid.ed.gov/pubs**.

On request, this publication is available in alternate formats, such as Braille, large print, or CD. For more information, please contact the Federal Student Aid Information Center at **1-800-433-3243 (1-800-4-FED-AID)**. TTY users (for the hearing-impaired) should call **1-800-730-8913**.

This guide contains Web site addresses for information created and maintained by outside organizations. This information is provided for the reader's convenience. The U.S. Department of Education is not responsible for controlling or guaranteeing the accuracy, relevance, timeliness or completeness of this outside information. Further, the inclusion of information or Web site addresses does not reflect the importance of the organization, nor is it intended to endorse any views expressed, or products or services offered.

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

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit www.FederalStudentAid.ed.gov and click on "Students, Parents and Counselors."

DRAFT

Our Mission

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

Federal Student Aid's core mission is to ensure that all eligible individuals benefit from federal financial assistance—grants, work-study, and loans—for education beyond high school. The programs we administer comprise the nation's largest source of student aid. Every year, we provide more than $80 billion in aid to nearly 14 million postsecondary students and their families. Our staff of 1,100 is based in 10 cities in addition to our Washington headquarters.

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

A postsecondary education gives you more opportunities. Those who receive education credentials beyond a high school diploma have more jobs options and earn much more than those who do not pursue an education beyond high school. For example, according to the U.S. Census Bureau, a person with a bachelor's degree earns almost double what someone with only a high school diploma earns.

Pursuing education beyond high school is an opportunity you should not deny yourself simply because you are not sure it's for you. Many students don't know what career path to follow. But exposure to different academic subjects, people and points of view helps you decide what career is for you. After high school, you get to study what you are interested in and, when you graduate, you will get paid for your knowledge.

So go for it, and let us help you make it happen.

A Message to Our Readers

This guide, *Funding Education Beyond High School: The Guide to Federal Student Aid*, will help you through the process of applying for federal student aid.

Education creates opportunities and a step toward success. No eligible student should be denied an education because the cost is too high. So, if you're considering education beyond high school (a two or four-year college, university or trade or career school), we offer financial aid that helps millions of students manage the cost of education each year. There's money available—but you need to apply to receive it.

This guide can help. Here we explain the federal student aid process, you'll learn about our federal student aid programs—grants, work-study, and loans—and we tell you how to apply for them.

Our team at Federal Student Aid is committed to making sure all eligible students can benefit from financial aid and there may be a good deal more of this help on hand than you think. Every year, we provide more than $80 billion in the form of grants, work-study and low-interest loans, and about 14 million students benefit from this aid. Many of them could not have managed the rising cost of education without federal student aid.

Start with us. We're here to help … at **www.FederalStudentAid.ed.gov**. You'll find lots of useful information at our Web site. You can find the online version of this and other publications, apply for federal student aid online, and even search for colleges and other sources of aid. You can also receive an estimate of you federal student aid by using *FAFSA4caster* (see page XX). Our office also publishes many other publications that you will find helpful (see page XX). All of them can be ordered for free at **1-800-4-FED-AID (1-800-433-3243)** or accessed online at **www.FederalStudentAid.ed.gov/pubs**.

Chances are you know someone who took advantage of one or more of our federal student aid programs. It's very possible that you can make this happen for yourself or a family member. So take advantage of federal grant, work-study, and loan programs as well as aid available from your state and the school you plan to attend. The key: Start here, today, and go further.

— *The Federal Student Aid Team*
U.S. Department of Education

DRAFT

What's Inside the Guide

Our Mission XX

A Message to Our Readers XX

Federal Student Aid at a Glance

Considering Education Beyond High School XX

Federal Student Aid Summary Chart XX

What is federal student aid? XX

How do I apply for federal student aid? XX

Who gets federal student aid? XX

Process Summary Chart XX

FAFSA4caster XX

A

What You Should Know Before You Apply

Education After High School XX

Earnings in 2007 of the Population 25 Years and Over XX

What questions should I ask when considering a college or career school? XX

Where can I find this information? XX

Take the next steps. XX

What kind of information should I get from a school? XX

Find out about financial aid at the school XX

Find out the school's refund policy. XX

Find out the school's return-of-aid policy. XX

Find out the school's completion and transfer-out rates. XX

My FSA XX

FAFSA4caster XX

What is *FAFSA4caster*? XX

Who should use *FAFSA4caster*? XX

What are other benefits? XX

How do I get started? XX

What information does *FAFSA4caster* provide? XX

Reducing the Cost of Education XX

Lower-cost schools XX

State Higher Education Agency XX

Work or volunteer opportunities XX

Tax breaks XX

Hope or Lifetime Learning tax credit XX

Am I Eligible? XX

Basic requirements XX

Financial need XX

Education requirements XX

Legal and other requirements XX

"Match" requirements XX

Financial need and Expected Family Contribution (EFC) XX

I think I have some special circumstances in my family. Are these considered in determining my financial needs? XX

What Type of Federal Student Aid Might I Get? XX

There are three types of federal student aid XX

Grants XX

There are five types of federal student aid grants XX

What is a Federal Pell Grant? XX

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

What's the difference between Federal Pell Grants and FSEOGs? XX

What is an Academic Competitiveness Grant (ACG)? XX

What is a National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)? XX

What is the difference between the ACG and the National SMART Grant? XX

How much financial aid can I get? XX

How will I be paid? XX

How often will I receive funds? XX

Can I receive a grant if I'm enrolled less han half-time? XX

Work-Study XX

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

What kinds of jobs are there? XX

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

How much can I earn? XX

How will I be paid? XX

Can I work as many hours as I want? XX

Loans XX

Types of loans XX

Student Loan Comparison Chart XX

What are the differences in these loan programs? XX

How do I apply for a Perkins or Stafford Loan? XX

How much can I borrow? XX

Maximum Annual Loan Limits Chart—Subsidized and Unsubsidized Direct and FFEL Stafford Loans XX

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

How will I be paid? XX

Can I cancel my student loan if I change my mind, even if I have signed the promissory note agreeing to the terms of the loan? XX

PLUS Loans XX

How do parents and graduate and professional degree students apply for a PLUS Loan? XX

DRAFT

What are the eligibility requirements for PLUS Loans? XX
Are there any other requirements? XX
Stafford and PLUS Loan Summary XX
Do we need to find a lender? XX
How much can a parent or graduate and professional degree student borrow under the PLUS Loan program? XX
If a parent obtains a PLUS Loan to help pay for a dependent student's education, who receives the loan money—the parent or the student? XX
Can a borrower cancel a PLUS Loan even after signing the promissory note and agreeing to the terms of the loan? XX
Other than interest, are there any fees or charges to get a PLUS Loan? XX

More Federal Student Aid Information XX
Other Financial Aid Sources XX
Financial aid office XX
State Higher Education Agency XX
529 AmeriCorps XX
Robert C. Byrd Honors Scholarship Program (Byrd Program) XX
Public libraries and the Internet XX
Businesses and labor organizations XX
Organizations, foundations, etc. XX
U.S. Armed Forces XX
U.S. Department of Veterans Affairs XX
Internal Revenue Service (IRS) XX
www.students.gov XX
college.gov XX

It's a Jungle Out There … Be Careful XX

Scholarship scams XX
What about scholarship search services? XX
How can I tell if these search services are scams? Are there any signs I should look for? XX

Identity Theft XX
What is identity theft? XX
How can this happen? XX
What happens if someone steals my identity and gets a student loan in my name? XX
How can I avoid identity theft? XX

B

Start Here … How Do I Apply?

Complete Your FAFSA. Receive Your SAR XX

Getting Your Federal Student Aid PIN XX
What is a Federal Student Aid PIN and what is it used for? XX
Should I get a PIN if I'm not applying online? XX
How and when should I get a PIN? XX
How do I sign my application? What if I don't have a PIN? XX
I submitted my FAFSA but did not sign with a PIN. Will I get one automatically? XX
What if I have questions about the PIN? XX
Can I get a PIN from the Federal Student Aid Information Center? XX

Completing the FAFSA XX
What information do I need to complete a FAFSA accurately? XX
Process for new applicants XX
Can I apply online? XX
Why should I apply online? XX
What if I decide I want a paper FAFSA? XX
Then what should I do? XX
Dependency Status XX
I am considered a dependent student; however, I have no contact with my parents. What do I do about reporting my parents' income? XX
If I am a dependent student, whose information do I report if my parents are divorced or separated? XX
Do I report stepparents' information? XX
Do I need to fill out a FAFSA every year I apply for aid? XX
What if I need help filling out my FAFSA? XX
How do the schools I'm interested in attending get my FAFSA information? XX
What if I want to add or change schools later? XX

The Student Aid Report (SAR) and Why It's Important XX
After you apply for federal student aid you'll receive your FAFSA results in your SAR XX
What do I do with my SAR? XX
If you need to make corrections to your SAR XX
Once my SAR is accurate and complete, how do I find out if I'm eligible for federal student aid and how much I'll receive? XX

C

Repaying Your Student Loan

What You Need to Know as a Borrower XX

Borrower's Responsibilities XX
Think about how much you're borrowing XX
Signing a promissory note means you agree to repay the loan . XX
Make payments regardless of receiving billing notices XX
Continue to pay while waiting for deferment or forbearance approval XX
Notify your lender or loan servicing agency when you … XX
Receive entrance and exit counseling XX

Borrower's Rights XX
What you need to know about your loan XX

DRAFT

Before you leave school XX
Grace period XX

Loan repayment schedule XX

Sale of loan XX
Loan Repayment XX
When do I start paying back my student loans? XX
How much time do I have to repay my student loans? XX
When do parents and graduate and professional degree students begin repaying a PLUS Loan? XX
How much will I have to repay and how often do I make payments? XX
Do I have repayment options? XX
Examples of Typical Perkins Loan Repayments Chart XX
How do parents or graduate and professional degree students repay their PLUS Loan? XX
Are there tax incentives while paying back student loans? XX

Examples of Typical Direct and FFEL Stafford Loan Repayments XX

Postponing Loan Repayment (Deferment and Forbearance) XX

What is deferment? XX
How do I qualify for a deferment? XX
Can my parents or graduate and professional degree students defer repayment of their PLUS Loan? XX
Is there deferment for active military service? XX

Loan Deferment Summary Chart XX

What is forbearance? XX
Applying for deferment or forbearance XX
Are there circumstances when I must be granted a mandatory forbearance? XX

Consolidating Your Loans XX
What is loan consolidation? XX
What kinds of loans can be consolidated? XX
When can I consolidate my loans? XX
How do I get a consolidation loan and where can I get more information? XX
What's the interest rate on a consolidation loan? XX
Are there any disadvantages to getting a consolidation loan? XX

Loan Discharge or Cancellation XX
Is it ever possible to have my federal student loan discharged or canceled? XX
What qualifies my loan for discharge? XX
What qualifies my loan for cancellation? XX
How do I find out if I can get a discharge or cancellation? XX

Perkins Loan Discharge and Cancellation XX

Summary Chart XX

Stafford and PLUS Loan Discharge and Cancellation Summary Chart XX

Important Terms XX

State Higher Education Agencies XX

Other Federal Student Aid Publications XX

DRAFT

Considering Education Beyond High School

Whatever type of school beyond high school you attend—whether it's university, trade school or community college—you have to be thinking about how you're going to pay for it. The cost of education continues to rise. But if you're determined to achieve the success that education beyond high school can bring, the investment is worth it. But that doesn't mean managing these costs isn't a challenge.

Federal Student Aid can help. We assist more than 14 million students each year with grants, work-study, and low interest loans. That's what this guide is about: steering you through the process of applying for and receiving aid and repaying your student loans.

Now is the time to take action. You may qualify for more financial aid than you think. Investing a little time now could pay off in a brighter future. Start right here.

Federal Student Aid
At-a-Glance

PREPARE
APPLY
RECEIVE
REPAY

DRAFT

Do you need help paying for college or for a career or vocational school? This section is a quick reference to our federal student aid programs and how to apply for this aid. The rest of this publication provides more detail of what you need to know.

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

Federal Student Aid Summary Chart

Program	Type of Aid	Program Details	Annual Amount
Federal Pell Grant	Grant: does not have to be repaid	Available almost exclusively to undergraduates	2008–09: $400–$4,731
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
Academic Competitiveness Grant (ACG)	Grant: does not have to be repaid	For Pell-eligible students enrolled at least half-time in their 1st or 2nd year of study or in a certificate program of at least one year at a degree-granting school	
		1st year: must have completed a rigorous secondary school program of study; graduated from high school after Jan. 1, 2006; not have been enrolled in an ACG-eligible program while at or below age of compulsory school attendance	1st year: Up to $750
		2nd year: must have completed a rigorous secondary school program of study; graduated from high school after Jan. 1, 2005; have at least 3.0 cumulative GPA at the end of 1st year of postsecondary study	2nd year: Up to $1,300
National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)	Grant: does not have to be repaid	For Pell-eligible students enrolled at least half-time in 3rd or 4th year (or 5th year of a 5-year program) majoring in certain subject areas with at least a 3.0 cumulative GPA	Up to $4,000 a year
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, in which case you must repay TEACH Grant as a Direct Unsubsidized Loan with interest accrued from the date the grant was disbursed	For undergraduate, postbaccalaureate, and graduate students who are taking or will be taking coursework necessary to become an elementary or secondary teacher; recipient must sign an Agreement to Serve saying that they will teach full-time in a designated teacher shortage area for four complete years (within eight years of completing academic program) at an elementary or secondary school serving children from low-income families in a high-need field	Up to $4,000 a year
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	No annual minimum or maximum amounts
Federal Perkins Loan	Loan: must be repaid	For undergraduate and graduate students; must be repaid to school that made the loan; interest 5 percent	Undergraduate students: up to $5,500; graduate and professional students: up to $8,000
Subsidized Direct* or FFEL Stafford Loan**	Loan: must be repaid	Subsidized: The U.S. Department of Education pays interest while the borrower is in school and during grace and deferment periods; student must be attending at least half-time and have financial need; fixed rate is set annually for new borrowers	$3,500–$8,500, depending on grade level
Unsubsidized Direct* or FFEL Stafford Loan**	Loan: must be repaid	Unsubsidized: The borrower is responsible for all interest; must be at least half-time; financial need not required; fixed rate is set annually for new borrowers	$5,500–$20,500 (less any subsidized amounts received for same period), depending on grade level and dependency status
Direct* or FFEL PLUS Loan**	Loan: must be repaid	For parents of dependent undergraduate students and for graduate and professional students; students must be enrolled at least half-time; financial need not required. Borrower must not have adverse credit history. PLUS Loans are unsubsidized, the borrower is responsible for all interest	Maximum amount is cost of attendance minus any other financial aid student receives; no minimum amount

* This type of loan is from the William D. Ford Federal Direct Loan Program. The loan is known as a Federal Direct Stafford (or PLUS) Loan.

** This type of loan is from the Federal Family Education Loan (FFEL) Program. The loan is known as a FFEL (or Federal) Stafford (or PLUS) Loan.

DRAFT

Most student financial aid comes from the federal government programs you'll read about here. The U.S. Department of Education's office of Federal Student Aid administers these programs. For other sources of student financial aid, see page XX.

Applying for federal student aid is **FREE**; that's why our application is called the *Free Application for Federal Student Aid* (FAFSA). If you need help completing the FAFSA, that help is free too. You don't have to pay anyone for help and you should be aware of scams and services that will search for financial aid for you for a fee. The *College Scholarship Fraud Protection Act* protects you from this type of fraud. We tell you how to protect yourself from scams on page XX.

What is federal student aid?

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

There are three categories of federal student aid: grants, work-study, and loans (see chart on page XX for an overview of these programs.). Check with your school to find out which programs your school participates in.

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

Steps to Federal Student Aid

STEP 1

Get free information and help from your school counselor, the financial aid office at the college or career school you plan to attend, or the U.S. Department of Education (ED) at **www.FederalStudentAid.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

Get a Federal Student Aid PIN, a personal identification number. A PIN lets you apply, "sign" your online *Free Application for Federal Student Aid* (FAFSA), make corrections to your application information and more—so keep it safe. Go to **www.pin.ed.gov** to get one.

