

2007 | 2008



[FUND YOUR FUTURE]
FOR CAREER COLLEGE STUDENTS

GRANTS, SCHOLARSHIPS, LOANS AND
OTHER FINANCIAL AID FOR COLLEGE



Looking ahead

to college but need

HELP

with the costs?

Good news! Whether you're seeking a vocational certificate or pursuing an associate, bachelor's or graduate degree, there's money to help pay for your education.

While most colleges expect you to contribute, financial aid can help close the gap between your resources and college costs. Your first step should be to look into grants, private scholarships and other free money you don't have to repay. Also explore work-study opportunities, military, veteran and tax benefits, and other options. In addition, ask if your school offers a plan that will let you spread your payments over the year. You can also borrow for college, but keep in mind that loans must be repaid, with interest.

Applying for most financial aid is *free*—simply complete the Free Application for Federal Student Aid, the FAFSA.

A Look at the Basics

Most financial aid is awarded based on your financial need, also known as your financial aid eligibility. This is the difference between your college costs (as calculated by the college) and your expected family contribution, or EFC—the amount of money you can reasonably contribute toward your education for the year. Your EFC is calculated using the information you provided on your FAFSA and determines the types and amounts of aid that you're eligible to receive.

$$\begin{aligned} &\text{Your college costs} \\ - &\text{Your expected family contribution} \\ \hline = &\text{Your financial need} \end{aligned}$$

Start With the FAFSA

To apply for most financial aid, you'll need to complete the Free Application for Federal Student Aid. The FAFSA asks for information about you, your family, your finances and your college plans.

The fastest and easiest way to complete the FAFSA is online at www.fafsa.ed.gov, but there's also a paper form that you can get from your school or by calling toll free 800.4FED.AID. Both versions are available in English and Spanish.

After submitting your FAFSA, you'll receive your Student Aid Report, which contains a summary of the information you provided on the FAFSA and lists your expected family contribution.

Most career colleges have rolling starts and year-round admissions. You're encouraged to complete the FAFSA and any other paperwork early and meet all deadlines.

[tip]

FAFSA on the Web at www.fafsa.ed.gov makes it easy to apply for financial aid. It's fast and secure, and available around the clock, seven days a week.

Free HELP

Any help you need to complete the FAFSA is available for free—you should never pay for assistance. You'll need to collect all your financial records and other personal information first, which may take some time. But once you have everything in front of you, filling out the FAFSA is not as difficult as it may first appear and there are lots of resources to turn to for free help.

On the Web

You'll find built-in instructions for each question at www.fafsa.ed.gov. For live, online help during business hours, click the Live Help button located within the pages of FAFSA on the Web. Go to www.studentaid.ed.gov/completefafsa for help completing the paper FAFSA.

Phone

Call the Federal Student Aid Information Center toll free at 800.433.3243 (319.337.5665 if you don't have access to toll-free numbers) or TTY 800.730.8913 if you're hearing impaired.

In-Person

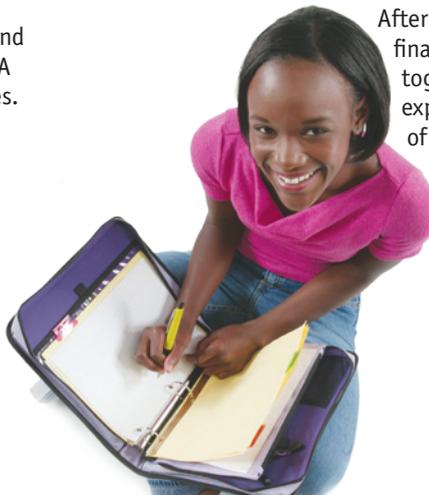
Ask your school for help.

Your College Costs

Each college has its own student budget or cost of attendance, which includes tuition, fees, books, supplies and room and board, if provided by the school.

Your Financial Aid Offer

After determining your eligibility for financial aid, your college will put together a financial aid offer, including an explanation of the terms and conditions of each award. Keep in mind that you don't have to accept all parts of your financial aid package—you can pick and choose the student aid you want.



Dependent **OR** Independent?

