INDIANA FINANCIAL AID

Indiana has financial aid for all types of students. To qualify, file the FAFSA by April 15 of your senior year of high school (and each following year too!). Check out these options, and visit LearnMoreIndiana.org/statefinancialaid to see all your state financial aid options.

What is it?	Who qualifies?	How much?
21st Century Scholars Program	Income-eligible Hoosier students, must apply during 7th or 8th grade year	Four years of up to 100% tuition at an eligible Indiana college
Adult Student Grant	Hoosier adults who are starting or completing an associate degree, bachelor's degree or certificate	A renewable award of up to $2,000
Child of Veterans and Public Safety Officers (CVO)	Students whose parent is a disabled military veteran or deceased or disabled public safety officer	Up to 100% of tuition cost at a public Indiana college
Earline S. Rogers Student Teaching Stipend for Minorities	Black or Hispanic students who will be participating in student teaching during the upcoming academic year	The amount varies based on student need and available funds
EARN Indiana	Any student who demonstrates financial need	Varies, but all internships are paid at least federal minimum wage
Frank O'Bannon Grant	Full-time college students with financial need. May receive more aid if you earn an honors diploma in high school, maintain a 3.0 GPA in college, complete more credit hours or earn an associate degree	$650 to $9,000, depending on your college and your financial need. Additional performance incentives available from $800 to $1,300
Indiana National Guard Supplement Grant	Students who are active members of the Indiana Air or Army National Guard	Up to 100% of tuition cost at a public Indiana college
Mitch Daniels Early Graduation Scholarship	Students who graduate from a public high school at least one year early	A one-time award of up to $4,000
Next Generation Hoosier Educators Scholarship	High-achieving high school and college students who plan to teach in Indiana for at least five years after graduation	Up to $7,500 per year for four years
Student Teaching Stipend for High-Need Fields	Students who plan to teach in a high-need field where there is a shortage of candidates	The amount varies based on student need and available funds
William A. Crawford Minority Teacher Scholarship	Black or Hispanic students majoring in education who plan to teach in Indiana for at least three years after graduation	The amount varies based on student need and available funds
Workforce Ready Grant	Students who enroll in a high-demand certificate program at Ivy Tech Community College, Vincennes University or another approved training provider	Up to 100% of tuition cost at Ivy Tech, Vincennes, or another approved training provider

***For full requirements, see LearnMoreIndiana.org/statefinancialaid**

Creating and Using the FSA ID

What's an FSA ID?

The FSA ID is a username and password you use to log in to U.S. Department of Education (ED) online systems. The FSA ID is your legal signature and shouldn't be created or used by anyone other than you—not even your parent, your child, a school official, or a loan company representative. You'll use your FSA ID every year you fill out a *Free Application for Federal Student Aid* (FAFSA®) form and for the lifetime of your federal student loans.

How do I get an FSA ID?

Visit **StudentAid.gov/fsa-id/create-account** to create an FSA ID. You'll need your Social Security number, full name, and date of birth. You'll also need to create a memorable username and password, and complete challenge questions and answers so you can retrieve your account information if you forget it.

You'll be required to provide either your email address or your mobile phone number when you make your FSA ID. Providing a mobile phone number and/or email address that you have access to will make it easier to log in to ED online systems and allow additional account recovery options.

Important: A Social Security number, email address, and mobile phone number can only be associated with one FSA ID. If you share an email address with someone else, then only one of you will be able to use that email address to create an FSA ID.

FSA ID Tips

- If you need to provide information about your parents on the FAFSA® form, one of your parents will need an FSA ID to sign the form. Your parent can create an FSA ID and then sign the FAFSA form electronically using that FSA ID. Not sure whether you'll need to put your parents' information on the FAFSA form? Check out **StudentAid.gov/dependency**. **Remember**: You should create your own FSA ID, and your parent should create his or her own FSA ID. Also, make sure to use the correct FSA ID when signing the FAFSA form electronically.

- When you first create your FSA ID, the use of your FSA ID will be restricted to completing, signing, and submitting an original (first-time) FAFSA form. You'll have to wait one to three days for your information to be confirmed by the Social Security Administration (SSA) before you can use your FSA ID for other actions, such as submitting a FAFSA Renewal or signing a *Master Promissory Note*. If you provided an email address, then you'll receive an email letting you know that your information was successfully matched with the SSA and you can begin using your FSA ID.

- If you forget your FSA ID username or password, look for the "Forgot My Username" and "Forgot My Password," links on log-in pages. These links will direct you to web pages where you can request a secure code to be texted to your verified mobile phone number or emailed to your verified email address. The secure code will allow you to retrieve your username or reset your password. You can also retrieve your username or reset your password by successfully answering your challenge questions. **Remember**: If you verified your email address or mobile phone number during account creation, you can enter your email address or mobile phone number instead of your username to log in.

Learn more about how you can use your FSA ID at **StudentAid.gov/help-center/answers/article/how-can-i-use-my-fsa-id-username-and-password**. Find this fact sheet at **StudentAid.gov/resources#fsaid**.

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FAFSA: Step-by-Step

What is it? FAFSA stands for Free Application for Federal Student Aid. The federal government uses this form to determine your eligibility for federal financial aid for college, which may include grants, scholarships, work-study and loans.

Why fill it out? The FAFSA is used to apply for financial aid from the federal and state government(s) and from most public and private colleges. Private colleges may have their own supplemental forms in addition to the FAFSA for awarding their own aid funds. For example, about 250 private colleges require an additional form called the CSS/Financial Aid PROFILE. The FAFSA is a prerequisite for the unsubsidized Stafford and Parent PLUS loans, which do not depend on financial need.

EFC stands for **Expected Family Contribution.** According to the government's calculation, you and your family should be able to contribute this amount in the coming academic year to your college costs. The EFC is a harsh assessment of you and your family's ability to pay for college. It does not consider the impact of consumer debt on a family's financial strength.

How does it work? The college you plan to attend will try to meet your demonstrated financial need with a package of different types of aid from multiple sources, including federal, state, school and private sources.

You can do the following on www.fafsa.ed.gov:

- Electronically sign your FAFSA
- Check the status
- Make corrections
- Add additional colleges and universities
- Fill out an online renewal FAFSA next year

- To obtain a FSA ID, eligible students should visit https://fsaid.ed.gov/npas.
- Fill out the form to create a FSA ID and follow all instructions.
- Keep your FSA ID confidential. It allows you to electronically sign federal student aid and loan documents and access your confidential FAFSA information.

Step 1: Assemble forms needed to complete FAFSA

You and your parents (if you are dependent) need the following to fill out the form:

- Social Security Number
- Current bank and brokerage account statements
- Driver's license (if any)
- Current mortgage and investment records (if any)
- Alien registration card (if not a U.S. citizen)
- Current federal tax return (estimates are OK on tax questions, if you or your parents haven't filed yet)
- Current untaxed income records (if any)
- Current W2 and 1099 forms and other record of money earned
- Parents' current income tax return (if dependent)

Step 2: Complete the FAFSA

- Download, print and complete the FAFSA on the Web worksheet.
- Complete FAFSA on the Web at www.fafsa.ed.gov. The online version is used by over 99% of the applicants since it includes skip logic to avoid asking you unnecessary and redundant questions. Processing is quicker and more efficient with built-in edit-checks to reduce errors on the form.
- In order to maximize the amount of aid, fill out the FAFSA as soon as possible after October 1.
- Once finished, print the FAFSA summary as well as the "Submission Confirmation" page (or write down your confirmation number and date). If you complete the paper version, make a copy for your records.

