

IONA COLLEGE



ABC's of Financial Aid

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Paying for college can be overwhelming. We have developed this guide to explain the financial aid process and to help you understand the financing options available to you. We hope you will find it a useful resource as you make your college plans.

General Eligibility Requirements for Federal Financial Aid

Students must:

- Demonstrate financial need (except for some loan programs).
- Have a high school diploma or a General Education Development (GED) Certificate, pass an approved ability-to-benefit (ATB) test or meet other state standards approved by the U.S. Department of Education.
- Be enrolled or accepted for enrollment in an eligible degree or certificate program at a school participating in federal financial aid programs.
- Be a U.S. citizen, permanent resident or eligible non-citizen.
- Have a valid Social Security Number.
- Demonstrate satisfactory academic progress, as determined by their school.
- Complete a Free Application for Federal Student Aid (FAFSA) online at www.fafsa.ed.gov after January 1.
- Sign a statement on the FAFSA certifying that they will use federal student aid only for educational purposes.
- Sign a statement on the FAFSA that they do not owe a refund on a federal student grant and are not in default on a federal student loan.
- Register with the Selective Service if they are males 18 through 25 years of age.
- Have not recently been convicted of sale or possession of illegal drugs.

Dependency Status

The maximum amount you may borrow in the Federal Direct Loan program depends on whether you are an independent or dependent student. It also depends on your academic year in school. You may be an independent student if you:

- Were you born before January 1, 1989?
- Are you married? (Also answer “Yes” if you are separated but not divorced.)
- At the beginning of 2012-2013 school year, will you be working on a master’s or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, or graduate certificate, etc.)?
- Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training?
- Are you a veteran of the U.S. Armed Forces?
- Do you have children who will receive more than half of their support from you between July 1, 2012, and June 30, 2013?
- Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2013?
- At any time since you turned age 13, were both your parents deceased, were you in foster care or were you a dependent or ward of the court?
- Are you, or were you an emancipated minor as determined by a court in your state of legal residence?
- Are you, or were you in legal guardianship as determined by a court in your state of legal residence?
- At any time on or after July 1, 2011, did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless?
- At any time on or after July 1, 2011, did the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development determine that you were an unaccompanied youth who was homeless?
- At any time on or after July 1, 2011, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless?

A dependent student is one who does not qualify as an independent student. The range of personal situations is extensive. Discuss your personal situation with the financial aid staff at your school. If your dependency status changes at any time during the award year, you must notify your Financial Aid Office immediately. Independent students do not include their parents’ financial information on the FAFSA form.

Applying for Financial Aid and the Need Analysis Process

1. The FAFSA is used to determine your eligibility for federal financial aid. You are required to submit this application for most state-funded and institutional aid as well.

You must access FAFSA on the Web (www.fafsa.ed.gov), fill out all information and transmit the form electronically to the U.S. Department of Education. There are several advantages to Web submission: identification of potential errors right away and prompts to make corrections; online instructions for each question; availability of live online “chat” with customer services increased processing speed.

When you are submitting your FAFSA on the Web, both you and your parents should obtain a Personal Identification Number (PIN). Go to www.pin.ed.gov. PIN’s are issued by the U.S. Department of Education.

Your PIN allows you to obtain a copy of your FAFSA and to revise it after submitting it online. For more information about this website, call (800) 433-9243.

Please note: If you are a dependent student, both you and your parent must sign the FAFSA prior to submission. Parents need to obtain a separate PIN of their own.

If you are an undergraduate student, your eligibility for a Federal Pell Grant must be determined before you can be considered for a Federal Direct Loan. The FAFSA is used for that as well.

2. Complete all other financial aid application forms that your college may require. Also, ask your Financial Aid Office about specific deadlines at your school.
3. Transmit your completed application to Federal Student Aid Programs as soon after January 1 as possible.
4. Within one to three weeks, the Department of Education will email you a Student Aid Report (SAR). You may have the SAR sent to up to ten schools of your choice. The SAR will include your Expected Family Contribution (EFC) and notify you of your eligibility for a Federal Pell Grant. Your college may request additional information, such as verification of income and expense data. To prevent delays in processing your application, be sure to respond promptly.
5. Your college Financial Aid Office will use the SAR to construct your financial aid package. Most colleges then mail or email award letters to tell students the types and amounts of aid they will receive.

Sometimes the application process does not reflect a family’s actual financial status because of special circumstances such as death, divorce or separation, disability, loss of employment or natural disasters. In such cases, you should send a written explanation to the college, whose financial aid officers may use professional judgment to adjust your aid package.

