

Using Federal Financial Aid for Study Abroad

The U.S. Department of Education permits schools to release federal aid for payment toward a study abroad program as long as the program is approved for credit by your home institution and applies towards a degree. In fact, federal law also states that aid can cover all "reasonable" costs for a study abroad program, including: round-trip transportation, tuition and fees for the program, living costs, passport & visa fees and health insurance. Steps for receiving financial aid on your home campus:

- Be enrolled in a degree program to receive federal and state aid.
- Be enrolled for a certain number of credit hours while you are receiving aid.
- Obtain approval from your study abroad office and your academic advisor at your home school so that the credit earned abroad is transferable to your home school. The credit does not have to satisfy major requirements, but you need to be able to use it for general education or elective credits.
- Be in school for 30 days before you receive your loan money (federal law requires this).

What information do your financial aid and study abroad offices need? Once your home institution approves the program, your school and SAI may sign a written agreement called a "Consortium Agreement". SAI can submit this agreement to your college or university once you are accepted into an SAI program. We will also send your financial aid office a "budget" for your study abroad program so they can review your SAI budget and determine the amount of financial aid that you will be eligible to receive.

You must fill out the FAFSA form in order to apply for federal and state assistance. When the FAFSA form is submitted to the US Department of Education, the information is then forwarded to the school(s) you listed on the FAFSA form and to your home state's student assistance agency. An important note to keep in mind is that each state has a separate deadline date to have your FAFSA completed for the next academic year. Contact your financial aid office to see if you are close to a deadline date for your FAFSA application. What info is needed to complete my FAFSA? For information on how to complete a FAFSA, please contact your school's Financial Aid Office or go to the FAFSA website at www.fafsa.ed.gov.

Types of Available Aid

Federal and State Government Aid is funding from taxpayer dollars and government funding. Most often awarded on the basis of financial need, it can also be awarded based on the amount of credits assessed at the time of loan approval. The aid can be disbursed as a grant or loan. As long as your home institution pre-approves the credit(s) you may earn abroad, it is legal to use federal aid toward your study abroad program.

Campus-Based Aid is any funding provided by your educational institution. The aid is based on financial need and can be awarded as a scholarship, grant, Perkins Loan, or FSEOG (Federal Supplement Educational Opportunity Grant). However, the award might only be granted if you are both enrolled at the institution and intending to use the aid at your home campus. Therefore, it might not be available for a study abroad program.

Private Aid is financial assistance funded by a private source, which is neither from the government or your institution. It is usually available as an alternative loan that is offered by private lenders. The loan funds are generally sent directly to the school, though some send payment directly to you. Lenders provide different types of alternative loans, depending on your level of study and credit history. SAI can direct you to organizations providing private loans for study abroad.

Stafford Loan

A Stafford loan is a federal loan. It is the Department of Education's major source of self-help aid. The loan can be part of the Federal Family Education Loan Program (FFELP) or the William D. Ford Federal Direct Loan Program. A FFELP Loan can originate from a bank, credit union or a student loan lending institution while a Direct Student Loan comes from the federal government. Stafford Loans are subsidized or unsubsidized loans. A subsidized loan is based on financial need and the government covers your interest payments while in school. On an unsubsidized loan, interest begins accruing once the loan is disbursed. You can pay the interest or allow it to accrue and be capitalized (which means interest is added to the principal amount of your loan). How much will you be awarded in a Stafford Loan? The amount of your loan is based on the number of credits you have achieved at a post secondary institution. Your school will determine your eligibility for subsidized and unsubsidized Stafford loans. How can you apply for a Stafford Loan? The first step in applying for a loan is to complete the FAFSA form (Free Application for Federal Student Aid). Once this is completed, your school will review the information and better educate you on what options are available. If you are eligible to obtain a Stafford Loan, your school will have you complete a Master Promissory Note (MPN) to submit to the lender. Again, it is always a good idea to check with your financial aid office for specific requirements. Your home institution may have some additional forms for you to complete, which are not required by the federal government.

