



A GUIDE TO FINANCING HIGHER EDUCATION

SECTION 1: GETTING STARTED.....	PAGE 1
<ul style="list-style-type: none"> • The College Search Process • Student Financial Aid Guide 	
SECTION 2: FEDERAL AID.....	PAGE 2
<ul style="list-style-type: none"> • Determining Your Eligibility • Expected Family Contribution Calculators • The Free Application for Federal Student Aid (FAFSA) • Federal Grants • Federal Loans for Students and Parents • Federal Work Study • Summary Tables • More Information 	
SECTION THREE: FEDERAL TAX INCENTIVES.....	PAGE 10
<ul style="list-style-type: none"> • The Hope Grant • Lifetime Learning Credit • Comparison of Education Credits • Other Tax Incentives 	
SECTION FOUR: STATE AID.....	PAGE 15
<ul style="list-style-type: none"> • New Hampshire State Programs 	
SECTION FIVE: OTHER SOURCES OF AID/SUPPORT.....	PAGE 17
<ul style="list-style-type: none"> • Scholarships • Private Loan Sources • Terminology 	
SECTION SIX: AFTER SCHOOL.....	PAGE 19
<ul style="list-style-type: none"> • Direct Federal Loan Repayment Options • Loan Consolidation • Deferment Options • Loan Forgiveness for Public Service 	

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CONGRESSMAN PAUL W. HODES HAS PREPARED THIS GUIDE TO FINANCING HIGHER EDUCATION FOR INFORMATIONAL PURPOSES ONLY. BEFORE MAKING ANY EDUCATIONAL FINANCING DECISIONS, YOU SHOULD CONSULT YOUR HIGH SCHOOL GUIDANCE COUNSELOR, THE FINANCIAL AID OFFICE AT THE INSTITUTION(S) OF HIGHER EDUCATION WHERE YOU ARE APPLYING, OR WITH OTHER ACCREDITED LENDERS, TO CRAFT A PLAN TO MEET YOUR NEEDS.

INTRODUCTION

Education is one of the best investments that an individual can make in his or her future. Higher education in particular provides an increasingly vital advantage in obtaining jobs and building a successful career. As a parent, it has been incredibly important to me to give my children the opportunity to pursue a higher education. At the same time, I understand from personal experience just how high the cost can be.

The unfortunate fact is that the challenge of affording a post-secondary education remains daunting for most families. Tuition at four-year public colleges has risen by 35 percent in the last five years. Students and families are taking on increasing amounts of debt to pay for college. And each year, nearly 200,000 students are holding off on going to college, or skipping it altogether, because they cannot afford it. No wonder so many New Hampshire families look at these considerable costs and conclude that they simply cannot afford to attend college on their own. In fact, according to the 2000 U.S. Census, only about 19 percent of New Hampshire citizens have earned a 4-year college degree.

However, it is important to know that there is a lot of help available, and with a helping hand, many families find that they can make college affordable after all. The federal government, state governments, and other public and private institutions have established programs for students to receive funding for their higher education.

That is why I have created this guide to assist you and your family as you plan your educational goals. I believe that every student deserves the right to pursue his or her dreams in school, and I want every New Hampshire resident to know what resources are available to them.

I hope that the information in this guide will help to make the process easier to understand and more approachable. After reviewing these materials, please feel free to contact me if you have any questions, comments, or concerns.

I will continue to work to expand access to education so that our students in New Hampshire can have the opportunities and skills to compete and succeed in the future.

Sincerely,

Paul W. Hodes
Member of Congress

GETTING STARTED

The College Search Process

The New Hampshire Higher Education Assistance Foundation (NHHEAF) has established a website for New Hampshire students and their families as they plan for college and apply for financial aid:

www.nhheaf.org.

The NHHEAF website is home to a wealth of information for students, parents, and borrowers, including tools for applying to college, filling out financial aid forms, finding scholarships, and calculating college costs. The NHHEAF website includes information on all federal and New Hampshire financial aid opportunities.

Additional General Information on Student Financial Aid

The United States Department of Education has published *The Student Guide*, which has detailed information about federal aid and a number of other sources to consult for receiving money for college. The guide is available online at:

studentaid.ed.gov/students/publications/student_guide/index.html.

FEDERAL AID

The United States Department of Education designed the federal student aid system to help students and their families finance education beyond high school – including four-year colleges and universities, community colleges, and technical schools. This federal aid comes in the forms of grants, loans, and work-study.