Step 3: Review your Student Aid Report (SAR)

The SAR is proof that your FAFSA was received. You should receive your electronic SAR in 1-3 days if you filed electronically (paper filing: 2-3 weeks).

What if I find errors on my Student Aid Report (SAR)?

- Report errors immediately to your financial aid office. You can also make corrections online using your FSA ID at www.fafsa.ed.gov.
- If you don't receive your SAR in 3-4 weeks, call 1-800-433-3243 (1-800-4-FED-AID) or visit www.studentaid.ed.gov.

Quick Tip: *New in 2016, the FAFSA application will now be accepted as early as October 1st. Early submission maximizes your chances of receiving aid.*

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Student Aid Report (SAR) and Expected Family Contribution (EFC)

What is the Student Aid Report (SAR)?

The SAR is a summary of the information you entered on the Free Application for Federal Student Aid (FAFSA). It tells you how much federal student aid you might be eligible to receive, and how much the government thinks you can reasonably pay for your school expenses. The SAR also notifies you if you are eligible for a Federal Pell Grant. You will receive a SAR in 1-3 days after you filed an Electronic FAFSA or 2-3 weeks after you filed a paper version. Check immediately for your EFC and any mistakes or errors.

What is the Expected Family Contribution (EFC)?

The EFC is the amount you and your family will be expected to pay for the coming academic year based on your financial situation. Some colleges do not satisfy the student's full demonstrated financial need, leaving the family with unmet need (a gap). Some need may be met with loans, which need to be repaid, usually with interest.

How is the EFC calculated?

The U.S. Department of Education uses the Federal Methodology (FM) to calculate your aid eligibility. The FM takes into account your family's income, the number of family members, in college, net value of assets and your enrollment status, among other factors. To estimate your EFC, utilize the Expected Family Contribution Calculator: www.finaid.org/efc.

What happens after I receive my SAR?

Look for mistakes or errors. Any colleges you listed on your FAFSA will also receive an electronic copy of your SAR. If you find an error notify your school's financial aid office immediately to let them know. Errors can also be corrected online using your FSA ID at www.fasfa.gov.

What if I find mistakes on my SAR?

Let your college know and go to www.fafsa.ed.gov. Under "FAFSA Follow Up," click "Make Corrections to a Processed FAFSA." Check the items you want to change and make corrections. On paper, on the last pages of the SAR, find your original FAFSA info. Make changes and only fill in the areas that need to be changed and/or corrected. You and your parents must sign and mail the corrected FAFSA to the central processor or send to each school to which you are applying to for admission and financial aid.

Highlights of each page in your SAR:

Page 1	Intro: Tracks the aid process for you. If there is an asterisk next to your EFC, you have been selected for verification (see below)*.
Page 2	Confidentiality information; reminders.
Page 3	EFC, other info: EFC is listed at the top, along with other information, such as any issues with aid eligibility.
Page 4	Summary of loans: Refer to your records and make sure your totals are accurate.
Pages 5-8	FAFSA summary: Review the summary. Make corrections or changes in the spaces provided. You can also make changes online at: www.fafsa.gov.

SAR Information Acknowledgement: Correct any wrong information on pages 5 through 8 of the SAR or online.

When do I receive my financial aid?

Once your college reviews your SAR and verifies your eligibility, it will create and notify you of your aid eligibility and send an award letter. You do not need to accept all of the aid that's offered to you; accept only the aid you want. Rejecting one form of aid, however, will not result in increases in the other forms of aid. Federal aid will first be applied to certain school charges, such as tuition, fees, room and board. Excess may then be disbursed to the student or credited to his or her student account.

*Why is there an asterisk next to my EFC?

An asterisk (*) means you have been selected for verification and you must provide documents to your college to verify that information submitted on the FAFSA is correct. If your college asks verification documents, send as soon as possible to avoid a delay in the aid process. The US Department of Education has switched to a targeted verification process. About a third to half of all FAFSAs will be selected for verification. Some colleges verify 100% of their aid applicants, they find that this increases the accuracy of the information used to award financial aid. This helps ensure that the most deserving/needy students receive financial aid.

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Glossary of Key Terms

Award Letter: The financial aid award letter is a notification telling you about the financial aid offered to you by your college (including estimated costs, financing information, types of aid, amounts offered, specific program information, etc.). You may choose to accept some or all of what is offered. Unfortunately, colleges do not increase the grants in the financial aid package if you turn down student employment and/or loans.

Credit/Unit (or Credit Hour): A credit hour is a unit of measurement for fulfilling course requirements. Most colleges require that you complete a certain number of credits/units in order to graduate.

Cost of Attendance: The cost of attendance includes all costs associated with attending college: tuition & fees, room/board, books, supplies, transportation, personal expenses and a personal computer. Ask the school about increasing your cost of attendance if you have dependent care or disability-related expenses.

CSS/Financial Aid PROFILE: The PROFILE form is used to apply for financial aid at about 250 colleges. It calculates the student's expected family contribution (EFC) under the Institutional Methodology (IM). It is used to apply for the college's own financial aid funds and does not affect eligibility for government aid. It is filed online at profileonline.collegeboard.com.

Demonstrated Financial Need: Demonstrated financial need is the difference between the cost of attendance and the expected family contribution.
(Financial Need = COA – EFC)

Enrollment Status: Indicates you attend school full-time or part-time. In general, you must attend at least half-time to qualify for financial aid.

Expected Family Contribution (EFC): Amount toward the cost of attendance each year a student; and his or her family are expected to contribute from their own financial resources.

Financial Aid Package: A financial aid package is a combination of multiple types and sources of financial aid. It may include money from the federal government, state government, the college itself and private sources.

Free Application for Federal Student Aid (FAFSA): The Free Application for Federal Student Aid or FAFSA is a national form used to collect demographic and financial information from applicants for Federal, state, and some institutional financial aid programs. The form collects information from the student (and family, if applicable) such as prior year income, current net value of assets, family size and the number of children who will be enrolled in college on at least a half-time basis in the coming academic year.

Net Cost: The net cost is the difference between the cost of attendance and the need-based financial aid package. (Net Cost = COA – Financial Aid)

Net Price: The net price is the same as the out-of-pocket cost, the difference between the cost of attendance and just grants. The net price is the amount the family pays, earns or borrows to cover college costs.
(Net Price = COA – Grants)

Open Admissions: Students are admitted regardless of their academic qualifications. Most community colleges and for-profit colleges have an open admissions policy.

Out-of-State Students: Generally applies to students attending a public university outside of their home state. Out of-state students usually pay a higher tuition rate unless they establish legal residency for the state where they attend school or a reciprocity agreement is in place between the student's state and the state of the school.

Rolling Admissions: There is no set admissions deadline date; qualified students are accepted until classes are filled.

Student Aid Report (SAR): The Student Aid Report lists the data elements submitted on the FAFSA, some intermediate calculations, the student's expected family contribution along with other information such as the graduation rates of the colleges being considered.

Unmet Need: The unmet need, sometimes called a gap, is the difference between the full demonstrated financial need and the student's need-based financial aid package. (Unmet Need = Financial Need – Financial Aid)

Quick Guide to Financial Aid

A few weeks after filing the Free Application for Federal Student Aid (FAFSA), you will receive a copy of your Student Aid Report (SAR) with your Expected Family Contribution (EFC). The prospective college(s) will receive your FAFSA information as well. Each school you applied to will send you a Financial Aid Award Letter, breaking down the college costs and summarizing your eligibility for each type of financial aid. The aid offered in the letter will be based on your demonstrated financial need, which is equal to the Cost of Attendance (COA) minus your EFC. To understand the financial aid process better, here are the key terms you need to know:

Free Application for Federal Student Aid (FAFSA)*:* The FAFSA is a form used to apply for student financial aid from the federal and state government, as well as most colleges and universities. The government uses the information from your FAFSA to determine your expected family contribution (EFC). You can file the FAFSA at www.fafsa.ed.gov.