Whether you're a dependent or an independent student is key to the types and amounts of financial aid you're eligible to receive. Your answers to certain questions on the FAFSA will determine whether you're considered a dependent or an independent student—not whether your parents list you as a dependent on their tax return or if you live on your own.

If you're a dependent student, your parents' ability to contribute to your college costs is taken into account; if you're an independent student, you'll be evaluated on your own. If you're married, your spouse's income and assets will be considered along with yours.

You're considered to be an independent student if at least one of these describes you:

- You're at least 24 years old when you submit the FAFSA.
- You're married as of the date you submit the FAFSA.
- Both your parents are deceased, or you're a ward or dependent of the court or were one until age 18 (includes foster youth).
- You're working on a master's or doctorate degree or a graduate certificate.
- You have children who receive more than half of their support from you.
- You have legal dependents other than a spouse or children who live with you and receive more than half their support from you.
- You're a veteran of the U.S. Armed Forces, or you attended a service academy and were released under a condition other than dishonorable, or you're currently serving on active duty (other than training).



10 Important Things

TO KNOW ABOUT FEDERAL AND STATE AID

To qualify for most federal and state student aid, you must:

1. **Submit the FAFSA**
2. **Submit any other forms or applications that may be required**
3. **Demonstrate financial need (except for the unsubsidized federal Stafford student loan and the federal PLUS loan)**
4. **Have a high school diploma or its equivalent, pass an "ability to benefit" exam approved by the U.S. Department of Education, or complete a high school education in a home-school setting approved by your state**
5. **Be a U.S. citizen or an eligible noncitizen**
6. **Be a state resident (for most state aid)**
7. **Enroll in an eligible degree or certificate program approved by the U.S. Department of Education (correspondence courses must be part of a degree program)**
8. **Have a Social Security number (unless you're from the Marshall Islands, the Federated States of Micronesia or the Republic of Palau)**
9. **Register with the U.S. Selective Service (most males)**
10. **Not be in default on a federal student loan, owe a refund on a grant or have been convicted of financial aid fraud or of a drug-related crime that occurred while you were receiving federal aid**

[tip]

Look into federal tax benefits. You may be able to deduct the interest you pay on your student loans or qualify for a tax credit for tuition and other qualified college costs. For more information, go to www.irs.gov/publications/p970/index.html or contact your tax advisor.

[Free Money for College]

Federal Pell Grant

Pell Grants are awarded to every undergraduate student who qualifies. These need-based grants may be used for tuition, fees and living expenses at any qualifying college in the country. Pell Grant awards recently ranged from \$400 to \$4,050 a year. You may receive a Pell Grant even if you don't attend college full time.

Federal Supplemental Educational Opportunity Grant

Colleges may award FSEOG grants of \$100 to \$4,000 a year to students with exceptional financial need, with priority given to students who are eligible for a Pell Grant. Keep in mind that not all colleges offer these grants and few students receive the top award amounts.

New Federal Academic Competitiveness Grant

If you're eligible for a federal Pell Grant, a U.S. citizen and successfully complete a "rigorous" high school program, you may also qualify for an Academic Competitiveness Grant of up to \$750 for your first year and up to \$1,300 for the second year.

New National SMART Grant

The National SMART Grant provides up to \$4,000 for your junior and senior years of college eligible for a Pell Grant, if you're a U.S. citizen and majoring in physical, life or computer sciences, math or engineering, or in certain foreign languages.

State Grants

For information on grants and other financial aid offered by your state, contact your school or your state's higher education agency. You'll find a listing of state higher education agencies at www.edfund.org (click on "Students and Parents," select "Web Sites for Students and Parents" under "Questions," and then "State Higher Education Agencies").

Work-Study

Through federal, state and college work-study programs at selected colleges, you earn money from a job on or off campus to pay for college. To learn more, contact your school.

[tip]

To learn more about the major federal financial aid programs, go to www.studentaid.ed.gov or contact your college's financial aid office.

Chafee Grant for Foster Youth

If you are or were in foster care, you may be eligible for up to \$5,000 a year for job training or college on top of any other aid you may receive. To apply, you must submit the

FAFSA. To learn more, contact your school, caseworker, county independent living program coordinator or go to www.statevoucher.org.