Determining Your Eligibility

Eligibility for federal student aid is determined by financial need and several other factors. To be considered eligible, students must:

- ✧ have a high school diploma or General Education Development (GED) certificate, or pass a test approved by the US Department of Education
- ✧ be working towards a degree or certificate
- ✧ be enrolled in an eligible program
- ✧ be a US citizen or eligible non-citizen
- ✧ have a valid Social Security number
- ✧ register with the Selective Service if required
- ✧ maintain satisfactory academic progress once in school

Completing the **Free Application for Federal Student Aid (FAFSA)** form is the first step in the student loan application process. *Students and their families apply for all types of federal aid by completing the FAFSA form.* The application is free and all students and their families are encouraged to apply, whether or not they believe they meet the criteria for need. A copy of this form is available online at www.fafsa.ed.gov or at any college's financial aid office. This form must be completed between January 1 and June 30 of the year money will be needed, or by May 1 to be considered for certain New Hampshire state aid programs.

After completing the FAFSA form, applicants will be sent a **Student Aid Report (SAR)**, which summarizes all information reported on the FAFSA form as well as the **Expected Family Contribution (EFC)**, calculated by a formula, approved by law. The EFC is the amount of money that families are expected to put towards their child's education. A copy of the SAR is sent to all schools listed by the applicant on the FAFSA form. These schools use the EFC to determine the student's financial need by subtracting that amount from the estimated cost of attendance, which is determined by schools.

Several websites offer calculators that provide estimates of Expected Family Contribution and amounts for the different types of federal aid that could be received. While these calculations are only estimates, they may provide help for families beginning the application process. To access

several of these calculators, consult www.finaid.org/calculators.

Once need is established, the individual schools will create a financial aid package that is sent to the student in the form of an award letter. This package includes information on all types of federal student financial aid. This aid may come in the form of grants, loans, or through the federal work-study program. The student may choose whether or not to accept this aid by checking the appropriate boxes on the award letter. The letter then must be returned to the school to complete the aid process.

Grants, loans, and work-study are all components of the financial aid package, but are offered through different programs. The following pages provide a description of the various types of federal financial aid.

Federal Grants

Federal grants, offered primarily to undergraduate students, are a type of financial aid that does not have to be repaid. The amount of federal grant offered to students *in their financial aid package* is based on financial need and enrollment status.

The Federal Government offers five types of grants:

1) Federal Pell Grants

These grants are awarded to students with financial need. Unlike a loan, Pell Grants do not need to be repaid. The amount of a Federal Pell Grant depends on the cost of attendance, expected family contribution, and enrollment status (full- or part-time). To receive some other grants, including FSEOG, ACG, or National SMART Grant, one must first be eligible to receive a Federal Pell Grant. Pell Grants are the foundation of federal student financial aid, to which aid from other federal and nonfederal sources might be added. Pell Grants are generally awarded only to undergraduate students – those who have not earned a bachelor's or graduate degree. Amounts can change yearly. The maximum award for the 2008-09 award year was \$4,731.

2) Federal Supplemental Educational Opportunity Grants (FSEOGs)

These grants are awarded to undergraduate students with exceptional financial need – those with the lowest Expected Family Contribution (EFC) numbers. Federal Pell Grant recipients receive priority for FSEOG awards. FSEOG awards range from \$100 to \$4,000 a year. The amount of the award is determined by the school's financial aid office. Unlike Pell Grants, the amount of FSEOGs a student receives depends not only on financial need but also on the amount of other aid he/she gets and the availability of funds at the school. Receiving other aid might reduce the amount of the FSEOG award, and not all schools participate in the FSEOG Program. Each school participating in the FSEOG Program receives a certain amount of FSEOG funds each year

from the U.S. Department of Education's office of Federal Student Aid. When these funds have been disbursed for that award year, no more FSEOG awards can be made for that year. For this reason, it is important to apply early to be considered for these funds.

3) Academic Competitiveness Grants (ACGs)

These grants are awarded to first- or second-year undergraduate students who have completed a rigorous secondary school program of study. In New Hampshire, the options for a rigorous secondary school program include a set of courses similar to the State Scholars Initiative and the Advanced Placement (AP) or International Baccalaureate (IB) courses. Complete details on recognized rigorous secondary school programs of study in New Hampshire can be found at <http://www.ed.gov/admins/finaid/about/ac-smart/2009/state-programs-09.html>. The maximum award for a first-year eligible undergraduate student is \$750, and the maximum award for a second-year eligible undergraduate student is \$1,300.

