

The Guide to Federal Student Aid | 2007-08

Useful Web Sites

Student Aid on the Web

www.FederalStudentAid.ed.gov

- Find information on federal student financial aid and access sources of nonfederal aid.
- Apply online using *FAFSA on the Web* (the online version of the *Free Application for Federal Student Aid* [FAFSA]).
- Obtain a PIN (makes applying online faster).
- Look up the status of your federal student loan.
- Get information to help you decide on a career and locate schools offering majors in that field. Then apply to various schools online without leaving the site.
- Use “MyFSA” to create a personalized folder to record your interests, career and college searches and any relevant personal information. Track your progress in the college planning and application process. Store information in “MyFSA” to prepopulate fields on the FAFSA.

Free Help Completing the FAFSA

www.studentaid.ed.gov/completefafsa

Direct Loan Web site (*includes servicing center*)

www.dl.ed.gov

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

www.bls.gov/oco

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

Frequently Requested Telephone Numbers

Federal Student Aid Information Center (FSAIC)

1-800-4-FED-AID (1-800-433-3243)

TTY users (for the hearing-impaired) 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 financial aid questions and can give you all the help you need—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 application has been processed and to request a copy of your SAR. You can also write to the Federal Student Aid Information Center:

Federal Student Aid Information Center

P.O. Box 84
Washington, DC 20044-0084

Direct Loan borrower services

1-800-848-0979 | TTY users can call **1-800-848-0983**.

Direct Consolidation Loan information

1-800-557-7392 | TTY users can call **1-800-557-7395**.

Office of Inspector General Hotline

1-800-MIS-USED (1-800-647-8733)

To report student aid fraud (including identity theft), waste or abuse of U.S. Department of Education funds:

E-mail: oig.hotline@ed.gov.

Web site: www.ed.gov/misused.

Funding Education
Beyond High School

The Guide to Federal Student Aid | 2007-08
U.S. Department of Education Federal Student Aid



U.S. Department of Education
Margaret Spellings
Secretary

Federal Student Aid
Theresa S. Shaw
Chief Operating Officer

Student Aid Awareness and Applicant Services
Jennifer Douglas
General Manager

December 2006

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 2007-08*, Washington, D.C.

To order copies of this guide, write to:

ED Pubs, Education Publications Center

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

or fax your request to:
(301) 470-1244

or e-mail your request to:
edpubs@inet.ed.gov
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 service is not yet 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**.

or order online at **www.FSAPubs.org**

This guide is also available on the Federal Student Aid Web site at **www.FederalStudentAid.ed.gov**

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.



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, loans and work-study programs—for education beyond high school. The programs we administer comprise the nation's largest source of student aid. During the 2005-06 school year alone, we provided approximately \$78 billion in new aid to nearly 10 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. But 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 to choose from 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 are not sure what career path to follow. But exposure to different academic subjects, people and points of view helps you decide what career you would like to pursue. 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.



START HERE
GO FURTHER
FEDERAL STUDENT AIDSM



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

The cost of education beyond high school continues to rise. At Federal Student Aid, we offer financial aid programs that help millions of students manage the cost of education each year.

Education is your most important first step toward success.

Education creates opportunities. No qualified student should be denied an education because the cost is too high. So, if you're considering education beyond high school and wondering how you will pay, this guide can help. There's money available—but you need to apply to be eligible.

We tell you exactly how in this guide. In fact, the guide will tell you most everything you need to know about federal student assistance programs—grants, loans, work-study and more. It leads you step by step through the process—including completing the required application. So rest easy: the guide explains everything in simple, direct terms.

**We're Federal Student Aid—
your expert source of aid.**

Our team at Federal Student Aid is committed to making sure that all eligible students can benefit from financial help for education beyond high school.

There may be a good deal more of this help on hand than you think. Last year alone, we provided nearly \$78 billion in the form of grants, work-study and low-interest loans. About 10 million students benefited from this aid. Many of them could not have managed the rising cost of education without our help.



Chances are you know someone who took advantage of one or more of our federal student assistance programs. It's very possible that you can make this happen for yourself or a family member. The key: Start here, today, and go further.

**Start with us. We're here to help ...
at www.FederalStudentAid.ed.gov**

You'll find lots of useful information at our Web site. Our office publishes many other print publications that you will find helpful (see inside back cover for the list). All of them are free by calling **1-800-4-FED-AID (1-800-433-3243)** or go to **www.studentaid.ed.gov/pubs**.

Changes to the federal student aid programs were made into law last year. These changes, reflected in this guide, are: two new grant programs, fixed instead of variable interest rates for Stafford and PLUS loans, increased Stafford loan limits, the expansion of PLUS loans to include graduate and professional degree students, a military deferment option and a dependency status modification. Our guide might just give you the boost you need to make community college, university or trade school a reality.

So take advantage of the resources we provide: we're here to help you as you go forward into new successes.

—*The Federal Student Aid Team*

U.S. Department of Education



Mission of Federal Student Aid _____ iii
 A Message to Our Readers _____ v

Federal Student Aid at a Glance

You're considering education beyond high school _____ x
 Federal Student Aid Summary Chart _____ xi
 What is federal student aid? _____ xii
 Who gets federal student aid? _____ xiii
 Process Summary Chart _____ xiii

A

What You Should Know Before You Apply

Education After High School _____ 1
 2003 Average Annual U.S. Income by Highest Level of Education Attained Chart _____ 1
 What questions should I ask when considering a college or career school? _____ 1
 Where can I find this information? _____ 1
 Take the next steps. _____ 2
 What kind of information should I get from a school? _____ 2
 Find out about financial aid at the school. _____ 2
 Find out the school's refund policy. _____ 2
 Find out the school's return-of-aid policy. _____ 2
 Find out the school's completion and transfer-out rates. _____ 2
 Reducing the Cost of Education _____ 3
 Lower-cost schools _____ 3
 Work or volunteer opportunities _____ 3
 Tax breaks _____ 3
 Hope tax credit or Lifetime Learning tax credit _____ 3

First Things First: Am I Eligible? _____ 3
 Basic requirements _____ 3
 Financial need _____ 3
 Educational requirements _____ 3
 Legal and other requirements _____ 3
 "Match" requirements _____ 4
 Financial need and Expected Family Contribution (EFC) _____ 4
 I think I have some special circumstances in my family. Are these considered in determining my financial needs? _____ 5
What Type of Federal Student Aid Might I Get? _____ 5
 There are three types of federal student aid: _____ 5
Grants _____ 5
 There are four types of federal student aid grants: _____ 5
 What is a Federal Pell Grant? _____ 5
 What is a Federal Supplemental Educational Opportunity Grant (FSEOG)? _____ 6
 What's the difference between Federal Pell Grants and FSEOGs? _____ 6
 What is an Academic Competitiveness Grant (ACG)? _____ 6
 What is a National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)? _____ 7
 What is the difference between the ACG and the National SMART Grant? _____ 7
 How much financial aid money can I get? _____ 7
 How will I be paid? _____ 7
 How often will I receive funds? _____ 8
 Can I receive a grant if I'm enrolled less than half-time? _____ 8
Work-Study _____ 8
 What is the Federal Work-Study (FWS) Program? _____ 8
 What kinds of jobs are there? _____ 8
 Are Federal Work-Study jobs on campus or off campus? _____ 8
 How much can I earn? _____ 8

