

NEWS FROM

KHEAA–Alabama

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Financial Aid Tip of the Month, February 2016

Federal student aid programs can help pay college costs

The federal government sponsors numerous financial aid programs that can help students and their parents pay college expenses. This brief summary from KHEAA–Alabama describes the more common federal grant and loan programs. Grants generally do not have to be repaid, but loans do.

Federal Pell Grant: Pell Grants provide up to \$5,815 per year for undergraduates with financial need. The amount may change this year.

Federal Supplemental Educational Opportunity Grant: grants that provide up to \$4,000 per year for undergraduate students who have exceptional financial need.

Direct Subsidized and Unsubsidized Loans: These loans, also called Stafford Loans, are available to undergraduate, graduate and professional students. The amount students may borrow depends on their year in school.

Federal PLUS Loan: Parents of dependent undergraduate students may qualify for PLUS Loans, depending on the parents' credit ratings. The amount available depends on how much other financial aid the student receives. Graduate and professional students may apply for PLUS Loans if they have exhausted their Subsidized and Unsubsidized Loan eligibility.

The Free Application for Federal Student Aid (FAFSA) is used to apply for all of these programs. Families seeking a PLUS Loan must also submit a separate application.

KHEAA is a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents. KHEAA provides the ThinkAhead Net Price Calculator to universities and colleges. The calculator, available on a school's website, lets students and parents determine their out-of-pocket costs for attending that school. KHEAA also helps colleges manage their student loan default rates and verify information submitted on the FAFSA.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information about Advantage Education Loans, visit www.kheslc.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.