

Paying for College

A Guide to Financial Aid



Paying for college is no small feat. There are lots of options with differing qualifications, requirements, and application details. When seeking funding for higher education, look for as much “free” money as possible, then go for “cheap” money, and finally choose private loans if you still have financial gaps to fill.

Free Money is Best

Apply for as many scholarships as you can. You can start by checking out this online search engine: <http://www.studentaid2.ed.gov/getmoney/scholarship/>. Once you are accepted to the school of your choice, get to know the financial aid office. They are a great source for scholarship information. Many students are often surprised at the availability of scholarships and other assistance for which they may be eligible.

Scholarships Aren't the Only “Free” Game in Town

Federal and State governments also provide assistance, mostly need-based, in the form of grants. Here are the most common types:

- **Pell Grants:** These constitute the largest of the government programs. Grants generally range between \$400 and \$4,600. In general, families showing financial need are eligible for grants, although families with higher incomes may also be eligible under special circumstances.
- **Supplemental Education Opportunity Grants (SEOG):** For families exhibiting the greatest need, the SEOG offers grants ranging from \$100 to \$4,000 a year. SEOG funds are limited, so it is important to submit an application as early as possible.
- **State Programs:** Most states provide grants based on a combination of merit and financial need. Contact high school guidance counselors or your state office of grants to learn what types of aid may be available and how to apply.
- **College Grants:** Most institutions offer several kinds of grants based on need, scholastic achievement and/or talent in a special area. Some colleges give cash grants, while others offer tuition discounts.
- **Private Grants:** Thousands of grants and scholarship programs are available to students with superior academic records, special interests and other qualifying characteristics. Check with employers and local, state and national organizations with which you or any member of your family may be affiliated. The local library is also an excellent reference.



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Financial Aid Application Checklist

Use this checklist to plan what you need to do to apply for and receive financial aid. Duplicate this checklist for each school to which you are applying. Due to limited resources, student aid is often awarded on a first-come, first-served basis. Many of these checklist items have deadline dates so you should indicate the date by which you will need to complete each item. Check off each action item as you complete it. You can get help for many of these action items from each college's Web site, your guidance or college counselor, or your local reference librarian.

Application Processing Action Item for (school):

Due Date:
(if any) _____

- _____ Request financial aid information and application forms from the school to which you are planning to apply. Request information regarding any need-based and non-need-based institutional grants and scholarships. When you receive this information, note all required application materials and their deadlines below.
- _____ Request information from your state regarding all state student aid programs for postsecondary education and any required application forms and materials. When you receive this information, note all required application materials and their deadlines, many of which appear in the checklist below.
- _____ Investigate private sources of financial aid. Check with your school and local libraries, local businesses and civic organizations, and your parents' employer(s). Take advantage of free Internet scholarship search engines, such as:
 - FinAid on the Web: www.finaid.org
 - The College Board: http://apps.collegeboard.com/cbsearch_ss/welcome.jsp
 - FastWeb: www.fastweb.com
- _____ Check the following sources to verify the legitimacy of any financial aid consultants, search services you may use or hire, and get tips on avoiding scholarship scams:
 - U.S. Department of Education: www.studentaid.ed.gov/students/publications/lisa/index.html
 - Federal Trade Commission: <http://www.ftc.gov/scholarshipscams>
 - Better Business Bureau: www.bbb.com
- _____ Obtain a Federal Student Aid Personal Identification Number (FSA PIN) for use throughout the federal aid process during and after college from the U.S. Department of Education's PIN Web site at www.pin.ed.gov.
- _____ File your Free Application for Federal Student Aid (FAFSA) as soon as possible on or after January 1 of the year in which you will need funding. You may file the FAFSA electronically using FAFSA on the Web, which contains built-in edits to help prevent costly mistakes, at www.fafsa.ed.gov. You may also file a paper FAFSA, obtained by calling the Federal Student Aid Information Center at 1-800-433-3243.