6. Respond quickly to notify your college that you accept all, part or none of the financial aid package offered.
7. If scholarships and grants are not sufficient to cover your expenses, a loan may fill your remaining financial need. Your school may include the Federal Direct Subsidized or Unsubsidized Loan for which you are eligible as part of your financial aid package. In addition, you may use Federal Direct Unsubsidized or Federal Direct Parent Loan (PLUS Loans) to replace part or all of your EFC. (See Need Analysis section on page 4.)

Caution: Some information in this guide may change as the U.S. Department of Education issues new regulations throughout the year. To stay informed, keep in touch with your college’s Financial Aid Office.

Need Analysis - Determining Your Eligibility for Financial Aid

Every student should apply for financial aid.

Some students think they won't be eligible because their family income is too high. Others think their family simply can't afford college and financial aid will not make any difference. No matter what your family's economic situation is, we encourage all students to apply before deciding. Iona College requires an official FAFSA for all institutional awards to be on file by April 15 of every year.

The process used to determine a student's eligibility for financial aid is called "need analysis."

In this analysis, income and asset information from both the student and parents is examined to determine the family's ability to contribute toward the cost of attendance.

The EFC is then subtracted from the cost of attendance for one academic year. The remainder helps determine the amount of your aid.

The difference between cost and EFC shows the maximum need-based financial aid you may be awarded.

Student's Cost of Attendance
– <u>Expected Family Contribution</u>
= Financial Aid

The type of aid you may receive depends on the financial aid package that can be assembled. Descriptions of commonly used aid programs are contained in this guide.

Other types of financial aid, such as scholarships given by schools or by organizations and companies, are also available. Some scholarships are based on need, while others are based on academic or athletic ability, career interests, religious affiliation, membership, location and employment.

Investigate these opportunities at your school, library or on the Internet at the Financial Aid Information Page (www.finaid.org), or at Fastweb.com.

Cost of Attendance

Each institution determines its own cost of attendance. This includes direct educational costs (such as tuition, fees, books and supplies), as well as living costs (room and board, and personal expenses). Financial aid can be applied toward direct educational cost as well as living costs.

EXAMPLE				
PER ACADEMIC YEAR (9 MONTHS)				
	High-Cost School	Medium-Cost School	Low-Cost School	Community School
Tuition & Fees	\$35,000	\$24,000	\$11,000	\$4,000
Personal Expenses	2,800	2,000	1,500	1,400
Books & Supplies	1,500	1,500	1,500	1,500
Room & Board	12,000	9,500	5,000	2,200
Total	\$51,300	\$37,000	\$19,000	\$9,100

Paying for Your College Education

Cost of attendance is paid for by:

Family contribution - based on income, assets, expenses, size of family, age of parents, number of working parents, number of students in college (excluding parents) and extraordinary circumstances.

Financial aid package - sources of aid which may be available. A financial aid package may include the following:

- Federal Pell Grant
- Federal Supplemental Education Opportunity Grants (FSEOG)
- State Aid
- Federal Work-Study
- Private Scholarships
- Loans (must be repaid with interest)
 - Federal Perkins loan
 - Federal Direct Subsidized loan
- Federal Direct Unsubsidized loan

These sources can be supplemented (if you are eligible) with a Federal Direct Unsubsidized Loan or with a Federal Direct PLUS Loan if your parent qualifies.

Descriptions of Financial Aid from Your College

Federal Pell Grant

Federal Pell Grants are awarded to help you pay for your undergraduate education. For many students, these grants provide a foundation of financial aid to which aid from other federal and nonfederal sources may be added. Pell Grants do not have to be repaid. Awards will depend on program funding, EFC and cost of attendance. The maximum award for the 2011-2012 school year is \$5,550.00

Federal Supplemental Education Opportunity Grants (FSEOG)

The FSEOG is a grant to help you pay for undergraduate years only, and is awarded to students with exceptional financial need. Generally, you could be awarded up to \$4,000 per year depending on your need, the availability of FSEOG funds at your school and the amount of other aid you receive.

Federal Work-Study

The Work-Study program provides jobs for undergraduate and graduate students who show financial need. Your pay will be at least the federal minimum wage, but it also may relate to the type and difficulty of the work you perform. You may work up to 20 hours a week.

Federal Perkins Loans

A Perkins Loan is a low-interest (5.00%) loan to help you pay for both undergraduate and graduate school. These loans are made by the federal government through your college.

- \$4,000 per undergraduate year (maximum \$20,000)

Federal Direct Loans

What are Federal Direct Loans?