STEP 3

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.ed.gov**. Tax return not completed at the time you apply? Estimate the tax information, apply, and correct information later.

STEP 4

Complete the FAFSA between Jan. 1, 2009, and June 30, 2010 (no exceptions to either date!). BUT, apply as soon as possible after Jan. 1 to meet school and state aid deadlines (see note at bottom of page). Apply online (the faster and easier way) by going to **www.fafsa.ed.gov**. If you don't already have your PIN, you can get it when you complete the online FAFSA.

STEP 5

ED will send you your *Student Aid Report* (SAR)—the result of your FAFSA. Review your SAR and, if necessary, make changes or corrections and submit your SAR for reprocessing. Your complete, correct SAR will contain your Expected Family Contribution (EFC)—the number used to determine your federal student aid eligibility.

STEP 6

Your school might request additional information from you. Be sure to respond by any deadlines, or you might not receive federal student aid.

STEP 7

All applicants: Contact the 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). Be sure to meet all application deadlines!

DRAFT

Who gets federal student aid?

Many factors determine eligibility for federal student aid programs. Your eligibility is determined by the information you provide on the FAFSA.

Basic eligibility requirements:

- Demonstrate financial need (except for certain loans; see pages XX and XX).
- Be a U.S. citizen or eligible noncitizen* (for most programs) with a valid Social Security number (SSN).
- Be working toward a degree or certificate in an eligible program.*
- Show, by one of the following means that you're qualified to obtain a postsecondary education:
  - Have a high school diploma or a General Educational Development (GED) certificate.*
  - Pass an approved ability-to-benefit* (ATB) test (if you don't have a diploma or GED, a school can administer a test to determine whether you can benefit from the education offered at that school).
  - Meet other standards that your state establishes and that we have approved.
  - Complete a high school education in a homeschool setting approved under state law.
- Register (if you haven't already) with the Selective Service, if you're a male between the ages of 18 and 25.
- Maintain satisfactory academic progress* once you're in school. (See the complete list of eligibility requirements on pages XX and XX.)

How do I apply for federal student aid?

1. Complete the *Free Application for Federal Student Aid* (FAFSA).

For *FAFSA on the Web*, go to **www.fafsa.ed.gov**. Using *FAFSA on the Web* is faster and easier than using paper. If you don't have Internet access, you can get a paper FAFSA from

- our Web site at **www.FederalStudentAid.ed.gov/pubs** (download a PDF),
- our ED Pubs Web site at **www.edpubs.ed.gov**, or
- our Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

You can apply beginning Jan. 1, 2009; you have until July 1, 2010, to submit your FAFSA. But you need to apply early! Schools and states often use FAFSA information to award nonfederal aid. Their deadlines are usually early in the year. You can find state deadlines at *FAFSA on the Web* or on the paper FAFSA. Check with the schools you're interested in for their deadlines.

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

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

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

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

DRAFT

FAFSA4caster

If you're not attending college this fall, but would like to find out how much federal student aid you might be eligible for, *FAFSA4caster* is for you. This product can help you get an early start on the financial aid process. You can access *FAFSA4caster* at **www.FederalStudentAid.ed.gov**. For more information on *FAFSA4caster*, see page XX.

Process Summary Chart

PREPARE	APPLY	RECEIVE	REPAY
This guide gives you information about federal student aid programs, as well as other means of paying for your education after high school. Take what we say to heart … and then take the next step.	This step is where many deserving students falter, either because they assume they won't qualify, or because the FAFSA looks difficult to complete. In the case of the FAFSA, the improved online version simplifies the application process considerably. It's a good idea to apply. You may be surprised by the amount of aid for which you qualify.	We'll inform you and your selected schools about your Expected Family Contribution (EFC). Then the schools (or your student loan provider) will tell you how much—and what sorts of—aid you qualify for.	If your aid is in the form of a loan or loans, this guide will fill you in on the repayment process.

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

DRAFT

Notes:

DRAFT

A

Education After High School

Our Federal Student Aid team is committed to making sure that all eligible students can benefit from financial assistance for education beyond high school. Congress authorizes billions of taxpayer dollars for this purpose every year.

The amount and type of federal aid we provide doesn't always depend solely on financial need. Once students apply for aid, many are surprised by the amount of aid they receive. So a good rule of thumb is: Don't assume you're not eligible. Take the time to complete and submit the Free Application for Federal Student Aid—the FAFSA (more on that later).

The U.S. Department of Education's office of Federal Student Aid offers a variety of student financial aid programs, which are described in this guide along with other sources you can turn to for financial help in completing your education.

Remember: the more you know about how to make your dreams real, the closer you are to fulfilling them.
It's up to you to make it happen.

What You Should Know
Before You Apply

DRAFT

Why should I invest in an education? Can't I get a job now?

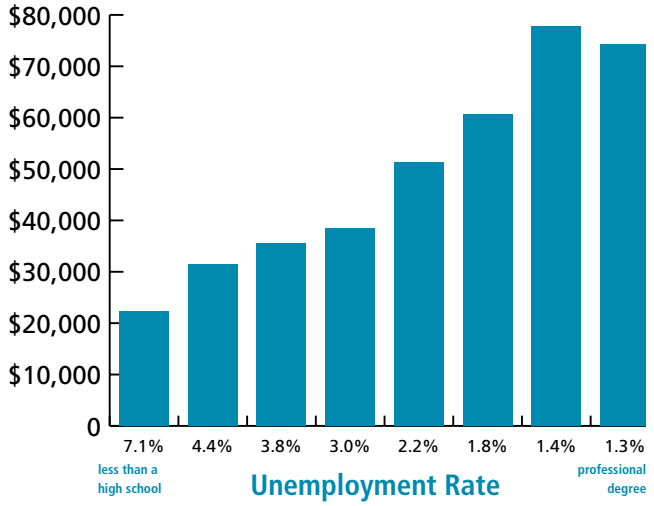
Maybe you could, but statistics are against you and the benefits of getting an education last a lifetime. Education beyond high school is a big investment of time, money and effort. You'll need to figure out how to pay for your education but all the effort you put into it will be worth it. Over a working life, a person with a bachelor's degree will earn almost twice as much as someone with just a high school diploma. More education equates to higher earnings. This is most noticeable at higher education levels (see statistics below). The more education you have, the more you earn.

Unemployment rate in 2007	Level of education completed	Median earnings in 2007
7.1%	Less than a high school diploma	$22,256
4.4%	High school graduate, no college	$31,408
3.8%	Some college, no degree	$35,516
3.0%	Associate degree	$38,480
2.2%	Bachelor's degree	$51,324
1.8%	Master's degree	$60,580
1.4%	Doctoral degree	$77,844
1.3%	Professional degree	$74,204

Source: U.S. Bureau of Labor Statistics.

The difference between income levels becomes even more apparent in graph format.

Income + Education Level



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

What questions should I ask when considering a college or career school?

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

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

Where can I find this information?

- Read the school's catalog or introductory materials.
- Talk with students who currently attend or have attended the school you're considering to get their opinion of the school.
- Check the school's Web site.
- Visit the reference section of your local library.
- Talk to high school counselors and your state higher education agency. (See the section "State Higher Education Agencies" on page XX for a list of agencies and their phone numbers.)
- Check to see if any complaints about the school have been filed with the local Better Business Bureau or the consumer protection division of the state attorney general's office. Search for Better Business Bureau offices at **www.bbb.org**.

You're paying for a high-quality education. Make sure you get it.

Take the next steps.

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

What additional information should I get from a school?

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

- Find out the school's job placement rates (the percentage of students who are placed in jobs relevant to their courses of study).
  If the school advertises its job placement rates, it must also publish:
  - the most recent employment statistics,
  - graduation statistics, and
  - any other information necessary to back up its claims.

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

Find out about financial aid at the school.

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

- The location, hours and counseling procedures for the school's financial aid office.
- The financial aid assistance available, including federal, state, local, private and institutional financial aid programs.
- The procedures and deadlines for submitting applications for each available financial aid program.
- The school's criteria for selecting financial aid recipients.
- The school's process for determining your financial need.
- The school's process for determining the type and amount of assistance in your financial aid package.*
- The method and timing of financial aid payments made to you.
- The school's basis for determining whether you're making satisfactory academic progress,* and what happens if you're not. (Whether you continue to receive federal student aid depends, in part, on whether you make satisfactory academic progress.*)
- If you're offered a Federal Work-Study job, the nature of the job, the hours you must work, your job duties, the pay and the method and timing of payment to you.

Find out the school's refund policy.

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

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

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

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

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

MyFSA

You can create a free, personalized student portfolio at our Web site—*Student Aid on the Web*—at **www.FederalStudentAid.ed.gov**. Just click on the "MyFSA" icon at the "Students, Parents and Counselors" option and follow the instructions. Once you create your personal MyFSA account you will be able to access it with your username and password.

What can I do with a MyFSA account?

With your MyFSA account, you can:

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

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

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

Store and access financial aid information. Any scholarships, loans, and cost of attendance information are saved in the Financial Aid Wizard. You can even calculate an estimated family contribution (EFC). This section of MyFSA also uses the schools

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

from the Colleges section to calculate approximate costs. You also have the option of populating certain fields on *FAFSA on the Web*, *FAFSA4caster*, and electronic college admission applications.

Create an event calendar. Access your personal or college 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.

Have a planner output. Once you have completed the Student Planner, your results can be stored and accessed.

FAFSA4caster

What is *FAFSA4caster*?

FAFSA4caster is an online tool to help you and your family prepare financially for college **before** officially applying for federal student aid. It provides an estimate of federal student aid eligibility by instantly calculating an estimated Expected Family Contribution*—the indicator used to estimate your family's or a student's financial strength. *FAFSA4caster* determines what type of federal aid (grants, work-study and loans) the student is eligible to receive and provides an estimated award amount for each.

Who should use *FAFSA4caster*?

Any student considering applying for federal student aid can use FAFSA4caster before officially applying for aid using the FAFSA. Parents of younger students can use it to receive early estimates, create scenarios based on future earnings, and establish college savings strategies. Students considering going back to college can also use *FAFSA4caster* to get an idea of how much federal aid they may qualify to receive. The benefit of using *FAFSA4caster* goes beyond early estimates. Some of the data entered in *FAFSA4caster* will populate a portion of *FAFSA on the Web* when you officially apply for federal student aid.

NOTE: To apply for aid, you must use *FAFSA on the Web* at **www.fafsa.ed.gov**.

How do I get started?

You can access *FAFSA4caster* at **www.FederalStudentAid.ed.gov**. Remember that the *Free Application for Federal Student Aid* (FAFSA) or *FAFSA on the Web*, the online version, is the application used to apply for federal student aid. But if you're not ready to file the FAFSA, you can submit a *FAFSA4caster* to receive an early estimate of your student aid eligibility.

What information does *FAFSA4caster* provide?

When you submit your *FAFSA4caster*, you will be able to see what college might cost depending on the type of school you plan to attend. If you plan to attend school full-time at a four-year public school, it shows the types of federal student aid that might help cover that and provides examples of aid awards showing in-state and out-of-state costs. Finally, *FAFSA4caster* shows any estimated financial need that remains after the estimated aid amounts and EFC* are taken into account.

Reducing the Cost of Education

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

Lower-cost schools

If you'll be working toward a bachelor's degree, you might consider starting at a two-year community college and then transferring to a four-year school. Community colleges are usually less expensive than four-year schools. (Some four-year schools that are partially funded by local or state taxes can be less expensive as well.) If attending a community college allows you to live at home, you can save money on room and board. If you decide to start at a community college, make sure your community college courses will transfer to your four-year college and that they will count toward your bachelor's degree. Many community colleges have "articulation agreements" with four-year colleges under which the coursework taken at the community college transfers into the four-year degree program. Be sure to ask about the types of articulation agreements the community college has, with whom, and for what programs of study. Discuss any concerns you have about transfer courses and credits with the college registrar at the college you're transferring to.

State Higher Education Agency

Contact your state Higher Education Agency (see page XX) about any aid program or scholarship sponsored by your state.

Work or volunteer opportunities

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

Tax breaks

Certain borrowers can take a tax deduction for the interest actually paid on student loans. This benefit applies to all loans used to pay for postsecondary education school expenses. The maximum deduction is $2,500 a year.

Hope or Lifetime Learning tax credit

You or your parents might also qualify for one or both of these tax credits. See page XX for additional information about tax credits, deductions and the Internal Revenue Service.

DID YOU KNOW ...
Nearly half of all undergraduates or their parents had their taxes reduced by an average of $600 by claiming education tax benefits under the Hope and/or Lifetime Learning tax credits.

Am I Eligible?

Basic requirements

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

Financial need

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

Education requirements

- You must demonstrate by one of the following means that you are qualified to enroll in postsecondary education:
  - Have a high school diploma or a General Educational Development (GED) certificate.*
  - Pass an approved ability-to-benefit* (ATB) test. If you don't have a diploma or GED, you can take an approved ATB test to determine whether you can benefit from the education offered at that school.
  - Meet other standards your state established and that we have approved.
  - Complete a high school education in a homeschool setting approved under state law.
- You must be enrolled or accepted for enrollment as a regular student* working toward a degree or certificate in an eligible program.*
- You must meet satisfactory academic progress* standards set by the postsecondary school you are or will be attending.

You might be able to receive aid for correspondence or telecommunications courses as long as they are part of a recognized certificate or degree program.

Legal and other requirements

- You must be a U.S. citizen or eligible noncitizen.*
- You must have a valid Social Security number (SSN) (unless you're from the Republic of the Marshall Islands, the Federated States of Micronesia or the Republic of Palau). If you don't have an SSN, you can find out more about applying for one at **www.ssa.gov** or by calling **1-800-772-1213**. TTY users can call **1-800-325-0778**.
- When you apply for federal student aid you sign a statement that certifies that you will use federal student aid for educational purposes only. You also certify that you are not in default* on a federal student loan and do not owe a refund on a federal student grant (which could happen if you withdraw from school, for example).
- You must comply with Selective Service registration.* If you're a male aged 18 through 25 and you have not registered you can, at the same time you complete your FAFSA, give the Selective Service System permission to register you by means of the FAFSA. You can also register online at **www.sss.gov** or call **1-847-688-6888**. TTY users can call **1-847-688-2567**.

Drug Conviction?
Everyone must answer this question on the FAFSA. The question asks 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 (such as grants, loans, and work-study).

- Generally, if you have been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid, you will be ineligible for a period of time based on the type and number of convictions. If you answer "Yes" to this question, it is very important that you complete and submit the FAFSA to determine your eligibility. If you are submitting a paper FAFSA, you will be mailed a worksheet to assist you in determining whether your conviction affects your eligibility for federal student aid. If you are applying using *FAFSA on the Web* at **www.fafsa.ed.gov**, you will be provided the electronic version of the same worksheet during your online session. If you need assistance or have any questions on how to answer this question, call **1-800-4-FED-AID (1-800-433-3243)** for help from the Federal Student Aid Information Center. Even if you're ineligible for federal student aid because of a drug conviction, you should still complete the FAFSA because most schools and states use FAFSA information to award nonfederal aid.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

- You have limited eligibility for federal student aid while you're incarcerated. Generally, you're only eligible for a Pell Grant and then only if you're **NOT** incarcerated in a federal or state penal institution. Check with the financial aid office at the school you plan to attending.

Match requirements

When you apply for federal student aid, we verify some of your information with certain federal agencies, including the Social Security Administration (for verification of Social Security numbers and U.S. citizenship status) and the Department of Homeland Security (to verify Alien Registration numbers). If the information doesn't match, the discrepancy must be resolved before you can receive federal student aid. We also check your information against our National Student Loan Data System (NSLDS),* to verify that you haven't defaulted on your federal student loan, haven't received an overpayment on a federal grant or a Federal Perkins Loan and haven't borrowed more than the total limit allowed. We also check your information against Veterans Affairs if you answer that you are a male. Most males between the ages of 18 and 25 must register with Selective Service in order to be eligible for federal student aid.