4) National SMART Grants

These grants are awarded to students in the third or fourth year of an undergraduate degree program (or fifth year of a five-year program) pursuing a major with at least a 3.0 cumulative GPA in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language. A complete list of National SMART Grant eligible majors can be found at ifap.ed.gov/dpcletters/GEN0809.html. The award is for up to \$4,000 for each of the third and fourth years.

5) Teacher Education Assistance for College and Higher Education (TEACH) Grants

These grants are awarded to students who are completing coursework needed to begin a career in teaching. In exchange for the grant, a student must sign an Agreement to Serve as a full-time teacher at certain low-income schools and within certain high-need field for at least four academic years within eight years after completing the course of study. High need fields include mathematics, science, foreign language, bilingual education, and special education. The award is for up to \$4,000 a year.

Federal Loans

Loans are another type of federal aid that serves parents and students who need additional aid beyond grants. Students may be eligible for **Stafford** or **Perkins Loans** while parents may apply for the **Parent Loan for Undergraduate Students (PLUS)**. Unlike grants, loans must be repaid.

These loans are made through one of two U.S. Department of Education programs:

1. William D. Ford Federal Direct Loan (Direct Loan) Program

This program provides loans to eligible students and parents directly from the U.S. Department of Education at participating schools. Direct Loans include subsidized and unsubsidized Direct Stafford Loans, Direct PLUS Loans, and Direct Consolidation Loans. Borrowers repay these loans directly to the federal government.

2. Federal Family Education Loan (FFEL) Program

This program provides loans from private lenders that are guaranteed by the federal government. FFEL Loans include subsidized and unsubsidized FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. Borrowers repay these loans to the bank or private lender that made the loan.

The following pages review loans for both students and parents in greater detail. In accepting these loans, students agree to required entrance and exit counseling sessions which are designed to help students understand their responsibilities and rights as a borrower.

Loans for Students

1) Stafford Loans

These loans are for undergraduate, graduate and professional degree students who are enrolled at least half-time. There are two types of Stafford Loans: subsidized and unsubsidized. Students must demonstrate financial need to receive a subsidized Stafford Loan. The U.S. Department of Education will pay (subsidize) the interest that accrues on subsidized Stafford Loans during certain periods. Financial need is not a requirement to obtain an unsubsidized Stafford Loan. Borrowers are responsible for paying the interest that accrues on unsubsidized Stafford Loans.

The amount of money that can be borrowed through Stafford Loans depends on the student's financial need, year in school, and dependency status. More information can be found in the Department of Education's *Student Guide* at the following website studentaid.ed.gov/students/publications/student_guide/index.html.

The interest rate for subsidized Stafford loans for undergraduate students is 6.0 percent, and the interest rate for unsubsidized Stafford loans for undergraduate and graduate students is 6.8 percent.

2) Perkins Loans

These loans are made through participating schools to undergraduate, graduate and professional degree students who are enrolled full- or part-time who demonstrate financial need. Federal Perkins

Loans are repaid to the borrower's school.

Each school participating in the Federal Perkins Loan program receives a certain amount of Perkins funds each year for the U.S. Department of Education. Due to limited funds, it is important to apply early to be considered for these funds. Not everyone who qualifies for a Perkins Loan might get one.

The amount of money that can be borrowed through Federal Perkins Loans varies depending on whether the student is an undergraduate, graduate, or professional degree student.

The interest rate on Federal Perkins Loans is 5 percent.

Loans for Parents and Graduate Students

Parent Loans for Undergraduate Students (PLUS Loans) are available to parents of dependent students and to students pursuing a graduate or professional degree. PLUS Loan borrowers must not have an adverse credit history (a credit check will be conducted). Unlike parent PLUS applicants, graduate and professional degree student PLUS applicants must file a FAFSA form. In addition, graduate and professional degree students must have their annual loan maximum eligibility under the Stafford Loan program determined by the school before they apply for a PLUS loan.

The maximum amount that a parent or graduate and professional degree student can borrow is the student's cost of attendance minus any other financial aid the student receives.

The interest rate on PLUS Loans is fixed at 8.5 percent for FFEL PLUS Loans and 7.9 percent for Direct PLUS Loans.