Master Promissory Note

The Master Promissory Note (MPN) is also known as the Federal Stafford Loan application. The MPN is good for ten years at the same lending institution. Some schools have agreements with lending institutions, so it is a good idea to check with your Financial Aid office for lending information. This may save you some money in origination fees. Please make sure the MPN is filled out completely. If not completed, this will hold up the approval process and delay the release of your Stafford Loan funds. How will you receive the funds? The lender will usually release the funds twice a year directly to your school. The amount approved will be split into two disbursements for a semester school, or three disbursements for a quarter school. If you are a first time borrower, the school will hold your funds for a full 30 days from disbursement. This is to ensure that you are still enrolled in school.

PLUS Loan (Parent Loans)

A PLUS loan is a federal loan that can be taken out for a student by his/her parent or legal guardian. The loan is used to supplement funds you may not be eligible to receive or in addition to the other types of financial assistance. How do your parents apply? Information regarding how to obtain a PLUS Loan can often be found on your school's financial aid office website. To be eligible to apply for a PLUS loan, your parent(s) will be required to pass a credit check. Your parent cannot be turned down for lack of credit, only for adverse credit

history. If your parent does not pass the credit check, they may use a relative or friend as a co-signer. This co-signer (endorser) will promise to pay back the loan if your parent has financial difficulty. How much can your parent borrow? The annual limit of a PLUS loan is determined by the cost of attendance at your home school minus the amount of aid that you receive. This is important to remember when requesting financial aid from the home institution. Depending on your institution, a study abroad program could be higher in cost than the cost of attendance at the home institution. If this should occur, it's important to inform the financial aid office of the higher cost. This knowledge will allow the financial aid office to request a higher amount for loans and grants. The loans will be disbursed directly to your school. Your parent will need to contact the school to find out how the funds will be sent in order to pay for your study abroad program. When does repayment begin on the PLUS loan? The first payment is generally due within sixty (60) days after the second disbursement of the year has been released. In accordance with the terms of a PLUS Loan, a grace period is not offered. The interest on the loan will begin to accrue from the initial date of the first disbursement

Perkins Loan

A Federal Perkins Loan is a low-interest loan for both undergraduate and graduate students. This is a need-based loan and is usually awarded to a student with exceptional financial need. The program is in conjunction with your school and the federal government. The school will act as the lender of the loan with federal government backing. This is a loan that will need to be paid back to the school. How much can you receive? As an undergraduate student, you may be able to borrow up to \$5,500 per year, with a maximum limit of \$27,500. The actual amount that you will receive will be based on your need, your Expected Family Contribution, and your cost of attendance for the study abroad program. Each school has a set limit and they decide who receives the loan. When will you receive the funds? The loan will be disbursed from the school. If you are attending a semester school, the disbursement will come twice a year. If attending a quarter school, it will be split into three disbursements.

Pell Grant

The government offers a need-based grant, called the Federal Pell Grant, which does not have to be repaid. The grants are awarded to undergraduate students who have yet to earn their Bachelor's degree. How can you receive a Pell Grant? The government awards Pell Grants based on need. When you complete your FAFSA and forward it to your school, they will be able to determine the grant amount based on your Expected Family Contribution (EFC). As a general note, the lower your EFC the more Pell Grant you will receive. There are other factors that can allow for Pell approval, so it is always best to speak with your financial aid advisor for additional information. When will you receive your grant? The government will release the Pell Grant funds to your school at least once per term. As with the loan disbursements, it will be based on the type of school you are attending. If you attend a semester school, the funds will be released twice a year. If you attend a quarter school, the funds will be released three times during the school year.

Federal Supplemental Educational Opportunity Grant (FSEOG)

The FSEOG grant is offered by schools to students who have exceptional financial need. The award amount may not be less than \$100 and may not exceed \$4,000 for a full academic year. When will you receive your funds? The school will divide the total FSEOG award by the number of payment periods (disbursements) of the academic year. In a semester calendar system, your first disbursement will be during fall semester and the second disbursement during spring semester. On the quarter calendar system, your first disbursement will be during fall quarter, the second disbursement during winter quarter, and the third disbursement during spring quarter.