



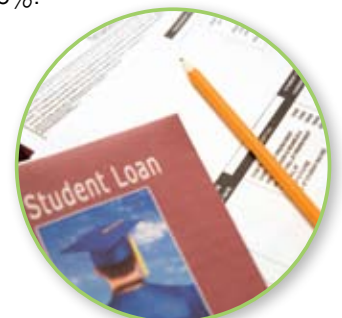
## Resources for college financial aid

### What are some of the other resources available to help cover the cost of college?

Various kinds of financial aid may be available to assist with part of the cost of college. Among them, according to the 2008 “Field Guide to Financial Planning,” published by The National Underwriter Company:



- **Federal Work-Study Program** – Provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The amount of award depends on the student’s level of need and the funding level of each participating school.
- **Federal Pell Grants** – The maximum Pell Grant for the 2008-2009 award year was \$4,731. A Pell Grant does not have to be repaid. The amount of the award is calculated by the Federal Department of Education based on the student’s needs assessment score and whether the student attends on a full-time or part-time basis.
- **Academic Competitiveness Grant Program** – Two new programs supplement the Pell Grants for 2006-2010. The grants range from \$750 to \$1,300 for first- and second-year undergraduate students.
- **Federal Supplemental Education Opportunity Grant** – Grants range from \$100 to \$4,000 per year and depend on the student’s need, the funding level of the school, and the policies of the school’s financial aid office.
- **Stafford Loans** – Federal loans, a major source of funding, are commonly referred to as FFEL or FFELP loans, administered by the Federal Family Education Loan Program. Private banks and other lenders provide the loans, which have yearly maximums. There are two kinds of loans:
  1. *Subsidized loans*, awarded based on need. No interest is charged until the repayment period starts.
  2. *Unsubsidized loans*, awarded not based on need. Interest is charged from the time the loan is disbursed until it is paid in full.
- **Perkins Loans** – Low-interest loans provided to students with demonstrated financial need while undertaking undergraduate or graduate studies. Each school determines eligibility, and repayment is made to the school. The maximum annual loan is \$4,000, with an overall \$20,000 maximum for undergraduate studies. Interest is a low 5%.
- **Parent Loans (PLUS)** – Loans to parents with dependent undergraduate students enrolled at least half-time. Parents must submit to a credit check. The amount of the loan can equal the student’s cost of attendance minus any other financial aid provided.



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- **Public Service Loan Forgiveness** – Available to borrowers of Federal Direct Stafford Loans, Federal Direct PLUS Loans, and Federal Direct Consolidation Loans. After 10 years of full-time employment in public service, the program discharges any remaining debt.
- **Income-Based Repayment** – Program starts July 1, 2009 and allows borrowers of FFEL or Direct Loan programs to cap repayment amounts at 15% of discretionary income. This will extend the term of the loan, which is generally 10 years.

#### **Qualifying for Financial Aid**

To apply for financial aid, a free Application for Federal Student Aid form must be completed and submitted. A formula created by the Federal Government helps determine who qualifies. The formula subtracts the Expected Family Contribution (EFC) from the cost of attendance, taking into account the assets and income of the parents and child. The EFC is the amount of money a family is expected to contribute and includes both the parental and student contribution. Several factors are taken into consideration in calculating the EFC, including the student's dependency status, family size, number of family members in school, and taxable and nontaxable income and assets.

#### **Some helpful website links**

Free Application for Federal Student Aid: <http://www.fafsa.ed.gov/before003a.htm>

Financial Aid Formula: [www.fafsa.ed.gov](http://www.fafsa.ed.gov)

Federal student financial aid program: <http://studentaid.ed.gov>

Public Service Loan Forgiveness: <http://finaid.org/loans/publicservice.phtml>

Expected Family Contribution: <http://ifap.ed.gov/ifap/index.jsp?>

The College Board: <http://www.collegeboard.com>



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