Robert C. Byrd Honors Scholarship

These merit-based awards of \$1,500 a year recognize academically outstanding high school seniors who show promise of continued achievement in college. Applications are available at high schools. To learn more, see your high school counselor.

[Loans]

If you need to borrow for college, first look into a federal student loan. Your interest rate will be low and you won't have to start paying back most loans until six months after you graduate. Typically, you'll have up to 10 years to repay.

[tip]

Federal student loans are designed to simplify your life, not complicate it. Your rights include a grace period before your loan payments begin, the option to prepay your loans without penalty and the opportunity to request a deferment or forbearance if you can't make your payments.

Federal Stafford Loans

Federal Stafford loans are for students at all types of schools. There are two kinds—subsidized and unsubsidized.

Subsidized Stafford

loans are for students with financial need. The federal government pays the interest on subsidized loans while you're in school and during the first six months after you graduate, withdraw or enroll less than half time.

Unsubsidized Stafford loans are for all eligible students, regardless of income or assets. You're responsible for paying all the interest that accrues, even while you're in college. You can request to postpone paying interest while in school.

The interest rate on Stafford loans is fixed at 6.8 percent for the life of the loan. An origination fee of 2 percent and a federal default fee of 1 percent may be deducted from each loan disbursement.

The amount you can borrow depends on your college costs, your expected family contribution, your year in school, whether you attend full time or half time, the other financial aid you receive and whether you're a dependent or an independent student.

After school, you'll have a six-month grace period before your first loan payment is due.

Federal Perkins Loan

Federal Perkins loans are for students with exceptional financial need who are enrolled in participating colleges. You pay no interest on your loan during school and have a grace period of nine months after school before you must begin repaying your loan at 5 percent interest. Depending on when you apply, your financial need and available funds, you can borrow up to \$4,000 for each year of undergraduate study and up to \$6,000 a year if you're a graduate or professional student. Perkins loan funds are usually very limited, so few students receive the top award amounts.

Federal PLUS Loans

Federal Parent PLUS loans can help your parents or stepparents pay for your college costs. To apply, your parents must complete the PLUS loan application and meet credit eligibility requirements.

If you're a graduate or professional student, you can take out a Federal Graduate PLUS loan to finance your college education. To apply, you must submit the FAFSA, meet credit eligibility requirements and complete a PLUS loan application.

The interest rate for PLUS loans is fixed at 7.9 percent or 8.5 percent, depending on the college. For more information, contact your college's financial aid office.

Private Loans

If you still fall short after exhausting all your own resources, federal loans and other financial aid, you may want to consider a private loan. Private loans have been filling an important need in the financial aid packages at a growing number of schools. For more information, contact your college's financial aid office.

What Does It Mean To Accept A Loan?

Is the college or program a good investment? You have the right to ask a college about its tuition and refund policies, academic and training programs, financial aid programs, faculty and facilities, and its graduates' success in finding a job. You can ask how many students complete their programs at the college and how many of them transfer or drop out. Talk to current and former students, and take a tour of the college. Choose the school that's best for you.

Does my loan make good financial sense? Some jobs and careers are more stable or higher paying than others. Learn more about hundreds of jobs, including required training, prospects and earnings, in the federal Occupational Outlook Handbook, available in libraries or online at www.bls.gov/oco. You'll also find starting salaries for jobs at www.edwise.org.

Are there other options? Check out all scholarships, grants and employment opportunities first. Also look into AmeriCorps, military and veteran benefits, cooperative education, part-time work and other options.

What are the true costs of my loan? It usually costs money to borrow money. Make sure you know the true cost of your loan. In addition to interest charges, origination or federal default fees may be taken out of each loan disbursement. If you don't make your loan payments on time, you may be responsible for late fees and collection costs.

Can I repay it? Before applying for a loan, determine how much you can afford to repay. Estimate your monthly payments and other expenses, and what you can expect to earn. To find out more, go to www.edwise.org and www.studentdebthelp.org.

What are my rights and responsibilities? When you accept a loan, you accept legal and financial responsibilities that last until the loan is repaid. You'll sign a promissory note, which is a legal contract between you and your lender. It's a promise to repay the amount you borrow and an agreement to the terms and conditions of your loan. Before signing, be sure you understand all of your responsibilities and rights.

