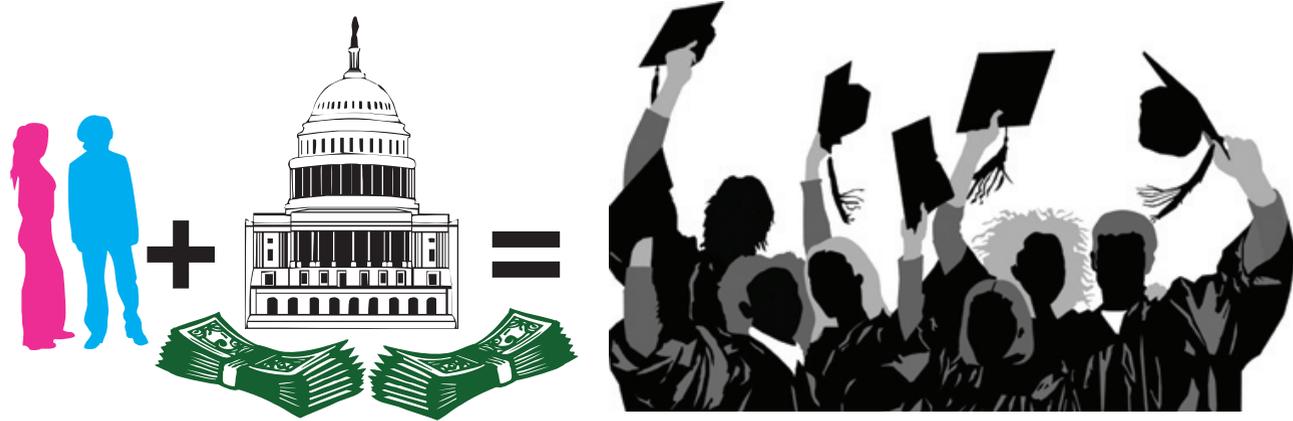


The Truth About Financial Aid

Yes, you can afford college. But you need to act fast and intelligently. **By Lori Vanover**



Tuition, books, computer, room and board — you might be wondering how you can possibly afford to attend college. Don't panic, there is plenty of help available.

The first step toward obtaining aid is filling out the Free Application for Federal Student Aid, which is used to determine the amount of your financial need. You can find this form online at www.fafsa.ed.gov. The FAFSA can be filed between Jan. 1 and June 30, but do it as early as possible. If your family situation changes (such as a parent getting laid off), you can amend the form later.

You will need your parents' help to fill out the FAFSA, as you will need their estimated income tax information. After submitting, you'll receive a Student Aid Report. This form includes your expected family contribution, an amount that colleges use to compile your financial aid package. You might be offered grants, campus-based aid, or federal loans, and you can accept or decline any part of this package.

Grant Money

Federal grants provide money for education that does not need to be repaid. One example is the Pell Grant program, which is available to students with the greatest financial need. This program recently received a boost, as the Stimulus Package signed by President Obama increases the Federal Pell Grant amount in both the 2009-2010 and 2010-2011 school years.

Campus-Based Aid

Students whose need is not met by grants may also qualify for campus-based aid. How much aid you receive depends on the availability of funds at your school (again, it pays to apply early). Part of this program includes federal work-study, a program that provides part-time jobs for students; and federal Perkins loans, a low-interest (5 percent), need-based loans for undergraduate and graduate students. The recent President Obama stimulus package increased funding for the federal work-study program.

Federal Loans

If a student's financial need is not fulfilled by grants and campus-based aid, the U.S. Department of Education also offers Stafford loans for students. If necessary, parents can take out an additional PLUS Loan on their child's behalf. Schools usually participate in either the William D. Ford Federal Direct Student Loan program, which offers loans directly from the government, or the Federal Family Education Loan Program (FFELP), where the loans route through a bank or credit union.

Federal student loans have a low interest rate and do not enter repayment until six months after your graduation (or when you drop below half-time enrollment status). If your loan is subsidized (need-based), the government pays the interest while you're in school. Federal loans also offer the protection of forbearance if you encounter finan-

cial hardship and need to temporarily suspend payments.

What About Scholarships and Private Loans?

If you need money for school, you should absolutely seek out private scholarships, which are often awarded based on factors such as cultural heritage, course of study, and extracurricular activities.

A less attractive option to consider is private loans — non-federal, market-rate

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WHERE DO I START?

If you want to learn more about financial aid, visit the following

Web sites:

www.studentaid.ed.gov/

www4.uwm.edu/financialaid/

www.marquette.edu/financialaid/

www.mtmary.edu/aid.htm

www.cc.edu/prospective/finaid.asp

www.alverno.edu/campus_resource/financial_aid.html

www.matc.edu/student/resources/FinancialAid/finaid.html

Apply, Apply, Apply!

Marquette University's expert on financial aid explains why federal loans are always preferable to private student loans, and more. **By Lori Vanover**

The Hispanic Scholarship Fund Institute says Latinos receive the lowest average amount of financial aid awarded — by type and source of aid — of any ethnic group. With a college degree more important now than ever, it doesn't have to be this way. Susan Teernik, Marquette University's director of financial aid office, offers sound advice for families who are considering having a member go to college.

What are the biggest mistakes people make when filling out the FAFSA?

Not signing it! Both the student and the parent must sign it. That's the absolutely number one mistake. Another one is filling the whole form out online and then not hitting submit.

Do most people apply for financial aid online now?

Absolutely. Here at Marquette we're in the high 90 percent range of students who apply online. It's so much easier and faster to file the FAFSA online.

What are the biggest misconceptions about federal financial aid?

That they won't qualify for aid. People eliminate themselves from the process without even applying.

Are there any potential negatives to accepting financial aid?

No...well, with loans you have to pay them back. But if you get a financial aid package, you can qualify for grants and loans, and you can pick and choose what you want to accept. Just because someone offers you a loan doesn't mean you have to take it.

Is it more difficult to get a loan now due to the credit crisis?

It depends on the type of institution you are at. There are two ways to participate in the Stafford Loan program — the FFELP program, which has bank lenders in the middle between the school and the government, and the Direct Lending program, which is just between the student and the federal government. The school helps you

get through the process, but there are no banks in the middle. So schools that are going through the Direct Lending program aren't having difficulties.

How do you qualify to have your federal loan payments deferred?

While you're in school (as long as you are enrolled at least half-time), your payments are deferred, even if you go on to graduate school. Also, federal loans have safety nets built in, so if you have trouble finding a job or lose a job you can ask for forbearance from the federal government to say you're not working right now, you can't pay. It's the safest loan a student could ever have.

What are the differences between federal and private loans?

Everyone should go for all of the federal aid that they can get first before they consider a private loan. With private loans you can borrow all the way up to the cost of attending, but they're non-federal, so they don't necessarily have all the deferment and repayment benefits built in. They are market rate loans, so they are sometimes adjusting as often as monthly. You can get a higher dollar amount, but you have to be creditworthy in order to get one. And now since the economy is soured, there isn't really an undergraduate in the world that would qualify for a private loan without a cosigner. And private loans cannot be consolidated with federal loans, which means you would end up with multiple costly payments — that's how people get in over their heads.