

ARE YOU LOOKING FOR MONEY?

Paying for College with Grants, Scholarships, and Federal Loans

Oklahoma Guaranteed Student Loan Program
A division of the Oklahoma State Regents for Higher Education

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A college education is an investment in your future. Fortunately, financial aid is available to help almost everyone manage the cost. While it's best to use as much savings or free financial aid as possible, you may still need to borrow money to pay for your education.

This brochure provides information on grants, scholarships and federal education loans for students. If you'd like additional information, contact the financial aid office at the school you plan to attend or the Oklahoma Guaranteed Student Loan Program (OGSLP).

Contact OGSLP:

ogslp.org

800.442.8642 (toll-free hotline)

405.234.4340 (OKC metro area)



What types of state grants and scholarships are available?

Oklahoma Tuition Aid Grant (OTAG)

OTAG is a program for Oklahoma residents who need financial assistance to meet part of the cost of attending college. The grant may be used at Oklahoma public colleges and universities, technology centers or eligible private institutions within the state.

Oklahoma Tuition Equalization Grant (OTEG)

OTEG is a need-based program for Oklahoma residents who are full-time undergraduates attending eligible Oklahoma not-for-profit, private or independent institutions of higher education. Family income must be under \$50,000.

Oklahoma's Promise

Oklahoma's Promise is for Oklahoma residents who complete a specific high school curriculum, achieve at least a 2.5 GPA in the curriculum and abide by certain conduct standards. Students must apply for the program during the 8th, 9th or 10th grade and their family income may not exceed \$50,000 at the time of application. Learn more at okpromise.org.

Other scholarship opportunities:

- Academic Scholars Program (maximum award: \$5,500)
- Future Teachers Scholarship (maximum award: \$1,500)
- George and Donna Nigh Public Service Scholarship (maximum award: \$1,000)
- Regional University Baccalaureate Scholarship (maximum award: \$3,000)
- Robert C. Byrd Honors Scholarship Program (maximum award: \$1,500)

Read more about these and other grant and scholarship opportunities on our website at ogsplp.org or contact the Student Information Hotline at 800.858.1840 or studentinfo@osrhe.edu. Information about most of these programs can also be found at OkCollegeStart.org.

Remember to complete the Free Application for Federal Student Aid (FAFSA) as soon as possible after Jan. 1 of your senior year of high school and no later than April 15 every year aid is needed.

Financial Aid

Money provided to the student and/or parents to help pay for the student's education. Major forms of financial aid include gift aid (grants and scholarships) and self-help aid (loans and work-study).

Note:

Some terms in this publication may be unfamiliar to you. Several key words are highlighted throughout this booklet. A comprehensive financial aid glossary is available on OGSLP's website, ogsplp.org.

What types of federal student loans are available?

Direct Subsidized Loans are low-interest loans based on financial need. Interest is paid by the federal government while you're attending school at least half-time, during the six-month grace period after graduation or a drop to less than half-time enrollment, and during specific loan deferment periods.

Direct Unsubsidized Loans are low-interest loans that aren't based on financial need. You're responsible for all interest accrued from the date the loan is disbursed. This includes the time you attend school, during the grace period and during any type of loan deferment.

Direct PLUS Loans are low-interest loans made to graduate or professional students and the parents of dependent undergraduate students. PLUS loans aren't based on financial need. The borrower is responsible for all accrued interest from the date the loan is disbursed. Applicants with an unfavorable credit history may not qualify for a federal PLUS loan.

Expected Family Contribution (EFC)

The amount a student and his or her family are expected to pay toward college expenses for one academic year.

U.S. Department of Education

The government agency that regulates education, oversees federal student aid programs and administers federal student loans.

Principal

The amount of money borrowed. Interest is charged based on the principal, including any interest that has previously been capitalized.

Note:

Financial Need is the difference between the cost of attending a particular school and the calculated family contribution, minus any other financial aid a student is receiving.

Non-Federal Alternative or Private Education Loans

Many lenders offer loans outside the federal loan program called "alternative" or "private" education loans. These loans allow you to borrow money to cover the gap between the cost of your education and the amount of financial aid (grants, scholarships, work-study and federal student loans) you receive. Terms and conditions and eligibility requirements for these loans vary by lender. Since alternative or private education loans can have higher interest rates and may offer fewer flexible repayment options, you should consider them only after you've exhausted all of your federal loan options.

How do I apply for a federal loan and how much can I borrow?