FSA ID. The FSA ID is comprised of a username and password and can be used to login to certain Federal Student Aid websites, such as the Free Application for Federal Student Aid (FAFSA). Obtain your FSA ID at: https://fsaid.ed.gov/npas/index.htm.

Student Aid Report (SAR): The SAR is the official notification sent to you about a week after filing the FAFSA online. This document includes your Expected Family Contribution (EFC). The SAR also provides information about the colleges you are considering, such as the graduation rates.

Expected Family Contribution (EFC): The EFC is a measure of your family's financial strength. It is based on the information you submitted on the FAFSA, including income, assets, family size and the number of children in college. Your EFC represents the amount of money the federal government believes your family can contribute toward one academic year of college. It is a harsh assessment of ability to pay, since it does not consider many types of consumer debt, such as credit card debt, student loan debt and auto loans. The actual amount your family ends up paying could be higher or lower than the EFC figure, depending on the sources of aid available to you.

There are two main formulas for calculating an EFC, the federal methodology (FM) and the institutional methodology (IM). The two formulas differ in the types of assets that are included (e.g., family home, assets of siblings), the assumption of a minimum student contribution, the treatment of paper losses, regional differences in cost of living, allowances for educational savings and emergency funds, the treatment of children of divorced parents and adjustments for more than one child in college at the same time. The FM EFC is used for determining eligibility for federal and state aid and financial aid at most colleges. About 250 colleges use the IM EFC for awarding their own financial aid funds.

Financial Aid Package*:* The financial aid package is a combination of multiple types and sources of financial aid available to you to help pay for college costs. It may include money from the federal government, state government, the college itself and private sources. It can include scholarships, grants, work-study and loans. The financial aid offered by each college may vary and is summarized in financial aid award letters sent by the prospective colleges.

Financial Aid Award Letter*:* The financial aid award letter is the list of all the aid from multiple sources that you are eligible to receive through your prospective college, including terms and conditions. You are not required to accept every type of aid found in the letter. For example, you could turn down loans. Turning down loans, however, will not increase the amount of grants and/or scholarships you may receive.

Cost of Attendance (COA)*:* The cost of attendance includes the total price of tuition, fees, room, board, textbooks, supplies, transportation and personal expenses for one year of college. This is also known at some colleges as the "Student Budget." There may be separate student budgets for students who live on campus, off campus or with their parents. Some colleges will adjust the cost of attendance to include the cost of a computer, student health insurance and dependent care.

Net Price: The net price or out-of-pocket cost is the bottom line cost of college. It is the difference between the cost of attendance and grants. It is the amount of money you must pay from savings, income and loans to cover college costs.

Types of Aid

There are many different types of financial aid available from federal and state government, college and private sources. The major types of financial aid include:

Grants are awards typically based on financial need that do not need to be repaid. An example is the Federal Pell Grant. Eligibility often depends on your EFC and/or financial need. For example, the Federal Pell Grant is based on your EFC.

Scholarships are awards usually based on achievement or talent that also do not need to be paid back. You can search for scholarships for free at www.fastweb.com. Fastweb adds and updates scholarships every single day, and will send you email notification when there's a new scholarship that matches your personal background profile. Also, your prospective college(s) may offer scholarships based on academic merit and/or financial need. Call the financial aid office to find out which scholarships are available to you and how you can apply.

Federal Work-Study (FWS) provides part-time jobs for students with financial need. The jobs are usually available on or near campus. A list of available jobs can be found at the college's financial aid office or student employment office. Students who don't qualify for a work-study job may able to find student employment to help pay for college bills or get a little spending money.

Loans are funds that must be paid back, usually with interest. There are federal student loans, federal parent loans, and private or alternative loans. The good news is that interest rates for education loans are currently at historic lows. However, you must demonstrate financial need for some loans, like the Federal Perkins Loan or the Federal subsidized Stafford Loan. Other loans, such as the Federal unsubsidized Stafford loan and the Federal Parent PLUS loan, do not depend on financial need. Private student loans may depend on your credit history. To find out more about loans, visit www.finaid.org/loans.

Education Tax Benefits are available to you and your parents when you file your federal income tax returns based on amounts you paid for college. The most popular education tax benefits are the Hope Scholarship tax credit, Lifetime Learning tax credit and the student loan interest deduction.

American Opportunity Tax Credit provides a federal income tax credit of up to $2,500 (40% refundable) per student based on the first $4,000 in postsecondary tuition, fees and course materials paid by the taxpayer during the tax year. The full $2,500 credit is available to individuals with modified adjusted gross income of $80,000 or less and to married couples filing a joint return with modified AGI of $160,000 or less. For more information about the Hope Scholarship tax credit and other education tax benefits, visit www.finaid.org/otheraid.

Public Service Loan Forgiveness (PSLF). Students who work full-time in a public service job for 10 years may qualify to have their remaining debt forgiven. Public service loan forgiveness works in conjunction with income-based repayment. Public service jobs include public school teachers, police, fire, EMT, members of the military, public defenders, prosecutors and others who work for the city, state and federal government, as well as people working for 501(c)(3) tax-exempt charitable organizations. Public service loan forgiveness is available only for federal student loans. Private student loans and Federal Parent PLUS loans are not eligible. To find out more about public service loan forgiveness, visit www.finaid.org/publicservice.

Key Loan Terms

Federal education loans, including both student loans and parent loans, are available direct from the federal government and are administered by your college. Private student loans, sometimes called alternative loans, are available from a private lender (like a bank) and have interest rates and repayment terms set by the lender and not the government. Here are loan terms you need to know:

Annual Percentage Rate (APR): The APR is the overall cost of borrowing money, expressed as an annual percentage of the loan balance. The APR calculates the combined impact of the interest rate, loan fees, capitalization of interest (the addition of unpaid interest to the principal) and other repayment terms.

Cancellation: Some loan programs provide for cancellation (forgiveness) of the loan under certain circumstances, such as death or total and permanent disability of the borrower.

Capitalization: Capitalization is the practice of adding unpaid interest charges to the principal balance of an education loan, thereby increasing the size and cost of the loan. Interest is then charged on the new balance, including both the unpaid principal and the accrued interest. Interest can be capitalized monthly, quarterly, annually or when the loan enters repayment. Capitalization causes interest to be charged on top of interest.

Consolidation: A consolidation loan combines one or more eligible federal educational loans into a single new loan.

Default: Default is the failure to repay your loan according to the terms. It may lead to legal action to recover the money and can negatively affect your credit rating. Private student loans are considered to be in default after 120 days of nonpayment, while federal education loans are considered to be in default after 360 days of nonpayment.

Deferment: A deferment is a postponement of payment on a federal loan that is allowed under certain conditions and during which the government pays the interest on any subsidized loans. The borrower is responsible for the interest on any unsubsidized loans during a deferment. The economic hardship deferment has a three-year limit. Deferments during the in-school period are unlimited.

Forbearance: A forbearance is a period during which your monthly loan payments are temporarily suspended or reduced. Interest continues to accrue and will be capitalized if unpaid by the borrower. You may qualify for a forbearance if you are willing but unable to make loan payments due to certain types of financial hardships. Federal loans have a five-year limit on forbearances. Private student loans typically have a one-year limit.

