

Understand Financial Aid

There are two types of financial aid—gift aid and self-help. Gift aid is money that does not have to be repaid and self-help is money either earned from working or has to be repaid. These types of aid are awarded based on financial need and merit.

Types of Gift Aid:

Scholarships are typically based on merit or some type of talent. Some scholarships are also based on financial need. These awards are often awarded as a result of the information you provided in the admission application process or the completion of a separate application or audition.

Grants are typically awarded based on financial need. In most cases, they are a result of information provided on the Free Application for Federal Student Aid (FAFSA).

Types of Self-Help Aid:

Federal Direct Subsidized Loan is a government loan that is based on need. The current interest rate is fixed at 5.6 percent with a .5 percent loan fee. The federal government pays the interest on the loan while you are enrolled in college at least half-time. The amount listed on your award letter is the maximum amount you can receive based on your specific need level and your year in college.

Federal Direct Unsubsidized Loan is a government loan that is not based on need. The current interest rate is fixed at 6.8 percent with a .5 percent loan fee. Any student, regardless of need, can receive an unsubsidized loan. Students are responsible for paying interest while they are enrolled in school or it can be deferred with the principal amount. The amount listed on your award letter is the maximum amount you can receive based on your year in college.

Federal Perkins Loan is a need-based government loan with a fixed interest rate of 5.0 percent. The Perkins Loan is interest-free and no repayment is required while you are enrolled in school at least half-time. The amount listed on your award letter is the amount you are eligible to borrow for the academic year.

Federal Parent PLUS Loan is a loan for **parents** of undergraduate dependent students with a fixed interest rate of 7.9 percent and a 2.5 percent loan fee. This loan is based on a parent's credit worthiness. Parents can borrow up to the cost of attendance minus any other financial aid the student has received.

Federal Work Study is a need-based federal aid program that provides eligible students with the opportunity to work part-time while in school. The number of hours you may work each week is determined by the amount of your work-study award and your hourly wage. Students without work study may also work on campus. Information about part-time employment as a student is available from the Student Employment Office. Students receive a paycheck every two weeks. Go to www.gvsu.edu/studentjobs to see a full listing of on-campus jobs.

For more detailed information about these and other financial aid programs, visit our web site at www.gvsu.edu/financialaid.

Understand Financial Aid (cont'd)

STEP 2: Understand

Federal Loan Information and Borrowing Limits:

The amount you can borrow each year in the Federal Direct Loan program depends on whether you are a dependent or an independent student. Dependent students are those students who are required to provide parent information on the FAFSA. The amount a student can borrow is limited by the year in college and other financial aid received. The loan limits below are a combination of subsidized and unsubsidized loans.

Dependent undergraduate students*

- \$5,500 per year for freshmen (0-24 credits completed) with a maximum of \$3,500 subsidized.
- \$6,500 per year for sophomores (25-54 credits completed) with a maximum of \$4,500 subsidized.
- \$7,500 per year for juniors and seniors and any remaining years of undergraduate study (55 or more credits completed) with a maximum of \$5,500 subsidized.

Independent Undergraduate Students*

- \$9,500 per year for freshmen with a maximum of \$3,500 subsidized (0-24 credits completed).
- \$10,500 per year for sophomores with a maximum of \$4,500 subsidized (25-54 credits completed).
- \$12,500 per year for juniors and seniors and any remaining years of undergraduate study with a maximum of \$5,500 subsidized (55 or more credits completed).

**If you change grade levels mid-year, you can contact the Financial Aid Office to request an increase in your loan.*

An online Entrance Loan Counseling and a Master Promissory Note (MPN) are required. You will receive additional information on completing the loan application process once you have accepted your loan. Students must be enrolled at least half time (6 credits).

Parent Borrowing:

Parents of dependent students may borrow under the Federal Parent PLUS Loan program. Either the parent or stepparent can apply for this loan. The parent borrowing must pass a credit check by the loan servicer. Students must be enrolled at least half-time (6 credits) in each semester that a Federal Parent PLUS loan is awarded and must meet financial aid satisfactory academic progress criteria.

Alternative Loans:

These loans are offered through banks or other lenders. The interest rates vary and are based on credit worthiness of the borrower (student) and often times will need a co-signer. Repayment terms and borrowing limits vary with each lending institution.

For more information, instructions on how to apply for the Federal Parent (PLUS) Loan, and to view other suggested alternative loan options, please refer to the enclosed handout or visit our Financial Aid web site at www.gvsu.edu/financialaid.

Terms and Conditions:

It is important that you understand the terms and conditions of your award. Please refer to our Financial Aid web site listed above to review this information.