New Federal Student Loan Website

Student borrowers utilizing the Federal Direct Loan program have long been accustomed to using a whole host of federal sites in order to manage their direct loans. Students use one site for requesting and managing their PIN, while another site is specifically for entrance and exit counseling, and yet another for loan consolidation. The duplication of services and the sheer number of specific sites makes for a confusing experience for student borrowers.

In an effort to streamline the Direct Loan process, the Department of Education has done a great job of consolidating access to the myriad of student loan sites with one student loan portal—the aptly named www.studentloans.gov.

The newly live site is designed to be a clearinghouse for information regarding the federal Direct Loan program. The most exciting feature is the ability to apply for a PLUS loan directly online. In prior years, our office had to collect and process paper applications for PLUS loans. The new online process streamlines the PLUS Loan application process, allowing funds to be disbursed more quickly and with fewer problems. Using www.studentloans.gov, student and parent borrowers can:

- View their loan document
- Complete entrance counseling
- Sign their Master Promissory Note (MPN)
- Request a PLUS Loan
- Find information about student aid programs
- Learn about loan repayment plans, loan discharge, and loan forgiveness programs.

Studentloans.gov also features a whole host of helpful links to other financial aid sites run by the federal government, including:

- FAFSA on the web
- PIN.ed.gov
- Loan Consolidation Information
- NSLDS, The National Student Loan Data System

If you have any questions regarding Direct Loan management, please see the Financial Aid Office.

Know Your Loan Types!

Direct Stafford Loan: This is also known as the William D. Ford Federal Direct Loan Program, where loan funds are borrowed directly from the federal government.

There are two types of Stafford Loans: 1) Subsidized Stafford Loan, This loan is interest free until the student graduates or goes below half time status. The interest rate is 4.5% fixed rate for loans made during the 2010—2011 year. Loans made for the 2011—2012 year, the interest rate is 3.4% fixed rate.

2) Unsubsidized Stafford Loan This loan is a loan on which the interest rate accrues the day you take out the loan. Interest rate for this loan is 6.8% fixed rate. In order to be considered for these loans, you must file a FAFSA every year.
The surest way not to fail is to determine to succeed!

Year-Round Pell Grants

Beginning in the summer 2011 term, qualified students can receive Federal Pell Grants year-round. Under the old rules, Pell eligible students who enrolled full time for fall, winter and spring received their entire award in those three terms. Consequently, they received no Pell for the summer term.

With the new rules, students can receive up to two aid years’ worth of Pell awards in one academic year. For example: a student with a (hypothetical) scheduled Pell award of $4,000, who enrolled full time in fall, winter and spring, would receive $1,333 (if full time in summer) second Pell in the summer. Please note that a student must have completed 36 credit hours during the year and be enrolled at least half time in the term they are receiving any of the “second” Pell if he or she completed at least 36 credit hours between fall, winter and spring. Please note that the actual Pell award amount depends on several factors including Expected Family Contribution (EFC) and enrollment status. The federal processor calculates your EFC based on your Free Application for Federal Student Aid (FAFSA).

Comparing Private Loan Programs

Private student loans are offered through a variety of banks and other lenders. The best rates on private loans generally are offered to borrowers who have good credit and/or have a cosigner with good credit.

When shopping for a private loan, it is important to look for a loan you can live with in both the short term and the long term. You may by repaying it for several years after graduation.

The terms of federal student loan programs are often more favorable than those of private loans.

If you are considering borrowing through a private lender, we encourage you to:

- Be sure you have exhausted all other possible sources of financial aid, including federal loans, first.
- Look for ways to reduce your expenses before you decide how much to borrow.
- Borrow only what you absolutely need. Compare rates.

If you have any questions, please contact the Financial Aid Office.

FAQs

If I get a private scholarship, how does it affect my other financial aid? If you receive a private scholarship award, the rest of your financial aid and scholarships cannot exceed your "financial need." If you receive an outside scholarship that is not listed on your Award Notification, you must report the scholarship(s) to the Financial Aid Office.

Why do I get many emails that say “Your financial aid has been revised?” It is federal regulation that if your award changes in any way, we must inform you. Unfortunately, the Banner system doesn’t have a way to mark the changes. That is why it is important that you keep a copy of the award letter.
Senior Loan Counseling

If you are senior planning on graduating this May, please mark your calendars for the Senior Loan Counseling session.

This session will provide you with the latest loan debt, plus will provide you with information on how to pay back the loan, how to contact your lender and consolidation options. The dates for the sessions are: May 4th at 2:30pm; May 5th at 4:30pm and May 11th at 2:30pm. All sessions will be held in the PA Room located in the Union.

Many Changes to Financial Aid in 2011-2012

The U.S. Department of Education (ED) has made a number of enhancements to the FAFSA website so that you will have to answer fewer questions. The most significant change is the partnership with the Internal Revenue Service (IRS) that will allow you and your family to transfer your income information directly from your federal tax returns to the FAFSA just by checking a permission box.

Beginning July 2011, the federal government will eliminate two federal grant programs: Academic Competitiveness Grant (ACG) and the National SMART Grant. Student receiving ACG or the SMART Grant in 2010-2011 will not receive these federal grants after this academic year.

The interest rate of the William D. Ford Federal Direct Loan—Subsidized program will be reduced from 4.5% to 3.4%. Interest rates for the unsubsidized Federal Direct Loan and the Federal Direct PLUS (Parent) Loan will remain at 6.8% and 7.9%, respectively. The rates for 2012-2013 will be determined by Congress.

The federal government will soon be coming out with new regulations on Satisfactory Academic Progress, which will require Rose-Hulman to adjust their policies for 2011-2012.

Survey Results

The Financial Aid Office would like to thank you for taking time out of your busy schedules and filling out the Financial Aid Office survey. From the survey, we received some great ideas on how to improve our service. We are in the process of implementing some of the ideas in the near future.

If you have any additional comments or questions regarding the survey, or have a suggestion, please direct them to Melinda Middleton in the Financial Aid Office. Thanks again for taking the time to fill out the survey.
With each published RHIT Financial Aid Newsletter there will be a challenge. The first 10 undergraduate students that correctly answer the challenge question will win a $50.00 scholarship. You will need to email the answer to Melinda Middleton at middleto@rose-hulman.edu. The first 10 correct answers received by Melinda will be the winners of the $50.00 scholarship. Winners will be notified by email.

**BAILEY CHALLENGE**

Each letter represents a distinct digit. What digits can be assigned to the letters so that the sum is valid?

```
F O R T Y
T E N
T E N
S I X T Y
```

Challenge was by Professor Emeritus Herb Bailey