Interest: Interest is a periodic fee for borrowing money, expressed as a percentage of the loan balance. Interest rates are either variable (the rate can change) or fixed (the rate will not change). The interest rate on a variable rate loan can reset (change) annually, quarterly or monthly.

Loan Fees: Loan fees are one-time charges to originate or guarantee a loan, expressed as a percentage of the loan balance.

Principal: The principal is the full amount borrowed. During repayment, it refers to the portion of the original loan amount still owed (not including interest or fees).

Promissory Note: A promissory note is a binding legal document you sign when you get a student loan. It contains the loan terms and conditions under which you're borrowing and the terms under which you agree to pay back the loan. It may also mention deferment and cancellation provisions available to the borrower.

Subsidized: The government pays the interest on subsidized loans while the student is in school, during the six-month grace period and during any deferment periods. Subsidized loans are awarded based on demonstrated financial need. Note: The government will not pay interest on subsidized loans awarded in 2012-13 and 2013-14 during the six-month grace period. The government will continue to pay interest on these loans during the in-school and other deferment periods.

Unsubsidized: An unsubsidized loan is a loan for which the government does not pay the interest. The borrower is responsible for the interest on an unsubsidized loan from the date the loan is disbursed, even while the student is still in school. Students may avoid paying the interest while they are in school by capitalizing the interest, which adds the interest to the loan balance. Examples of unsubsidized loans include the unsubsidized Stafford loan and the Parent PLUS loans. These loans are not based on financial need or income and may be used to pay for the family share of college costs.

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Understanding Your Financial Aid Award Letter

Use this example as a guide to reading your financial aid award letter. Remember, you can choose to accept or decline any part of your financial aid package. If you decide to decline any type of aid, contact the Financial Aid Office. If you have any questions, make sure to contact your prospective college's aid office immediately.

Expenses (COA*)	
Tuition:	$7,334
Room/Board	$5,204
Health Fees	$ 176
Books/Supplies	$1,015
Personal	$2,600
Transportation	$ 900
Total Expenses	**$17,239**

*Cost of Attendance (COA): The total expenses (tuition, fees, etc.) of one year's education. Your college may also include indirect costs (books, room and board, transportation, personal expenses, etc.). Our example includes both direct and indirect expenses.

Resources (EFC*)	
Parent's Contribution	
From Earnings	$2,500
From Assets	$ 112
Student's Contribution	$ 500
Total Resources	**$3,112**

*Expected Family Contribution: Amount your family is expected to contribute determined by the Free Application for Federal Student Aid (FAFSA).

The amount you end up actually paying for the academic year, could differ from the EFC, depending on what resources are available at the college you decide to attend.

Sample Award Letter Explained

Dear Student:

The results of your Free Application for Federal Student Aid (FAFSA) indicate that you are eligible for financial assistance for the upcoming academic year. We are pleased to offer you the following financial aid award. Please review each type of award before accepting.

Federal Pell Grant (free money)

Option to accept or decline each award

Award	Fall	Spring	Accept	Decline	Total
Federal Pell Grant	$ 625	$ 625	€	€	$1,250
Total Direct Loans					$6,876
Direct Federal Stafford Loan (Subsidized)	$1,500	$1,500	€	€	
Direct Federal Stafford Loan (Unsubsidized)	$1,938	$1,938	€	€	
Total Financial Aid Package					**$8,126**

Federal Stafford Loan – Unsubsidized
(Interest accrues immediately after loan is disbursed)

Federal Stafford Loan – Subsidized
(Interest-free until graduation when repayment of interest & principal begins)

What does this mean to you?

Cost of Attendance (COA)	$17,239
Less Gift Aid (Pell Grant)	- $1,250
Out-of-Pocket Cost (Net Price)	**$15,989**

The out-of-pocket cost (net price) is the difference between the cost of attendance and the gift aid, such as grants and scholarships. It is the amount of money you will have to pay from savings (past income), income and loans (future income). Scholarships and grants will always be the best way to meet the costs of a college education. Search for scholarships at free websites like www.fastweb.com!

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Financial Aid Tips Quick Reference Guide

Tips about Saving for College

It is cheaper to save than to borrow. If you save $200 a month for 10 years at 6.8% interest, you will accumulate $34,433. If instead of saving, you borrow $34,433 at 6.8% interest with a 10-year repayment term, you will pay $396 a month, almost twice as much.

Time is your greatest asset. Start saving for college as soon as possible. If you start saving from birth, about a third of the college savings goal will come from earnings. If you wait until your child enters high school, less than 10% will come from earnings.

It is never too late to start saving. Every dollar you save is about a dollar less you will have to borrow.

Plan on saving a third of projected college costs or the full 4-year costs the year the baby was born. Like any other life-cycle expense, the cost will be spread out over time, with one third coming from past income (savings), one third from current income and financial aid, and one third from future income (loans). Since college costs increase by about a factor of three over any 17-year period and 3 x 1/3 = 1, your college savings goal should be the full 4-year cost of college the year the baby was born. You might not be able to predict which college your child will choose, but you probably can predict the type of college, such as an in-state public 4-year college, out-of-state public 4-year college or a non-profit 4-year college. For a baby born in 2012, this means saving $250/month, $400/month and $500/month, respectively, from birth to matriculation.

Save in the parent's name, not the student's, as this will reduce the impact on eligibility for need-based financial aid. A dependent student's 529 college savings plan is treated as though it were a parent asset.

When choosing a 529 college savings plan, choose the plan with the lowest fees. This will maximize your savings. You can invest in any state's plan. Likewise, choose the direct-sold version instead of the advisor-sold version, since the fees are lower. All else being equal, choose your own state's plan if it offers a state income tax deduction on contributions to the state's plan.

Make saving automatic, as it makes it much easier to save. Set up an automatic monthly transfer from your checking account to the college savings plan. Start saving what you can, and gradually increase it, especially when a regular expense like diapers or day care ends. Redirect at least half of windfalls, like income tax refunds and inheritances, to college savings.

Tips about Scholarships

Search for scholarships at free sites like Fastweb.com. Every dollar you win is about a dollar less you'll have to borrow.

Start searching for scholarships as soon as possible. There are scholarships with deadlines throughout the year, so the sooner you start searching, the more scholarships you will find. If you wait until the spring of the senior year in high school, you will miss the deadlines for about half of the scholarships available to high school seniors. But students in younger grades can also win scholarships. There are also many scholarships that are available only after you have enrolled in college. The sooner your start searching for scholarships, the more you will find.

In any targeted scholarship matching service, answer the optional questions in addition to the required questions. Students who answer the optional questions match about twice as many scholarships, on average, as students who answer just the required questions. The optional questions are there to trigger the inclusion of specific awards.

To win more scholarships, apply to every scholarship for which you are eligible. It's a numbers game. Even among talented students, winning involves a bit of luck, not just skill. Pursue less competitive scholarships, such as small awards and essay contests. They are easier to win and help you win bigger scholarships. You can't win if you don't apply. It gets easier after your first 6 applications. Essays can be reused and tailored to each new application.

If you have difficulty writing essays, record yourself as you answer the question out loud and transcribe the recording. Most people think and speak faster than they can write or type. Write an outline afterward to organize your thoughts.

Google your name to ensure that you have a professional online presence. Use a clean email address, such as firstname.lastname@gmail.com. Review your Facebook account, removing inappropriate and immature material.