Repaying Your Loan

When it comes time to repay your federal loan, you have four choices, including payments that stay the same each month, payments that rise gradually, payments that are linked to your income, and payments that extend over a longer period of time. You'll usually have up to 10 years to repay your loan, but you could have as long as 25 years, depending on your repayment plan, your income or the amount you borrowed. The most common choice is the standard plan where payments stay the same each month, with up to 10 years to repay.

What's Ahead?

MAKING REPAYMENT EASIER

Here are five tips to keep in mind:

Simplify loan repayment by staying with one lender. Many lenders offer loans and their lending policies may differ. Remaining with the same lender for any additional loans may keep your payments more manageable by minimizing your paperwork. When you enter repayment, your loans will be combined so you'll have only one bill and one payment each month.

Pay as you go. Deferring interest payments on your loans may be attractive in the short run, but you'll pay a lot more in the long run. By paying as little as \$20 each month on \$7,500 in student loans while you're in school, you can save as much as \$4,000 over the 10-year life of your loans.

Sign up to have your loan payments taken directly from your bank account. Many lenders offer reduced interest rates if you make automatic payments or always pay on time.



[tip]

Make your loan payments on time. By doing so, you'll develop a good credit history, which will follow you wherever you go and whatever you do. Many lenders offer reduced interest rates or rebates if you make your payments on time or have your payments automatically withdrawn from your bank account.

Let your lender know if you can't make your payments. If you fall behind in your payments, your delinquency most likely will be reported to a national credit reporting agency, which could damage your credit rating, making it harder and more expensive if you want to finance a car, home or more education later. If you're having trouble repaying your loan, you may want to change your repayment plan, consolidate or combine your loans, or look into a deferment or a forbearance to temporarily postpone, reduce or extend your payments.

Don't default. The consequences of defaulting on a loan are serious. What can you expect if you default? First, you'll lose the privilege of monthly payments; the entire amount of your loan will be immediately due and payable. A portion of your paycheck or tax refund may be taken to pay back your loan. You may be hit with collection costs, you may not be eligible for certain government jobs and you'll damage your credit rating, making it harder and more expensive to get a loan later.

[tip]

Some jobs actually give you a paycheck and repay your student loans. For information on federal loan forgiveness for teachers, child care providers, nurses, community service volunteers and others, start at www.studentaid.ed.gov.



[tip]

Always stay in touch with your lender (or loan servicer) who is there to help you keep your loan payments on track and provide options to solve any repayment difficulties you may have. It might surprise you to know that failure to update mailing addresses is one of the leading causes of loan default.

YOUR MONTHLY PAYMENT

You'll be better off if you borrow conservatively, budget wisely and plan ahead. Knowing the monthly payments for the amount you borrow is a great start.

TOTAL AMOUNT BORROWED	NO. OF PAYMENTS	INTEREST RATE			
		6.80%		8.50%	
		PAYMENT	TOTAL INTEREST	PAYMENT	TOTAL INTEREST
\$ 3,000	70	\$ 52	\$ 643	\$ 55	\$ 816
\$ 5,000	120	\$ 58	\$ 1,905	\$ 62	\$ 2,439
\$ 8,000	120	\$ 92	\$ 3,407	\$ 99	\$ 3,903
\$ 10,000	120	\$ 115	\$ 3,810	\$ 124	\$ 4,879
\$ 16,000	120	\$ 184	\$ 6,096	\$ 198	\$ 7,806
\$ 20,000	120	\$ 230	\$ 7,619	\$ 248	\$ 9,756
\$ 25,000	120	\$ 288	\$ 9,524	\$ 310	\$ 12,195
\$ 35,000	120	\$ 403	\$ 1,334	\$ 434	\$ 17,074

TAKE ADVANTAGE OF FINANCIAL AID

If you think you'll need financial help, apply for it. For more information, contact your school or go to:

■ www.fafsa.ed.gov

FAFSA on the Web, the easiest and fastest way to apply for federal and state aid. You'll also find step-by-step instructions.