How will I be paid? _____	8	Financial aid office _____	14
Can I work as many hours as I want? _____	8	State Higher Education Agency _____	14
Loans _____	8	AmeriCorps _____	14
Student Loan Comparison Chart _____	9	Robert C. Byrd Honors Scholarship Program (Byrd Program) _____	14
Types of loans _____	9	Public libraries and the Internet _____	14
What are the differences in these loan programs? _____	10	Businesses and labor organizations _____	14
How do I apply for a Perkins or Stafford Loan? _____	10	Organizations, foundations, etc. _____	14
How much can I borrow? _____	10	U.S. Armed Forces _____	14
Maximum Annual Loan Limits Chart— Subsidized and Unsubsidized Direct and FFEL Stafford Loans _____	11	U.S. Department of Veterans Affairs _____	14
Other than interest, are there any fees or charges required to get these loans? _____	11	Internal Revenue Service (IRS) _____	15
How will I be paid? _____	11	www.students.gov _____	15
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? _____	12	It's a Jungle Out There ... Be Careful _____	15
PLUS Loans _____	12	Scholarship scams _____	15
How do parents and graduate and professional degree students apply for a PLUS Loan? _____	12	Identity theft _____	15
Can parents and graduate and professional degree students receive both a Direct PLUS Loan and a FFEL PLUS Loan? _____	12		
What are the eligibility requirements for PLUS Loans? _____	12		
Are there any other requirements? _____	13		
Do we need to find a lender? _____	13		
How much can a parent or graduate and professional degree student borrow under the PLUS Loan program? _____	13		
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? _____	13		
Can a borrower cancel a PLUS Loan even after signing the promissory note and agreeing to the terms of the loan? _____	13		
Other than interest, are there any fees or charges to get a PLUS Loan? _____	13		
Free Federal Student Aid Information _____	14		
Other Financial Aid Sources _____	14		

B

Start Here ... How Do I Apply?

Apply for your PIN. Complete your FAFSA. Receive your SAR. _____	18
Getting Your Pin _____	19
What is a PIN and what is it used for? _____	19
Should I get a PIN if I'm not applying online? _____	19
How and when should I get a PIN? _____	19
Is going to the Web site the only way I can get a PIN? _____	19
What if I have questions about the PIN? _____	19
Can I get a PIN from the Federal Student Aid Information Center? _____	20
Completing the FAFSA _____	20
What information do I need to complete a FAFSA accurately? _____	20
Process for new applicants _____	20
Can I apply online? _____	20



Why should I apply online? _____	21	Notify your lender or loan servicing agency when you ... _____	27
What if I decide I want a paper FAFSA application? _____	21	Receive entrance and exit counseling _____	27
Then what should I do? _____	21	Borrower's Rights _____	28
Dependency status _____	21	What you need to know about your loan _____	28
I am considered a dependent student; however, I have no contact with my parents. What do I do about reporting my parents' income? _____	22	Before you leave school _____	28
If I am a dependent student, whose information do I report if my parents are divorced or separated? _____	22	Grace period _____	28
Do I report stepparent's information? _____	22	Loan repayment schedule _____	28
Process for renewal applicants _____	22	Sale of loan _____	29
What if I need help filling out my FAFSA application? _____	23	Loan Repayment _____	29
How do the schools I'm interested in attending get my FAFSA information? _____	23	When do I start paying back my student loans? _____	29
What if I want to add or change schools later? _____	23	How much time do I have to repay my student loans? _____	29
The SAR and Why It's Important _____	23	When do parents and graduate and professional degree students begin repaying a PLUS Loan? _____	29
After you apply for federal student financial aid you'll receive your FAFSA results in your SAR _____	23	How much will I have to repay and how often do I make payments? _____	29
What do I do with my SAR? _____	23	Do I have repayment options? _____	30
If you need to make corrections to your SAR _____	23	Examples of Typical Perkins Loan Repayments Chart _____	30
Once my SAR is accurate and complete, how do I find out if I'm eligible for federal student financial aid and how much I'll receive? _____	24	How do parents and graduate and professional degree students repay their PLUS Loan? _____	30
		Are there tax incentives while paying back student loans? _____	31
		Examples of Typical Direct and FFEL Stafford Loan Repayments _____	31
C		Postponing Loan Repayment (Deferment and Forbearance) _____	31
Repaying Your Student Loan		What is deferment? _____	31
What you need to know as a borrower _____	26	How do I qualify for a deferment? _____	31
Borrower's Responsibilities _____	27	Can my parents or graduate and professional degree students defer repayment of their PLUS Loan? _____	31
Think about how much you're borrowing _____	27	Is there deferment for active military service? _____	32
Signing a promissory note means you agree to repay the loan _____	27	Loan Deferment Summary Chart _____	32
Make payments regardless of receiving billing notices _____	27	What is forbearance? _____	33
Continue to pay while waiting for deferment or forbearance approval _____	27	Applying for deferment or forbearance _____	33
		Are there circumstances when I must be granted a mandatory forbearance? _____	33

Consolidating Your Loans _____ 33

What is loan consolidation? _____ 33

What kinds of loans can be consolidated? _____ 33

When can I consolidate my loans? _____ 34

How do I get a consolidation loan? _____ 34

What's the interest rate on a consolidation loan? _____ 34

Are there any disadvantages to getting a consolidation loan? _____ 34

Where can I get more information on consolidation loans? _____ 34

Loan Discharge or Cancellation _____ 34

Is it ever possible to have my federal student loan discharged or canceled? _____ 34

What qualifies my loan for discharge? _____ 34

What qualifies my loan for cancellation? _____ 34

How do I find out if I can get a discharge or cancellation? _____ 34

Can parents and graduate and professional degree students with PLUS Loans ever have their loan discharged or canceled? _____ 35

Perkins Loan Discharge and Cancellation Summary Chart _____ 35

Stafford and PLUS Loan Discharge and Cancellation Summary Chart _____ 36

Important Terms _____ 38

State Higher Education Agencies _____ 41

Other Federal Student Aid Publications _____

_____ Inside Back Cover

Federal Student Aid At a Glance



You're considering education beyond high school

Whatever form this “postsecondary” education takes—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 10 million students each year with grants, low-interest loans and work-study programs. That’s what this guide is about: steering you step by step through the process of applying for and receiving aid. If you received a student loan, we’ll also explain the process of repaying it—and grace periods, deferments and other options available to you.

Now is the time to take action. You may qualify for more financial aid than you think. But you won’t know until you follow the steps we describe here. Investing a little time now could pay off in a brighter future. Start right here.