Work Study

Federal Work Study (FWS) is a program which allows students to work part-time to earn money for their education. The FWS program is available to full-time or part-time undergraduate or graduate students. It is administered by schools participating in the FWS Program and encourages community service work and work related to the student's course of study, whenever possible.

A student's FWS award depends on when he/she applies, the level of financial need, and the school's funding level. The U.S. Department of Education provides a certain amount of work-study funds to participating schools; when all funds have been awarded, no additional work-study awards can be made for that year. Students will earn at least federal minimum wage, and may not earn more than their total FWS award.

Grants Summary

Federal Student Aid Program	Types of Aid	Other Information	Annual Award Limits	Disbursements
Federal Pell Grant	Grant: does not have to be repaid	Available to undergraduates only	Up to \$4,731 in 2008-09	School disburses funds to students
Federal Supplemental Educational Opportunity Grant (FSEOG)	Grant: does not have to be repaid	Not all schools participate in the FSEOG program; available to undergraduates only	Up to \$4,000	School disburses funds to students
Academic Competitiveness Grant (ACG)	Grant: does not have to be repaid	Available to students who have completed a rigorous secondary school program of study	Up to \$750 for a first-year student; Up to \$1,300 for a second-year student	School disburses funds to students
Nation SMART Grant	Grant: does not have to be repaid	Available to third and fourth year undergraduate students pursuing an eligible major	Up to \$4,000	School disburses funds to students
Teacher Education Assistance for College and Higher Education (TEACH) Grant	Grant: does not have to be repaid	Available to students who are completing course work needed to begin a career in teaching	Up to \$4,000	School disburses funds to students

Federal Work-Study (FWS) Summary

Federal Student Aid Program	Types of Aid	Other Information	Annual Award Limits	Disbursements
Federal Work-Study	Money is earned; does not have to be repaid	Not all schools participate in FWS; for undergraduate and graduate students	No annual maximum	School disburses earned funds to students

Loans Summary

Loan Program	Eligibility	Award Amounts	Interest Rates	Lender/Length of Repayment
Federal Perkins Loans	Undergraduate and graduate students	Undergraduate – up to \$5,500 a year (maximum of \$27,500 as an undergraduate) Graduate – up to \$8,000 a year (maximum of \$60,000, including undergraduate loans)	5 percent	Lender is your school Repay your school or its agent Up to 10 years to repay, depending on amount owed
FFEL Stafford Loans (subsidized and unsubsidized)	Undergraduate and graduate students; must be enrolled at least half-time	Depends on grade level in school and dependency status Financial need is required for subsidized loans Financial need is not necessary for unsubsidized loans	Fixed rate of 6.0 percent for subsidized loans and 6.8 percent for unsubsidized loans made to undergraduate students Graduate students have a 6.8 percent fixed interest rate The federal government pays interest on subsidized loans during school and certain other periods The borrower pays all interest on unsubsidized loans	Lender is a bank, credit union or other participating private lender Repay the loan holder or its agent Between 10 and 25 years to repay, depending on the amount owed and type of repayment selected
Direct Stafford Loans (subsidized and unsubsidized)	Same as above	Same as above	Same as above	Lender is the U.S. Department of Education; repay Department Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
FFEL PLUS Loans	Parents of dependent undergraduate students enrolled at	Student's cost of attendance – other aid student receives = Maximum loan amount	Fixed rate at 8.5 percent for loans first disbursed on or after July 1, 2006;	Same as for FFEL Stafford Loans above

	least half-time Graduate or professional degree students enrolled at least half-time Borrower must not have negative credit history		borrower pays all interest	
Direct PLUS Loans	Same as above	Same as above	Fixed rate at 7.9 percent for loans first disbursed on or after July 1, 2006; borrower pays all interest	Same as for Direct Stafford Loans above, except that the Income Contingent Repayment Plan is not an option

More Information

There are many sources, both online and print, to help students and their parents learn more about federal aid resources. Here are two Federal sources to get you started with your search:

www.fafsa.ed.gov

This site provides the online FAFSA application and more detailed information about the form and the process of receiving aid.

www.studentaid.ed.gov

This site provides detailed information about eligibility, the application process, and descriptions of the various types of federal aid.