Federal Direct loans can be subsidized or unsubsidized and are processed through the U.S. Government. You can receive a subsidized loan and an unsubsidized loan for the same enrollment period. Repayment begins six months after graduation or six months after your enrollment status is less than half time (five or fewer credits).

A **subsidized** loan is awarded on the basis of financial need. You can calculate your financial need by subtracting your Expected Family Contribution (EFC) from the Cost of Attendance. Interest on this loan is not charged while you are in school and enrolled for six or more credits and during your six month grace period. The federal government “subsidizes” the interest for you during these periods.

An **unsubsidized** loan is non-need based. You will be charged interest from the time the loan is disbursed until it is paid off. If you allow the interest to accrue while you are in school or during other periods of non-payment, it will be capitalized. The interest will be added to the principal amount of your loan and additional interest will be based on that higher amount.

What is a Federal Direct Parent PLUS Loan?

The Federal Direct Parent PLUS Loan is one that a parent can utilize to help pay for a student’s educational expenses. This loan is for parents of dependent, undergraduate students who are enrolled at least half time (six credits or more). These loans are processed through the U.S. Government. Parents must be credit-worthy and have no adverse credit history. Your parent can borrow up to the cost of attendance (COA) for the year, minus any other financial aid you receive.

If your parent is *NOT approved* for the PLUS loan, you will be eligible to receive more Direct *Unsubsidized* Loan funds.

Interest Rates and Borrowing Limits

Maximum Loan Amount Available for Subsidized and Unsubsidized Loans

Year of Study	Dependent	Independent	Graduate and Professional Student
1st year	\$3,500	\$7,500 - No more than \$3,500 of this amount may be in subsidized loans.	\$20,500 for each year of study - No more than \$8,500 of the annual amount may be in subsidized loans.
2nd year	\$4,500	\$8,500 - No more than \$3,800 of this amount may be in subsidized loans.	
Each additional year	\$5,500	\$10,500 - No more than \$5,500 of this amount may be in subsidized loans.	
Maximum total debt from Direct 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 may be in subsidized loans. The graduate debt limit includes Direct Loans received for undergraduate study.

Federal Direct Plus Loan (Parent Loan for Undergraduate Students)

The PLUS Loan interest rate is a variable rate that changes each July 1. It will not exceed 9.00%.*

Year of Undergraduate Study	Dependent Undergraduate
1st year	Up to cost of attendance less financial aid received.
2nd year	Up to cost of attendance less financial aid received.
Each additional year	Up to cost of attendance less financial aid received.

* Credit is subject to approval. Certain restrictions may apply. Programs, rates, terms and conditions are subject to change without notice.

Prudent Borrowing Limits Debt

Student loans can be a useful tool in funding your higher education. But to use them wisely, you should be aware of the responsibilities that borrowing money entails.

Here are some fundamental but important facts that can help you understand and control your borrowing:

- The amount of money you borrow to pay for college can limit your ability to obtain loans after you complete school. Borrow as little as possible now to cover school expenses. Also, use a budget to plan your borrowing. It will help you limit the amounts you need to borrow.
- Principal is the face value of a loan, the amount upon which interest is charged.
- Interest is the fee charged for the use of borrowed money. It is computed as a percentage of the principal for a given period of time (for example, five years, 10 years and so forth). Interest can be paid regularly, and on an unsubsidized loan it can be capitalized. Note that capitalized interest accumulates and is added to the unpaid balance of your loan principal.
- Repayment is set up on a schedule. Your credit rating will be adversely affected if the repayment schedule is not maintained. In cases with a legitimate reason for not repaying according to schedule (such as illness or loss of employment), most lenders will make adjustments to the schedule. However, in these cases you must notify the lender or its servicer immediately.
- The payment amount due each month can be lowered by extending payments for a longer period of time. However, that means that the total interest you eventually pay will be greater.
- Multiple loans may be necessary to meet the cost of attendance. Students may borrow more than one loan (Perkins, Direct or private) at the same time.
- Default means failure to repay a student loan according to your promissory note. If you default on a student loan - before or after obtaining your degree - the federal government can take action to recover the money. Default will affect your credit rating, and you will not be able to receive additional federal aid if you return to school.

Websites for College-bound Students

A wealth of information is available to you on the Internet, including access to many scholarship databases.

U.S. Department of Education www.ed.gov

Scholarship Search www.fastweb.com

FAFSA Website www.fafsa.ed.gov

Entrance Counseling www.studentloans.gov

Master Promissory Note (MPN) www.studentloans.gov