DID YOU KNOW …
Federal Student Aid issued $83 billion in aid in 2007 (plus another $32 billion in consolidation loans). Ten million students in 6,200 postsecondary institutions received these loans.

Financial need and Expected Family Contribution (EFC)

Aid for most of our programs is awarded based on financial need (except for **unsubsidized Stafford Loans** and **PLUS Loans**). See pages XX–XX. The EFC is a measure of your family's financial strength and resources (for dependent students) should be available to help pay for your education.

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

Determining Your Financial Need
We use your Expected Family Contribution* (EFC) to determine your financial need:

Cost of Attendance*
– Expected Family Contribution (EFC)
= Financial Need

The school uses federal grants and other financial aid to meet your financial need. Because the EFC formula must be applied to each family's financial information, we cannot tell you here whether you will be eligible for federal student aid or estimate how much aid you might receive. If you'd like to get an estimate of you financial aid award use *FAFSA4caster* at **www.FederalStudentAid.ed.gov**. The information you submit with *FAFSA4caster* can be used to populate some of your *FAFSA on the Web* when you're ready to apply for aid (see page XX). But remember, to find out exactly what you will be eligible to receive, you must apply for financial aid. If you want to see how the EFC formula works, you can get detailed worksheets from our Web site at **www.FederalStudentAid.ed.gov/pubs**. Click on the year under "The EFC Formula" or you can call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

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

I think I have some unusual circumstances in my family. Are these considered in determining my financial needs?

The EFC formula is basically the same for all applicants, but there is some flexibility. Your financial aid administrator* can adjust the cost of attendance* or the information used to calculate your EFC to take into account your unusual circumstances. These circumstances could include your family's unusual medical expenses, tuition expenses or unemployment. The financial aid administrator* must have good reasons to use professional judgment to make adjustments because of unusual circumstances. You will have to provide enough documentation to support any adjustments. The financial aid administrator's* decision as to whether to make changes is final and can't be appealed to us.

The following are three examples of unusual circumstances that financial aid administrators may consider as factors in making an adjustment in the expected family contribution* calculation or to the cost of attendance.* These examples are:

- An independent student loses a job.
- A family member becomes a dislocated worker.
- A change in the student's housing status results in homelessness.

What Type of Federal Student Aid Might I Get?

There are three types of federal student aid:

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

Grants

There are five types of federal student aid grants:

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Academic Competitiveness Grant (ACG)
- National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)
- Teacher Education Assistance for College and Higher Education (TEACH) Grant (This grant is converted to an Unsubsidized Direct Stafford Loan and must be repaid if you don't fulfill your teaching agreement).

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

All federal grants are awarded to students with financial need. The amount of your Federal Pell Grant depends on your cost of attendance,* expected family contribution,* enrollment status (full or part-time) and whether you attend for a full academic year* or less. To receive a FSEOG, ACG, or National SMART Grant, you must first be eligible to receive a Federal Pell Grant. The amount of your FSEOG, ACG and National SMART Grant depends on your financial need and other criteria (see Financial Need and Expected Family Contribution (EFC) on page XX).

What is a Federal Pell Grant?

- Pell Grants are the foundation of federal student financial aid, to which aid from other federal and nonfederal sources might be added.
- Pell Grants are generally awarded only to undergraduate students—those who haven't earned a bachelor's or graduate degree.
- In some limited cases, however, you might receive a Pell Grant if you're enrolled in a postbaccalaureate teacher certificate program.
- Amounts can change yearly. The maximum award for the 2008–09 award year was $4,731.

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

- FSEOGs are awarded to undergraduate students with exceptional financial need—those with the lowest Expected Family Contribution* (EFC) numbers.
- Federal Pell Grant recipients receive priority for FSEOG awards.
- FSEOG awards range from $100 to $4,000 a year. The amount of the award is determined by your school's financial aid office.

What's the difference between Federal Pell Grants and FSEOGs?

Federal Pell Grants:

- If you're eligible for a Pell Grant you'll receive the full amount you qualify for—each school participating in the program receives enough funds each year from the U.S. Department of Education to pay the Pell Grant amounts for all its eligible students.
- The amount of other student aid you might qualify for does not affect the amount of your Pell Grant.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

FSEOGs:

- Unlike Pell Grants, the amount of FSEOGs you receive depends not only on your financial need but also on the amount of other aid you get and the availability of funds at your school.
- Receiving other aid might reduce the amount of your FSEOG award.
- Not all schools participate in the FSEOG Program.
- The school's financial aid office decides how to award these funds.
- Each school participating in the FSEOG Program receives a certain amount of FSEOG funds each year from the U.S. Department of Education's office of Federal Student Aid. When all of those funds have been disbursed for that award year, no more FSEOG awards can be made for that year.

Due to limited funds, it's important to apply early to be considered for these funds. Not everyone who qualifies for an FSEOG might get one.

What is an Academic Competitiveness Grant (ACG)?

The maximum award for a first year eligible undergraduate student is $750; the maximum award for a second year eligible undergraduate student is $1,300.

ACG Requirements

To receive an ACG, you must

- be Pell Grant-eligible during the same award year;
- be enrolled at least half-time;*
- be a first-year or second-year undergraduate student or a student in a certificate program of at least one year in a degree program at a two-year or four-year degree-granting institution;
- have completed a rigorous secondary school program of study; and
- if a first-year student—have completed secondary school after Jan. 1, 2006; not have been enrolled in ACG-eligible program while at or below age of compulsory school attendance or
- if a second-year student—have completed secondary school after Jan. 1, 2005, and have at least a 3.0 grade point average as of the end of the first year of undergraduate study.

For a list of recognized rigorous programs of secondary school study in your state visit **www.ed.gov/admins/finaid/about/ac-smart/state-programs.html**

What is a National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)?

This grant program is for full-time undergraduate students who are enrolled in the third or fourth year of undergraduate study. The award is for up to $4,000 for each of the third and fourth years.

National SMART Grant Requirements

To receive a National SMART Grant, you must

- be Pell Grant-eligible during the same award year;
- be enrolled at least half-time;*
- be in the third or fourth year* of an undergraduate degree program (or 5th year of a 5-year program);
- be pursuing a major with at least a 3.0 cumulative GPA in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language; or non-major single liberal arts programs, and
- have at least a 3.0 GPA as of the end of the second award year and continue to maintain a 3.0 GPA that must be checked prior to the beginning of each payment period (e.g., semester).

For a list of National SMART Grant eligible majors, visit **ifap.ed.gov/dpcletters/GEN0809.html**

What is the difference between the ACG and the National SMART Grant?

- The **ACG** is for undergraduate students who are enrolled in the first or second a year of an eligible program* in any field, who have completed a rigorous secondary school program of study, and who also have at least a 3.0 cumulative GPA for the first year.
- The **National SMART Grant** is for undergraduate students who are enrolled in the third or fourth year of an eligible program* (or 5th year of a 5-year program) and pursuing an eligible major with at least a 3.0 cumulative GPA. A student does not have to complete a rigorous secondary school program of study to be eligible for this grant.

NOTE: There are additional steps you need to take to ensure you're considered for an ACG. Students who fill out *FAFSA on the Web* are asked questions particular to the ACG. If you're eligible for a Federal Pell Grant, and within the age range to have graduated from high school after Jan. 1, 2005, these questions appear as additional screens during the application process. The paper FAFSA does not contain these questions. Applicants who file the paper FAFSA, are eligible for a Federal Pell Grant, and within the age range to have graduated from high school after Jan. 1, 2005 will receive instructions on what to do in their *Student Aid Report** (SAR). The SAR tells the student to use

DRAFT

FAFSA on the Web or call the Federal Student Aid Information Center (**1-800-433-3243**) to provide additional information. Because of this extra step in the paper process, we urge students to use *FAFSA on the Web*. When you receive a SAR, remember to read the comments and respond appropriately.

What is a TEACH Grant?

The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program, provides up to $4,000 a year in grant assistance to students who are completing or who plan to complete coursework needed to begin a career in teaching.

In exchange for the grant, a student must sign an Agreement to Serve* as a full-time teacher at certain low-income schools and within certain high-need fields for at least four academic years within eight years after completing (or ceasing enrollment in) the course of study for which the candidate received a grant. TEACH Grant recipients must submit evidence of employment as certified by the chief administrative officer of the school upon completion of each year of teaching service.

If the grant recipient fails or refuses to carry out his or her teaching obligation, the amounts of the TEACH Grants received are treated as an unsubsidized Direct Loan and must be repaid with interest.

Who can get this grant?

Recipients can be

- Undergraduate students
- Graduate students
- Students enrolled in a post-baccalaureate teacher credential program
- Current or former teachers or retirees

Students must also meet the basic eligibility requirements (see page XX) for federal student aid, and

- be enrolled in coursework necessary to begin a career in teaching, or
- plan to complete necessary coursework to begin a career in teaching,
- be above the 75th percentile on one part of an admissions test (such as the SAT, ACT, GRE, etc.) or
- have at least a 3.25 for each payment period—in high school or college for first year students and in college for other students, or
- meet certain academic achievement requirements (generally, scoring above the 75th percentile on a college admissions test or maintaining a cumulative grade point average of at least 3.25).

How much can I get?

You can get

- Full-time students may receive $4,000 per year, up to a maximum of $16,000 for undergraduate and postbaccalaureate study, and up to a maximum of $8,000 for graduate study.
- Amounts are prorated for less than full-time enrollment.
- The award, when combined with other assistance cannot exceed cost of attendance* (The EFC* is not taken into account).

How do I apply?

All applicants must

- fill out the FAFSA and make sure the school you attend participates in this grant program,
- undertake initial counseling,
- sign an Agreement to Serve,
- enroll in a TEACH Grant-eligible program at a participating institution, and
- be currently completing, or intend to complete, coursework necessary to begin a career in teaching in a high-need field.

What's an Agreement to Serve?

Each award year, a TEACH Grant recipient must sign an Agreement to Serve (ATS) that explains that the recipient must teach for four years within eight years of completing or ceasing enrollment in a TEACH Grant eligible program as a full-time highly-qualified teacher in a low-income elementary or secondary school in a high-need field. You can access and sign the ATS with your Federal Student Aid PIN at **www.teach-ats.ed.gov**.

What are the high need fields?

- Mathematics
- Science
- Foreign language
- Bilingual education and English language acquisition
- Special education
- Reading specialist
- Other high-need fields must be listed in the Department of Education's *Nationwide Listing of Teacher Shortage Areas*. You can access this publication at **www.ed.gov/about/offices/list/ope/pol/tsa.pdf**

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

What is considered a low-income elementary or secondary school?

The school must be listed in the Department of Education's *Low-Income School Directory* at **www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp**

Who is considered a highly qualified teacher?

Guidance on the criteria for being a highly qualified teacher is available at **www.ed.gov/teachers/nclbguide/improve-quality.html**

What if I don't fulfill my agreement to serve?

A TEACH Grant recipient who fails to complete the required teaching service must repay the grant(s) as an Unsubsidized Direct Stafford Loan with interest accruing from the date of grant disbursement(s).

Students can find more information on this grant at **www.teachgrant.ed.gov**.

How much financial aid can I get?

Pell Grant

- Pell Grant award amounts can change yearly, but Pell Grant awards for the 2008–09 award year (July 1, 2008 to June 30, 2009) ranged from $400 to $4,731.
- How much grant aid you get depends on:
  - Your EFC.
  - Your cost of attendance.*
  - Whether you're a full-time or part-time student.
  - Whether you attend school for a full academic year* or less.
- You may receive only one Pell Grant in an award year.
- You may not receive Pell Grant funds from more than one school at a time.

FSEOG

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

ACG

- Up to $750 for first year students.
- Up to $1,300 for second year students.

National SMART Grant

- Up to $4,000 for each of the third and fourth years (or 5th year of a 5-year program).

TEACH Grant

- Up to $4,000 per year

How will I be paid?

Your school will:

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

How often will I receive funds?

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

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

Yes, but you will not receive as much as if you were enrolled full-time.

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

Work-Study

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

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

- Provides part-time employment while you are enrolled in school.
- Helps pay your educational expenses.
- Is available to undergraduate and graduate students.
- Is available to full-time or part-time students.
- Is administered by schools participating in the FWS Program.
- Encourages community service work and work related to your course of study, whenever possible.

DRAFT

What kinds of jobs are there?

The FWS Program provides jobs for students demonstrating financial need. The program encourages community service work and work related to the student's course of study.

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

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

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

How much can I earn?

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

Your total FWS award depends on:

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

How will I be paid?

- Undergraduate student—by the hour.
- Graduate student—by the hour or by salary, depending on the work you do.
- Your school must pay you at least once a month.
- Your school must pay you directly unless you request that the school:
  - send your payments directly to your bank account, or
  - use the money to pay for your education-related institutional charges such as tuition, fees, and room and board.

Can I work as many hours as I want?

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

Loans

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

Types of loans:

- **Federal Perkins Loans** are:
  - Made through participating schools to undergraduate, graduate and professional degree students.
  - Offered to students who demonstrate financial need.
  - Made to students enrolled full-time or part-time.
  - Repaid to your school.
- **Stafford Loans** are for undergraduate, graduate and professional degree students. You **must** be enrolled as at least a half-time* student to be eligible for a Stafford Loan. There are two types of Stafford Loans: subsidized and unsubsidized. You must have financial need to receive a subsidized Stafford Loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on subsidized Stafford Loans during certain periods. Financial need is not a requirement to obtain an unsubsidized Stafford Loan. You are responsible for paying the interest that accrues on unsubsidized Stafford Loans.
  These loans are made through one of two U.S. Department of Education programs:
  - **William D. Ford Federal Direct Loan (Direct Loan) Program** Loans made through this program are referred to as **Direct Loans**. Eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Loans include subsidized and unsubsidized Direct Stafford Loans (also known as Direct Subsidized Loans and Direct Unsubsidized Loans), Direct PLUS Loans, and Direct Consolidation Loans. *You repay these loans directly to us.*
  - **Federal Family Education Loan (FFEL) Program.** Loans made through this program are referred to as **FFEL Loans**. Private lenders provide funds that are guaranteed by the federal government. FFEL Loans include subsidized and unsubsidized FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. *You repay these loans to the bank or private lender that made you the loan.*

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

- **PLUS Loans (Direct or FFEL)** are loans parents can obtain to help pay the cost of education for their dependent undergraduate children. In addition, graduate and professional degree students may obtain PLUS Loans to help pay for their own education.
- **Consolidation Loans (Direct or FFEL)** allow student or parent borrowers to combine multiple federal education loans into one loan with one monthly payment. (See page XX for more information on these loans.)

Whether you (or your parents) receive a Stafford or PLUS Loan depends on which program the school you attend participates in. Most schools participate in one or the other, although some schools participate in both.

It's possible for you to receive both Direct and FFEL Loans but you can't receive the same type of Direct or FFEL Loan for the same period of enrollment at the same school. Some schools use one loan program for Stafford Loans and another loan program for PLUS Loans. For example, a graduate or professional student could receive a Direct Stafford Loan and a FFEL PLUS Loan for the same period of enrollment at the same school.

What's the interest rate on these loans?

For loans first disbursed on or after July 1, 2008, the interest is 6.0 percent for subsidized* Stafford loans for undergraduate students and 6.8 percent for unsubsidized* Stafford loans for undergraduate and graduate students.

FFEL PLUS Loans first disbursed on or after July 1, 2006 have a fixed interest rate of 8.5 percent. Direct PLUS Loans first disbursed on or after July 1, 2006 have a fixed interest rate of 7.9 percent.

Over a four-year period beginning July 1, 2008, the interest rate on subsidized Stafford loans made to undergraduate students, with a first disbursement date on or after July 1, 2008, will be reduced as shown in the following chart:

Interest Rate Reductions for Subsidized Stafford Loans

First disbursement of a loan:		Interest rate on the unpaid balance
Made on or after	And made before	
July 1, 2008	July 1, 2009	6.0 percent
July 1, 2009	July 1, 2010	5.6 percent
July 1, 2010	July 1, 2011	4.5 percent
July 1, 2011	July 1, 2012	3.4 percent

This change does not affect any prior loans made to these or any other borrowers, the terms and interest rates of those prior loans remain unchanged. These reduced interest rates **apply only to subsidized loans** made to undergraduate students; any unsubsidized Stafford Loan for the same undergraduate borrower would continue to be made at 6.8 percent. Graduate students have a fixed interest rate of 6.8 percent.