Federal Student Aid Summary Chart			
Federal Student Aid Program	Type of Aid	Program Details	Annual Award Limits
Federal Pell Grant	Grant: does not have to be repaid	Available almost exclusively to undergraduates; all eligible students will receive the Federal Pell Grant amount they qualify for.	\$400 to \$4,050 for 2006-07
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grant: does not have to be repaid	For undergraduates with exceptional financial need; priority is given to Federal Pell Grant recipients; funds depend on availability at school.	\$100 to \$4,000
Academic Competitiveness Grant (ACG)	Grant: does not have to be repaid	For undergraduates receiving Pell Grants who are U.S. citizens enrolled full-time in their first or second academic year* of study. For first academic year* students who have completed a rigorous secondary school program of study, graduated from high school after Jan. 1, 2006, and have not been previously enrolled in an undergraduate program. For second academic year* students who have completed a rigorous secondary school program of study, graduated from high school after Jan. 1, 2005, and have at least a 3.0 cumulative GPA at the completion of their first year of postsecondary study.	First academic year* students: up to \$750 Second academic year* students: up to \$1,300
National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)	Grant: does not have to be repaid	For undergraduates receiving Pell Grants, who are U.S. citizens enrolled full-time in their third or fourth academic year* of an eligible degree program majoring in physical, life, or computer sciences, engineering, technology, mathematics or a critical-need foreign language and have at least a 3.0 cumulative GPA.	Up to \$4,000 for each of the third and fourth academic years*
Federal Work-Study (FWS)	Money is 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 award amounts
Federal Perkins Loan	Loan: must be repaid	Interest charged on this loan is 5 percent for both undergraduate and graduate students; payment is owed to the school that made the loan.	\$4,000 maximum for undergraduate students; \$6,000 maximum for graduate and professional degree students; no minimum award amount
Subsidized Direct or FFEL Stafford Loan	Loan: must be repaid	Subsidized: U.S. Department of Education pays interest while borrower is in school and during grace and deferment periods; you must be at least a half-time* student and have financial need.	\$3,500 to \$8,500, depending on grade level
Unsubsidized Direct or FFEL Stafford Loan	Loan: must be repaid	Unsubsidized: Borrower is responsible for interest during life of the loan; you must be at least a half-time* student; financial need is not a requirement.	\$3,500 to \$20,500 (less any subsidized amounts received for the same period), depending on grade level and dependency status
Direct or FFEL PLUS Loan	Loan: must be repaid	Available to parents of dependent undergraduate students who are enrolled at least half-time.* The PLUS Loan Program is now also available to graduate and professional degree students. Financial need is not a requirement. PLUS Loans are unsubsidized: Borrower is responsible for interest during the life of the loan.	Maximum amount is cost of attendance* minus any other financial aid the student receives; no minimum award amount

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. The rest of this publication provides more detail of what you need to know.

Most student financial aid comes from the federal government programs you'll read about here, which the U.S. Department of Education's Federal Student Aid office administers. For additional sources of student financial aid, see page 14.

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 assistance.

Beware of scams and services that will search for financial aid money for you for a fee. The *College Scholarship Fraud Protection Act* protects you from this type of fraud.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.

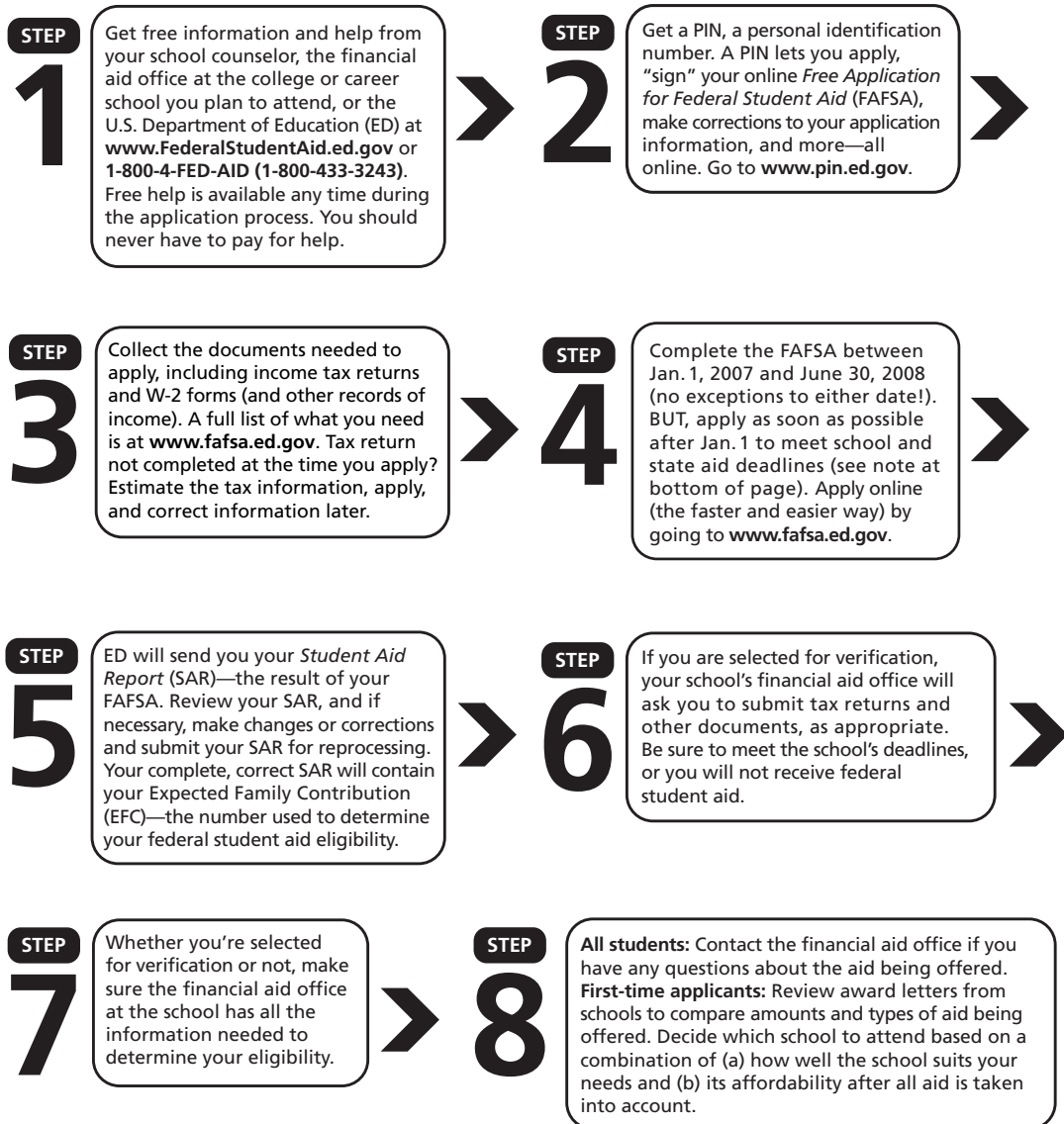


What is federal student aid?

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

Federal student aid covers school expenses such as tuition and fees, room and board, books and supplies and transportation. This aid can also help you pay for a computer and dependent child-care expenses. (Note that accepting any of this aid does not commit the student to military or other government service.)

HOW DO I APPLY FOR FEDERAL STUDENT AID?



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!

DID YOU KNOW ...
The value of the U.S. Department of Education's active Federal Student Aid loans grew to more than \$400 billion in 2005.