To receive a federal student loan, you must attend an eligible school at least halftime and be a U.S. citizen or an eligible non-citizen. To apply for a federal loan or find out if you're eligible for federal grants and work-study, you must complete the Free Application for Federal Student Aid (FAFSA) each year aid is needed. You can complete the FAFSA online at FAFSA.gov or get a paper copy by calling 800.4.FED.AID (toll-free) or by visiting any financial aid office.

After you complete and submit the FAFSA to the U.S. Department of Education, you'll get a Student Aid Report (SAR). Review it to ensure all of your information is correct. The information from the SAR is sent to your school's financial aid office. They'll notify you if you're eligible for federal student aid, including student loans.

What do I need to do to get a federal loan once my eligibility is confirmed?

If you're eligible for a federal student loan, you'll be asked to sign a Master Promissory Note (MPN), which is a legal agreement of repayment between you and the federal government. You may be eligible to receive multiple loans under one MPN for up to 10 years. You do have the option to request a paper copy, but the Department of Education recommends signing your MPN electronically because it speeds up the loan process. After your loan has been approved, the loan funds are sent directly to your school.

How much can I borrow?

The amount you can borrow depends on several factors, including:

- Your grade level
- Cost of attendance
- Your financial need
- Length of your school's academic year
- Other sources of aid

Loan limits range from \$5,500 per year for a dependent freshman to \$20,500 per year for a graduate/professional degree student. The actual amount you're eligible to borrow each year is determined by your school. Your financial aid office will also determine the total maximum amount of money you can borrow for your education.

Dependent Students must report their parents' income and assets, as well as their own, on the FAFSA. **Independent Students** report only their own income and assets (and those of a spouse, if married) and meet one of the following criteria: at least 24 years old as of Jan. 1 of the academic year; married; a graduate or professional student; has a legal dependent other than a spouse; serving on active duty in the U.S. Armed Forces for purposes other than training; a veteran of the U.S. Armed Forces; or an orphan or ward of the court (or was a ward of the court until age 18).

What are the interest rates for federal student loans?

Subsidized and unsubsidized federal student loans have a fixed or variable interest rate that differs depending on the loan type and other factors, such as when your loan was first disbursed. The interest rate for a federal PLUS Loan is fixed at 7.9 percent. Interest is charged on PLUS loans during all periods, beginning on the date of the loan's first disbursement.

Remember - interest rates for federal loans are generally much lower than those offered for "alternative" or "private" loans. Check with your school's financial aid office or call the Direct Loan Servicing Center at 800.848.0979 (toll-free) for details and current interest rate information.

Paying interest on your loan while you're in school

You're responsible for all accrued interest on unsubsidized and PLUS loans from the date the loans are disbursed. While you're in school, you may either make interest payments or have the interest added to the principal of the loan. This is called capitalization. Each time the lender adds the unpaid interest to the loan's principal, the total amount you repay, and possibly your monthly payments, will increase.

Forbearance

A period of time during which a borrower may postpone payment. A forbearance is available at the loan holder's discretion. During forbearance, the borrower is responsible for all interest capitalized at the end of the forbearance.

Deferment

A period of time during which a borrower may postpone payments. Deferments are available while borrowers are in school at least half-time and during periods of unemployment or economic hardship. The federal government pays the interest on subsidized loans during authorized deferment periods; the borrower is responsible for the interest accrued during the deferment period for unsubsidized loans.

Capitalization

The process of adding unpaid interest to the principal balance of an education loan, increasing the total amount to be repaid and possibly the monthly payment.

Accrued Interest

The accumulated total of interest paid for the use of borrowed money.

Note:

Check out our online calculators at ogslp.org/PFC/calculators.shtml to find out how much you'll pay over the life of the loan if the in-school interest is added to your loan balance.

When do I have to start repaying my federal student loan, and how much will I pay?

Repayment of your **federal subsidized and/or unsubsidized loan** begins six months after you graduate, withdraw from school or drop below half-time enrollment. This six-month period, called a grace period, gives you time to assess your financial situation and adjust your budget to prepare for repayment.

At the end of your grace period, you must begin making payments. Your monthly payment amount will depend on how much you've borrowed. The standard repayment term is 10 years, not including periods of deferment or forbearance. Depending on the total amount you borrow, whether you consolidate your loans and the repayment plan you choose, you may have up to 30 years to repay the loans.

For **federal PLUS loan** borrowers, the first payment is due within 60 days after full disbursement unless the borrower qualifies for a deferment.

Parent PLUS loan borrowers may defer payments:

- When the parent borrower is enrolled at least half-time at an eligible school.
- When the student for whom the parent acquired the loan is enrolled at least half-time at an eligible school (must be requested).
- During the six-month period immediately following the date on which the borrower ceased to be enrolled at least halftime at an eligible school (must be requested).