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

What are the differences in these loan programs?

The chart on page XX shows basic loan comparisons. More information is provided in this section. The financial aid office at your school can explain which programs are available to you.

How do I apply for a Perkins or Stafford Loan?

As with all federal student aid, you apply for a Perkins or Stafford Loan by completing the FAFSA. A separate loan application is not required. However, you'll need to sign a promissory note,* which is a binding legal contract that says you agree to repay your loan according to the terms of the promissory note.* Read this note carefully before signing it and save a copy for your records.

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

Student Loan Comparison Chart

Loan Program	Eligibility	Award Amounts	Interest Rates	Lender/Length of Repayment
Federal Perkins Loans	Undergraduate and graduate students	Undergraduate—up to $5,500 a year (maximum of $27,500 as an undergraduate) Graduate—up to $8,000 a year (maximum of $60,000, including undergraduate loans) Amount actually received depends on financial need, amount of other aid, availability of funds at school	5 percent	Lender is your school Repay your school or its agent Up to 10 years to repay, depending on amount owed
FFEL Stafford Loans (subsidized and unsubsidized)	Undergraduate and graduate students; must be enrolled at least half-time*	Depends on grade level in school and dependency status (see chart on page XX) Financial need is required for subsidized loans Financial need is not necessary for unsubsidized loans	Fixed rate of 6.0 percent for subsidized loans and 6.8 percent for unsubsidized loans made to undergraduate students Graduate students have a 6.8 percent fixed interest rate The federal government pays interest on subsidized loans during school and certain other periods The borrower pays all interest on unsubsidized loans	Lender is a bank, credit union or other participating private lender Repay the loan holder or its agent Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
Direct Stafford Loans (subsidized and unsubsidized)	Undergraduate and graduate students; must be enrolled at least half-time*	Depends on grade level in school and dependency status (see chart on page XX) Financial need is required for subsidized loans Financial need is not necessary for unsubsidized loans	Fixed rate of 6.0 percent for subsidized loans and 6.8 percent for unsubsidized loans made to undergraduate students Graduate students have a 6.8 percent fixed interest rate The federal government pays interest on subsidized loans during school and certain other periods The borrower pays all interest on unsubsidized loans	Lender is the U.S. Department of Education; repay Department Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
FFEL PLUS Loans	Parents of dependent undergraduate students enrolled at least half-time* (see dependency status) Graduate or professional degree students enrolled at least half-time* Borrower must not have negative credit history	Student's Cost of Attendance* – Other aid student receives _____ = Maximum loan amount	Fixed rate at 8.5 percent for loans first disbursed on or after July 1, 2006; borrower pays all interest	Lender is a bank, credit union or other participating private lender Repay the loan holder or its agent Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
Direct PLUS Loans	Parents of dependent undergraduate students enrolled at least half-time* (see dependency status) Graduate or professional degree students enrolled at least half-time* Borrower must not have negative credit history	Student's Cost of Attendance* – Other aid student receives _____ = Maximum loan amount	Fixed rate at 7.9 percent for loans first disbursed on or after July 1, 2006; borrower pays all interest	Same as for Direct Stafford Loans above, except that the Income Contingent Repayment Plan is not an option

How much can I borrow?

Perkins Loans

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

- Each school participating in the Federal Perkins Loan program receives a certain amount of Perkins funds each year from the U.S. Department of Education's office of Federal Student Aid.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

- Due to limited funds, it's important to apply early to be considered for these funds. Not everyone who qualifies for Perkins Loan might get one.
  - Submit your FAFSA early so you can be considered for these funds.

Stafford Loans (Direct and FFEL)

The Maximum Annual Loan Limits Chart—Subsidized and Unsubsidized Direct and FFEL Stafford Loans on page XX, shows that your loan limits depend on:

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

Subsidized Stafford Loan

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

The amount of your subsidized loan cannot exceed your financial need.

Unsubsidized Stafford Loan

- Does not require students to demonstrate financial need.
- You are responsible for paying interest on subsidized loans.

To determine the amount of your unsubsidized loan, your school will use this equation:

Cost of Attendance*
– Federal Pell Grant (if eligible)
– Subsidized Stafford Loan amount (if eligible)
– Any other financial aid you receive

= Amount of unsubsidized loan you receive (up to the annual maximum loan amount)

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

For an *unsubsidized* loan:

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

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

- Federal Perkins Loans—**No**.
- Direct Loans—**Yes**, for all Direct Subsidized Loans and Direct Unsubsidized Loans first disbursed on or after July 1, 2008 and before July 1, 2009, the loan origination fee (origination fee) is 2.0 percent. The Direct PLUS Loan origination fee is 4 percent for loans made to both parent and graduate and professional degree student borrowers.
- FFEL Loans—**Yes**, you may be charged fees comparable to the fees charged for Direct Loans. Contact your lender for more information.

How will I be paid?

Perkins Loans:

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

Stafford Loans:

- In general, your school will disburse your loan in at least two installments—there might be certain exceptions.
- No installment will be greater than half the amount of your loan.
- If you're a first-year undergraduate student and a first time borrower, your first disbursement can't be made until 30 days after the first day of your enrollment period.
- If you're a first-time borrower you must complete entrance counseling before you receive your first loan disbursement.

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

DRAFT

Maximum Annual Loan Limits Chart (Aggregate Loan Limits)—Subsidized and Unsubsidized Direct and FFEL Stafford Loans

Year	Dependent Undergraduate Student (except students 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 Student
First Year	$3,500 plus $2,000 in unsubsidized loans	$9,500—No more than $3,500 of this amount may be in subsidized loans.	$20,500—No more than $8,500 of this amount may be in subsidized loans.
Second Year	$4,500 plus $2,000 in unsubsidized loans	$10,500—No more than $4,500 of this amount may be in subsidized loans.	
Third and Beyond (each year)	$5,500 plus $2,000 in unsubsidized loans	$12,500—No more than $5,500 of this amount may be in subsidized loans.	
Maximum Total Dept from Stafford Loans When You Graduate (aggregate loan limits)	$31,000 (maximum $23,000 subsidized)	$57,500—No more than $23,000 of this amount may be in subsidized loans.	$138,500—No more than $65,500 of this amount may be in subsidized loans. The graduate debt limit includes Stafford Loans received for undergraduate study.

NOTE: *The amounts shown in the chart above are the maximum amounts that you may borrow for an academic year.* You might receive less than the maximum if you receive other financial aid that's used to cover a portion of your cost of attendance.* The maximum amount you may borrow will also be less in certain situations, such as if you are an undergraduate student enrolled in a program of study that is shorter than an academic year.**

Graduate and professional students enrolled in certain health profession programs may receive additional unsubsidized Stafford Loan amounts beyond those shown above.

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

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

DID YOU KNOW …

Our team is responsible for much more than processing aid applications and issuing loans. Though these are significant responsibilities in their own right, we also work closely with 3,000 or more private lenders that participate in our programs and more than 6,000 colleges and vocational schools that administer our funds. Part of this function is oversight: we're charged with making sure that they treat borrowers fairly and ethically.

Can I cancel my student loan if I change my mind, even if I have signed the promissory note agreeing to the terms of the loan?

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

PLUS Loans

Parents of dependent students and students pursuing a graduate or professional degree can borrow from the PLUS Loan program. The terms and conditions applicable to parent PLUS Loans (made to parents of dependent students) also apply to PLUS Loans made to graduate and professional degree students. These terms and conditions include:

- a requirement that the applicant not have an adverse credit history and
- a fixed interest rate of 8.5 percent for FFEL PLUS Loans and 7.9 percent for Direct PLUS Loans.

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

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

DID YOU KNOW …
Financial aid provided by the office of Federal Student Aid is the largest source of postsecondary financial aid in the nation, making up about 70 percent (in dollar value) of all aid granted nationwide.

How do parents and graduate and professional degree students apply for a PLUS Loan?

Direct PLUS Loan:

- The school must participate in the Direct Loan Program.
- Complete a Direct PLUS Loan application and promissory note* contained in a single form from the financial aid office at the school.

FFEL PLUS Loan:

- The school must participate in the FFEL Loan Program.
- Complete a FFEL PLUS Loan application and promissory note,* available from the school, lender or state guaranty agency.* After the school completes its portion of the application, it must be sent to a lender for evaluation.

Although not a requirement if the student will not be receiving any other federal student aid, parents are encouraged to have their dependent children submit a FAFSA so their children can receive the maximum student financial aid they're eligible for. Graduate and professional degree students applying for a PLUS Loan are required to submit a FAFSA.

What are the eligibility requirements for PLUS Loans?

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

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

Are there any other requirements?

A PLUS Loan applicant should not have an adverse credit history. (A credit check will be conducted.) If a PLUS Loan applicant does have an adverse credit history, they might still be able to receive a loan by documenting existing extenuating circumstances or by obtaining an endorser who does not have an adverse credit history. An endorser is someone who agrees to repay the loan if the borrower fails to do so.

Do we need to find a lender?

Direct PLUS Loan—No. The U.S. Department of Education is the lender. Your school assists in administering the Direct Loan Program by:

- distributing the loan application,
- processing the loan, and
- disbursing the loan funds.

FFEL PLUS Program—Yes. You will need to find a participating lender.

If your school has a preferred lender list, it will give you the option of choosing a lender from that list. Remember that a preferred lender list is only a starting place when shopping for financing.

- Check the terms and fine print carefully. Not all students can take advantage of all the benefits lenders advertise. Choose the loan that offers the best upfront discounts, such as waiving origination and default fees, or other immediate discounts. Benefits that are promised several years down the road usually won't help you if you consolidate your loans or get into financial trouble.
- Your school or the guaranty agency* that serves your state can help you locate a participating lender.
- For the address and telephone number of your state guaranty agency,* contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

How much can a parent or graduate and professional degree student borrow under the PLUS Loan program?

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

If a parent obtains a PLUS Loan to help pay for a dependent student's education, who receives the loan money—the parent or the student?

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

DRAFT

Can a borrower cancel a PLUS Loan even after signing the promissory note and agreeing to the terms of the loan?

Yes. A borrower can cancel a PLUS Loan the same way that a borrower would cancel a Perkins or Stafford Loan.

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

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

Is there a grace period?

Repayment of a PLUS loan for graduate or professional degree students begins on the date of the last disbursement. Parent PLUS loan borrowers whose funds were first disbursed on or after July 1, 2008, have the option of delaying their repayment on the PLUS loan either 60 days after the loan is fully disbursed or six months after the dependent student is not enrolled at least half-time. During this time, interest may be paid by the parent or capitalized.*

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

Stafford and PLUS Loan Summary

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

More Federal Student Aid Information

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

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

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Other Financial Aid Sources

Financial aid office

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

When should I first contact the financial aid office?

While researching the school before applying, be sure to find out what types of financial aid are available at that school. Your research should include a visit to the financial aid office's Web site. Later, as you prepare to apply for aid at that school, the Financial Aid Administrator* (FAA), or the staff at the office, will be able to answer your questions about the process.

What questions can my FAA answer for me?

- What financial aid can I apply for through my school and through my state education agency?
- What are the financial aid application deadlines at my school?
- How do I fill out the *Free Application for Federal Student Aid* (FAFSA)?
- Do I have to include my parents' information on the FAFSA?
- I went to a Web site that I thought was the FAFSA site, but it asked for my credit card number. Do I need to pay to fill out the FAFSA?
- What am I supposed to do with my *Student Aid Report*?*
- What is verification, what documents must I provide and when, and why was I chosen in the first place?
- When will I find out how much aid I've been awarded?
- What are all these different kinds of aid my school has awarded me?
- What if I'm not awarded enough money to pay for all my school-related expenses?

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

State Higher Education Agency

Your state agency can give you important information about state aid—including aid from the Leveraging Educational Assistance Partnership (LEAP) Program, funded jointly by states and the U.S. Department of Education. See the "State Higher Education Agencies" section in this guide for your state contact information.

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

Robert C. Byrd Honors Scholarship Program (Byrd Program)

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

Public libraries and the Internet

These are excellent sources of information on state and private sources of financial aid. When using either source, search using keywords like "financial aid," "student aid," "scholarships," etc. Beware of scams and services that will search for financial aid money for you for a fee. You should not have to pay for this information.

Businesses and labor organizations

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

Organizations, foundations, etc.

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

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 "What You Get" and then go to "College Help."

U.S. Department of Veterans Affairs

If you (or your spouse) are a veteran or you're the dependent of a veteran, educational benefits may be available. Under the *Post-9/11 Veterans Education Assistance Act of 2008*, many post-9/11 veterans and service members will be eligible for a new comprehensive education benefits package that goes beyond helping to pay for tuition. Many veterans who served after Sept. 11, 2001, will get full tuition and fees, a monthly housing stipend, and a $1,000 a year stipend for books and supplies. The new bill also gives Reserve and 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** or call **1-888-GI-BILL-1 (1-888-442-4551)**.

Internal Revenue Service (IRS)

The IRS offers financial aid to certain taxpayers to help pay higher education expenses. The IRS offers two federal income tax credits (tax credits offer dollar-for-dollar reductions in your final tax liability) for higher education expenses.

- The Hope Tax Credit, worth up to $1,650 per student, is available for first- and second-year students enrolled at least half-time.*
- The Lifetime Learning Tax Credit is a tax benefit equal to 20 percent of a family's tuition expenses, up to $10,000, for virtually any postsecondary education and training. This applies to undergraduate, graduate and professional degree schools and even for less than half-time* study. For more information on the Hope and Lifetime Learning tax credits, and other tax benefits for postsecondary students, go to **www.irs.gov.** IRS Publication 970, Tax Benefits for Higher Education, which explains these credits and other tax benefits, is available online, or call **1-800-829-1040**. TTY callers should call **1-800-829-4059**.

www.college.gov

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

www.students.gov

This site provides access to government resources to help you plan and pay for your education. Besides finding financial aid information, you can use this Web site to file your taxes, search for a job and take advantage of other government services.

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

It's a Jungle Out There … Be Careful

Scholarship Scams

What about scholarship search services?

Many private scholarship search services provide sources of financial assistance. We do not evaluate those services. If you decide to use a search service, check its reputation by contacting the Better Business Bureau or a state attorney general's office. You can search for scholarships for free on our Web site at **www.FederalStudentAid.ed.gov**.

How can I tell if these search services are scams? Are there any signs I should look for?

Be careful when searching for information on student financial aid. Estimates show that families lose millions of dollars every year to scholarship fraud. The College Scholarship Fraud Prevention Act protects against fraud in student financial assistance. The Federal Trade Commission (FTC) cautions students to look for these telltale lines:

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

Make sure the information you receive and offers for assistance are legitimate. Don't fall prey to fraud. To file a complaint with the FTC, or for free information, call **1-877-FTC-HELP (1-877-382-4357)**. The TTY number is **1-866-653-4261**. Or visit **www.ftc.gov/scholarshipscams**.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Identity Theft

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

What is identity theft?

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

How can this happen?

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

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

For Stafford Loans and PLUS Loans, this is considered false certification of loan eligibility and the loan might be discharged.

How can I avoid identity theft?

- Don't throw credit card applications you don't want into the trash. Cut them into several pieces, or shred them, so no one can retrieve them and apply for credit in your name.
- Safeguard your Social Security number at all times. You generally have to provide it to your employer or your bank, but if a business wants it, ask why it's needed and how it will be used before you give it out. There probably is no legitimate reason for any business to need your Social Security number. Never give it or your driver's license number to anyone who calls you on the phone or contacts you online saying they need this information to verify your identity.
- Never give personal or financial information over the phone or the Internet unless you initiated the contact.
- If you apply for our federal student aid programs over the Internet, do so at the Department of Education's **www.fafsa.ed.gov**, or through **www.FederalStudentAid.ed.gov** which are official U.S. government Web sites that are safe and protected from unauthorized disclosure.
- After completing any online application, remember to log off the computer system.
- Review your financial aid award documents and keep track of the amount of student aid applied for and awarded.
- Keep your Federal Student Aid PIN, your online student identifier, in a safe place and never give it to anyone.