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

Who gets federal student aid?

Eligibility for most federal student aid programs is based on financial need and several other factors. Your eligibility is determined by the information you provide on the FAFSA.

Basic eligibility requirements:

- Demonstrate financial need (except for certain loans, see pages 9 and 10).
- 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 Education 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 your state establishes that we have approved.
 - ▶ Complete a high school education in a home school 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 in school. (See the complete list of eligibility requirements on pages 3-4.)

PROCESS SUMMARY CHART

PREPARE

This guide tells you almost everything you need to know about federal student aid, as well as other means of paying for your education after high school. Take what we say to heart ... and then take it to the next step.

APPLY

This step is where many deserving students falter, either because they assume they won't qualify, or because the FAFSA may seem complex and difficult to complete. In the case of the FAFSA, the improved online version streamlines the application process considerably. It's a good idea to apply. You may be surprised by the amount of aid for which you qualify.

RECEIVE

We will inform you and your selected schools about your Expected Family Contribution (EFC). Then they (or your private lender) will tell you how much—and what sorts of—aid you qualify for. In most cases, funds are disbursed directly to you.

REPAY

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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.

A

What You Should Know Before You Apply



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

The amount and type of federal aid we provide depends almost entirely 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 the Free Application for Federal Student Aid—the FAFSA (more on that later).

The U.S. Department of Education 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 ambitions real, the closer you are to fulfilling them. It's up to you to make it happen.

Education After High School

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. So invest in your education; the payoff lasts a lifetime.

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.

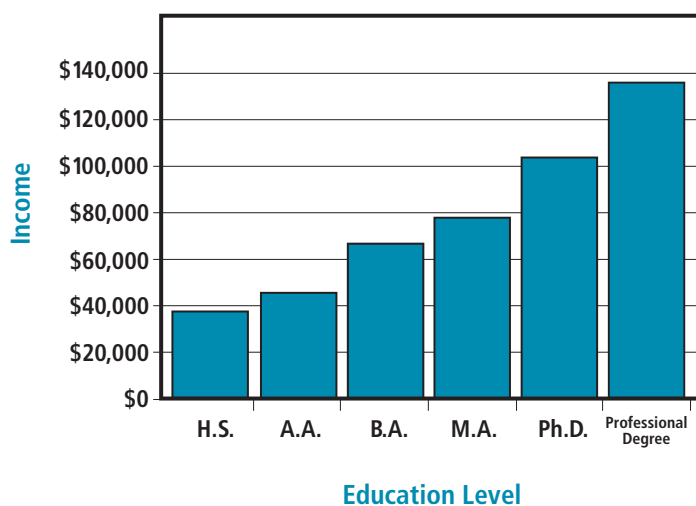
When we refer to "school" in this guide, we mean a two-year or four-year public or private college, university or career or trade school.

2003 Average Annual U.S. Income by Highest Level of Education Attained

Education Level	2003 Annual Income (U.S. dollars)
High School Diploma	\$37,051
Associate Degree	\$45,982
Bachelor's Degree	\$65,008
Master's Degree	\$77,436
Ph.D.	\$103,831
Professional Degree	\$134,106

Source: U.S. Census Bureau

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



Source: U.S. Census Bureau

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 offer services I need and activities I'm interested in?

Where can I find this information?

- Read the school's catalog or introductory materials.
- Talk with students who currently attend or 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 41 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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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 kind of 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 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 financial 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 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 returned 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 disclose to current and prospective students the percentage of its students who complete the school's programs and the percentage of students who transfer out.

DID YOU KNOW ...

You can create a FREE, personalized student account folder 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 tab and follow the instructions. Your personal account will allow you to do online college and scholarship searches and populate your FAFSA with information you enter for your account. It's entirely free.

Reducing the Cost of Education

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.) Because 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. Discuss any concerns you have about transfer courses and credits with the college registrar.

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 tax credit or Lifetime Learning tax credit

You or your parents might also qualify for one or both of these tax credits. See page 15 for additional information about tax credits, deductions and the Internal Revenue Service.

DID YOU KNOW ...

Nearly one-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.

First Things First: 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 you have financial need, according to our requirements. See "Financial Need and Expected Family Contribution* (EFC)" on page 4.

Educational 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 Education 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 home school 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.
- You must certify that you will use federal student aid only for educational purposes. You must also certify that you are not in default* on a federal student loan and do not owe money on a federal student grant (which could happen if you withdraw from school, for example). You certify these items when you apply for federal student aid and sign a promissory note* to obtain these funds.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



- 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?

You must answer Question 31 on the FAFSA, "Have you 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 taken to the electronic version of the same worksheet. If you need assistance or have any questions on how to answer Question 31, 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.

- 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.

"Match" requirements

When you apply for financial aid from federal student aid programs, 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). If the information doesn't match, the discrepancy must be resolved before you can receive federal student aid. We also check your records against our database, the National Student Loan Data System (NSLDS),* to verify that you don't have a defaulted 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.

DID YOU KNOW ...

Federal Student Aid issued \$78 billion in new loans in 2006 (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**).

The EFC is a measure of your family's financial strength and indicates how much of your and your family's financial 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.

Your EFC is calculated according to a formula established by law. Your family's income (taxable and untaxed), assets and benefits (for example, unemployment or Social Security) are all 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 be eligible for a Federal Pell Grant, your EFC must be below 3,850 for the 2006–07 award year. This number can vary from year to year.

To determine your financial need for our other federal student aid programs (except for an unsubsidized Stafford Loan), your school will subtract from your cost of attendance* the following:

- the EFC,
- any federal grant amount you're eligible for, and
- other financial aid you'll receive.

The balance, after your school subtracts from the cost of attendance* your EFC, your federal grants and any other financial aid you will be receiving, is your remaining need for other financial aid, including other federal aid.

Determining Your Financial Need

We use an Expected Family Contribution* (EFC) number to determine your financial need:

- $$\begin{array}{r} \text{Cost of Attendance*} \\ - \text{Expected Family Contribution (EFC)} \\ \hline = \text{Financial Need} \end{array}$$

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 get. You must apply for financial aid to find out what you qualify for. 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." You can also get these worksheets by contacting the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243).

After you get your SAR, contact the financial aid office at the school(s) you're considering (or the school you'll be attending) for more information on your student financial aid eligibility.

The financial aid office at each school that offers you admission puts together a financial aid package* that comes as close as possible to meeting your financial aid needs. However, because most federal student aid funds are limited, the total amount awarded to you might fall short of the amount for which you're eligible. Also, except for federal grant aid, the amount of federal student aid you receive is affected by other sources of aid you might get, such as scholarships and state aid. Each school you apply to will send you a notice of the types and amounts of aid you're eligible to receive.

If you're eligible for financial aid, the financial aid office at each school will send you an award letter* outlining the amount and type of student financial aid available from all sources. Review the award letters you receive from all schools to compare the amounts and types of aid that will be available at each school.

I think I have some special 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 special circumstances. These circumstances could include your family's unusual medical expenses, tuition expenses or unemployment.

The financial aid administrator must have compelling reasons to use professional judgment to make adjustments because of special circumstances. You will have to provide adequate documentation to support any adjustments. The financial aid administrator's decision as to whether you have special circumstances is final and can't be appealed to us.