Parent borrowers interested in a deferment must contact the loan holder about the eligibility requirements.

Disbursement
The delivery of loan funds to the borrower, either directly or by credit to a student account.

For **graduate or professional student PLUS loan** borrowers, the first payment is due within 60 days after full disbursement unless the borrower qualifies for a deferment.

Graduate or professional student PLUS loan borrowers can defer their loan:

- When they are enrolled at least half-time at an eligible school.
- During the six-month period immediately following the date on which they graduated or ceased to be enrolled at least half-time at an eligible school (must be requested).

Grace Period

A transition period – generally six months following the date a borrower leaves school or drops below half-time status – during which the borrower is not required to make loan payments.

Graduate or professional students enrolled in school at least half-time should check with their financial aid office about specific PLUS loan deferment options.

How much will I pay?

There are several repayment options for you to consider:

- Standard Repayment
- Income-Contingent Repayment
- Graduated Repayment
- Income-Based Repayment
- Extended Repayment

After you graduate, your federal loan servicer will notify you of your options and help you determine which plan is best for you. Remember that you may change payment plans at any time. There's no penalty if you make payments before they're due or pay more than the amount due each month. Check with your financial aid office or the U.S. Department of Education for more information.

Servicer
Servicers are companies that disburse loan funds, monitor loans while borrowers are in school, collect payments, and process deferments and forbearances.

The following chart offers estimated monthly payment amounts for Direct student loans, based on a standard repayment schedule.

Loan Amount	Direct Subsidized and Unsubsidized Loans 6.80% Interest Rate			Direct PLUS Loans 7.90% Interest Rate		
	Min. Monthly Payment	Total Interest Paid	Total Amount Paid	Min. Monthly Payment	Total Interest Paid	Total Amount Paid
\$2,500	\$50	\$450	\$2,950	\$50	\$550	\$3,050
\$5,000	\$58	\$1,904	\$6,904	\$60	\$2,248	\$7,248
\$10,000	\$115	\$3,809	\$13,809	\$121	\$4,496	\$14,496
\$25,000	\$288	\$9,524	\$34,524	\$302	\$11,240	\$36,240
\$50,000	\$575	\$19,048	\$69,048	\$604	\$22,480	\$72,480
\$100,000	\$1,151	\$38,096	\$138,096	\$1,208	\$44,960	\$144,960

*Interest rates for Direct subsidized and unsubsidized loans vary. Check with your school's financial aid office or the Department of Education for the most up-to-date interest rate information.

Your actual monthly payment will depend on the total amount borrowed and the repayment plan you choose. Generally, borrowers have a maximum of 10 years to pay off the loan.

Is there a way to consolidate my federal loans?

You can combine multiple federal loans into a single, more manageable loan with the possibility of an extended repayment period, depending on the loan amount. The interest rate for a Direct Consolidation loan is based on a weighted average of the loans being consolidated.

Default
Failure of a borrower to repay his or her loan according to the approved terms, resulting in collection activities and negative reports to consumer reporting agencies that may jeopardize a borrower's ability to qualify for credit in the future.

Consolidation loans aren't for everyone. Consider the advantages and disadvantages to determine if a consolidation loan is best for you. Visit ogslp.org or LoanConsolidation.ed.gov for more information.

Where can I get more information?

Who can answer my federal student loan questions?

The U.S. Department of Education can answer your questions about federal Direct student loans. Contact them at 800.848.0979 (toll-free) or visit ed.gov/offices/OSFAP/DirectLoan for more information.

As of July 1, 2010, all federal loans will be administered by the Direct Loan Program. If you have Federal Family Education Loan Program (FFELP) loans, or a blend of FFELP and Direct Loans, contact OGSLP for information.

What if I have Federal Family Education Loan Program Loans?

Who can help me manage my federal student loan debt?

OGSLP's Default Prevention department helps borrowers manage their student loan debt. If you're unable to make your student loan payment, contact your loan holder immediately to explore available deferment, forbearance and repayment plan options. OGSLP's Default Prevention department is also available to help you develop a successful repayment strategy and offer general debt management counseling. Contact Default Prevention at 800.358.5460 (toll-free) or visit ogslp.org.

