

***FINANCING GRADUATE EDUCATION:
A GUIDE FOR PROSPECTIVE STUDENTS***



WONDERING HOW TO PAY FOR GRADUATE OR PROFESSIONAL SCHOOL?

Financial aid options are available to graduate and professional students. Although some funding sources, such as the Federal Pell Grant, are available only for undergraduate study, there is a wide variety of loan and scholarship dollars for graduate study. This guide will give you an overview of the eligibility criteria, sources of assistance, and application processes for obtaining financial aid, as well as resources for debt management. Of course, this is just a start. Financial aid administrators for your program of study are the best sources for information about current requirements and procedures.

IMPORTANT THINGS TO REMEMBER:

- Inquire and apply early for student aid, meeting all established priority dates and deadlines. Visit the institution's Web site for financial aid information.
- Apply for financial aid early, even if you are still waiting to be admitted to a program.
- Application procedures and available aid programs vary from school to school. Ask about the financial aid opportunities and application requirements at the school(s) to which you are applying.
- Investigate external funding opportunities and take the time needed to complete scholarship applications. (See *Resources for Further Information*)
- Research professional organizations affiliated with your program of study and ask if they provide financial aid advice or scholarships.

BASIC ELIGIBILITY REQUIREMENTS

Federal sources of assistance require that certain basic eligibility criteria be met. In general, students must:

- Be a U.S. citizen or eligible non-citizen,
- Not be in default on a federal student loan,
- Be registered with Selective Service, if required to register,
- Be enrolled in an eligible program at an eligible institution,
- Be enrolled at least half-time (except for the Federal Perkins Loan and Federal Work-Study programs), and
- Complete the Free Application For Student Aid (FAFSA).

Non-federal sources of assistance have their own specific requirements. For example:

- Private education loan programs may require a satisfactory credit history.
- International students are not normally eligible for federal student aid and are encouraged to review *eduPASS™: The SmartStudent™ Guide for Studying in the USA* Web page at www.edupass.org for available funding resources.

APPLICATION PROCESS

The process for requesting financial aid for graduate studies is much the same as for undergraduate studies. There are often financial aid application deadlines, and it is best to submit the forms early, even before you know whether you have been admitted. The primary form is the FAFSA, which can be completed on-line at www.fafsa.gov. Ask your school if they require any supplemental financial aid applications beyond the FAFSA.

Students in the health professions will find that they are often required to provide parental income data, regardless of the student's age or marital status. Eligibility for Department of Health and Human Services funding is dependent on parental information, as are many institutional funds. However, parental information is not taken into account when determining the student's eligibility for graduate-level funding through the Department of Education.

SOURCES OF FUNDING

As with undergraduate student aid, graduate financial assistance comes from a wide array of sources. The Department of Education, the Department of Health and Human Services, the Department of Veterans Affairs, educational institutions, and private entities all provide financial aid funding. At the graduate level there are fewer basic financial aid programs and more specialized resources. For instance, students pursuing a doctoral degree may find sources of funding that differ from those available to students pursuing a law degree. The *Resources for Further Information* section at the end of this guide provides some of the best avenues for locating sources of assistance related to your future profession. All eligible graduate and professional students who attend participating institutions can be considered for the Department of Education's Federal Stafford Loan, Federal Graduate (Grad) PLUS Loan, Federal Perkins Loan, and Federal Work-Study programs.



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TYPES OF ASSISTANCE

Loans

For students who qualify, some federal student loans are *subsidized* while the borrower is enrolled at least half-time and during grace periods and deferments. When a loan is subsidized, the borrower is not responsible for the interest that is accumulating during that period. In the case of *unsubsidized* loans, interest accumulates and may be paid during these periods or capitalized (added to the principal) at a specified time. Students qualify for subsidized loans based on financial need, which is determined by the information reported on the FAFSA and the cost of education for your academic program.

The **Federal Stafford Subsidized and Unsubsidized Loan** programs are the primary sources of financial aid for many graduate students and require half-time enrollment. Annual loan limits are tied to the cost of attendance and individual eligibility, with a maximum of \$20,500 for most graduate students, and a maximum of up to \$47,167 for some health professions students.

The **Federal Perkins Loan** is a subsidized loan available to graduate and professional students on an institutional basis. There is no half-time enrollment requirement. The graduate annual maximum Federal Perkins Loan is \$8,000, but many schools may not have adequate funding to award at this level.

Grad PLUS Loans may be available to students enrolled at least half-time in a graduate or professional program. Grad PLUS borrowers may borrow up to the cost of attendance for the period of enrollment, minus other estimated financial assistance received for that period. Grad PLUS Loans are subject to credit review; however, a Grad PLUS applicant who has an adverse credit history may be able to obtain the loan with an endorser who does not have an adverse credit history.