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

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

We at the U.S. Department of Education work hard to ensure that information sent over our Web sites is secure. However, students should do their part as well. Make sure you keep your information safe.

DRAFT

B

Complete Your FAFSA. Review Your SAR.

For all the acronyms, it's a pretty straightforward process if you take the time to see it through. After all, millions of students just like you apply successfully each year. So, go ahead. Apply. The results may surprise and delight you.

We've set everything up so you can apply and check the progress of your application online.

In the case of federal student loans, there are a few points we should make up front. One, interest rates are far lower than those for commercial loans because the federal government subsidizes them. Repayment terms are comfortable and in most instances you don't begin to repay until you leave school. And if you're worried about your credit history disqualifying you—don't. The amount of your student loan does not depend on your past history with creditors.

So … you can go for it, or you can hang back. The how to is right here, but you have to supply the drive.

Start Here …
How Do I Apply?

DRAFT

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

Getting Your Federal Student Aid PIN

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. Your PIN allows you to:

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

DID YOU KNOW …
The Federal Student Aid PIN gives you access to personal information and therefore should be kept PRIVATE. You should not share your PIN with anyone, even if that person is helping you fill out the FAFSA. Counselors should not offer to hold onto students' PINs. If you are concerned about forgetting your PIN you should go to www.pin.ed.gov and change your PIN to a number you will remember.

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

Should I get a PIN if I'm not applying for aid online?

We encourage you to apply online because that process is much faster and easier. The electronic FAFSA process has edits built into the application that dramatically reduce the chance for errors. That saves you time and trouble. But, even if you don't apply online, you can use a PIN later to:

- View your SAR* online.
- Correct your application information.
- Complete subsequent FAFSAs online.

How and when should I get a PIN?

You, and your parents if you're a dependent student, can apply for a PIN anytime at **www.pin.ed.gov**.

How do I sign my application? What if I don't have a PIN?

If you're in *FAFSA on the Web*, a separate screen will appear when you select the option to apply for a PIN. You will be given the option of instantly receiving your PIN online, having it e-mailed to you immediately, or having it sent to you via postal mail (7–10 days). If you choose to have it displayed on the screen, you can sign your FAFSA right then and there. If you choose to have your PIN e-mailed to you or sent by postal mail, you'll need to save your *FAFSA on the Web* and sign with your PIN when you receive it. Or, you can print a "signature page," sign and mail it to the address indicated on the page. You can also select the option to process the application without a signature. If you select this option, you will be mailed a paper SAR* that you must sign and mail back to us for processing. The process can take two or more weeks. This option is not recommended because it is the most time-consuming.

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

I submitted my FAFSA but did not sign with a PIN. Will I get one automatically?

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

What if I have questions about the PIN?

Go to **www.pin.ed.gov** or **www.FederalStudentAid.ed.gov**. Or, call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

Can I get a PIN from the Federal Student Aid Information Center?

No. You can only apply for a PIN online.

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

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

Completing the FAFSA

What information do I need to complete a FAFSA accurately?

- Your Social Security number and your parents' numbers, if you're a dependent student.
- 2008 W-2 forms and other records of money earned (by you and by your parents, if you're a dependent student).
- Your 2008 Federal Income Tax Return (and that of your spouse, if you're married).
- Your parents' 2008 Federal Income Tax Return (if you're a dependent student).
- Any foreign tax return or tax return from Puerto Rico.
- Your 2008 untaxed income records—examples include IRA deductions, child support, and veterans noneducation benefits.
- Your current bank statements, business and investment mortgage information; business and farm records; and stock, bond and other investment records.
- Your alien registration number (if you are not a U.S. citizen).

If possible, have the necessary 2008 income tax returns finished so you can complete the FAFSA more easily and accurately. If you apply before your tax return has been completed, you'll have a two-step application process.

- Step 1—Apply and estimate your income and tax information on your application.
- Step 2—Make corrections later if your estimated income or tax information was not accurate.

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

Read the FAFSA instructions very carefully. Pay close attention to questions on income because most errors occur in that area.

Process for new applicants

Apply between Jan. 1, 2009, and June 30, 2010. To determine your eligibility for federal student aid, you need to complete the FAFSA. You may also need to complete an additional application in order to be considered for financial aid from your state or the school you're interested in attending.

Can I apply for aid online?

Yes. We encourage you to complete the FAFSA online at **www.fafsa.ed.gov**. Applying online is the fastest and easiest way to apply. Use the *FAFSA on the Web Worksheet* to write down your information prior to completing the online form. You can print a copy of the *FAFSA on the Web Worksheet* at **www.fafsa.ed.gov**.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Applying Online

- Go online to **www.fafsa.ed.gov**.
- As an alternative, go online to **www.FederalStudentAid.ed.gov** and click on the FAFSA logo in the left column.
- If you have created a "MyFSA" account at **www.FederalStudentAid.ed.gov**, many sections of the FAFSA will automatically be completed for you, saving time and eliminating mistakes.
- If you previously completed *FAFSA4caster*, you may choose to have your FAFSA populated with the information you already provided. If you complete *FAFSA4caster* and need to apply for aid right away, just follow the instructions in *FAFSA4caster* and finish the process of applying for aid.

Why should I apply online?

- As you complete the online application, *FAFSA on the Web* looks at your answers to previous questions and uses skip-logic to only display questions that apply to your situation to appear on your screen. This makes the application process shorter.
- *FAFSA on the Web* identifies potential errors right away and prompts you to make on-the-spot corrections.
- You get online instructions for each question, and you can access live help with a customer service representative for free if you have additional questions.
- If you are eligible for a Federal Pell Grant, and within the age range to have graduated from high school after Jan. 1, 2005, additional screens will appear to help determine your eligibility for the Academic Competitiveness Grant.
- By applying online, you can send your application information to up to ten schools (the paper form is limited to four schools).
- Once you submit your application, your information is immediately sent to the U.S. Department of Education. You'll get a confirmation notice right away when you click on "Submit My FAFSA Now."
- Your online application will be processed quickly, if you (and your parents, if applicable) provided electronic signatures using the PIN.

What if I decide I want a paper FAFSA?

You can get a paper FAFSA—in English or Spanish—from our Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243)**. Complete, sign and mail the FAFSA in the pre-addressed envelope.

You can also download a Portable Data Format (PDF) FAFSA by going to **www.FederalStudentAid.ed.gov**. The PDF FAFSA is identical to the paper FAFSA and you have two options to complete a PDF FAFSA:

- Complete the form on your computer, print, sign and mail it to the address on the form for processing or
- Print the blank form, complete it by hand, sign and mail it to the address on the form for processing.

What happens after I mail the FAFSA for processing?

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

NOTE: No paper or electronic FAFSA will be accepted prior to Jan. 1, 2009. Any FAFSA received before Jan. 1, 2009, will not be processed.

Dependency Status

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

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

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

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

For the 2009 –10 academic year,* you're an independent student **IF** at least one of the following applies to you:

- You were born before Jan. 1, 1986.
- You're married on the day you apply (even if you are separated but not divorced).

- You are or will be enrolled in a master's or doctoral degree program (beyond a bachelor's degree) at the beginning of the 2009–10 academic year.*
- You are currently serving on active duty in the U.S. Armed Forces for purposes other than training.
- You're a veteran of the U.S. Armed Forces. (A "veteran" includes students who attended a U.S. service academy and were released under a condition other than dishonorable. For more details on who is considered a veteran, see the explanatory notes on the FAFSA.)
- You have children who will receive more than half their support from you between July 1, 2009 and June 30, 2010.
- You have legal dependents (other than your children or spouse) who live with you and who receive more than half their support from you now and through June 30, 2010.
- When you were age 13 or older, both your parents were deceased and you were you in foster care or a dependent/ward of the court.
- As of the day you apply for aid, you are an emancipated minor as determined by a court in your state of legal residence.
- As of the day you apply for aid, you are in legal guardianship as determined by a court in your state of legal residence.
- At any time on or after July 1, 2008, your high school or school district homeless liaison determined that you were an unaccompanied youth who was homeless.
- At any time on or after July 1, 2008, the director of an emergency shelter program funded by the U.S. Department of Housing and Urban Development determined that you were an unaccompanied youth who was homeless.
- At any time on or after July 1, 2008, the director of a runaway or homeless youth basic center or transitional living program determined that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless.

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

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

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

I'm considered a dependent student; however, I have no contact with my parents. What do I do about reporting my parents' income?

In special cases:

- A financial aid administrator* can determine that a student who doesn't meet the above criteria should be treated as an independent student.
- The financial aid administrator* can change your dependency status from dependent to independent based on adequate documentation of your unusual circumstances.
- You must provide this documentation to the financial aid office at your school.
- The financial aid administrator* cannot automatically change your status simply because you request it.
- The decision is based on the financial aid administrator's* judgment of the facts of your situation and is ***final***.
- You cannot appeal that decision to the U.S. Department of Education.

If I am a dependent student, whose information do I report if my parents are divorced or separated?

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

Do I report stepparents' information?

Your stepparent's financial information is required on the FAFSA:

- If the parent you received financial support from was a single parent who is now married, or
- If the parent you received financial support from was divorced or widowed but has remarried.

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

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

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

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

For those who applied in 2008–09, there will be fewer questions to answer for 2009–10 because your FAFSA for the new year contains much of the information given in the 2008–09 application. Only the information that has changed since last year, such as your income and tax information, and any new questions must be answered. You can complete your FAFSA online at **www.fafsa.ed.gov** between Jan. 1, 2009, and June 30, 2010. Remember that states and schools may have earlier deadlines for nonfederal aid, so it's important to check your state or school deadlines. State contact information is provided at the end of this guide.

To complete your FAFSA for subsequent years:

- In January 2009, you'll receive notice (by e-mail or regular mail) reminding you to apply for the 2009–10 award year. The 2009–10 award year is July 1, 2009 to June 30, 2010.
- You will need your PIN to access your 2009–10 *FAFSA on the Web* (also called a pre-filled FAFSA). Go to **www.fafsa.ed.gov** and select "Fill Out a FAFSA." Follow the instructions to access your pre-filled FAFSA. Review the information on your FAFSA and change or add information as needed, sign and submit it.
- If you prefer to complete a paper application, you will have to answer all questions on the form, sign and mail it in for processing.
- You'll then receive your *Student Aid Report** (SAR) containing your application results (see page XX).
- Review your SAR to make sure all your information is correct.
- Check with your financial aid office, or contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** if you have questions about the FAFSA process for subsequent years.

What if I need help filling out my FAFSA?

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

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

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

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

What if I want to add or change schools later?

Using your PIN, you can go to **www.fafsa.ed.gov** and select "Add or Delete a School Code" to make changes online or you can call the Federal Student Aid Information Center **1-800-4-FED-AID (1-800-433-3243)**. If you call, you'll need your **Data Release Number (DRN)**, which is located on your *FAFSA on the Web* Confirmation page and on your SAR.

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

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

The Student Aid Report (SAR) and Why It's Important

Your *Student Aid Report** (SAR) summarizes all the information you provided on your FAFSA. Your SAR will usually contain your Expected Family Contribution* (EFC), the number used in determining your eligibility for federal student aid. Your EFC will appear in the upper right-hand portion of a paper SAR or an electronic SAR. You might not get an EFC if we need more information from you to process your data. Your Data Release Number (DRN) will also 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.

After you apply for federal student aid you'll receive your SAR (the processed FAFSA results):

- You will receive your SAR by e-mail within 3–5 days after your FAFSA has been processed, if you provided an e-mail address when you applied. This e-mail will contain a secure link so you can access your SAR online. If you have a "junk" folder or "spam" folder in your e-mail files, check it. The e-mail from us might be delivered there instead of your inbox. We encourage you to add our e-mail address, **FederalStudentAidFAFSA@cpsemail.ed.gov**, to your e-mail address book to help avoid delivery problems. The e-mail you receive from us will look like this:
- You will receive a paper SAR by mail within 7–10 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.

If you applied using a paper FAFSA, there are additional steps you need to take to ensure you're considered for the ACG (see page XX). If you're eligible for a Federal Pell Grant and within the age range to have graduated from high school after Jan. 1, 2005, additional questions will be asked during the online application process. The paper FAFSA does not contain these questions. Applicants who file the paper FAFSA, are eligible for a Federal Pell Grant and within the age range to have graduated from high school after Jan. 1, 2005 will receive information to call the Federal Student Aid Information Center at 1-800-4-FED-AID to answer additional questions.

SAR Submission Deadline

If the school you want to attend is not listed on your SAR, you must add that school to your SAR and submit your data to that school for processing by the last day of enrollment in 2009–10 OR by mid-September 2009, whichever comes first. Be sure you know what the last day of enrollment is at the school(s) you want to attend—that date could be earlier than mid-September.

```
From: Federal Student Aid [mailto:FederalStudentAidFAFSA@cpsemail.ed.gov]
Sent: Thursday, January 08, 2009 11:12 PM
To: Adam Cameron
Subject: FAFSA Results - 2009-2010 Student Aid Report

Dear Adam,

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

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

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

https://fafsa.ed.gov/FOTWWebApp/sar/90?key=rmBPyoCvCU5IngPxKSadIbLvfJT2KC5m

If you are an AOL user, click here:

<a href="https://fafsa.ed.gov/FOTWWebApp/sar/90?key=rmBPyoCvCU5IngPxKSadIbLvfJT2KC5m">View SAR</a>

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

Thank You,

U.S. Department of Education
Federal Student Aid
```

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk.
You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

What do I do with my SAR?

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

If you need to make corrections to your SAR:

- You can make them online using your PIN, by going to **www.fafsa.ed.gov** and selecting "Make Corrections to a Processed FAFSA."
- 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 SAR by calling the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**. You must have the **Data Release Number (DRN)** available. The DRN is located on your SAR and on your *FAFSA on the Web* confirmation page. Here's what you can change over the phone:

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

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

Once my SAR is accurate and complete, how do I find out if I'm eligible for federal student aid and how much I'll receive?

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

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

Your SAR will look like this

START HERE GO FURTHER FEDERAL STUDENT AID

STUDENT AID REPORT 2009 – 2010

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

APRIL 22, 2009

000001C001

TIA JOHNSON
123 MAIN ST.
CITY, ST 55555

DATA RELEASE NUMBER (DRN): 9755
EXPECTED FAMILY CONTRIBUTION (EFC): 00000*C

DRAFT DATE: AUGUST 7, 2008

Dear TIA JOHNSON,

Your Student Aid Report (SAR) summarizes the information you submitted on your 2009 - 2010 Free Application for Federal Student Aid (FAFSA).

Application Status (review the checked boxes)

☑ Your FAFSA appears to be complete. **Review the data on pages 3-10 of your SAR and make corrections or updates if necessary.** The school(s) listed on your FAFSA will receive your information.

☑ Your FAFSA has been selected for verification. Verification is a process where your school confirms the data you reported on your FAFSA. Your school has the authority to contact you for documentation that supports income and other information that you reported on your FAFSA.

Federal Student Aid Eligibility (review the checked boxes)

The data submitted on your FAFSA is used to calculate your Expected Family Contribution (EFC), which is 00000. The EFC is **not** the amount of money that your family must provide. Rather, you should think of the EFC as an index that colleges use to determine how much financial aid you would receive if you were to attend their school. Financial aid may include grants, loans, and/or work-study. This award information will vary from college to college because the cost of attending each is different. Please note that your EFC is subject to change if you update or correct your FAFSA.

☑ Based on your EFC it appears that you may be eligible for a Federal Pell Grant. You may also be eligible for other Federal grants, low-interest student loans, and work-study opportunities.