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 school. You must repay your loans, with interest.

Grants

There are four 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)

Unlike loans, grants don't have to be repaid unless, for example, you are awarded funds incorrectly or you withdraw from school. 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. The amount of your FSEOG, ACG and National SMART Grant depends on your financial need (see Financial Need and Expected Family Contribution (EFC) on page 4).

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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



- 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 2006–07 award year was \$4,050.

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.

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 to pay the Pell 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.

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. When all of those funds have been disbursed for that award year, no more FSEOG awards can be made for that year.

This is why it's so 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)?

This is a new grant program that began in the 2006–07 award year for full-time undergraduate students enrolled in an eligible program,* who receive Federal Pell Grants and are U.S. citizens. Students also must have completed a rigorous secondary school program of study and be enrolled in at least a two-year academic program acceptable for full credit toward a bachelor's degree or enrolled in a graduate degree program that includes three academic years* of undergraduate education.

- **A rigorous secondary school program of study includes one of the following:**
 - ▶ Programs proposed by a state in response to the U.S. Department of Education's request. See list at www.ed.gov/admins/finaid/about/ac-smart/state-programs06.html.
 - ▶ An advanced or honors diploma program.
 - ▶ A required set of courses similar to the State Scholars Initiative. This program of study includes four years of English, three years of mathematics (including Algebra I and higher-level courses such as Algebra II, Geometry, or Data Analysis and Statistics), three years of science (including at least one year each of two of the following: biology, chemistry or physics), three years of social studies, and one year of a foreign language other than English.
 - ▶ Advanced Placement (AP) courses or International Baccalaureate (IB) courses.
 - ▶ Completion of two or more AP courses and a score of 3 or better on at least two AP exams for the courses completed or completion of two or more IB courses and a score of 4 or better on at least two IB exams for the courses completed.
- **First academic year* undergraduate students must:**
 - ▶ Be enrolled in an eligible program*;
 - ▶ Have completed a rigorous secondary school program of study;
 - ▶ Not have been previously enrolled as a regular student* in an undergraduate education program; and
 - ▶ Have graduated from high school after Jan. 1, 2006.

The award is up to \$750 for first academic year* undergraduate students.

- **Second academic year* undergraduate students must:**

- ▶ Be enrolled in an eligible program*;
- ▶ Have completed a rigorous secondary school program of study;
- ▶ Have graduated from high school after Jan. 1, 2005; and
- ▶ Have at least a 3.0 GPA for the first academic year for their eligible program*.

The award is up to \$1,300 for second academic year* undergraduate students.

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

This is a new grant program for full-time undergraduate students who are enrolled in the third or fourth academic year* of an eligible program,* who receive Federal Pell Grants and are U.S. citizens. An eligible program* in the National SMART Grant is one that leads to a bachelor's degree in an eligible major or a graduate degree program in an eligible major that includes at least three academic years of undergraduate education. The award is up to \$4,000 for each of the third and fourth academic years.

- Students must:
 - ▶ Be pursuing an eligible major in physical, life, or computer sciences, engineering, technology, mathematics or a critical-need foreign language; and
 - ▶ Have at least a 3.0 cumulative GPA.

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

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

A school that offers at least one eligible program* and participates in the Federal Pell Grant Program must award grants to qualified applicants. The total amount of your EFC and financial aid, including either grant, cannot exceed the cost of attendance.*

How much financial aid money can I get?

Pell Grant

- Pell Grant award amounts can change yearly, but Pell Grant awards for the 2006-07 award year (July 1, 2006 to June 30, 2007) ranged from \$400 to \$4,050.
- 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 academic year* students.
- Up to \$1,300 for second academic year* students.

National SMART Grant

- Up to \$4,000 for each of the third and fourth academic years.

How will I be paid?

Your school can:

- 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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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 only for the Federal Pell Grant and the FSEOG. However, you will not receive as much as if you were enrolled full-time. You must be enrolled full-time for the ACG and the National SMART Grant.

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.

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 (e.g., 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. (We provide a certain amount of work-study funds; 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 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.

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 \$4,000 a year (maximum of \$20,000 as an undergraduate) Graduate—up to \$6,000 a year (maximum of \$40,000, 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 11) Financial need is required for subsidized loans Financial need not necessary for unsubsidized loans	Fixed rate of 6.8 percent for loans first disbursed on or after July 1, 2006 Government pays interest on subsidized loans during school and certain other periods	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)	Same as above	Same as above	Same as above	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); and graduate or professional degree students. Must not have negative credit history	$\frac{\text{Student's Cost of Attendance}^* - \text{Other aid student receives}}{\text{Maximum loan amount}}$	Fixed rate at 8.5 percent for loans first disbursed on or after July 1, 2006; borrower pays all interest	Same as for FFEL Stafford Loans above
Direct PLUS Loan	Same as above	Same as above	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 Income Contingent Repayment Plan is not an option

Types of loans:

- **Federal Perkins Loans** are:
 - ▶ Made through participating schools to undergraduate, graduate and professional degree students.
 - ▶ Offered by participating schools to students who demonstrate financial need.
 - ▶ Made to students enrolled full-time or part-time.
 - ▶ Repaid by you 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. Financial need is not a requirement to obtain an unsubsidized Stafford Loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on subsidized Stafford Loans during certain periods. 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 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



- **PLUS Loans** 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. These loans are made through both the Direct Loan and FFEL programs mentioned above.
- **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 33 for more information on these loans.)

Whether you (or your parents) receive a Direct or a FFEL Stafford 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 Stafford Loans but not for the same period of enrollment.

What are the differences in these loan programs?

The chart on page 9 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 financial 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.

How much can I borrow?

Perkins Loans

The Student Loan Comparison Chart on page 9 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.
- When all available funds for that award year have been distributed, no more awards can be made for that year.
- 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 11, 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.
- The U.S. Department of Education does not pay interest on unsubsidized 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)

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.

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.

Maximum Annual Loan Limits Chart—Subsidized and Unsubsidized Direct and FFEL Stafford Loans			
Years	Dependent Undergraduate Student	Independent Undergraduate Student	Graduate and Professional Degree Student
First Year	\$3,500	\$7,500—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	\$8,500—No more than \$4,500 of this amount may be in subsidized loans.	
Third and beyond (each year)	\$5,500	\$10,500—No more than \$5,500 of this amount may be in subsidized loans.	
Maximum Total Debt from Stafford Loans When You Graduate	\$23,000	\$46,000—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*. 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.

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

- Federal Perkins Loans—**No**.
- Direct Loans and FFEL Loans—**Yes**, for loans first disbursed on or after July 1, 2006, and before July 1, 2007, you'll pay an origination fee of up to 3 percent of the loan amount, deducted proportionately from each loan disbursement. For loans disbursed in subsequent years, the maximum loan fee will be reduced on a gradual basis. Because the loan is reduced by the origination fee, the loan amount that you receive will be slightly less than the amount you've borrowed and must repay.

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:

- Your school will disburse your loan in at least two installments.
- No installment will be greater than half the amount of your loan.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



- 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.