FEDERAL TAX INCENTIVES

There are eight tax incentives that benefit taxpayers for the expenditures they make on higher education in a given year. For more information on any of the following tax incentives, visit www.irs.gov to download Publication 970, Tax Benefits for Higher Education or order by calling the IRS toll free at 1-800-TAX-FORM (1-800-829-3676).

1) The Hope Credit

This credit allows a family to claim a tax credit of up to \$1,800 for each eligible dependent during the first two years of undergraduate study. The actual amount of the credit depends on the family’s income, the amount of qualified tuition and fees paid, and the amount of certain scholarships and allowances subtracted from tuition.

2) The Lifetime Learning Tax Credit

This credit allows a family to claim up to \$2,000 for the taxpayer, taxpayer’s spouse, or any eligible dependents for an unlimited number of tax years. The amount of the tax credit is up to 20 percent of the first \$10,000 of qualified educational expenses paid, but no more than \$2,000 per family. The actual amount of the credit depends on the family’s income, the amount of qualified tuition and fees paid, and the amount of certain scholarships and allowances subtracted from tuition.

Comparison of Education Credits

Hope Credit	Lifetime Learning Credit
Up to \$1,800 credit per eligible student	Up to \$2,000 credit per return
Available ONLY until the first 2 years of post-secondary education are completed	Available for all years of postsecondary education and for courses to acquire or improve job skills
Available ONLY for 2 years per eligible student	Available for an unlimited number of years
Student must be pursuing an undergraduate degree or other recognized education credential	Student does not need to be pursuing a degree or other recognized educational credential
Student must be enrolled at least half time for at least one academic period beginning during the year	Available for one or more courses
No felony drug conviction on student's record	Felony drug conviction rule does not apply

Table 2-1 from IRS Publication 970

The Hope and Lifetime Learning Credits cannot be claimed for the same student in the same year.

To qualify for either credit, the individual must pay post-secondary tuition and fees for themselves, their spouse, or their dependents. The credit may be claimed by the parent or the student, but not by both. However, if the student was claimed as a dependent, the student cannot claim the credit.

Use Form 8863 to claim either the Hope or Lifetime Learning Credit.

3) Student Loan Interest Deductions

Interest on any student loans for higher education may be deducted on the tax return. The interest may be deducted whenever paid and regardless of the age of the loan.

Feature	Description
Maximum benefit	You can reduce your income subject to tax by up to \$2,500
Loan qualifications	Your student loan: <ul style="list-style-type: none"> - must have been taken out solely to pay qualified education expenses, and - cannot be from a related person or made under a qualified employer plan
Student qualifications	The student must be: <ul style="list-style-type: none"> - you, your spouse, or your dependent, and - enrolled at least half-time in a degree program
Time limit on deduction	You can deduct interest paid during the remaining period of your student loan
Phaseout	The amount of your deduction depends on your income level

Table 3-1 from IRS Publication 970

The student loan interest deduction is an adjustment to income. To claim the deduction, enter the allowable amount on line 25 of Form 1040, or line 18 of Form 1040A. To figure the amounts of the deduction see IRS Publication 970.

4) Tuition and Fees Deduction

The tuition and fees deduction can reduce the amount of an individual's income subject to tax by up to \$4,000. This deduction is taken as an adjustment to income. This deduction may be beneficial to taxpayers who cannot take either of the education credits because their income is too high.

Question	Answer
What is the maximum benefit?	You can reduce your income subject to tax by up to \$4,000
Where is the deduction taken?	As an adjustment to income on Form 1040 or Form 1040A
For whom must the expenses be paid?	A student enrolled in an eligible educational institution who is either: <ul style="list-style-type: none"> - you - your spouse, or - your dependent for whom you claim an exemption
What tuition and fees are deductible?	Tuition and fees required for enrollment or attendance at an eligible postsecondary education institution, but not including personal, living, or family expenses, such as room and board.

Table 6-1 from IRS Publication 970

5) Education Savings Accounts for Children

The tax code allows an individual to establish and contribute to a Coverdell education savings account (ESA), which features tax-free earnings. These accounts allow taxpayers to make an after-tax contribution of up to \$2,000 per year for each child under the age of 18 in a savings account similar to an IRA. The principal and interest can then be withdrawn tax free from the account to help pay for a child’s college or graduate education at the appropriate time.