☑ We sent your information to other federal agencies to verify your eligibility for federal student aid and there appears to be an issue with the information provided on your application. **Review the checklist on page 3 for instructions on how to resolve these issues.**

You should keep this SAR for your records!

R5EN000001 999 PAGE 1 OF 10 555667777SI01

DRAFT

C

What You Need to Know as a Borrower

*If you're 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 have to begin to repay your Perkins or Stafford Loans until you leave school or drop below half-time.**

As generous as these terms are, you shouldn't forget that you do have to repay your loan. Failure to do so could result in your loan(s) being declared delinquent or in default. This could have a negative impact on your financial status and creditworthiness in the future. This section outlines repayment requirements and describes the rare circumstances under which your obligation to repay can be reduced or forgiven.*

DRAFT

Borrower's Responsibilities

When you obtain a federal student loan you have certain responsibilities. Here are some important ones:

Think about how much you're borrowing

- Think about what your repayment obligation means before you take out a student loan.
- If you don't repay your student loan on time or according to the terms in your promissory note,* you could default* on this legal obligation, which has serious consequences and will adversely affect your credit rating.

Signing a promissory note means you agree to repay the loan

- When you sign a promissory note,* you're agreeing to repay the loan according to the terms of the note.
- The note states that except in cases of loan discharge (cancellation), you must repay the loan, even if you don't complete your education (in some cases, you may not have to repay a loan if you were unable to complete your education because the school closed).
- Also, you **must** repay your loan even if you can't get a job after you complete the program or you didn't like the education you received. The U.S. Department of Education does not guarantee the quality of education you receive or that you will find a job in your field of study.

Make payments regardless of receiving billing notices

- You must make payments on your loan even if you don't receive a bill or repayment notice.
- Billing statements (or coupon books) are sent to you as a convenience. You're obligated to make payments even if you don't receive any reminders.
- You must also make monthly payments in the full amount required by your repayment plan. Partial payments do **not** fulfill your obligation to repay your student loan on time.

Continue to pay while waiting for deferment or forbearance approval

- If you apply for a deferment or forbearance, you must continue to make payments until you have been notified that your request has been approved.
- If you don't, you might end up in default.*
- Keep a copy of any request form you submit, and document all contact you have with the holder of your loan.

Notify your lender or loan servicing agency when you …

- graduate;
- withdraw from school;
- drop below half-time* status;
- change your name, address or Social Security number†; or
- transfer to another school.

† **NOTE:** New Social Security numbers are issued only in very rare circumstances. See **www.ssa.gov/ssnumber/** for rules on changing them.

Receive entrance and exit counseling

- You must complete an **entrance counseling** session before you're given your first loan disbursement, unless you've previously borrowed a Stafford Loan. This session provides you with useful tips and tools to help you develop a budget for managing your educational expenses and helps you to understand your loan responsibilities.
- For most federal student loans, you must receive **exit counseling** before you leave school to make sure you understand your rights and responsibilities as a borrower. You will receive information about repayment and your loan provider will notify you of the date loan repayment begins (usually six months after you graduate, leave school or drop below half-time* enrollment).

Borrower's Rights

What you need to know about your loan

You have a right to know the details about your loan (depending on your loan, some of the following might be included as part of your entrance counseling). Below is what you need to know and must receive from your school, lender or the Direct Loan Servicing Center:

- The full amount of the loan and the current interest rate.
- The date you must start repayment.
- A complete list of any charges you must pay (loan fees) and information on how those charges are collected.
- Information about the yearly and total amounts you can borrow.
- Information about the maximum repayment periods and the minimum repayment amount.
- An explanation of default* and its consequences.

- An explanation of available options for consolidating your loans and a statement that you can prepay your student loan(s) at any time without a penalty.

Before you leave school

Before you leave school, you will receive the following information about your loan (as part of exit counseling) from your school, lender or the Direct Loan Servicing Center:

- A current description of your loans, including average anticipated monthly payments.
- The amount of your total debt (principal and estimated interest), your current interest rate and the total interest charges on your loan.
- If you have FFEL Loans, the name of the lender or agency that holds your loans, where to send your payments and where to write or call if you have questions.
- If you have Direct Loans, the address and telephone number of the U.S. Department of Education's Direct Loan Servicing Center.
- An explanation of the fees you might be charged during the repayment period, such as late charges and collection or litigation costs if you're delinquent or in default.*
- A reminder of available options for loan consolidation and a reminder that you can prepay your loan without penalty at any time.
- A description of applicable deferment, forbearance and discharge (cancellation) provisions.
- Repayment options and advice about debt management that will help you in making your payments.
- Notification that you must provide your expected permanent address and the name and address of your expected employer.
- Notification that you must also provide any corrections to your school's records concerning your name, Social Security number, references and driver's license number (if you have one).

Grace period

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

- You will receive a grace period before your repayment period begins on a Stafford or Perkins Loan.
- Your grace period will be six or nine months depending on the type of loan.
- PLUS Loans do not have a grace period. For more information, see "When do parents and graduate and professional degree students begin repayment?" on page XX.
- If you are in active military duty for more than 30 days, the grace period will be delayed.

Loan repayment schedule

Your school, lender or the Direct Loan Servicing Center, as appropriate, must give you a loan repayment schedule that states:

- when your first payment is due,
- the number and frequency of payments, and
- the amount of each payment.

Sale of loan

If you or your parents borrow under the FFEL Program, you (or your parents, or graduate and professional degree students for PLUS Loans) must be notified when the loan is sold if the sale results in making payments to a new lender or agency. Both the old and new lender must provide this notification. You must be given:

- the identity of the new lender or agency holding the loan and
- the address where you or your parents must send payments, and the telephone numbers of both the old and new lender or agency.

Loan Repayment

This section gives you basic information on loan repayment. For more information, go online to **www.FederalStudentAid.ed.gov**.

When do I start paying back my student loans?

- **Federal Perkins Loans**—The grace period is nine months. However, if you're attending less than half-time,* check with your financial aid office to determine your grace period. During the grace period, you don't have to pay any principal, and you won't be charged interest.
- **Direct or FFEL Stafford Loans**—The grace period is six months.
  - **Subsidized loan**—During the grace period, you don't have to pay any principal,* and you **won't** be charged interest.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

- **Unsubsidized loan**—You don't have to pay any principal,* but you will be charged interest. Remember, you can either pay the interest as you go along or it will be capitalized* (i.e., added to the principal loan balance) later.

Your lender will send you information about repayment, and you'll be notified of the date repayment begins. **However, you're responsible for beginning repayment on time, even if you don't receive this information.** Failing to make payments on your loan can lead to default.* Default* occurs when you fail to meet the terms and conditions of the promissory note,* such as not making timely payments on the loan.

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

- **Federal Perkins Loans**—Up to 10 years.
- **Direct and FFEL Stafford Loans**—Your repayment period varies from 10 to 25 years, depending on which repayment plan you choose. See more on repayment options later in this section.

You'll get more information about repayment choices before you leave school (exit counseling), and later, during your grace period, from your loan holder.

When do parents and graduate and professional degree students begin repaying a PLUS Loan?

The repayment period for a PLUS loan begins on the date the loan is fully disbursed—there is no grace period. However, graduate and professional student PLUS borrowers may defer repayment while they are enrolled in school at least half-time* and (for PLUS loans first disbursed on or after July 1, 2008) for six months after they cease to be enrolled at least half time. Parent PLUS borrowers whose loans were first disbursed on or after July 1, 2008 may defer repayment while the dependent student for whom they borrowed is enrolled at least half-time* and for six months after the student ceases to be enrolled at least half time.

Interest is charged on PLUS loans during all periods, beginning on the date of the first loan disbursement. A PLUS borrower may pay the interest as it accrues during a deferment, or allow it to accrue and be capitalized* at the end of the deferment period.

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

How much will I have to repay and how often do I make payments?

Direct or FFEL Stafford Loan—usually, you'll make monthly payments. Your repayment amount will depend on:

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

Direct Stafford Loan:

- You'll make payments to us through our Direct Loan Servicing Center. Direct Loan borrowers can view and pay their bills online using their PIN at: **www.dl.ed.gov**

FFEL Stafford Loan:

- You'll repay the private lender that made you the loan.

Federal Perkins Loans:

- You'll make monthly payments to the school that loaned you the money.
- You'll have up to 10 years to repay your loan.
- Federal Perkins Loans do not have different repayment plan options.

The chart on page XX shows typical monthly payments and total interest charges for three different 5 percent Perkins Loan amounts over a 10-year period.

Do I have repayment options?

Yes. Repayment plans offered for Direct Stafford Loans are generally the same as those offered for FFEL Stafford Loans. However, the Direct Loan program offers an Income-Contingent Repayment plan and the FFEL program offers an Income-Sensitive Repayment plan.

The repayment periods for Stafford Loans vary from 10 to 25 years. When it comes time to repay, you can pick a repayment plan that's best-suited to your financial situation. The following repayment plans will be available to Direct and FFEL Stafford Loan borrowers:

- A **Standard Repayment Plan** with a fixed annual repayment amount paid over a fixed period of time not to exceed 10 years.
- A **Graduated Repayment Plan** paid over a fixed period of time not to exceed 10 years. With this plan, your payments start with a relatively low amount and then increase, generally every two years.

- An **Extended Repayment Plan** with a fixed annual or graduated repayment amount to be paid over a period not to exceed 25 years. If you're a FFEL borrower, you must have more than $30,000 in outstanding FFEL Program loans. If you're a Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans. This means, for example, that if you have $35,000 in outstanding FFEL Program loans and $10,000 in outstanding Direct Loans, you can choose the extended repayment plan for your FFEL Program loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.
- **Income-Contingent Repayment (ICR) Plan (Direct Loans):** Your monthly payments will be based on your annual income (and that of your spouse, if married), your family size, and the total amount of your Direct Loans. Borrowers have 25 years to repay under this plan, the unpaid portion will be forgiven. However, you may have to pay income tax on the amount that is forgiven.
  As of July 1, 2009 graduate and professional student PLUS borrowers in the Direct Loan program are eligible to use the ICR plan. Direct Loan parent PLUS borrowers are not eligible for the ICR repayment plan.
  Visit **www.dl.ed.gov** for more information for Direct Loan Income Contingent Repayment Plans.
- **Income-Sensitive Repayment Plan (FFEL Loans):** With an income-sensitive plan, your monthly loan payment is based on your annual income. As your income increases or decreases, so do your payments. The maximum repayment period is 10 years. Ask your lender* for more information on FFEL Income-Sensitive Repayment Plans.
- **Income-Based Repayment (IBR):** This new repayment option (the income-sensitive repayment plan in the FFEL program and the income-contingent repayment plan in the Direct Loan program will continue to be available to borrowers) is available as of July 1, 2009 to all FFEL and Direct Loan borrowers who have a partial financial hardship, except for FFEL or Direct Loan parent PLUS Loan borrowers or a FFEL or Direct Loan Consolidation Loan borrowers, who repaid parent PLUS loans through the Consolidation Loan.

Under this plan, your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you repay under this plan and meet certain other requirements over a specified period of time, you may qualify for cancellation of any outstanding balance on your loans. Contact the Direct Loan Servicing Center (for Direct Loans) or your FFEL lender (for FFEL Program loans) for more information about the Income-Based Repayment Plan.

Key Facts About Repaying Direct and FFEL Stafford Loans

- **If you don't choose a repayment plan when you first begin repayment, you'll be placed under the Standard Repayment Plan.**
- **You can change plans to suit your financial circumstances.**

You'll get more information about repayment choices before you leave school and, later, from the holder of your loan. You can also get more details about repayment plans from our Web site, **www.FederalStudentAid.ed.gov**. The chart on the next page shows repayment plans for both programs. This chart also shows estimated monthly payments for various loan amounts under each plan.

The results in this chart assume that the student is making regular monthly payments on any unsubsidized loans and is not capitalizing the interest while in school. If the interest is capitalized,* (added to the outstanding principal balance) the cumulative payments and total interest charges will be higher than shown in the chart.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Examples of Typical Direct and FFEL Stafford Loan Repayments

Estimated Monthly Payments and Total Amounts Repaid Under Different Repayment Plans							For Direct Loans Only: Income Contingent[c] (Income = $25,000)			
Initial Debt When You Enter Repayment	Standard (not to exceed 10 years)		Extended[a]		Graduated[b]		Single		Married/HOH[d]	
	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid
$3,500	$50	$4,471	Not available		$25	$5,157	$27	$6,092	$25	$6,405
$5,000	$58	$6,905			$40	$7,278	$38	$8,703	$36	$9,150
$7,500	$83	$10,357			$59	$10,919	$57	$13,055	$54	$13,725
$10,500	$121	$14,500			$83	$15,283	$80	$18,277	$76	$19,215
$15,000	$173	$20,714			$119	$21,834	$114	$26,110	$108	$27,451
$40,000	$460	$55,239	$277	$83,289	$316	$58,229	$253	$72,717	$197	$84,352

Payments are calculated using the fixed interest rate of 6.8 percent for student borrowers.

a For a FFEL borrower, the requirement is that the borrower (1) must have had no outstanding balance on a FFEL Program loan as of Oct. 7, 1998, or on the date the borrower obtained a FFEL Program loan on or after that date, and (2) must have more than $30,000 in outstanding FFEL Program loans. For a Direct Loan borrower, the requirement is that the borrower (1) must have had no outstanding balance on a Direct Loan Program loan as of Oct. 7, 1998, or on the date the borrower obtained a Direct Loan Program loan on or after that date, and (2) must have more than $30,000 in outstanding Direct Loan Program loans. The amounts were rounded to the nearest dollar and were calculated based on a 25-year repayment plan

b This is an estimated monthly repayment amount for the first two years of the term and total loan payment. The monthly repayment amount will generally increase every two years, based on this plan.

c Assumes a 5 percent annual growth (Census Bureau) and amounts were calculated using the formula requirements in effect during 2006.

d HOH is Head of Household. Assumes a family size of two.

You can also find a repayment calculator at ***www.FederalStudentAid.ed.gov.***

Federal Perkins Loans do not have different repayment options. Your payment depends on the amount you borrow, but the minimum is $40 per month.

For a Perkins Loan, your school is the lender. Your school or its agent will provide you with the exact repayment amounts. The chart below is just an example of what a Perkins Loan repayment plan might be.

Examples of Typical Perkins Loan Repayments

Total Loan Amount	Number of Payments	Approximate Monthly Payment	Total Interest Charges	Total Repaid
$ 4,000	120	$42.43	$1,091.01	$5,091.01
$ 5,000	120	$53.03	$1,364.03	$6,364.03
$ 15,000	120	$159.10	$4,091.73	$19,091.73

How do parents or graduate and professional degree students repay their PLUS Loan?

Your parents and graduate and professional degree students have nearly all the repayment options that Direct and FFEL Stafford Loan borrowers have. The exception is that the Direct Loan Income Contingent Repayment Plan and the Income-Based Repayment Plan are not available to parent PLUS Loan borrowers.

Are there tax incentives while paying back student loans?

Yes. Tax benefits are available for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs, including PLUS Loans. The Internal Revenue Service (IRS) Publication 970, Tax Benefits for Higher Education, explains these credits and other tax benefits. You can get more information online at **www.irs.gov** or by calling the IRS at **1-800-829-1040**. TTY callers can call **1-800-829-4059**.

DRAFT

Postponing Loan Repayment (Deferment and Forbearance)

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

What is deferment?

A deferment is a period of time during which no payments are required and interest does not accrue (accumulate), unless you have an unsubsidized Stafford Loan. In that case, you must pay the interest. To qualify for a deferment, you must meet specific eligibility requirements.

How do I qualify for a deferment?

The most common loan deferment conditions are enrollment in school at least half-time,* inability to find full-time employment (for up to three years) and economic hardship (for up to three years).

Can parents or graduate and professional degree students defer repayment of their PLUS Loan?

Yes. Generally, the same deferment provisions that apply to Stafford Loans apply to PLUS Loans. Because PLUS Loans are unsubsidized, **parents and graduate and professional degree students will be charged interest during periods of deferment.** If they don't pay the interest as it accrues, it will be capitalized* (added to their outstanding principal* balance). PLUS borrowers may defer repayment while student is enrolled at least half-time.*

Is there deferment for active duty military service?