Beware of Scholarship Scams: If you have to pay money to get money, it is probably a scam. Never invest more than a postage stamp to get information about scholarships or to apply for scholarships. Nobody can guarantee that you will win a scholarship. Do not give out personal information like bank account, credit card or Social Security numbers. Beware of the unclaimed aid myth. The only money that goes unclaimed is money that can't be claimed

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Financial Aid Tips Quick Reference Guide

The Free Application for Federal Student Aid (FAFSA)

File the Free Application for Federal Student Aid (FAFSA). The FAFSA is the gateway to financial aid from the federal and state governments and most colleges and universities. You can file the FAFSA online at www.fafsa.ed.gov.

Beginning in 2016, you can file the FAFSA as early as October 1st. of your senior year in high school and each subsequent year. Do not wait until you have been admitted or you file you federal income tax returns. Some states have very early deadlines for state grants, as early as February 1, and other states give out money on a first-come first-served basis until the money is gone.

Use the IRS Data Retrieval Tool, if possible, to prefill some of the answers on your FAFSA. This will reduce the likelihood that your FAFSA will be selected for verification. If you can't use it to file the initial FAFSA due to timing considerations, use it to update the FAFSA after you've filed your federal income taxes.

Apply for financial aid every year even if you think you won't qualify or even if you didn't qualify last year. The need analysis formulas are complicated enough that it is difficult to predict whether you will qualify. Changes in the number of children in college at same time can have a big impact on aid eligibility. The best way to evaluate eligibility is to apply. Families often overestimate their eligibility for merit-based aid and underestimate their eligibility for need-based aid. You can't get aid if you don't apply.

Tips about Comparing Financial Aid Award Letters

Compare colleges based on the *net price*, the difference between the total cost of attendance and just gift aid (grants, scholarships and tuition waivers). This is the true bottom-line cost, the amount you will have to pay from savings, income and loans to cover college costs.

This is in contrast with the *net cost*, the difference between the cost of attendance and the financial aid package. The financial aid package includes loans, which must be repaid, usually with interest.

When evaluating the net price of a college, ask the college whether it practices front-loading of grants. Colleges that practice front-loading of grants provide more grants during the freshman year, making them look less expensive. Likewise, ask about a college's outside scholarship policy. Some colleges will reduce grants instead of loans when a student wins a private scholarship.

Tips about Student Loans

Always borrow federal first. Federal student loans are cheaper, more available and have better repayment terms than private student loans. Federal student loans are eligible for income-based repayment and public service loan forgiveness, while private student loans are not. The unsubsidized Stafford and PLUS loans do not depend on financial need, so you do not need to be poor to qualify for low-cost federal education loans.

Before you spend student loan money on anything, ask yourself if you'd still buy it at twice the price. Every dollar you spend in student loan money will cost you about two dollars by the time you repay the debt.

Education debt may be good debt because it is an investment in your future. But too much of a good thing can hurt you. Don't borrow more than $10,000 for each year in school. Undergraduate students who borrow $10,000 per year will graduate with more debt than 90% of their peers. Undergraduate students who borrow $7,500 per year will graduate with more debt than 75% of their peers. If you have no choice but to borrow from private student loan programs, that may be a sign that you are overborrowing.

Consider tuition installment plans as a less expensive alternative to student loans.

Pay the interest on unsubsidized loans during the in-school and grace periods to prevent the loan balance from growing larger due to interest capitalization.

Total education debt at graduation should be less than your expected annual starting salary, and ideally a lot less. If your debt is less than your annual income, you will be able to repay your student loans in about 10 years. If your debt exceeds your income, you will need an alternate repayment plan like extended repayment or income-based repayment in order to afford your monthly loan payments, which means you will still be repaying your own student loans when your children enroll in college. If you borrow more than twice your starting salary you will be at high risk of default.

Try to minimize credit card debt. College students often get into trouble with credit cards, not just student loans. Do not charge more than you can afford to pay off in full each month. Spending $500 with plastic feels the same as spending $5, so it is hard to exercise restraint.

Tips about Student Loans (continued)

Choose as short a repayment term as possible. Increasing the loan term on an unsubsidized Stafford loan from 10 years to 20 years cuts the monthly payment by a third, but more than doubles the interest paid over the life of the loan.

After you graduate, accelerate repayment of the highest interest rate loan first. Student loans do not have prepayment penalties. Making an extra payment can save you money. After you make the required payments, direct any extra money toward accelerating repayment of the most expensive debt first. The most expensive debt is the debt with the highest interest rate, not the lowest monthly payment. Usually this is credit card debt and private student loans. Paying an extra $100 on a 10% loan is like earning 10% interest, tax-free, and may save you more than $200 over the life of the loan depending on the type of loan.

Avoid extended periods of non-payment, as this causes the size of the loan to grow. A year of capitalized interest will increase the size of the loan by 7%, and ultimately 25% when you consider the cost of paying interest on interest.

Sign up for auto-debit with electronic billing, where the monthly loan payments are automatically debited from your bank account. Many education lenders offer a 0.25% or 0.50% interest rate reduction for this.

Up to $2,500 in student loan interest on federal and private student loans can be deducted as an above-the-line exclusion from income on your federal income tax return. You can claim the deduction even if you don't itemize.

Tips about Student Employment

Work part-time while you are in school. Even if you don't qualify for Federal Work-Study, there are plenty of part-time jobs on or near college campuses. Working 10-12 hours a week will help improve your grades by forcing you to learn time management skills. Working a full-time job will hurt your performance by taking away time from academics. Enroll full-time and work part-time, not vice versa.

Tips about Education Tax Benefits

You can get a Hope Scholarship Tax Credit (also known as the American Opportunity Tax Credit) on your federal income tax return. The Hope Scholarship provides a tax credit of up to $2,500 (of which $1,000 is refundable) based on $4,000 in qualified higher education expenses, which include amounts paid with cash or loans for college tuition, fees and course materials (textbooks).

Tips about Cutting College Costs

Live like a student while you are in school so you don't have to live like a student after you graduate.

One of the most effective ways to save on college costs is to enroll at an in-state public college. You may need an extra year to graduate with Bachelor's degree at public colleges, but you'll still graduate with less debt.

You can also save money by buying used textbooks or selling your textbooks back to the bookstore at the end of the semester.

Visit home less frequently to cut travel costs.

Live at home during college, especially if at an in-state public college, to graduate with thousands of dollars of less debt. Tell your parents that it is better if you live at home during your college education than be forced to after you graduate.

If you live off-campus, get a roommate to split the costs. Otherwise you might have higher costs than students who live on campus.

Don't switch majors or transfer colleges. This increases time to finish by about a year and increases debt.

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Choosing a Student or Parent Loan Quick Reference Guide

Top Ten Student Loan Tips

1. **File the Free Application for Federal Student Aid (FAFSA).** The FAFSA is a prerequisite for federal student and parent loans, plus government grants. The unsubsidized Stafford and PLUS loans do not depend on financial need, so you do not need to be poor to qualify for low-cost federal education loans. File the FAFSA at www.fafsa.ed.gov.

2. **Minimize debt.** Live like a student while you are in school so you don't have to live like a student after you graduate. Students who borrow more than $10,000 a year will graduate with more debt than 90% of their peers. Every dollar you borrow will cost you about two dollars by the time you've repaid the debt.

3. **Plan ahead.** Your total education debt at graduation should be less than your expected starting salary, and ideally a lot less. Otherwise you will have difficulty repaying your student loans and you may be forced to abandon your dreams by the need to repay your debt. You will need to use a longer term repayment plan to afford your monthly loan payments, so you will still be repaying your own student loans by the time your children enroll in college. This will also increase the cost of your loan. Estimate your debt at graduation by multiplying your first year's debt by the number of years in your degree program.