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.

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.

PLUS Loans

The law now allows graduate and professional degree students to borrow from the PLUS 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; a repayment period that begins on the date of the last disbursement of the loan; and

a fixed interest rate of 8.5 percent for FFEL PLUS Loans and 7.9 percent for Direct PLUS Loans. As with PLUS Loans made to parent borrowers, eligible graduate and professional degree students may borrow under the PLUS program up to their cost of attendance, minus other financial aid received.

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.

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, 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.

Can parents and graduate and professional degree students receive both a Direct PLUS Loan and a FFEL PLUS Loan?

No. The borrowers (parents borrowing for their undergraduate children and graduate and professional degree students borrowing for themselves) can apply for either loan, but not both, during the same enrollment period. Parents could, however, apply for a Direct PLUS Loan for one child and a FFEL PLUS Loan for another dependent child.

What are the eligibility requirements for PLUS Loans?

PLUS applicants must meet the general eligibility requirements for federal student financial 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.
- Not owe a refund on a federal education grant.

Are there any other requirements?

A PLUS Loan applicant must not have an adverse credit history. (A credit check will be conducted.) A PLUS Loan applicant who has an adverse credit history still may 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 Program—Yes. You will need to find a participating lender.

- For help locating a participating lender, you should contact your school or the guaranty agency* that serves your state.
- For the address and telephone number of your state guaranty agency,* you can 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.

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.

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 full-time or 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 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 periods of 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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



Free 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. We award almost all aid based on your demonstrated financial need; your high school grades and class ranking are not considered in this process.

If you still have questions about federal student financial 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)**

Other Financial Aid Sources

Financial aid office

Talk to the financial aid administrator or the financial aid staff at each school you're interested in to find out about the school's financial aid programs and the total cost of attending that school.

State Higher Education Agency

Your state agency can give you important information about state aid—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/idadesbyrd/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.

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 student 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.todaymilitary.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, veterans' educational benefits may be available. 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 student 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 \$1,500 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.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 from the sources we've mentioned in this section to find student financial aid, and you can check with the colleges or career schools you'll be applying to for their help. You don't have to pay for this help.

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 yourself 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/scholarshipcams.

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 inappropriately obtains personal identifying information about you, 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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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 this type of information. Never give your Social Security number or 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 decide to apply for our federal student aid programs over the Internet, do so at: www.fafsa.ed.gov or through www.FederalStudentAid.ed.gov which are official U.S. Government Web sites that are protected from unauthorized disclosure. Keep your PIN, your online student identifier, in a secure 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 have worked 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.

Notes:

To Do:

Questions:

B

Start Here ... How Do I Apply?



Apply for your PIN. Complete your FAFSA. Receive 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. (Although you can still do it the conventional way if you choose.)

In the case of 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 liberal 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 ... because the amount of your aid depends entirely on your financial need not 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.

DID YOU KNOW ...

Applying for federal student aid grants, loans and work-study programs 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 Pin

What is a PIN and what is it used for?

Your personal identification number, a PIN, is an electronic access code number that serves as your personal identifier.

Your PIN allows you to:

- Apply online for federal student aid, using *FAFSA on the Web*.
- “Sign” your application 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 PIN, he or she can sign the application electronically online as well.
- Make online corrections to your FAFSA.
- Access your *Student Aid Report** and make online corrections to it.
- “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.

Should I get a PIN if I’m not applying online?

We encourage you to apply online because that process is much faster and easier. The electronic application process has edits built into it that dramatically reduces 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:

- Look up your processed FAFSA data online.
- Make online corrections to your application information.
- Complete your renewal FAFSA online.

How and when should I get a PIN?

Go to www.pin.ed.gov as soon as possible—don’t wait until you’re ready to apply for federal student aid. You should request your PIN *before* you complete your *FAFSA on the Web* application. If you’re a dependent student, your parents should request a PIN also, so you and your parent can electronically sign your *FAFSA on the Web* before it’s submitted. That way, you’ll get your results much faster.

When requesting a PIN, you must provide your name (as it appears on your Social Security card), your Social Security number, date of birth, mailing address, and e-mail address (if you have one). After this information has been verified with the Social Security Administration’s records, a PIN will be generated. If you provide an e-mail address, you’ll get an e-mail response that contains a link to your PIN in 1-3 days. We encourage you to add our e-mail address, FederalStudentAidPIN@cpsemail.ed.gov, to your e-mail address book to help prevent e-mail delivery problems. If you don’t provide an e-mail address, you’ll receive your PIN through regular mail in 7-10 days.

Is going to the Web site the only way I can get a PIN?

No. When you submit your FAFSA, (either online or paper), if certain personal data such as your Social Security number and date of birth match Social Security Administration records, we’ll send you a PIN automatically. However, we encourage you to apply for a PIN early, you’ll speed up the application process by not having to wait to receive your PIN to electronically sign your application.

What if I have questions about the PIN?

Go to www.pin.ed.gov

or go to www.FederalStudentAid.ed.gov

Or, call the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

*See “Important Terms,” page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you’ll find a description of them under “Important Terms,” beginning on page 38.



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

No. You can only request 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.
- Make sure no one can get access to your student aid records or “sign” a FAFSA application with your PIN.
- Remember your PIN! You'll use this same PIN for future online FAFSAs and the many different actions we listed above 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.
- 2006 W-2 forms and other records of money earned (by you and by your parents, if you're a dependent student).
- Your 2006 Federal Income Tax Return (and that of your spouse, if you're married).
- Your parents' 2006 Federal Income Tax Return (if you're a dependent student).
- Any foreign tax return or tax return from Puerto Rico.
- Your 2006 untaxed income records—examples include Social Security benefits, welfare benefits such as Temporary Assistance to Needy Families (TANF) and veteran 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 2006 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 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, 2007, and June 30, 2008. To determine your eligibility for federal student financial assistance, you need to complete the FAFSA. Although you might have to complete an additional application in order to be considered for financial aid from your state or the school you're interested in attending, most states and schools use FAFSA information to award nonfederal student aid.

Can I apply online?

Yes. You can complete the FAFSA online at www.fafsa.ed.gov. Applying online is faster and easier than the paper FAFSA, although you may still complete and submit the FAFSA in paper form. A *FAFSA on the Web Worksheet* is available online for you to print and write down your information prior to completing the online submission of the FAFSA. You can also obtain printed copies of the worksheet by calling **1-800-4-FED-AID (1-800-433-3243)** or by contacting a financial aid office.

Applying Online

- Go online to www.fafsa.ed.gov
- As an alternative, go online to www.FederalStudentAid.ed.gov
- 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.

Why should I apply online?

- *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 online help with a customer service representative for free if you have additional questions.
- 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 application will be processed quickly, usually in three to five days, if you (and your parents, if applicable) provided electronic signatures using the PIN.

What if I decide I want a paper FAFSA application?

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

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

Then what should I do?

- Complete, sign and mail the FAFSA in the preaddressed envelope that's in your FAFSA packet. 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)**.

No paper or electronic FAFSA application will be accepted prior to Jan. 1, 2007. Any FAFSA application received before Jan. 1, 2007, will not be processed and will be rejected.