Yes. An active duty military deferment is available to borrowers in the FFEL Direct Loan and Perkins Loan programs who are called to active duty during a war or other military operation or national emergency. This deferment is available while the borrower is serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency and, if the borrower was serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service.

Active Duty Student Deferment

Effective Oct. 1, 2007, a FFEL, Direct Loan, or Perkins Loan borrower who is a member of the National Guard or other reserve component of the U.S. Armed forces (current or retired) and is called or ordered to active duty while enrolled at least half time at an eligible school, or within 6 months of having been enrolled at least half time, is eligible for a deferment during the 13 months following the conclusion of the active duty service, or until the borrower returns to enrolled student status on at least a half-time* basis, whichever is earlier.

Economic Hardship Deferment

A FFEL, Direct Loan, or Federal Perkins Loan borrower may qualify for an economic hardship deferment for a maximum of three years if the borrower is experiencing economic hardship according to federal regulations.

The Loan Deferment Summary Chart below shows Stafford and Perkins Loan deferments for loans disbursed on or after July 1, 1993. For information on deferments for loans received before that date, Direct Stafford and PLUS Loan borrowers should contact the Direct Loan Servicing Center at **1-800-848-0979**. TTY users should call **1-800-848-0983**. Or, go online at **www.dl.ed.gov**. FFEL Stafford and PLUS Loan borrowers should contact their lender. For more information on deferments, contact your lender or the financial aid office at your school.

What is forbearance?

If you temporarily can't meet your repayment schedule but you're not eligible for a deferment, your lender might grant you forbearance for a limited and specific period of time. Forbearance occurs when your lender or loan-servicing agency agrees to either temporarily reduce or postpone your student loan payments. Interest continues to accrue (accumulate), however, and you are responsible for paying it, no matter what kind of loan you have.

Generally, your lender can grant forbearance for periods up to 12 months at a time, for a maximum of three years. You'll have to provide documentation to the lender to show why you should be granted forbearance. The lender must send you a notice confirming the terms that were agreed to and record them in your file.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Loan Deferment Summary Chart

	Stafford Loans		Perkins Loans
Deferment Condition	**Direct Loans [a,b]**	**FFEL Loans [a,c]**	
At least half-time* study at a postsecondary school	YES	YES	YES
Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled	YES	YES	YES
Unable to find full-time employment	Up to 3 Years	Up to 3 Years	Up to 3 Years
Economic hardship (includes Peace Corps Service)	Up to 3 Years	Up to 3 Years	Up to 3 Years
Engages in service listed under discharge/cancellation conditions	NO	NO	YES [d]
Active Military Duty while borrower is on active duty during a war or other military operation or national emergency and if the borrower was serving on or after Oct. 1, 2007 for an additional 180-day period following the demobilization date for the qualifying service.	YES	YES	YES

a For PLUS Loans and unsubsidized Stafford Loans, only principal is deferred. Interest continues to accrue.*

b A Direct Loan borrower who had an outstanding balance on a FFEL Loan first disbursed before July 1, 1993, when the borrower received his or her first Direct Loan, is eligible for additional deferments.

c Applies to loans first disbursed on or after July 1, 1993, to a borrower who has no outstanding FFEL or Federal Supplemental Loans for Students (Federal SLS) loan on the date he or she signed the promissory note. (Note that the Federal SLS Program was repealed beginning with the 1994–95 award year.) Different deferments are available for borrowers with pre-July 1, 1993 loan.*

*d More information on teaching and other types of service deferments and cancellations can be found online at **www.FederalStudentAid.ed.gov**. At the site, click on "Students, Parents and Counselors."*

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.

Applying for deferment or forbearance

Receiving deferment or forbearance is not automatic. You or your parents must apply for it.

- **Federal Perkins Loans**—Contact the school that made your loan or the school's servicing agent.
- **Direct Loans (includes Direct PLUS Loans)**—Contact the Direct Loan Servicing Center at: **1-800-848-0979**. TTY users should call **1-800-848-0983** or go to: **www.dl.ed.gov**.
- **FFEL Loans (includes FFEL PLUS Loans)**—Contact the lender or agency holding your loan.

Regardless of which type of federal student loan you have, you must pay the interest that accrues (accumulates) during any period of forbearance.

Are there circumstances when I must be granted a mandatory forbearance?

Yes. There are certain mandatory forbearances. Examples include borrowers who:

- are in a medical or dental internship or residency;
- have student loan payments that are 20 percent or more of their monthly income;
- have payments being made for them by the Department of Defense.

Contact your lender or loan-servicing agent for more information on the mandatory forbearance benefit.

NOTE: Receiving deferment or forbearance is not automatic, you must apply for it.

DRAFT

Consolidating Your Loans

What is loan consolidation?

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

With a consolidation loan:

- Your monthly payment might be lower.
- Your repayment period may be extended (up to 30 years, depending on the amount of your consolidation loan and your other student loan debt).
- You will receive a fixed interest rate on your Direct or FFEL Consolidation Loan.
  Compare the cost of repaying your unconsolidated loans with the cost of repaying a consolidation loan. Things to consider are:
- Whether you'll lose any borrower benefits if you consolidate, such as interest rate discounts or principal* rebates, as these benefits can significantly reduce the cost of repaying your loans.
- Whether you might lose some discharge and cancellation benefits if you include a Perkins Loan in your consolidation loan.

Carefully review your consolidation options before you apply. Talk to the holder of your loan(s) for more information before you consolidate.

If you're in default* on a federal student loan, you still might be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan or agree to repay the consolidation loan under the Income-Contingent or Income-Sensitive Repayment Plans, provided the defaulted loan is not subject to a judgment or wage garnishment.

What kinds of loans can be consolidated?

All federal student loans discussed in this guide are eligible for consolidation, and others can be included. To get a complete list of your loans that are eligible for consolidation, contact your lender or the agent servicing your loan(s).

When can I consolidate my loans?

For both FFEL and Direct Loans you can consolidate:

- During your grace period.
- Once you've entered repayment (the day after the end of the six-month grace period).
- During periods of deferment or forbearance.

How do I get a consolidation loan and where can I get more information?

- **FFEL Consolidation Loan**—Contact the consolidation department of a participating lender for an application and more information. You may consolidate your loans with any eligible consolidation lender in the FFEL program.
- **Direct Consolidation Loan**—Contact the Direct Loan Origination Center's Consolidation Department at **1-800-557-7392**, or go to **www.loanconsolidation.ed.gov**. TTY users may call **1-800-557-7395**.

What's the interest rate on a consolidation loan?

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

Are there any disadvantages to getting a consolidation loan?

Yes, there could be. For example, consolidation may significantly increase the total cost of repaying your loans. Because you may have a longer period of time to repay, you'll pay more interest. You might also lose some borrower benefits such as interest discounts and rebates.

NOTE: Once made, consolidation loans cannot be revoked for any reason because the underlying loans that were consolidated have been paid off and no longer exist.

Loan Discharge or Cancellation and Forgiveness

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

Yes, but only under rare circumstances. A discharge or cancellation releases you from all obligations to repay the loan.

Your loan (Stafford and PLUS) cannot be discharged or canceled because you didn't:

- complete the program of study at the school (unless you could not complete the program because the school closed),
- like the school or program of study, or
- obtain employment after completing the program of study.

*See "Important Terms," page XX.
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

What qualifies my loan for discharge?

Discharge refers to the cancellation of a loan, even one in default,* due to school closure, false certification, your death or total and permanent disability.

What qualifies my loan for cancellation?

Cancellation or sometimes "forgiveness" of a loan is based on the borrower performing certain types of service such as teaching in a low-income school. A defaulted* loan cannot be canceled based on qualifying service (e.g. teaching).

For a complete list of discharge and cancellation provisions for Perkins Loans and Stafford Loans, check the following two charts: Perkins Loan Discharge and Cancellation Summary (this page) and Stafford and PLUS Loan Discharge and Cancellation Summary (page XX).

What is loan forgiveness for public service employees?

Under this program, the remaining outstanding balance of principal and accrued interest on an eligible Direct Loan will be forgiven for a borrower who is not in default and who makes 120 monthly payments on the loan, under certain repayment plans, after Oct. 1, 2007 (the first cancellations of loan balances will not be granted until Oct. 1, 2017 at the earliest) while employed in certain public service fields. You must be employed full-time in a qualifying public service field during the same period in which the 120 payments are made and at the time that the cancellation is granted.

For this loan forgiveness program, eligible Direct Loans include Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans, Federal Direct PLUS Loans (for parents or graduate/professional students), and Federal Direct Consolidation Loans.

Although loan cancellation is only available for loans made and repaid under the Direct Loan Program, borrowers with loans made under other federal student loan programs may be eligible if you consolidate those loans into the Direct Loan Program. However, only payments made on the Direct Consolidation Loan will count toward the required 120 monthly payments.

NOTE: You may have to meet additional eligibility requirements to consolidate these loans into a Direct Consolidation Loan. If you are unsure about what kind of loans you have consult the National Student Loan Data System at **www.nslds.ed.gov**.

What is a public service job?

Eligible public service jobs are full-time jobs in the following fields:

- Emergency management
- Government
- Military service
- Public safety
- Law enforcement
- Public health
- Public education (including early childhood education)
- Social work in a public child or family service agency
- Public child care
- Public service for individuals with disabilities
- Public interest law services (including prosecution or public defense or legal advocacy in low income communities at a nonprofit organization)
- Public service for the elderly
- Public library sciences
- School-based library sciences and other school-based services
- Certain tax-exempt organizations
- Faculty teaching in high-needs areas, as determined by the Secretary
- Full-time faculty member at a Tribal College or University

NOTE: A borrower who pays only, or primarily, under a 10-year standard repayment plan or under another repayment plan in amounts consistent with a 10-year standard repayment is unlikely to have a remaining balance for loan forgiveness after making 120 payments on the loan.

NOTE: In the case of a parent PLUS loan, the qualifying public service employee is the parent, not the student on whose behalf the loan was received.

How do I qualify for this loan forgiveness?

To be eligible to have remaining balances cancelled, you must not be in default on the eligible loans and must have made 120 monthly payments on the eligible loan(s) beginning after Oct. 1, 2007. Earlier payments do not count toward meeting this requirement. Payments must have been made under any one or a combination of the following Direct Loan Program repayment plans.

- Standard Repayment Plan with a 10-year repayment period.
- Income Contingent Repayment (ICR) Plan—not available to parent Direct PLUS loan borrowers.
- Income Based Repayment (IBR) Plan—not available to parent Direct PLUS loan borrowers.
- Other Direct Loan repayment plans, but only payments that are at least equal to the amount that would be required under the 10-year Standard Repayment Plan may be counted toward the required 120 payments.

DRAFT

The information in this guide was compiled in the summer 2008. For changes to the federal student aid programs since then, visit **www.FederalStudentAid.ed.gov** and click on "Students, Parents and Counselors."

How do I find out if I can get a loan discharge or cancellation?

After reviewing the conditions, if you think you qualify, you must apply to the holder of your loan.

- **Federal Perkins Loans**—Check with the school that made you the loan or with the school's loan servicing agent.
- **Direct Stafford Loans**—Contact the Direct Loan Servicing Center at **1-800-848-0979**. TTY users can call **1-800-848-0983**. Or, go to **www.dl.ed.gov**.
- **FFEL Stafford Loans**—Contact your lender or its loan servicing agent.

Perkins Loan Discharge and Cancellation Summary Chart

Cancellation Conditions[a]	Amount Forgiven
Bankruptcy (in rare cases—cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship)	100 percent
Closed school (before student could complete program of study)—applies to loans received on or after Jan. 1, 1986	100 percent
Borrower's total and permanent disability[b] or death	100 percent
Full-time teacher in a designated elementary or secondary school serving students from low-income families[c]	Up to 100 percent
Full-time special education teacher (includes teaching children with disabilities in a public or other nonprofit elementary or secondary school)[c]	Up to 100 percent
Full-time qualified professional provider of early intervention services for the disabled	Up to 100 percent
Full-time teacher of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas	Up to 100 percent
Full-time employee of a public or nonprofit child- or family-services agency providing services to high-risk children and their families from low-income communities	Up to 100 percent
Full-time nurse or medical technician	Up to 100 percent
Full-time law enforcement or corrections officer	Up to 100 percent
Full-time staff member in the education component of a Head Start Program	Up to 100 percent
Vista or Peace Corps volunteer	Up to 70 percent
Service in the U.S. Armed Forces	Up to 50 percent in areas of hostilities or imminent danger

a As of Oct. 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's promissory note. However, this benefit is not retroactive to services performed before Oct. 7, 1998.*

b Total and permanent disability is defined as the inability to work and earn money because of an illness or injury that is expected to continue indefinitely or to result in death. If you are determined to be totally and permanently disabled based on a physician's certification, your loan will be conditionally discharged for up to three years. This conditional discharge period begins on the date your physician certifies your loan discharge application. During this conditional discharge period, you do not have to make payments on your loan(s). To qualify for a final discharge due to total and permanent disability, you must meet the following requirements during the conditional discharge period: (1) your earnings from employment must not exceed the poverty line amount for a family of two; and (2) you must not receive any additional loans under the FFEL, Direct Loan or Perkins Loan programs. If you do not continue to meet these requirements at any time during or at the end of the conditional discharge period, your loan(s) will be taken out of conditional discharge status and you must resume making payments on your loans. You cannot qualify for loan discharge based on a condition that existed before the loan was made, unless a doctor certifies that your condition substantially deteriorated after you obtained the loan. For more information on qualifying for this discharge, review your promissory note and Borrower's Rights and Responsibilities Statement or contact your loan holder.*

*c Detailed information on teaching service cancellation/deferment options can be found at **www.FederalStudentAid.ed.gov**. At the site, click on "Students, Parents and Counselors."*

***See "Important Terms," page XX.**
Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page XX.

DRAFT

Stafford and PLUS Loan Discharge and Cancellation Summary Chart

Discharge/Forgiveness Condition	Amount Discharged/Forgiven	Notes
Borrower's total and permanent disability or death.†	100 percent	For a PLUS Loan, includes the death, but not disability, of the student for whom the parents borrowed.
Full-time teacher for five consecutive years in a designated elementary or secondary school serving students from low-income families. Must meet additional eligibility requirements.	Up to $5,000 (up to $17,500 for teachers in certain specialties) of the total loan amount outstanding after completion of the fifth year of teaching. Under the Direct and FFEL Consolidation Loan programs, only the portion of the consolidation loan used to repay eligible Direct Loans or FFEL Loans qualifies for loan forgiveness.	For Direct and FFEL Stafford Loan borrowers with no outstanding balance on a Direct or FFEL Loan on Oct. 1, 1988 or on the date they received a loan on, or after that date. PLUS Loans are not eligible. At least one of the five consecutive years of teaching must occur after the 1997–98 academic year.* To find out whether your school is considered a low-income school, go to **www.FederalStudentAid.ed.gov**. Click on "Students, Parents and Counselors." Or call **1-800-4-FED-AID (1-800-433-3243)**.
Bankruptcy (in rare cases)	100 percent	Cancellation is possible only if the bankruptcy court rules that repayment
Closed school (before student could complete program of study) or false loan certification.	100 percent	For loans received on or after Jan. 1, 1986.
False loan certification now includes identity theft	100 percent	Effective July 1, 2006
School does not make required return of loan funds to the lender	Up to the amount that the school was required to return.	For loans received on or after Jan. 1, 1986.
Loan forgiveness for public service employees	100 percent of the remaining outstanding balance on an eligible Direct Loan.	For a borrower not in default and who makes 120 monthly payments on the loan after Oct. 1, 2007.