4. **Borrow federal first.** Federal student loans are cheaper, more available and have better repayment terms than private student loans. The interest rates on federal education loans are fixed, while the interest rates on most private student loans are variable and can increase. Federal student loans are eligible for income-based repayment (www.finaid.org/ibr) and public service loan forgiveness (www.finaid.org/pslf), while private student loans are not. Federal student and parent loans can be obtained through your college's financial aid office.

5. **Ask about tuition installment plans.** Most colleges offer tuition installment plans which let you spread out the college bill over 9 or 12 equal monthly installments. These plans typically charge an up-front fee of less than $100 and do not charge interest. This can be a cheaper alternative to borrowing the money through education loans.

6. **Pay the interest on unsubsidized loans during the in-school and grace periods** to prevent the loan balance from growing larger. Otherwise the interest will be capitalized, increasing the loan balance by 15% to 20% by the time you enter repayment. This is called negative amortization (www.finaid.org/negamort).

Key Student Loan Resources

FinAid's Student Loans Section
www.finaid.org/loans

FinAid's Student Loan Calculators
www.finaid.org/loans/calculators.phtml

Student Loan Checklist
www.finaid.org/studentloanchecklist

Student Loan Borrower Assistance Project
www.studentloanborrowerassistance.org

Project on Student Debt
www.projectonstudentdebt.org

Federal Student Loans
www.studentloans.gov

Federal Direct Consolidation Loan
www.studentaid.ed.gov/sa/repay-loans/consolidation
800-557-7392 or fax 800-557-7396
800-557-7395 TDD

Private Student Loans
www.finaid.org/privatestudentloans

Private Loan Comparison Sites
www.finaid.org/loancomparison

Private Consolidation Loans
www.finaid.org/privateconsolidation

Federal Student Aid Ombudsman
The FSA Ombudsman mediates disputes and helps resolve problems concerning federal student loans.
www.ombudsman.ed.gov
877-557-2575 or fax 202-275-0549
fsaombudsmanoffice@ed.gov

Federal Student Aid Information Center
800-4-FED-AID (800-433-3243) or 319-337-5665
800-730-8913 TDD
studentaid@ed.gov

Forgot Your Lender? Ask your college's financial aid administrator or visit www.finaid.org/lostlender

National Student Loan Data System (NSLDS)
www.nslds.ed.gov

7. **Apply for private student loans with a creditworthy cosigner.** Not only will this increase your chances of getting the loan, but it may result in a lower interest rate since eligibility, interest rates and fees are based on the higher of the two credit scores. But beware, a cosigner is a co-borrower, equally obligated to repay the debt. Late payments and defaults are reported on the cosigner's credit history too.

8. **Get organized.** Create a student loan checklist that lists all of your student loans. A blank student loan checklist is available at www.finaid.org/studentloanchecklist. Put all of your paperwork for each loan in its own file folder labeled with the lender name, date borrowed, original loan balance and loan id. Put a note on your calendar at least a week before your first payment is due. Tell the lender about your new address whenever you move.

9. **Sign up for auto-debit with electronic billing**, where the monthly loan payments are automatically debited from your bank account. Borrowers with auto-debit are much less likely to miss a payment. Many lenders offer discounts for borrowers who set up auto-debit with electronic billing.

10. **Claim the student loan interest deduction on your federal income tax return.** Up to $2,500 in student loan interest on federal and private student loans can be deducted on your federal income tax return each year. This deduction is taken as an above-the-line exclusion from income, letting you claim the deduction even if you don't itemize. Visit www.finaid.org/interestdeduction for additional details.

Criteria for Choosing a Student Loan

When evaluating an education loan, most families focus first on cash flow considerations:

- *How much money can you get to pay for college costs and/or living expenses?*
- *How much are the monthly payments?*
- *When do the payments start and when do they end?*
- *What is the total cost of the loan (the total payments over the life of the loan)?*
- *Who is responsible for paying back the loan?*

The interest rate has the biggest impact on loan costs. Generally, families should prefer loans with the lowest after-tax interest rate, such as federal education loans.

The most important differences among student loans include: interest rate (fixed or variable), fees (4% in fees equals up to about a 1% increase in the interest rate), subsidized (who pays the interest during the in-school and grace periods), interest capitalization (compounding can increase costs), loan discounts, student loan interest deduction, who is responsible for repaying the loan, eligibility (e.g., minimum GPA, good credit scores, debt-to-income ratios), eligible expenses, annual and cumulative loan limits, deferments and forbearances, repayment plans, prepayment penalties (none on student loans, see www.finaid.org/prepay), cancellation, forgiveness and the quality of customer service.

Be sure to read the fine print in the promissory note before signing it. Details matter, especially since you will be in repayment for a decade or longer. The promissory note is a binding legal agreement between you and the lender.

Calculating Monthly Loan Payments (Loan Amortization)

The following table shows the monthly payments on a $25,000 loan for various repayment terms and interest rates.

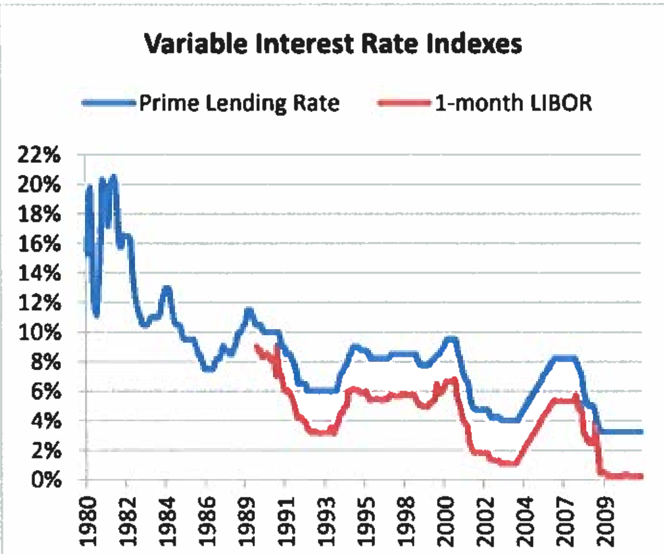
	Monthly Loan Payment on a $25,000 Loan						
Loan Term	3.4%	4.5%	5.0%	5.6%	6.0%	6.8%	7.9%
10 Years	$246	$259	$265	$273	$278	$288	$302
12 Years	$212	$225	$231	$239	$244	$254	$269
15 Years	$177	$191	$198	$206	$211	$222	$237
20 Years	$144	$158	$165	$173	$179	$191	$208
25 Years	$124	$139	$146	$155	$161	$174	$191
30 Years	$111	$127	$134	$144	$150	$163	$182

This table shows the maximum cumulative debt for a given monthly payment. Multiply the monthly payment by 100 to calculate the minimum annual salary needed to repay the debt.

Loan Term	Monthly Payment	Maximum Cumulative Debt 3.4%	5.0%	6.8%	7.9%
10 Years	$50	$5,100	$4,700	$4,300	$4,100
10 Years	$100	$10,200	$9,400	$8,700	$8,300
10 Years	$250	$25,400	$23,600	$21,700	$20,700
10 Years	$500	$50,800	$47,100	$43,400	$41,400
10 Years	$1,000	$101,600	$94,300	$86,900	$82,800
20 Years	$50	$8,700	$7,600	$6,600	$6,000
20 Years	$100	$17,400	$15,200	$13,100	$12,000
20 Years	$250	$43,500	$37,900	$32,800	$30,100
20 Years	$500	$87,000	$75,800	$65,500	$60,200
20 Years	$1,000	$174,000	$151,500	$131,000	$120,400
30 Years	$50	$11,300	$9,300	$7,700	$6,900
30 Years	$100	$22,500	$18,600	$15,300	$13,800
30 Years	$250	$56,400	$46,600	$38,300	$34,400
30 Years	$500	$112,700	$93,100	$76,700	$68,800
30 Years	$1,000	$225,500	$186,300	$153,400	$137,600

Impact of Variable Interest Rates

Most private student loans have variable interest rates. Since interest rates are unusually low right now, these interest rates are likely to increase over the term of the loan. The following chart shows how the two major variable rate indexes have changed over time. Given that these rates dropped by about 5.5% during the credit crisis, they can just as easily increase by a similar amount during the economic recovery.