Private educational loans (also called alternative loans) may be available when the federal loans are insufficient to cover the student's cost of attendance. These loans are non-need-based unsubsidized funds provided by lenders for educational purposes and also may have annual and aggregate limits. In addition, the borrower's credit history may impact eligibility and a cosigner may be required.

Work

Depending on your institution and the degree you are seeking, graduate research or teaching assistantships may be available. These resources may provide tuition assistance and/or a stipend for living expenses. In addition, the need-based Federal Work-Study Program provides employment opportunities.

Grants, Scholarships, and Fellowships

Grants, scholarships, and fellowships typically do not have to be repaid. The availability of institutional scholarships and grants varies widely among institutions and programs of study, and may require a separate application. When seeking this funding, it is essential that you inquire about programs offered through the institution and the department in which you will study.

Private organizations award scholarships based on merit, need, or unique characteristics. Refer to the Department of Education's free scholarship search database (<https://studentaid2.ed.gov/getmoney/scholarship/>) that can provide information on scholarships and fellowships.

Specialized Funding

Service programs, such as Americorps (www.americorps.gov), provide awards to pay educational expenses or to repay qualified student loans in exchange for work. Military branches also offer a number of scholarships, primarily geared toward health professions students, in exchange for service.

Students entering health professions may have further opportunities to receive funding through the Department of Health and Human Services. Eligibility may be contingent on whether the student comes from a disadvantaged background or agrees to provide post-education service in primary care or medically underserved communities.

Programs that offer loan repayment in return for work in a particular type, location, with a specific population, or in a particular field upon degree completion may also be an option for some disciplines.

CENTS AND SENSIBILITY

It is important to borrow wisely. Earning a graduate or professional degree will increase your income potential, but it also may mean a few years of very little revenue. During this time it is essential that you evaluate your expenses, reducing them wherever possible, and follow a realistic budget.

Loans can vary significantly in their costs (e.g., interest rates, fees, etc.) and limits on how much can be borrowed. Take time to assess your financial needs and make educated choices about the loan programs from which you will borrow and how much you need.

If you have outstanding federal student loans, the National Student Loan Data System (NSLDS) at www.nslds.ed.gov can assist you in tracking that debt. NSLDS Student Access provides a centralized, integrated view of Department of Education loans. Private education loans would need to be tracked separately with your own records and your lender.

Consumer debt can be a significant burden on students returning to school. Credit card debt is especially costly and can interfere with the pursuit of a graduate or professional degree. Before launching into the demands of your graduate program, it is helpful to have made your financial situation as stable as possible. The Consumer Credit Counseling Service has information on budgeting, saving, and managing consumer debt available on their Web page (www.debtfreeforme.com). It also has links and contact information for the three major credit reporting agencies, Trans Union, Equifax, and Experian. It is advisable to review your credit history annually and crucial to do so prior to entering graduate or professional school, since some loan programs require a satisfactory credit history.

RESOURCES FOR FURTHER INFORMATION

The Internet is a vast resource for seeking further information on financial aid. If you are pursuing a graduate degree for a particular profession, be sure to find out if there is an affiliated organization Web site. University Web sites often have links to application forms, along with details about institutional funding. The best place to seek private scholarships or fellowships is usually through free on-line national databases, as well as the department office of the program you plan to attend. The following are a few sites to get you started.

General Resources

FAFSA on the Web
www.fafsa.gov

Federal Student Aid Gateway
www.studentaid.ed.gov

Student Aid on the Web Scholarship Wizard
www.studentaid2.ed.gov/getmoney/scholarship/

National Association of Student Financial Aid Administrators (NASFAA)
www.studentaid.org

NSLDS
www.nsls.ed.gov

FinAid
www.finaid.org

FastWeb.com
www.fastweb.com

Peterson's
www.petersons.com/graduate

Americorps
www.americorps.gov

American Association of University Women
www.aauw.org

Consumer Credit Counseling Services
www.creditcounselingnetwork.org

US Veterans Affairs Benefits
www.va.gov

Medical/Dental/Health Professions Resources

Association of American Medical Colleges
www.aamc.org

American Dental Association
www.ada.org

American Physical Therapy Association
www.apta.org

US Department of Health and Human Services
www.hrsa.gov

Law School Resources

American Bar Association
www.abanet.org

Law School Admissions Council
www.lsac.org

Engineering School Resources

National Society of Professional Engineers
www.nspe.org

Society of Women Engineers
www.swe.org

National Action Council for Minorities in Engineering
www.nacme.org

MBA Resources

MBA.com
www.mba.com

The National Association of Student Financial Aid Administrators (NASFAA) is the primary professional association representing the student financial aid interests of institutions of postsecondary education in the United States. The principal goal of the Association is to promote maximum funding and effective delivery of financial assistance to needy students.