Question	Answer
What is a Coverdell ESA?	A savings account that is set up to pay the qualified education expenses of a designated beneficiary
Where can it be established?	It can be opened in the United States at any bank or other IRS-approved entity that offers Coverdell ESAs
Who can have a Coverdell ESA?	Generally, any individual (including the beneficiary) whose modified adjusted gross income for the year is less than \$110,000 (\$220,000 in the case of a joint return)
Are the distributions tax free?	Yes, if the distributions are not more than the beneficiary’s adjusted qualified education expenses for the year

Table 3-1 from IRS Publication 970

6) IRA Withdrawals

To help with the cost of higher education, a taxpayer can make early withdrawals from any type of individual retirement arrangement (IRA) for education costs without paying the 10% additional tax. Generally, if one makes withdrawals from an IRA before reaching age 59½, he/she must pay a 10% additional tax on the early withdrawal. This applies to any IRA, including a traditional IRAs (including a SEP-IRA), a Roth IRA, or a SIMPLE IRA. The taxpayer may owe income tax on at least part of the amount withdrawn, but will not have to pay the 10% additional tax on early withdrawals.

7) Savings Bonds

Families are able to cash in savings bonds for education costs without having to pay tax on the interest. Generally, one must pay tax on the interest earned on U.S. savings bonds. If the taxpayer does not include the interest in income in the years it is earned, he/she must include it in income in the year in which the bonds are cashed.

8) Employer Educational Benefits

A student may be eligible to receive tax-free educational benefits from his/her employer to help finance the cost of secondary education. An employer may be able to provide an employee, tax free, up to \$5,250 of education benefits each year. This means that the employee may not have to pay tax on amounts his/her employer pays for education including payments for tuition, fees and similar expenses, books, supplies, and equipment. The payments do not have to be for work-related courses.

STATE AID

Students are encouraged to know as much as possible about the school they are interested in attending before applying for aid. Information about colleges in New Hampshire is available on the NHHEAF Network's list of New Hampshire colleges and universities at www.nhheaf.org/index.asp?page=stu_nhschools. In addition to the resources available at your school and town library, NHHEAF Network can help you access various online college search software at www.nhheaf.org/index.asp?page=stu_nhschools.

The New Hampshire Postsecondary Education Commission offers eight financial aid programs, and administers one federal grant.

New Hampshire State Programs

Name of Program	Description of Program
New Hampshire Incentive Program	Offers grants to New Hampshire students attending eligible institutions in New England. Individuals must be undergraduate students who are New Hampshire residents with demonstrated financial need as determined by the FAFSA form. Awards can be up to \$1,000 per year, and are dispersed by the college. To be eligible for this grant, the federal processor must receive the FAFSA form by May 1. More information is available at www.nh.gov/postsecondary/financial/nhip.html .
Leveraged Incentive Grant Program	Provides grant assistance on the basis of merit and need to full-time undergraduate New Hampshire students at New Hampshire accredited institutions. Awards have ranged from \$250 to \$7,500, and are determined by the institution. To apply, students should contact the institution's financial aid office. More information is available at www.nh.gov/postsecondary/financial/lev_inc_grnt.html .
Workforce Incentive Program	Offers loan repayment assistance to individuals who work in New Hampshire in career shortage areas, including nursing, special education, and foreign language education. Individuals should apply through the Postsecondary Education Commission. More information can be found at www.nh.gov/postsecondary/financial/wip.html .
Scholarships for Orphans of Veterans	Available to children of parents who served in World War II, Korean Conflict, Vietnam or the Gulf Wars, or any other operation for which the armed forces expeditionary medal or theater of operations service medal was awarded to the veteran. To be eligible, an individual must be a New Hampshire resident between the ages of 16-25, enrolled half-time or greater, attending a NH public institution of higher education, whose parent died while on active duty or from a service-related disability and was a New Hampshire resident at the time of death. The