Dependency status

When you file the FAFSA, the financial information you report will be used to determine if you need financial aid. That information will be used to determine whether you receive any type of need-based federal student aid and if eligible, how much federal financial aid you will receive. You'll need to determine whose information to report on the FAFSA—yours, if you're an independent

student; yours and your spouse's, if you're an independent and married student; or yours and your parents' if you are a dependent student.

When you apply for federal student aid, your answers to the questions in Step 3 of the paper FAFSA, or in Step 2 of the electronic online 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. If you're considered a dependent student, your parents are expected to contribute toward the cost of your education. 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.

Dependency Status

For the 2007–08 academic year,* you're an independent student **IF** at least one of the following applies to you:

- You were born before Jan. 1, 1984.
- You are or will be enrolled in a master's or doctoral degree program (beyond a bachelor's degree) at the beginning of the 2007–08 academic year*.
- You're married on the day you apply (even if you are separated but not divorced).
- You have children who receive more than half their support from you.
- You have dependents (other than your children or spouse) who live with you and who receive more than half their support from you at the time you apply and through June 30, 2008.
- Both your parents are deceased, or you are (or were until age 18) a ward or dependent of the court.
- 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 detail on who is considered a veteran, see the explanatory notes on the FAFSA.)

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

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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

In unusual cases:

- An aid administrator can determine that a student who doesn't meet the above criteria should still 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 special circumstances.
- You must provide this documentation.
- 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 us.

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

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

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 stepparent's 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.

Process for renewal applicants

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 2006-07 there will be fewer questions to answer for 2007-08 because the Renewal FAFSA contains much of the information given in the 2006-07 application. Only the information that has changed in the 2006-07 FAFSA application will have to be updated and a few new questions answered. Renewal FAFSAs can only be completed online at www.fafsa.ed.gov between Jan. 1, 2007, and June 30, 2008. Remember that states and schools may have earlier deadlines for nonfederal aid so it's important to check with your state or school deadlines. State contact information is provided at the end of this guide.

To complete your Renewal FAFSA:

- In January 2007, you'll receive notice (e-mail or regular mail) reminding you to apply for the 2007-08 award year (July 1, 2007 to June 30, 2008).
- You'll access your 2007-08 Renewal FAFSA *on the Web* using your PIN. There are no paper renewal applications.
- Review the information on the Renewal FAFSA and change or add information as needed, sign and submit it.
- You'll then receive your *Student Aid Report** (SAR) containing your application results.
- 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 renewal process.

What if I need help filling out my FAFSA application?

- 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.studentaid.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?

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

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 SAR.

Save all records and materials used to complete your FAFSA. Make a copy of your paper FAFSA application or print a copy of your *FAFSA on the Web* application. 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 by your school, you will not receive federal student aid and you might not receive aid from other nonfederal sources.

The SAR and Why It's Important

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

After you apply for federal student financial aid you'll receive your FAFSA results in your SAR:

- You will receive your SAR by e-mail 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 to 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.
- You will receive a paper SAR by mail in 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.

What do I do with my SAR?

Review it carefully to make sure it's correct and complete. If it is, and it contains your EFC, contact the school(s) you're interested in attending. 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—student 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) located on the SAR available.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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.
- Your answer to Question 31 (concerning a drug conviction).

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

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

Contact the financial aid office at the school(s) you're interested in attending. If you're eligible for federal student financial aid, each school will send you an award letter.* The award letter tells you the types of financial aid they will offer and how much you will 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.

SAR Submission Deadline

If the school you want to attend is not listed on your SAR, you must submit your SAR to that school for processing by the last day of enrollment in 2007-08 OR by Sept. 15, 2008, 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 Sept. 15.

Notes:

To Do:

Questions:

C

Repaying Your Student Loan



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.*

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 paid for.

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.

Remember to keep in touch with your lender or loan servicing agency.

Receive entrance and exit counseling

- For Direct or FFEL Stafford Loans, 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 graduated, leave school or drop below half-time* enrollment).

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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 (Federal) Stafford 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 Stafford 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.
- Parents and graduate and professional degree students do not have a grace period on a PLUS Loan.
- Your grace period will be six or nine months depending on the type of loan.
- If you are in active military duty for more than 30 days, the grace period will be delayed (for no more than 3 years) during that time.

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 about loan repayment. For more information, go online to www.FederalStudentAid.ed.gov. In addition, see our publication *Repaying Your Student Loans*. Get the latest version online at www.FederalStudentAid.ed.gov/pubs. Or, you can request a paper copy from the Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243)**.

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 administrator 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.
- **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 on page 30.

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

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

Generally, within 60 days after the loan is fully **disbursed** (paid out). There is no grace period for these loans. This means interest starts to accrue as soon as the first disbursement is made. Your parents and graduate and professional degree students must begin repaying both principal and interest while in school. However, a graduate and professional degree student PLUS Loan borrower could get an in-school deferment while he or she is enrolled at least half-time.*

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 plans.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



The chart below 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 will continue to offer an income contingent repayment plan and the FFEL program will continue to offer 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 Loan borrowers who started repaying their loans on or after July 1, 2006:

- A standard plan with a fixed annual repayment amount paid over a fixed period of time not to exceed 10 years.
- A graduated 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 plan (for new borrowers on or after Oct. 7, 1998, with more than \$30,000 in outstanding loans accumulated on or after that date) with a fixed annual or graduated repayment amount to be paid over a period not to exceed 25 years.
- A plan that bases the monthly payment amount on how much money you make. For **Direct Stafford Loans**, this plan is called the Income Contingent Repayment Plan (Direct PLUS Loans may not be repaid under the Income-Contingent Repayment Plan). For **FFEL Stafford Loans** and **FFEL PLUS Loans**, this plan is called the Income-Sensitive Repayment Plan. The terms of these plans vary.
- For Direct Loans, the U.S. Department of Education may offer alternative repayment plans to a borrower who demonstrates that other available repayment plans are not adequate and cannot accommodate the borrower's exceptional circumstances.

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

Key Facts About Repayment

- 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 detail about repayment plans from *Repaying Your Student Loans* and by going to our Web site, www.FederalStudentAid.ed.gov. The following chart shows repayment plans for both programs and estimated monthly payments for various loan amounts under each plan.

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

Your parents 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 is not an option for Direct 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 maximum deduction is \$2,500 a year. 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.

The results in the chart below assume that the student is paying the interest charges on any unsubsidized loans and is not capitalizing the interest while in school. If the student is capitalizing the interest, the cumulative payments and total interest charges will be higher than shown in the chart.

Examples of Typical Direct and FFEL Stafford Loan Repayments							For Direct Loans Only: Income Contingent ^c Income = \$25,000			
Estimated Monthly Payments and Total Amounts Repaid Under Different Repayment Plans										
Initial Debt When You Enter Repayment	Standard <i>Not to exceed 10 years</i>		Extended ^a		Graduated ^b <i>Not to exceed 10 years</i>		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	\$227	\$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 for loans made on or after July 1, 2006.