- _____ Complete and submit all institutional financial aid application materials before all deadlines.
- _____ Apply for state financial aid before the application deadline and promptly reply to any requests for additional information
- _____ Promptly respond to any school requests for additional information or documentation, such as copies of federal tax returns, verification worksheets, or other forms
- _____ Review your Student Aid Report (SAR), which is sent to you via e-mail or postal mail after you file the FAFSA, for accuracy. If necessary, correct inaccurate items on-line at www.fafsa.ed.gov or on the paper SAR, if you receive one.
- _____ Read all application materials and financial aid notifications. Most financial aid funds have conditions for receipt and renewal, such as earning a certain grade point average (GPA) or being enrolled full time. Details are important, so be sure to avoid costly mistakes!
- _____ Promptly sign and return your financial aid award letter if your school requires your signed acceptance of the aid being offered. Contact the financial aid office if you have any questions about your award
- _____ Notify the financial aid office if you have applied for assistance, but no longer wish to attend the school.
- _____ Complete the promissory note for any loan(s) you are offered and wish to accept. Before you sign the promissory note, make sure you read and understand all of your rights and responsibilities. Check with the financial aid office regarding any loan counseling you must complete before you may receive the loan proceeds.
- _____ If you have been awarded Federal Work-Study (FWS) assistance, find out how students are placed in FWS positions and what FWS positions are available, including descriptions of job responsibilities and wages
- _____ Promptly notify the financial aid office of any outside or private scholarship, grant, or other types of student aid you have received or expect to receive.
- _____ Keep copies of all application materials in your records for future reference.

Loans are Not Created Equal

If loans are required to fund your education expenses, you should always take the maximum amount in federally subsidized loans. Here's more about the various loan types:

Government Perkins Loans are designed for undergraduates and graduate students who have exceptional economic need. Perkins loans are often desirable if eligibility requirements are met because the interest rates are set at 5%. Repayment begins nine months after the student graduates, leaves school or drops below halftime status. Loan amounts range from \$3,000 per year for undergraduates, to \$5,000 per year for graduate students.

Stafford Student Loans (formerly Guaranteed Student Loans) are available to virtually all students. Students demonstrating financial need may qualify for subsidized loans, meaning the government will pay the interest on the loans while the student attends school, as well as for a six-month grace period after graduation. If the loan is unsubsidized (not need-based), interest accrues while you attend school and repayment must begin immediately after graduation. The typical repayment term is five to ten years. Students can borrow up to \$5,500 for their first year, \$6,500 for their second year, and \$7,500 for their third, fourth or fifth years. For graduate students the maximum is \$8,500 per year (subsidized, \$20,500 total including unsubsidized).

NOTE: An important thing to remember about both the Perkins and Stafford loans is that the students, not the parents, are the borrowers and are therefore solely responsible for paying back the money.

Parent Loans to Undergraduate Students (PLUS) are made to parents and **Supplemental Loans for Students (SLS)** loans are made to undergraduate and graduate students. SLS loans allow borrowing up to \$4,000 per year as freshman and sophomores, \$5,000 per year as juniors and seniors, and \$10,000 per year as graduate students. However, combined PLUS loans, SLS loans and other financial aid cannot exceed the student's cost of attending school. This means the loan funds can only be used for tuition and other direct expenses, not ancillary college expenses such as traveling home during breaks. Repayment of these loans must begin within 60 days of receiving the loan proceeds, and the loans can be repaid in five to ten years. Although repayment of SLS loans can be deferred while a student attends school, interest continues to accrue.

NOTE: Recent legislation will affect student loan programs in several ways. Many loans that formerly were processed through banks and other lending institutions are now granted directly through the Department of Education. In addition, thousands of students will be able to pay off their government loans through work in a National Service Corporation, such as AmeriCorps and the National Health.

Other Loan Sources

Private or Alternative Loans: Several commercial lenders specialize in college lending. Your not-for-profit credit union now offers private student loans through *Credit Union Student Choice*, a program designed to fill the funding gaps federal aid can leave behind. The UMassFive CU Student Choice loan offers lower rates than most big banks with no origination fees and a simpler application process.

Don't Forget Work-Study Program Options

College Work-Study Program (CWS): The work-study program permits eligible students to work on campus to help offset educational expenses and reduce loan obligations. Students from higher-income families have a better chance of receiving a part-time job under CWS than of getting most kinds of grants.



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