	<p>maximum award is \$2,500 per year. Individuals should apply through the Postsecondary Education Commission. More information is available at www.nh.gov/postsecondary/financial/war_orphans.html.</p>
<p>Granite State Scholars Program</p>	<p>Provides grants to highly qualified New Hampshire residents pursuing study at New Hampshire public institutions. To be eligible, a student must be an undergraduate, designated as a Granite State Scholar, and demonstrate financial need through the FAFSA form. Awards are determined by the institution. Individuals should apply through the financial aid office at the New Hampshire public institution. More information is available at www.nh.gov/postsecondary/financial/g_s_school.html.</p>
<p>Medical Education Program</p>	<p>Provides grants to New Hampshire residents who are accepted to the medical program at Dartmouth Medical School or the University of New England, College of Osteopathic Medicine. The award is determined by the institution. Individuals should apply through the institution. More information is available at www.nh.gov/postsecondary/financial/med_ed_pgm.html.</p>
<p>Veterinary Education Program</p>	<p>Provides grants to New Hampshire residents attending veterinary medicine programs at Tufts or Cornell Universities. The award is \$12,000 per year. Individuals should apply through the New Hampshire Postsecondary Education Commission. More information is available at www.nh.gov/postsecondary/financial/vet_ed_pgm.html.</p>
<p>Tuition Waivers for Foster Children</p>	<p>Provides tuition and fee waivers to eligible foster children who are enrolled full-time in a program leading to a certificate, associate, or bachelor's degree at any 2- or 4-year New Hampshire public institution. Individuals should apply through the Division of Children, Youth and Families. More information is available at www.nh.gov/postsecondary/financial/foster_children.html.</p>
<p>Robert C. Byrd Scholarship Program</p>	<p>Provides scholarships for exceptionally talented New Hampshire high school students attending postsecondary institutions. The award is up to \$1,500. Individuals should apply through the New Hampshire Department of Education. More information is available at www.nh.gov/postsecondary/financial/addl_fin_aid_info.html.</p>

OTHER SOURCES OF AID & SUPPORT

Private and public organizations, as well as individual academic institutions provide more help for students seeking aid, both on the basis of need and independent of a student's financial situation.

Scholarships

Scholarships are offered based on merit or other qualifications. Academic, athletic, and background-based awards provide students the opportunity to receive money for school based on their achievements or personal status. Public, private, and individual academic institutions offer these types of awards. Eligibility, deadlines, and amount awarded vary for each scholarship.

Before applying for any scholarship, it is important to be aware of the various scams circulating the Internet and e-mail. A list of helpful guidelines about avoiding these scams can be found at www.finaid.org/scholarships/scams.phtml.

Scholarships are often available at the local level. Students are encouraged to contact their high school guidance office for information on locally available scholarships.

At the state level, the NHHEAF Network has created a New Hampshire "Scholarship Superhighway" at www.nh93.com. This website allows students to create personalized profiles that are then matched against a database of local scholarship opportunities throughout New Hampshire.

Additionally, students should research scholarship opportunities through the New Hampshire Charitable Foundation at www.nhcf.org. The New Hampshire Charitable Foundation Student Aid Program has distributed more than \$31.2 million to New Hampshire students to help them reach their educational goals. The Foundation administers over 250 separate funds, established by individuals, families, organizations and businesses, to support education. This is the largest source of independent student aid in New Hampshire.

The NHHEAF Network also recommends two search engines and websites designed to help students in their search for scholarships. Both www.fastweb.com and www.schoolsoup.com provide free detailed searches and information about thousands of scholarships offered around the country. These scholarships may be awarded on the basis of family background, interests, community service, or interest in an area of study.

The military and its branches also award scholarships for students interested in serving during or following their college education. A list of these programs and other military aid-related resources can be found at www.finaid.org/military/recruiting.phtml.

Countless other public and private institutions offer scholarships to eligible students. Religious organizations, foundations, corporations, community organizations, and civic groups provide scholarships and other sources of need. While the above search engines locate thousands of these, there are many others available through organization-specific searches. Consult local organizations for more information.

Individual academic institutions may offer scholarships based on a variety of factors. Applications separate from the admissions application and deadlines independent of admissions deadlines may exist. For more information, contact the school's financial aid office or its admissions program.

Private Loan Sources

In addition to, or separately from, federal or state loans, students and their families may decide to take out private loans. Borrowers are encouraged to contact their college's office of financial aid for assistance in fully understanding the financing options that are available to them. Private loans are loans made in the student's name from a private lender. These loans typically require a creditworthy cosigner, and usually allow deferred payments while the student is in school. The NHHEAF Network recommends using a private student loan comparison site, such as www.simpletuition.com, to search and compare student loans from competing lenders.

Terminology

The terminology surrounding financial aid can be confusing and complicated. Fin Aid, a financial aid website provides a helpful list of terms that can be found at www.finaid.org/questions/glossary.phtml.

AFTER SCHOOL

While payment on loan principal and some interest can be deferred while a student is in school, the burden of beginning a repayment plan following graduation or departure from school can be considerable. For this reason, federal, state, and other aid organizations offer repayment programs, consolidation loans, deferment/forbearance options, and loan forgiveness programs.