† Total and permanent disability is defined as the inability to work and earn money because of an illness or injury that is expected to continue indefinitely or to result in death. If you are determined to be totally and permanently disabled based on a physician's certification, your loan will be conditionally discharged for up to three years. This conditional discharge period begins on the date your physician certifies your loan discharge application. During this conditional discharge period, you do not have to make payments on your loan(s). To qualify for a final discharge due to total and permanent disability, you must meet the following requirements during the conditional discharge period: (1) your earnings from employment must not exceed the poverty line amount for a family of two; and (2) you must not receive any additional loans under the FFEL, Direct Loan or Perkins Loan programs. If you do not continue to meet these requirements at any time during or at the end of the conditional discharge period, your loan(s) will be taken out of conditional discharge status and you must resume making payments on your loans. You cannot qualify for loan discharge based on a condition that existed before the loan was made, unless a doctor certifies that your condition substantially deteriorated after you obtained the loan. For more information on qualifying for this discharge, review your promissory note and Borrower's Rights and Responsibilities Statement or contact your loan holder.*

DRAFT

Important Terms

- *Ability-to-Benefit*
- *Academic Year*
- *Accreditation*
- *Agreement to Serve*
- *Award Letter*
- *Capitalized*
- *Cost of Attendance (COA)*
- *Default*
- *Eligible Noncitizen*
- *Direct Loan*
- *Eligible Program*
- *Expected Family Contribution*
- *Financial Aid Administrator (FAA)*
- *Financial Aid Package*
- *FFEL*
- *General Educational Development (GED) Certificate*
- *Guaranty Agency*
- *Half-time*
- *Lender*
- *National Student Loan Data System (NSLDS)*
- *Principal*
- *Promissory Note*
- *Regular Student*
- *Satisfactory Academic Progress*
- *Selective Service Registration*
- *Student Aid Report (SAR)*

DRAFT

Ability-to-Benefit
One of the criteria used to establish student eligibility in order to receive Title IV program assistance is that a student must have earned a high school diploma or its equivalent. Students who are not high school graduates (or who have not earned a General Educational Development [GED] Certificate*) can demonstrate that they have the "ability to benefit" from the education or training being offered by passing an approved ability-to-benefit (ATB) test.

Academic Year
A period of time schools use to measure a quantity of study. For example, a school's academic year may consist of a fall and spring semester during which a full-time undergraduate student must complete 24 semester hours. Academic years vary from school to school and even from educational program to educational program at the same school.

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

Agreement to Serve
An agreement under which a student receiving a TEACH Grant commits to the specific obligation to teach for four complete years in a designated high-need field at a low-income elementary or secondary school within eight years of completing or ceasing enrollment in a TEACH Grant-eligible program.

Award Letter
An award letter from a school 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.

Capitalized
With certain loans, such as subsidized Direct and FFEL Loans, the U.S. Department of Education pays the interest that accrues on these loans while the student is enrolled at least half-time* and during periods of deferment. However, with subsidized loans in forbearance, unsubsidized loans or PLUS Loans, the student or the student's parents are responsible for paying interest as it accrues on these loans. When the interest is not paid, it is capitalized or added to the principal* balance, which increases the outstanding principal* amount due on this loan. Interest that is capitalized and, therefore, has been added to the original amount of the loan subsequently accrues interest, adding an additional expense to the loan.

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

Default
Failure to repay a loan according to the terms agreed to when you signed a promissory note.* For the FFEL and Direct Loan programs, default is more specific—it occurs if you fail to make a payment for 270 days if you repay monthly (or 330 days if your payments are due less frequently). The consequences of default are severe. Your school, the lender or agency that holds your loan, the state and the federal government may all take action to recover the money, including notifying national credit bureaus of your default. This may affect your credit rating for as long as seven years. For example, you might find it difficult to borrow money from a bank to buy a car or a house. In addition, the Internal Revenue Service can withhold your U.S. individual income tax refund and apply it to the amount you owe, or the agency holding your loan might ask your employer to deduct payments from your paycheck. Also, you may be liable for loan collection expenses. If you return to school, you're not entitled to receive additional federal student financial aid. Legal action also might be taken against you. In many cases, default can be avoided by submitting a request for a deferment, forbearance, discharge or cancellation and by providing the required documentation.

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

- U.S. citizen
- U.S. national (includes natives of American Samoa or Swain's Island)
- U.S. permanent resident who has an I-151, I-551, or I-551C (Permanent Resident Card). If you're not in one of these categories, you must have 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 holder or if the student's parent is the holder of a T-1 visa.
- "Parolee" (You must be paroled into the United States for at least one year and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

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

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

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

DRAFT

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

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

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

FFEL
Federal Family Education Loan (FFEL) Program. Loans made through this program are referred to as FFEL Loans. Private lenders provide funds that are guaranteed by the federal government. FFEL Loans include subsidized and unsubsidized FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. You repay these loans to the bank or private lender that made you the loan.

General Educational Development (GED) Certificate
This is a certificate students receive if they've passed a specific, approved high school equivalency test. Students who have a GED may still qualify for federal student aid. 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.

Guaranty Agency
The guaranty agency is an organization that administers the Federal Family Education Loan (FFEL) Program in your state. This agency can give you information on FFEL Loans. For the name, address and telephone number of the agency serving your state, you can contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

Half-time
At schools measuring progress in credit hours and semesters, trimesters, or quarters, "half-time" is at least six semester hours or quarter hours per term for an undergraduate program. At schools measuring progress by credit hours but not using semesters, trimesters or quarters, "half-time" is at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" is at least 12 hours per week. Note that schools may choose to set higher minimums than these. You must be attending school at least half-time to be eligible for a Stafford Loan. Half-time enrollment is not a requirement to receive aid from the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study and Federal Perkins Loan programs.

Lender
The organization that made the loan initially; the lender could be the borrower's school (for Federal Perkins Loans); a bank, credit union, or other lending institution (for FFELs); or the U.S. Department of Education (for Direct Loans).

National Student Loan Data System (NSLDS)
NSLDS is our database for federal student financial aid where you can find out about the aid you've received. If you've only just applied for aid, you won't find any information on NSLDS yet. NSLDS receives data from schools, guaranty agencies* and U.S. Department of Education programs. The NSLDS Web site 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.nslds.ed.gov**.

Principal
The amount of money borrowed by the student. Interest is charged on this amount.

Promissory Note
A promissory note is a binding legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It will include information on how interest is calculated and what deferment and cancellation provisions are available to the borrower. It's very important to read and save this document because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

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

Satisfactory Academic Progress
To be eligible to receive federal student financial aid, you must meet and maintain your 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
If you are a male born on or after Jan. 1, 1960, are at least 18 years old, and are not currently on active duty in the U.S. Armed Forces, you must register, or arrange to register, with the Selective Service System to receive federal student aid. (Citizens of the Federated States of Micronesia, the Republic of the Marshall Islands or the Republic of Palau are exempt from registering.)

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

DRAFT

State Higher Education Agencies

Listed below for each state are the agencies responsible for administering state financial aid programs. You should encourage students to apply for any available state aid as well as federal aid and private scholarships. There also is a list of state education agency contact information at **www.ed.gov/Programs/bastmp/SHEA.htm** (this URL is case-sensitive).

Alabama
Alabama Commission on Higher Education
Toll-free: **1-800-960-7773**
Web site: **www.ache.state.al.us**

Alaska
Alaska Commission on Postsecondary Education
Toll-free: **1-800-441-2962**
Web site: **www.alaskaadvantage.state.ak.us**

Arizona
Arizona Commission for Postsecondary Education
Phone: **602-258-2435**
Web site: **www.azhighered.org**

Arkansas
Arkansas Department of Higher Education
Toll-free: **1-800-54-STUDY**
Web site: **www.arkansashighered.com**

California
California Student Aid Commission
Toll-free: **1-888-224-7268**
Web site: **www.csac.ca.gov**

Colorado
Colorado Commission on Higher Education
Phone: **303-866-2723**
Web site: **www.state.co.us/cche**

Connecticut
Connecticut Department of Higher Education
Phone: **860-947-1855**
Web site: **www.ctdhe.org**

Delaware
Delaware Higher Education Commission
Toll-free: **1-800-292-7935**
Web site: **www.doe.state.de.us/high-ed**

District of Columbia
Office of the State Superintendent of Education
Phone: **202-727-6436**
Web site: **www.seo.dc.gov**

Florida
Office of Student Financial Assistance, Florida Department of Education
Toll-free: **1-888-827-2004**
Web site: **www.floridastudentfinancialaid.org**

Georgia
Georgia Student Finance Commission
Toll-free: **1-800-505-4732**
Web site: **www.gsfc.org**

Hawaii
University of Hawaii System
Phone: **808-956-8111**
Web site: **www.hawaii.edu/academics/admissions/aid.html**

Idaho
Idaho State Board of Education
Phone: **208-334-1574**
Web site: **www.boardofed.idaho.gov/scholarships**

Illinois
Illinois Student Assistance Commission
Toll-free: **1-800-899-4722**
Web site: **www.collegezone.com**

Indiana
State Student Assistance Commission of Indiana
Toll-free: **1-888-528-4719**
Web site: **www.in.gov/ssaci**

Iowa
Iowa College Student Aid Commission
Toll-free: **1-800-383-4222**
Web site: **www.iowacollegeaid.org**

Kansas
Kansas Board of Regents
Phone: **785-296-3421**
Web site: **www.kansasregents.org**

Kentucky
Kentucky Higher Education Assistance Authority
Toll-free: **1-800-928-8926**
Web site: **www.kheaa.com**

Louisiana
Louisiana Office of Student Financial Assistance
Toll-free: **1-800-259-5626**
Web site: **www.osfa.state.la.us**

Maine
Finance Authority of Maine
Toll-free: **1-800-228-3734**
Web site: **www.famemaine.com**

Maryland
Maryland Higher Education Commission
Toll-free: **1-800-974-1024**
Web site: **www.mhec.state.md.us**

DRAFT

Massachusetts
Massachusetts Board of Higher Education, Office of Student Financial Assistance
Phone: **617-727-9420**
Web site: **www.osfa.mass.edu**

Michigan
Student Financial Services Bureau
Toll-free: **1-800-642-5626, ext. 37054**
Web site: **www.michigan.gov/mistudentaid**

Minnesota
Minnesota Office of Higher Education
Toll-free: **1-800-657-3866**
Web site: **www.ohe.state.mn.us**

Mississippi
Mississippi Office of Student Financial Aid
Toll-free: **1-800-327-2980**
Web site: **www.ihl.state.ms.us/financialaid**

Missouri
Missouri Department of Higher Education
Toll-free: **1-800-473-6757**
Web site: **www.dhe.mo.gov**

Montana
Office of the Commissioner of Higher Education
Toll-free: **1-800-537-7508**
Web site: **www.mgslp.state.mt.us**

Nebraska
Nebraska Coordinating Commission for Postsecondary Education
Phone: **402-471-0032**
Web site: **www.ccpe.state.ne.us**

Nevada
Office of the State Treasurer
Toll-free: **1-888-477-2667**
Web site: **www.nevadatreasurer.gov**

New Hampshire
New Hampshire Postsecondary Education Commission
Phone: **603-271-2555**
Web site: **www.nh.gov/postsecondary**

New Jersey
New Jersey Higher Education Student Assistance Authority
Toll-free: **1-800-792-8670**
Web site: **www.hesaa.org**

New Mexico
New Mexico Higher Education Department
Toll-free: **1-800-279-9777**
Web site: **www.hed.state.nm.us**

New York
New York State Higher Education Services Corporation
Toll-free: **1-888-697-4372**
Web site: **www.hesc.org**

North Carolina
College Foundation of North Carolina
Toll-free: **1-866-866-2362**
Web site: **www.cfnc.org**

North Dakota
North Dakota University System
Phone: **701-328-2960**
Web site: **www.ndus.edu**

Ohio
Ohio Board of Regents
Toll-free: **1-888-833-1133**
(for information specifically about Ohio programs)
Toll-free: **1-877-428-8246**
(for information about other sources of financial aid)
Web site: **www.regents.ohio.gov**

Oklahoma
Oklahoma State Regents for Higher Education
Toll-free: **1-800-858-1840**
Web site: **www.okhighered.org**

Oregon
Oregon Student Assistance Commission
Phone: **541-687-7400**
Toll-free: **1-800-452-8807**
Web site: **www.osac.state.or.us**

Pennsylvania
Pennsylvania Higher Education Assistance Agency
Toll-free: **1-800-692-7392**
Web site: **www.pheaa.org**

Rhode Island
Rhode Island Higher Education Assistance Authority
Toll-free: **1-800-922-9855**
Web site: **www.riheaa.org**

South Carolina
South Carolina Commission on Higher Education
Toll-free: **803-737-2260**
Web site: **www.che.sc.gov**

South Dakota
South Dakota Board of Regents
Phone: **605-773-3455**
Web site: **www.sdbor.edu**

Tennessee
Tennessee Student Assistance Corporation
Toll-free: **1-800-342-1663**
Web site: **www.collegepaystn.com**

Texas
Texas Higher Education Coordinating Board; Texas Financial Aid Information Center
Toll-free: **1-888-311-8881**
Web site: **www.collegefortexans.com**

Utah
Utah Higher Education Assistance Authority
Toll-free: **1-877-336-7378**
Web site: **www.uheaa.org**

Vermont
Vermont Student Assistance Corporation
Toll-free: **1-800-642-3177**
Web site: **www.vsac.org**

DRAFT

Virginia
State Council of Higher Education for Virginia
Toll-free: **1-877-516-0138**
Web site: **www.schev.edu**

Washington
Washington State Higher Education Coordinating Board
Toll-free: **1-888-535-0747**
Web site: **www.hecb.wa.gov**

West Virginia
West Virginia Higher Education Policy Commission
Toll-free: **1-888-825-5707**
Web site: **www.hepc.wvnet.edu**

Wisconsin
Wisconsin Higher Educational Aids Board
Phone: **608-267-2206**
Web site: **www.heab.wisconsin.gov**

Wyoming
Wyoming Department of Education
Phone: **307-777-7690**
Web site: **www.k12.wy.us**

U.S. Territories

American Samoa
American Samoa Community College
Phone: **(684) 699-9155***
Web site: **www.ascc.as**

Commonwealth of the Northern Mariana Islands
Northern Marianas College Financial Aid Office
Phone: **(670) 234-5498***
Web site: **www.nmcnet.edu**

Federated States of Micronesia

Federated States of Micronesia Department of Education
Phone: **(691) 320-2872***
Web site: **www.literacynet.org/micronesia/doe.html**

Guam
University of Guam
Phone: **(671) 735-2288***
Web site: **www.uog.edu**

Puerto Rico
Puerto Rico Council on Higher Education
Phone: **787-724-7100**
Web site: **www.ces.gobierno.pr**

Republic of Palau
Republic of Palau Ministry of Education
Phone: **(680) 488-2471***
Web site: **www.palaumoe.net/school/post.htm**

Republic of the Marshall Islands
Marshall Islands Scholarship Grant and Loan Board
Phone: **(692) 625-5770***
Web site: **www.rmischolarship.net**

Virgin Islands
Virgin Islands Department of Education
Phone: **340-774-0100**
Web site: **www.doe.vi**

* To call from the U.S., dial 011 before the country code shown in parentheses.

DRAFT

Other Federal Student Aid Publications

You can find these and other publications at
www.FederalStudentAid.ed.gov/pubs

College Preparation Checklist

A year-by-year list of what high school students should do to prepare for college.

Funding Education Beyond High School: Audio Highlights

This resource for the visually impaired describes our federal student aid programs and is available in CD and online.

Completing the FAFSA

This online resource contains detailed instructions for completing the Free Application for Federal Student Aid (FAFSA).

Save Your Money, Save Your Identity

Information on how financial aid applicants can avoid fraud and identity theft.

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

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

FAFSA4caster Hall Pass

Information on FAFSA4caster to help you get an early start on the financial aid process.

Stafford Loan Forgiveness Program for Teachers

Describes the eligibility criteria for having a Stafford Loan forgiven for service as a teacher.

Federal Aid First

This brochure explains the differences between federal and private education loans.

DRAFT

FUNDING EDUCATION BEYOND HIGH SCHOOL

The Guide to Federal Student Aid | 2009–10

START HERE
GO FURTHER
FEDERAL STUDENT AID