■ www.studentaid.ed.gov

The U.S. Department of Education's Student Aid on the Web, to find out more about federal Pell Grants and other federal aid. Or call the Federal Student Aid Information Center toll free 800.4FED.AID (that's 800.433.3243).

■ www.edfund.org

EdFund's Web site, for information on low-interest federal loans, college and financial planning, strategies for borrowing, and more. Or call toll free 877.2EDFUND (that's 877.233.3863).

■ www.going2college.org

A comprehensive resource organized by state for planning and paying for college and exploring careers.

■ www.edwise.org

EdWise®, EdFund's online financial planning tool, to calculate how much you can afford to borrow and repay, and more.

- Browse the Web for college planning tips and financial aid information. Talk to your school about your plans.
- Ask about scholarships offered by local community service organizations and businesses.
- Keep a calendar of all requirements and deadlines.
- Research military and veteran benefits, fee waivers, federal tax benefits, tuition payment plans, AmeriCorps and work-study opportunities.
- Look into the College Board's College-Level Examination Program to see if you're eligible to earn academic credit for your job, volunteer or travel experience.
- Apply for a Social Security number, if you don't already have one, by going to www.ssa.gov or calling 800.772.1213 (TTY 800.325.0778). You'll need one to apply for most financial aid.
- Apply for a federal personal identification number, or PIN, at www.pin.ed.gov so you can electronically sign the online FAFSA.
- Submit the FAFSA online at www.fafsa.ed.gov for faster processing. Complete the FAFSA on the Web Worksheet at www.fafsa.ed.gov ahead of time, so you'll have all the information you need in front of you.
- Keep a copy of your FAFSA, all worksheets and financial records. Your school may ask to see them.
- Submit any other applications or information your college may require for its private financial aid programs.
- Review your Student Aid Report, which you'll receive after submitting your FAFSA.
- Borrow smart. Estimate how much you need and can afford to repay, and prepare a spending plan by going to EdWise, the financial planning tool located at www.edwise.org.
- Evaluate your financial aid offers carefully. Ask questions!
- Pick up money-saving tips by watching the video clips at www.edfund.org (click on "Students and Parents," then select "Online Money Management Library" under "Managing Your Loan").

WEB SITES THAT CLICK

Planning and Paying for College

- Citizenship
www.uscis.gov
- College Costs and More
www.nces.ed.gov/ipeds/cool
- EdFund
www.edfund.org
- Going 2 College
www.going2college.org
- Mapping Your Future
www.mapping-your-future.org

Federal Financial Aid

- Federal Loans and Grants
www.studentaid.ed.gov
- Chafee Grants for Foster Youth
www.statevoucher.org

Private Scholarships

- African American Scholarships
www.uncf.org
www.blackexcel.org
- Free Scholarship Directories
www.fastweb.com
www.collegenet.com/mach25
www.srnexpress.com
- Gates Millennium Scholarships
www.gmsp.org
- Hispanic Scholarships
www.hispanicfund.org
www.hsf.net
www.scholarshipsforhispanics.org

- Native American Grants
www.oiep.bia.edu
www.collegefund.org
www.aihec.org
- Scholarship Fraud
www.ftc.gov/scholarshipcams
www.fraud.org

Other Options

- AmeriCorps
www.americorps.org
- College Board Programs
www.collegeboard.com
- Military Scholarships
www.todaymilitary.com
- Students with Disabilities
www.heath.gwu.edu
- Tax Benefits for Higher Education
www.irs.gov/publications/p970/index.html
- Veteran Education Benefits
www.gibill.va.gov

Personal Finance

- EdWise
www.edwise.org
- Employment Trends
www.bls.gov/emp
- Identity Theft
www.consumer.gov/idtheft

[tip]

Don't use your credit cards to pay for college. Instead, take out a federal student loan and save hundreds, even thousands, of dollars in interest. Let's say you use your credit card to pay tuition your first semester, giving you a balance of \$1,400. If you make only the minimum payment of \$56 each month (and continue to pay 4 percent of your outstanding balance with a \$10 minimum payment) at an interest rate of 18 percent, you'll end up paying \$756 in interest costs. The same \$1,400 in a federal student loan would cost you at the most only about \$129 in interest paying \$50 a month at 6.8 percent. That's a savings of \$627!

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