^aThis repayment plan is available to borrowers who have no outstanding balance on a Direct Loan as of Oct. 7, 1998, or who have obtained a Direct Loan after Oct. 7, 1998, and have an outstanding balance on Direct Loans that exceeds \$30,000. The amounts were rounded to the nearest dollar and were calculated based on a 25-year repayment plan.

^bThis 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.

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

^dHOH is Head of Household. Assumes a family size of two.

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

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.

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

Yes, as long as the loan isn't in default.* 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).

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



Is there deferment for active military service?

An active duty military deferment is available for loans first disbursed on or after July 1, 2001. The deferment may not exceed three years and is available only for periods when the borrower is serving on active duty during a war or other military operation, or national emergency or is performing qualifying National Guard duty under the same circumstances. Therefore, not all active duty military personnel are eligible for this new deferment.

Documentation for this deferment may include a copy of military orders or a written statement from the commanding officer or personnel officer verifying that you are on active duty under these circumstances.

Payments you made during a period that is now considered to have been covered by a military deferment cannot be refunded to you.

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 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 borrowers should contact their lender.

For more information on deferments, contact your lender or the financial aid office at your school.

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.

Loan Deferment Summary Chart			
Deferment Condition	Stafford Loans		Perkins Loans
	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 (for loans first disbursed on/after July 1, 2001; while borrower is on active duty during a war or other military operation, or national emergency)	Up to 3 Years	Up to 3 Years	Up to 3 Years

^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 loans.

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

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.

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.

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, making a single monthly payment.

With a consolidation loan:

- Your monthly payment might be lower.
- You can take a longer time to repay (up to 25 years).
- 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).

If you're applying for a:

- **FFEL Consolidation Loan**—Contact your lender or the agent servicing your loan(s).
- **Direct Consolidation Loan**—Contact the Loan Origination Center's Consolidation Department at **1-800-557-7392**. TTY users may call **1-800-557-7395**. Or, go to www.loanconsolidation.ed.gov.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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?

- **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.

Where can I get more information on consolidation loans?

- You can contact the holder of your loans.
- You can read more about loan consolidation in our publication *Repaying Your Student Loans*. You can get a copy online at www.FederalStudentAid.ed.gov/pubs or a paper copy by contacting the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)**.

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

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 obligation to repay the loan.

Your loan 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.
-

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 (page 35) and Stafford and PLUS Loan Discharge and Cancellation Summary (page 36).

How do I find out if I can get a 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.

Can parents and graduate and professional degree students with PLUS Loans ever have their loan discharged or canceled?

These rules apply to Stafford and PLUS Loans (for parents and graduate and professional degree students):

- A PLUS Loan cannot be discharged because you or the student didn't complete your program of study at your school (unless you or the student couldn't complete the program because the school closed).

- A PLUS Loan cannot be canceled because you or the student didn't like the school or the program of study.
- A PLUS Loan cannot be canceled because you or the student didn't obtain employment after completing the program of study.

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 or death ^b	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 you became totally and permanently disabled, as certified by your physician. 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 the "Students, Parents and Counselors" tab.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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 the date they received a loan. 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 the "Students, Parents and Counselors" tab. 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 would cause undue hardship.
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.

*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 you became totally and permanently disabled, as certified by your physician. 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.

Notes:

To Do:

Questions:

Important Terms



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 Education 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.

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 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 and graduate or professional degree students 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; but 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 (T-2, T-3, or T-4, etc.) holder
- "Parolee" (You must be paroled into the United States for at least one year and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

If you have only 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 Federal Pell Grants, Federal Supplemental Educational Opportunity Grants or Federal Work-Study. These applicants should check with their school's financial aid office for more information.

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:

- 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 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.).

General Education 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 is the best source of 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.

*See "Important Terms," page 38.

Terms frequently used in discussing financial aid throughout this publication will appear with an asterisk, and you'll find a description of them under "Important Terms," beginning on page 38.



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.nsls.ed.gov.

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

To receive federal student financial aid, 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. (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

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.



State Higher Education Agencies

These agencies provide information on state education programs, colleges and universities, student aid assistance programs, grants, scholarships, continuing education programs and career opportunities. For updated information, you can search the U.S. Department of Education's database at: www.ed.gov/Programs/bastmp/SHEA.htm (The URL is case-sensitive.)

You can contact agencies by calling the telephone numbers or online at the Web site listed below.

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

State Education Office (District of Columbia)
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: 208-332-1574
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

Massachusetts

Massachusetts Board
of Higher Education
Phone: 617-727-9420
Web site: www.osfa.mass.edu

Michigan

Michigan Higher Education
Assistance Authority
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

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
Phone: 406-444-6570
Web site: www.oche.montana.edu

Nebraska

Nebraska Coordinating Commission
for Postsecondary Education
Phone: 402-471-2847
Web site: www.ccpe.state.ne.us

Nevada

Nevada Department of Education
Phone: 775-687-9200
Web site: www.doe.nv.gov

New Hampshire

New Hampshire Postsecondary
Education Commission
Phone: 603-271-2555
Web site: www.state.nh.us/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: **701-328-4114**
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.state.oh.us/sgs

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: **1-877-349-7183**
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.state.tn.us/tsac

Texas

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

Utah

Utah State Board of Regents
Toll-free: **1-800-418-8757**
Web site: www.utahsbr.edu

Vermont

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

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: **011-684-699-9155**
Web site: www.ascc.as

Commonwealth of the Northern Mariana Islands

Northern Marianas College Financial Aid Office
Phone: **1-670-234-5498, ext. 1525**
Web site: www.nmcnet.edu

Federated States of Micronesia

Federated States of Micronesia Department of Education
Phone: **011-691-320-2872**
Web site: www.literacynet.org/micronesia/doe.html

Guam

University of Guam
Phone: **1-671-735-2288**
Web site: www.uog.edu

Puerto Rico

Puerto Rico Council on Higher Education
Phone: **1-787-724-7100**
Web site: www.ces.gobierno.pr

Republic of Palau

Republic of Palau Ministry of Education
Phone: **011-680-488-2471**

Republic of the Marshall Islands

Marshall Islands Scholarship Grant and Loan Board
Phone: **011-692-625-3108**
Web site: www.rmischolarship.net

Virgin Islands

Virgin Islands Department of Education
Phone: **1-340-774-4546**
Web site: www.doe.vi

Other Federal Student Aid Publications

Read our other publications for more information. To get copies, contact the Federal Student Aid Information Center at **1-800-4-FED-AID (1-800-433-3243)** or go to www.FederalStudentAid.ed.gov/pubs.

College Preparation Checklist

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

The Student Aid Audio Guide

For the visually impaired; describes our federal student aid programs.

Completing the FAFSA

An online resource found at www.FederalStudentAid.ed.gov/pubs; contains detailed instructions for completing the *Free Application for Federal Student Aid* (FAFSA).

Repaying Your Student Loans

For student loan borrowers about to enter repayment; contains a budget worksheet to help in loan repayment and information on repayment plan options, deferment, loan consolidation and the consequences of default.

Stafford Loan Forgiveness Program for Teachers

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



START HERE
GO FURTHER
FEDERAL STUDENT AID



THE GUIDE TO FEDERAL STUDENT AID