“Improving college access and affordability is key to giving more Americans a chance at higher education and keeping America competitive.”

– U.S. Secretary of Education Margaret Spellings

TIPS TO HELP YOU APPLY FOR A FEDERAL STUDENT LOAN

1. Apply online using www.fafsa.ed.gov

2. Check deadlines. Be sure of your state’s and your school’s application deadlines. While there is no deadline for applying for federal student aid, you should apply as early as possible after January 1 of each year that you will attend college. Some state and school aid is awarded on a first-come, first-served basis.

3. Collect the information you need to complete the FAFSA:
   • Your Social Security number and your parents’ Social Security numbers;
   • Your driver’s license number, if you have one;
   • Your alien registration number, if you are not a U.S. citizen;
   • Your federal tax returns and income information.

4. Check your FAFSA. After you complete the FAFSA, you will receive a Student Aid Report (SAR). Review the information carefully and make any necessary corrections.

5. Respond immediately to any request from your school for additional information.

www.federalstudentaid.ed.gov
Federal student loans are delivered to students through two programs: the Direct Loan Program and the Federal Family Education Loan Program. Both programs offer essentially the same type of loans—low fixed interest rates, income-based repayment plans, loan forgiveness and deferment options, including deferment of loan payments when a student returns to school. For these reasons, students and parents should always exhaust federal student loan options before considering a private loan.

WHY ARE FEDERAL STUDENT LOANS A BETTER OPTION FOR PAYING FOR COLLEGE?

Federal student loans offer borrowers many benefits not typically found in private loans. These include:

- **Low fixed interest rates**
- **Income-based repayment plans**
- **Loan forgiveness**
- **Deferment options**

In both programs, loan funds are provided to you through your school. Your school chooses the loan program in which it will participate. In both programs, loan funds are available, including grants, scholarships, work opportunities and federal student loans. Should you choose a federal student loan, your school will provide you with instructions on next steps, including how to select a lender.

HOW MUCH MONEY CAN I BORROW IN FEDERAL STUDENT LOANS?

Undergraduate student loan limits range from $5,500 to $10,500 per year depending on certain factors, including the student’s year in college. Graduate students can borrow up to $20,500 each year. Parents can also get federal student loans to help pay the remainder of college costs that are not covered by their child’s other financial aid. These are called PLUS loans. In addition, graduate students may obtain PLUS loans to help pay for their own education.

WHY SHOULD I COMPLETE A FAFSA WHEN I APPLY FOR PRIVATE LOANS?

While the application process may be easier in some instances, federal student loans usually have lower interest rates and better repayment terms and options than private student loans. Additionally, schools use the information provided on the FAFSA to determine eligibility for other types of financial aid provided by the federal government, from your state, or from the school itself. This can include grants, scholarships and work opportunities.

WHAT KINDS OF FEDERAL STUDENT LOANS ARE AVAILABLE?

Student loans are for undergraduate and graduate students. There are two types of Stafford loans: subsidized and unsubsidized.

- **Subsidized Stafford loans** provide low interest rates and are available to students who demonstrate financial need based on income and other information provided on the FAFSA. A credit check is not required to receive these loans. The federal government pays the interest on these loans until six months after the student is no longer enrolled in school at least half time.

- **Unsubsidized Stafford loans** provide low interest rates and are available to all students regardless of financial need (although the FAFSA still must be filled). A credit check is not required to receive these loans. The student is responsible for the interest, which may be paid while the student is in school or accrued and then added to the principal balance when the student enters repayment, which occurs six months after the student is no longer enrolled in school at least half time.

PLUS LOANS ARE LOW INTEREST LOANS THAT PARENTS CAN USE TO HELP PAY THE COST OF EDUCATION FOR THEIR CHILDREN. IN ADDITION, GRADUATE STUDENTS MAY OBTAIN PLUS LOANS TO HELP PAY FOR THEIR OWN EDUCATION.

STUDENT AND PARENTS SHOULd always exhaust federal student loan options first before considering your private loan. To apply for a federal student loan, complete our online tool, the Free Application for Federal Student Aid (FAFSA), at www.fafsa.ed.gov.

For additional information on the federal student aid programs, consult the Department of Education’s free publication Funding Education Beyond High School: The Source to Federal Student Aid, which may be obtained by calling 1-800-4-FED-AID.