

# Federal Loan Programs

## Federal Perkins Loan

- Need-based student loan
- Must complete the FAFSA
- Your school is the lender
- Repay your school, or its agent – up to 10 years to repay
- 5% fixed interest rate
- Eligible undergraduates may borrow up to \$4,000 annually (max. \$20,000 as undergrad)
- Repayment begins 9 months after graduation or if a student drops below half-time enrollment
- Not all colleges participate in the Federal Perkins Loan Program

## Federal Stafford Loan – Either Direct Loans or Family Federal Education Loan (FFEL)

- Low-interest loan the student takes out on his/her own behalf
- Direct Loans – US Dept. of Education is the lender
- FFEL Loan – private bank, credit union, or other financial institution is the lender
- Must complete the FAFSA
- Amount depends on grade level in school and dependency status (ex: up to \$5,500 for first year student)
- Repayment begins 6 months after the student graduates or falls below half-time enrollment
- Have up to 25 years to repay, depending on amount owed and repayment plan selected
- May be **SUBSIDIZED** or **UNSUBSIDIZED**
- Subsidized: Need-based
  - Fixed interest rate of 6.0% (will decrease over the next four years)
  - Federal government pays the interest while student is in college or during grace/deferment periods
- Unsubsidized: Not based on need
  - Fixed interest rate of 6.8%
  - Interest accrues while student is in school

## Federal PLUS Loan – either Direct or FFEL

- Parent is the borrower
- Fixed interest rate of 8.5% (FFEL), 7.9% (Direct)
- Borrower pays all interest
- Maximum loan amount is the cost of attendance minus all of the student's financial aid
- Not need-based, but approval subject to parent's credit
- Student must be enrolled at least half-time
- Repayment begins 60 days after loan is disbursed
- Have up to 25 years to repay, depending on amount owed and repayment plan selected

# Work Study Programs

## Federal Work Study

- Need-based employment
- Must complete the FAFSA
- Provides jobs on and off campus
- Both full-time and part-time students are eligible
- Students earn at least current minimum wage, paid by the hour
- Students normally work between 10-15 hours per week (always part-time)
- Earnings cannot exceed total award amount
- Pays the student directly unless you request that the payments:
  - be sent directly to your bank account
  - be applied directly to tuition, fees, room and board

## Non-Federal Work Study

- Employment on campus
- Not based on financial need
- Not part of financial aid award
- Similar wages and hours to Federal Work Study



*Because money doesn't grow on trees...*