For more information about preparing academically and financially for college, contact your financial aid office and visit the following websites:

Oklahoma Guaranteed Student Loan Program	OGSLP.org
UCanGo2	UCanGo2.org
Oklahoma State Regents for Higher Education	OkCollegeStart.org
Oklahoma Money Matters	OklahomaMoneyMatters.org
Federal Student Aid	StudentAid.ed.gov
SmartStudent Guide to Financial Aid	FinAid.org
FastWeb Free Scholarship Search	FastWeb.com
The College Board	CollegeBoard.com
Free Application for Federal Student Aid (FAFSA)	FAFSA.gov
Oklahoma's Promise	OKPromise.org
ACT Financial Need Estimator	ACT.org/fane
Mapping Your Future	MappingYourFuture.org
Oklahoma College Savings Plan	OK4Saving.org
Oklahoma GEAR UP	OKHigherEd.org/gearup

Junior Year Checklist

Keep this list and check each box as you go!



- Take the core courses required to attend an Oklahoma college or university (check with your counselor).
- Explore opportunities to earn college credit while in high school, like concurrent enrollment and AP courses.
- Prepare for and take the PSAT/NMSQT and the ACT or SAT exams. Take the ACT or SAT several times to improve your score! Some colleges use these scores to make admission, guidance and placement decisions.
- Visit UCanGo2.org and OKcollegestart.org to learn about the college access and preparation resources available to Oklahoma students and parents.
- Research financial aid options and application deadlines. Visit Federal Student Aid for Students at StudentAid.ed.gov.
- Use the ACT Financial Aid Need Estimator at ACT.org/fane to plan financially for college.
- Attend a college fair event in your area. Pick up materials and ask questions.
- Narrow your choice of institutions, investigate admission requirements and programs of study, and consider visiting the campuses.



Senior Year Checklist

Keep this list and check each box as you go!

- Continue to take the core courses required to attend an Oklahoma college or university (check with your counselor).
- Continue exploring opportunities to earn college credit while in high school, like concurrent enrollment and AP courses.
- Before you graduate, talk to your counselor about your goals and visit OKcollegestart.org or call 800.858.1840 (toll-free) for more information.
- Remember to take the ACT or SAT several times to improve your score. Colleges use these scores to make admission, guidance and placement decisions.
- Attend a college fair event in your area and visit UCanGo2.org for more helpful college and career planning information.
- Investigate private sources of financial aid and scholarships at your school, work, civic organizations and your parent's employer. Check these helpful online resources, too: StudentAid.ed.gov, FinAid.org and FastWeb.com.
- Get a Personal Identification Number (PIN) at pin.ed.gov to use throughout the federal aid process, including for completion of the Free Application for Federal Student Aid (FAFSA).
- Complete the FAFSA as soon as possible after Jan. 1. Use your PIN to apply online at FAFSA.gov.
- Decide which college(s) you're interested in attending and list these school codes on your FAFSA so your financial eligibility will be forwarded to them. Submit admission and financial aid applications.
- Compare the costs of attendance and financial aid packages offered to you by various schools. In evaluating the bottom line, remember that grants and scholarships are preferable to loans, and federal loans are preferable to "private" or "alternative" loans.
- Promptly accept your financial award letter, if required. You don't have to accept all loan funds offered to you; borrow only what you need!
- Complete the Master Promissory Note (MPN) to accept any federal loan funds you've been offered. If you have questions, contact your educational institution or OGSLP at infobox@ogslp.org or 800.442.8642 (toll-free).

Check out these additional college planning resources:

OKcollegestart.org

Serves as a one-stop shop for college planning for students, parents and counselors. The site offers online college applications, career exploration and planning tools, and financial aid resources.

Oklahoma Money Matters (OKMM)

Provides information and resources that help youth and adults successfully manage personal finances, understand consumer credit and navigate the financial aid process.

Visit oklahomamoneymatters.org.

Student Information Hotline

Provides information about financial aid, admission requirements, placement scores and more.

Call 800.858.1840 or 405.225.9239 or e-mail studentinfo@osrhe.edu.

UCanGo2.org

Features information about planning, preparing and paying for college. Tools and resources for students, parents, counselors, community groups, college campuses, technology centers and adult learners can be downloaded from this site.

Federal Student Aid on the Web

The site offers helpful information from the U.S. Department of Education about applying for college and getting financial aid. Visit studentaid.ed.gov.

Oklahoma GEAR UP

Check out GEAR UP Guides for Parents, offering information about preparing kids for college, courses required for college entry and college costs. Call 800.858.1840 or visit

OKHigherEd.org/gearup.

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P.O. Box 3000 Oklahoma City, OK 73101-3000

**Call the OGSLP Customer Service Department at
405.234.4340 or 800.442.8642 (toll-free)**

**Visit the OGSLP website at OGSLP.org or e-mail
info@ogslp.org**