This graph also shows that the spread between the Prime Lending Rate and the LIBOR index is about 3%. The spread rises gradually by about 0.19% every 10 years, so borrowers should prefer variable rate loans that are pegged to the LIBOR index.

An increase in a loan's interest rate can significantly affect the monthly loan payment, as demonstrated by the following table. For example, a 5% increase in the LIBOR index will increase monthly loan payments by about a quarter for a 10-year term, by almost half for a 20-year term and by about three-fifths for a 30-year term. Each 1% increase in the interest rate yields about a 5% increase in the monthly loan payment for a 10-year term, about a 9% increase for a 20-year term and about a 12% increase for a 30-year term.

Increase in Monthly Loan Payment Per 1% Increase in the Interest Rate	
Loan Term	Increase
10 years	4.9% ± 0.2%
15 years	7.1% ± 0.5%
20 years	9.0% ± 0.7%
25 years	10.8% ± 1.1%
30 years	12.2% ± 1.4%

Warning about Borrowing Too Much Money

Education debt might be considered by some to be good debt, because it is used to invest in your future. Yet too much of a good thing can be harmful. Borrowing excessively can be like having a mortgage without owning a home.

You can't get away from this debt, as student loans are almost impossible to discharge in bankruptcy and there is no statute of limitations on federal education loans. A successful discharge requires demonstrating undue hardship in an adversarial proceeding, a very harsh standard. Of roughly 72,000 borrowers in bankruptcy in 2008, only 29 had all or part of their federal student loans discharged. That's 0.04%. You are more likely to get cancer or die in a car crash than to have your student loans discharged in bankruptcy.

The federal government has very strong powers to compel repayment of defaulted federal education loans. The federal government can garnish up to 15% of your wages and intercept your income tax refunds without a court order. They can even garnish Social Security benefits and take your lottery winnings. A student loan default on your credit history will make it more difficult to get credit cards, auto loans, home mortgages. It can even affect your ability to get a job or rent an apartment.

Federal Education Loans

The **Federal Perkins Loan** is based on financial need and has a fixed 5% interest rate with no fees. The interest is subsidized, meaning that the federal government pays the interest during the in-school and grace periods. Repayment begins 9 months after graduation or dropping below half-time enrollment status.

Perkins Loan Limits Year in School	Annual Loan Limit	Aggregate Loan Limit	Average Loan
Undergraduate Students	$5,500	$27,500	$2,000
Graduate and Professional Students	$8,000	$60,000	$3,650

The **Federal Stafford Loan** has two versions, subsidized and unsubsidized. Subsidized Stafford loans are awarded based on financial need. Unsubsidized Stafford loans are not based on financial need. Since July 1, 2010, all new Stafford and PLUS loans have been made through the Direct Loan program, with money provided by the US Department of Education through eligible colleges and universities. Repayment begins 6 months after graduation or dropping below half-time enrollment status. The standard repayment term is 10 years (up to 25 years with income-based repayment), but borrowers can obtain longer repayment terms by consolidating their Stafford loans.

Choosing a Student or Parent Loan Quick Reference Guide

The Stafford loan has fixed interest rates. The 1% default fee is deducted from the disbursement check. The interest rate on the unsubsidized Stafford loan is 6.8% for all students. The interest rate on the subsidized Stafford loan for undergraduate students depends on the academic year, as illustrated in this table, and is 6.8% for graduate and professional students.

Undergraduate Students Stafford Loan Interest Rate		
Year	Subsidized	Unsubsidized
2007-08	6.8%	6.8%
2008-09	6.0%	6.8%
2009-10	5.6%	6.8%
2010-11	4.5%	6.8%
2011-12	3.4%	6.8%
2012-13	6.8%	6.8%

The limits on the Stafford loan depend on whether the loan is subsidized or unsubsidized, on the borrower's dependency status and on the borrower's year in school. Dependent students whose parents are denied a Parent PLUS loan are eligible to borrow at the independent student limits, which are $4,000/year higher during the freshman and sophomore years and $5,000/year higher during the junior and senior years. Students can borrow unsubsidized Stafford loans up to the overall limit minus any amounts received as subsidized Stafford loans. The subsidized Stafford loan limits are the same for dependent and independent students.

Annual Loan Limits Year in School	Subsidized Stafford	Unsubsidized Stafford Loan Dependent	Unsubsidized Stafford Loan Independent
Freshman	$3,500	$5,500	$9,500
Sophomore	$4,500	$6,500	$10,500
Junior	$5,500	$7,500	$12,500
Senior	$5,500	$7,500	$12,500
Preparatory Coursework Undergraduate Programs	$2,625	$2,625	$8,625
Preparatory Coursework Graduate Programs	$5,500	$5,500	$12,500
Teacher Certification	$5,500	$5,500	$12,500
Graduate and Professional Students	$8,500	NA	$20,500
Medical School Students	$8,500	NA	$40,500

Aggregate Loan Limits Year in School	Subsidized Stafford	Unsubsidized Stafford Loan Dependent	Unsubsidized Stafford Loan Independent
Undergraduate Students	$23,000	$31,000	$57,500
Graduate and Professional Students	$65,500	NA	$138,500
Medical School Students	$65,500	NA	$224,000

The **Federal PLUS Loan** has two versions, one for parents of dependent undergraduate students (Parent PLUS Loan) and one for graduate and professional students (Grad PLUS Loan). The terms of the loans are identical. Independent undergraduate students are not eligible to have their parents borrow from the Parent PLUS loan program.

The PLUS loan has a fixed 7.9% interest rate with 4% fees. The PLUS loan is an unsubsidized loan, with interest accruing during in-school, grace and deferment periods.

Grad PLUS loan borrowers may defer repayment during the in-school period, but there is no grace period after the student graduates or drops below half-time enrollment. Parent PLUS loan borrowers may defer repayment while the student is in school and during a 6-month grace period after the student graduates or drops below half-time enrollment status.

The PLUS loan is the only federal education loan that considers the borrower's credit history. Eligibility does not depend on credit scores, but rather on whether the borrower has an adverse credit history. An adverse credit history is defined as having a derogatory event within the last 5 years (e.g., tax lien, bankruptcy, foreclosure, repossession, wage garnishment or default determination) or a current delinquency on any debt of 90 or more days. Borrowers with an adverse credit history may still obtain the PLUS loan with a creditworthy endorser (cosigner) who cannot be the student.

The annual loan limit on the PLUS loan is up to the full cost of attendance minus other aid received. There is no aggregate loan limit.

The **Federal Consolidation Loan** is used to combine several federal education loans into a single loan. This will streamline repayment but does not save money.

Consolidation also provides access to alternate repayment plans that reduce the monthly payment by increasing the term of the loan. For example, increasing the repayment term on an unsubsidized Stafford loan from 10 years to 20 years cuts the monthly payment by a third, but also doubles the total interest paid over the life of the loan (a factor of 2.18 increase).

