

Financial Aid Programs

Descriptions of Financial Aid Programs

Grants and scholarships are funds that you do not have to repay. They are available from colleges, and the state and federal government, professional organizations, and private foundations. Some grants are determined by your financial need, while some are based on academic merit. Colleges may also take into account academic achievement, talent in athletics, music etc. Federal Pell Grants do not have to be repaid.

Academic Competitiveness Grant and SMART Grant. The academic Competitiveness Grant and the National Science and Mathematics Access to Retain Talent (SMART) Grant are available to students who are eligible for a Pell Grant. The Academic Competitiveness Grant may be awarded to freshmen and sophomore college students who have successfully completed a rigorous high school program (determined by the state or local agency and recognized by the US Secretary of Education. Second year college students must maintain a 3.0 GPA. The maximum award is \$750.00 for a first year student, and \$1,300 for a second year student.

Smart Grants are awarded to third and fourth year undergraduate students who are majoring in physical, life, computer sciences, mathematics, technology, engineering, or in a foreign language determined to be critical to national security. The recipients must maintain at least a 3.0 GPA in the major course requirements. The maximum award is \$4,000 per year.

Work study programs provide opportunities to earn money while you are in college by working part time on campus or in the community. Eligibility is usually based on financial need. Students usually work 10 - 15 hours per week.

Educational loans are available for students and their parents. This must be repaid with interest. Student loan repayments are usually due after the student graduates from college and can be deferred while the student is in school. Parent loan repayment terms usually are due 60 days after the loan money is dispersed. Student loan interest rates are usually lower than the parental loans.

Types of Student Loans

There are two kind of Stafford Loans. The Subsidized Stafford Loan is based on need, and the government pays the interest while you are in school. The Unsubsidized Stafford Loan is not need based. It is available to students regardless of financial need. Students must pay the interest or "capitalize" it (add it to the principal amount) while they are in school.

* **Stafford Loans** are federally guaranteed, low interest loans (currently 4.7% during in school, grace, and deferment periods, 5.3% during repayment. Loan limits for undergraduate students are as follows: freshmen = \$2,625, sophomores = \$3,500, junior and seniors = \$5,500. Graduate students can borrow up to \$8,500 per year in subsidized loans plus \$10,000 per year in unsubsidized loans. To apply you need to file the FAFSA form.

* **Subsidized Stafford Loan** Eligibility is based on your financial need as calculated from the information you provide on your FAFSA form. The federal government pays the interest on the loan while you are in college. Repayment begins six months after you are no longer enrolled, or fall below part time enrollment (usually below six credits).

* **Unsubsidized Stafford Loan** Eligibility is not based on financial need You are responsible for paying the interest on the loan which accrues immediately. Repayment begins six months after you fall below part time enrollment. You can begin to pay it off sooner.

* **Federal Perkins Loan** This loan is low interest. Undergraduates can borrow up to \$4,000 per year. Graduate students can borrow up to \$6,000 per year. The federal government pays the fixed 5% interest until you begin repayment. Repayment begins 9 months after you are no longer enrolled at least half time. Repayment is usually up to 10 years. Exceptional financial need and availability of funds determine eligibility. To apply you must complete the FAFSA.

Alternatives for Parents and Students

* **Federal Parent Loans for Undergraduate Students (FPLUS)**. Parents may borrow the cost of attendance for each dependent child. Eligibility is not based on need. These loans can be used to meet your calculated family contribution. The interest rate is variable and is usually capped at 9%. Parents usually have up to ten years to repay. The interest paid is tax deductible. Check with the college for more information. Many colleges have their own banks or lenders that they may prefer to deal with.

* **Parental Loans for Undergraduate Students (PLUS) and Graduate Plus Loans.** Parents with a good credit history may receive plus loans. Eligibility is not based on financial need. These loans are made regardless of income levels.

Alternative loans are offered from many lenders. These loans offer competitive interest rates and varying flexible repayment terms. Check with the college financial aid office for more information.

Interest free monthly payment plans are available from some colleges. Check with the financial aid office for more information.

Americorps is a federal volunteer program. Participants serve usually 12 months. At the completion of full time service, participants receive an education award up to \$4,725. The voucher can be used to pay student loans, or pay for future educational expenses. For more information, visit www.americorps.org or call 1- 800- 942-2677

Federal Incentive Programs are available for higher education. Please visit www.ed.gov/offices/OPE/PPI/HOPE/index.html. You can also consult a tax advisor for information about Hope Scholarship (tax credit), the lifetime learning credit (tax credit), the student loan interest deduction (tax deduction), education savings account (tax free), IRA withdrawals, employer provided educational benefits, community service loan forgiveness, and expanded benefits for pre paid tuition plans

New York State college tuition tax credit/deductions - In New York state, refundable credit or itemized deductions for a percentage of qualifying undergraduate tuition expenses is allowed. Usually a \$10,000 maximum. For more information, consult your tax advisor or visit www.hesc.org and search under "tuition tax credit"

New York State College savings Program. Minimum deposit is \$25.00. NYS tax payers receive a tax deduction for annual contributions up to \$5,000 each year and up to \$10,000 for married couples who file jointly. Qualified withdrawals are exempt from state and federal income taxes. For more information please visit www.nysaves.org