Direct Federal Loan Repayment

To help students effectively repay their Direct Loans, six repayment plans are available through the federal aid system: **Standard, Graduated, Extended, Income Contingent Repayment (ICR), Income-Sensitive Repayment, and Income-Based Repayment (IBR) Plans**. It should be noted that federal Perkins loans feature a “grace” period of nine months after leaving school before the borrower must begin repayments. Direct or FFEL Stafford loans have a grace period of six months.

1) Standard Repayment Plan

Students who select this plan pay a fixed monthly amount of at least \$50 until their loans are repaid in full. The maximum repayment period is 10 years. This option allows students who are able to make a higher monthly payment to repay their loans in the shortest amount of time and, consequently, with the lowest amount of interest.

2) Graduated Repayment Plan

Students who select this plan pay a monthly amount of at least \$50 which then increases over the repayment period, generally every two years. This loan may be most beneficial to students who anticipate their income to increase over their repayment period.

3) Extended Repayment Plan

Students who select this plan pay a fixed monthly amount of at least \$50 over a period of not more than 25 years. This plan allows students to make smaller monthly payments, but consequently oblige that students pay more interest over the longer repayment period.

4) Income Contingent Repayment (ICR) Plan

Students who select this plan make monthly payments based on their annual income, family size, and the total amount of Direct Loans. Borrowers have 25 years to repay under this plan, after which the unpaid portion will be forgiven.

5) Income-Sensitive Repayment Plan (FFEL Loans)

Students who select this plan will pay a monthly loan payment based on income. As the borrower’s income increases or decreases, so do his/her

payments.

6) Income-Based Repayment Plan (IBR)

Students who select this plan will pay a monthly payment based on their income during any period when they have a partial financial hardship. The maximum repayment period under this plan may exceed ten years.

Loan Consolidation

Consolidating loans allows the combining of multiple outstanding loans into one large loan from a single lender. This lender assumes responsibility to repay the individual collectors, and the new single loan is repaid in monthly installments over a longer period of time and often with a lower interest rate.

All federal student loans are eligible for consolidation. Borrowers can consolidate their loans during the grace period, after entering repayment, and during periods of deferment or forbearance.

Borrowers interested in loan consolidation should contact the consolidation department of a participating lender for more information on FFEL consolidation loans or the Direct Loan Origination Center's Consolidation Department at (800) 557-7392 or www.loanconsolidation.ed.gov for more information on Direct Consolidation Loans.

Deferment Options

In some circumstances, it is possible to defer payment on a federal loan. Continuing education, extended unemployment, or economic hardship may allow students to temporarily postpone their loan payments. For subsidized loans, students will not be charged interest during the deferment period. For unsubsidized loans, students must continue to make interest payments throughout the deferment period, but will not have to make payments on the principal. Students with Direct Loans may contact Borrower Services at 1-800-4-FEDAID or can find more information online at studentaid.ed.gov. Students with FFELP Loans should contact their individual lender for deferment options.

For more extreme cases such as disability or severe health problems, students may forbear their Direct Loans with an additional interest charge to be repaid once the forbearance period ends. Length of the forbearance period will depend on the student's circumstances, and must be evaluated by the student's Direct Loan Service Center. Forbearance options for students with FFELP Loans will depend on the individual lender.

Loan Forgiveness for Public Service Employees

Through the College Cost Reduction and Access Act of 2007, Congress created the Public Service Loan Forgiveness Program to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, borrowers may qualify for forgiveness of the remaining balance due on their eligible federal student loans after they have made 120 payments on those loans under certain repayment plans while employed full time by certain public service employers.

Public service jobs include, among other positions, emergency management, government, military service, public safety and law enforcement (police and fire), public health, public education, early childhood education, social work in a public child or family service agency, public services for individuals with disabilities or the elderly, public interest legal services, public librarians, school librarians and other school-based services, and employees of tax exempt 501(c)(3) organizations. Full-time faculty at tribal colleges and universities, as well as faculty teaching in high-need subject areas and shortage areas, also qualify.

More information on student loan forgiveness can be found at studentaid.ed.gov.

I hope that this guide to financing higher education is helpful to you and your family as you pursue your education after high school. Please feel free to contact one of my offices if you have questions on any of the information covered in this guide.