$25,000 @ 6.8% Loan Term	Monthly Payment	Total Interest	Total Payments
10 Years	$288	$9,524	$34,524
20 Years	$191	$20,802	$45,802
Difference	- $97	$11,278	$11,278
Change	- 33.7%	x 2.18	+ 32.7%

The interest rate on a federal consolidation loan is a fixed interest rate that is the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest $1/8^{th}$ of a percentage point and capped at 8.25%. The weighted average preserves the overall cost of the consolidated loans and will always be between the highest and lowest interest rates.

FEDERAL STUDENT LOAN BASICS

Did you complete the Free Application for Federal Student Aid (FAFSA®)? If your answer is yes, you may have received federal student loans as part of your financial aid award package. These student loans are provided by the government — not private lenders — to help students and their families pay for college. Here's a breakdown of the different federal student loan options available. Compare these details to find the best fit for your needs.

Discover Student Loans offers private student loans, not federal student loans. Interest rates are shown for loans disbursed from July 1, 2020 through June 30, 2021. Fees are for loans with a first disbursement on or after October 1, 2019, and before October 1, 2020.

TYPE OF LOAN	DIRECT SUBSIDIZED LOANS	DIRECT UNSUBSIDIZED LOANS	DIRECT PARENT AND GRAD PLUS LOANS
BORROWER	Student	Student	Parents of undergraduate students Graduate students
QUALIFICATION	For undergraduate students Based on financial need Determined by family income	For undergraduate and graduate students Not based on financial need	For parents of dependent undergraduate students For graduate and professional students Must pass a credit check
INTEREST RATE	2.75% fixed	2.75% fixed for undergraduates 4.30% fixed for graduates	5.30% fixed
FEES	1.059%	1.059%	4.236%
REPAYMENT TERMS	Government pays the interest while in school Repayment begins six months after graduation (or if enrollment falls below half-time) Plans range from 10 to 25 years	Government does not pay the interest while in school Repayment begins six months after graduation (or if enrollment falls below half-time) Plans range from 10 to 25 years	Government does not pay the interest while in school Parents can request an in-school deferment to postpone repayment until six months after their student graduates (or if enrollment falls below half-time) Grad students begin repaying six months after graduation (or if enrollment falls below half-time)
LOAN AMOUNT	$3,500 as a freshman $4,500 as a sophomore $5,500 as a junior, senior and any remaining undergraduate years	Amounts vary for dependent and independent students See StudentAid.ed.gov for details and aggregate limits	Annual cost of attendance minus other financial aid

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Source: https://studentaid.ed.gov/sa/types/loans

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PRIVATE STUDENT LOAN BASICS

If you've factored in your scholarships, grants, savings and federal student loans and still have college costs to cover, you might consider a private student loan to help. Here's what you need to know about private student loans.

THE LENDER

Private student loan lenders can be a bank, a credit union or another financial organization.

TYPE OF INTEREST RATE

Interest is what the lender charges you to borrow money. The interest rate you receive will be based on your creditworthiness, including credit score, credit report and other financial information such as income and expenses. There are two kinds of interest rates — fixed and variable.

- **Fixed Interest Rate**
  With a fixed interest rate, your rate stays the same for the life of the loan and you know exactly how much your payment will be each month.
- **Variable Interest Rate**
  Variable interest rates tend to have a lower starting rate. The rates are tied to an index and your rate can increase or decrease over the life of the loan. Your monthly payment can increase or decrease too.

COSIGNER

A cosigner is someone who agrees to take equal responsibility for the loan. Your cosigner should be an adult you know well who has excellent credit. By adding a creditworthy cosigner, you may improve your likelihood for loan approval and may receive a lower interest rate.

FEES

Be sure you're aware of the fees you could be charged, like late-payment fees.

DEFERRING REPAYMENT

Many private student loans have the option of deferring payments while in school at least half-time. Interest will accrue during this time and unpaid interest will be added to your principal balance at the end of your deferment.

IN-SCHOOL REPAYMENT

Some lenders may offer repayment options that require small monthly payments or interest-only payments while you're in school. These repayment plans can save money on the cost of the loan.

GRACE PERIOD

A grace period is a designated period of time after you graduate, leave school or drop below half-time enrollment status before you must begin repaying your loan.

DISCOUNTS AND BENEFITS

Many lenders offer an interest-rate discount while enrolled in automatic payments. Some lenders offer additional loan benefits. Read the fine print to see if you qualify.

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For more information on how to pay for college, visit CollegeCovered.com.

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Student Bulletin

Scholarship Guide

Master the Basics

Where to start

- **Go online** and take advantage of free scholarship matching services such as www.fastweb.com for local, regional, state, national awards and college-specific scholarships.
- **Ask** your school guidance counselor about local, private and corporate sponsorships.
- **Search** your community. There are many philanthropic and non-profit organizations that may offer awards. Visit your school or local public library to research scholarships. Ask your parents' employers and unions if they sponsor scholarships for children of employees.

How to prepare

- **Get organized** and keep the scholarships you are working on separate from those you have not started. Use a calendar to keep track of dates and deadlines or the status tool available on Fastweb.
- **Know your time frame to apply.** Complete and submit the easiest scholarships first. Then focus on the scholarships with earlier deadlines and ones that may require more time. Allow plenty of time when requesting letters of recommendation.

Submit your application

- **Remember** to check your spelling and grammar.
- **Proofread your materials** and have a teacher, parent or friend review your application and essay if submitting online or by mail. They can provide feedback and catch mistakes.
- **Keep a copy** of your application, if you submitted paper or electronic copy.

The Scholarship Essay/Application

Before you begin:

- Develop a theme that fits the scholarship. Learn about the scholarship provider's mission and goals. Tailor your essay/application to complement the sponsor's expectations. For example, if the provider is interested in community service, highlight ways you impact your campus community and your community at large within your essay. Here are a few topic ideas:

Personal achievements

- Talk about specific interactions you had with others. Sponsors want to know the impact you had on others and what this says about "you". Do you still keep in touch with anyone you've helped? How did you influence their lives?
- How did your achievements reflect your values? Why are your achievements important to you? Did you do something that received high praise or recognition?
- Personalize your experience. For example, what makes the volunteer and community service you've performed unique? What made you stand out?

Academic plans and possible major

- Instead of saying, "Science is my favorite subject," discuss a *specific* assignment or project that you worked on that sparked your interest. Give examples.
- Avoid saying that you selected a major or career path to "help people." What specific actions can you take to improve the lives of others? Discuss how your values are relevant to what you will be studying in college.

Social issues and current events

- Think about current issues or events in the news that you feel strongly about.
- Do you know a lot about a controversial topic?
- Do you know of someone who is directly involved in an issue who might be able to provide insight?

Mentors, admirers and influences

- Think about your friends and family, community and the things you've learned outside of the classroom. Pick specific people, incidents and learning experiences to write about that will let your personality come through.
- Is there a person you aspire to be like within your chosen academic major or career path? Someone who encouraged you to succeed?
- Focus on specific qualities or actions that the person has inspired in you.

What Do Judges or Evaluators Look For?

Do you qualify? Every year, students waste time by applying for awards they aren't eligible to win. If you don't meet the eligibility criteria, don't enter!

Is your application presented well? Type your essay and check for grammar and spelling errors. Place the application, essay and other contents in a large folder for mailing. Do not fold any of the materials.

Did you include all required documents? Make sure you include all required academic transcripts, references and letters of recommendation. When selecting individuals to provide you a letter of recommendation, be sure you know them very well and give them ample time to provide you a letter and provide them a self addressed stamped envelope, if it will be mailed.

Did you answer all of the questions? Double-check that you haven't forgotten any required information.