

## Recent Changes to the Student Aid Programs

As a result of recent legislative changes, you should be aware of a number of new requirements for the federal student aid programs. Most of these changes are effective with the 2012-13 school year (July 1, 2012 through June 30, 2013).

Here's an overview of the changes that could impact your financial aid for the upcoming academic year and in the future.

### Federal Pell Grant Program —

#### Duration of Eligibility

**Once you have received a [Pell Grant](#) for 12 semesters, or the equivalent, you will no longer be eligible for additional Pell Grants.**

- You are eligible to receive a Pell Grant for up to 12 semesters or the equivalent. If you have exceeded the 12-semester maximum, you will lose eligibility for additional Pell Grants beginning in 2012-13 school year. Equivalency is calculated by adding together the percentage of your Pell eligibility that you received each year to determine whether the total amount exceeds 600%.
- For example, if your maximum Pell Grant award amount for the 2010-2011 school year was \$5,550, but you only receive \$2,775 because you were only enrolled for one semester, you would have used 50% of your maximum award for that year. If in the following school year, you were enrolled only three-quarter time, you would have used 75% of your maximum award for that year. Together, you would have received 125% out of the total 600% lifetime limit.

#### Award Eligibility and Award Amounts

**For 2012-13, the maximum Pell Grant will remain at \$5,550 for the year, however the cutoff for eligibility has been reduced to students with an EFC 4,995 or lower for full-time students.**

### Direct Student Loan Changes

**Direct [Subsidized loans](#) will not be eligible for an interest subsidy during the six-month grace period.**

- Subsidized loans are loans for which the borrower is not responsible for the interest while the student is enrolled in college on at least a half-time basis, when the loan is in the six-month grace period after the student is no longer enrolled at least half time, or if the loan is in a deferment status. This provision eliminates the interest subsidy provided during the six-month grace period for subsidized loans for which the first disbursement is made on or after July 1, 2012, and before July 1, 2014. If you receive a subsidized loan during this timeframe, you will be responsible for the interest that accrues while your loan is in the grace period. You do not have to make payments during the grace period (unless you choose to) but the interest will be added (capitalized) to the principal amount of your loan when the grace period ends. This provision does not eliminate the interest subsidy while the borrower is in school or during eligible periods of deferment.

**All [subsidized loans](#) made to undergraduate students will have a fixed interest rate of 6.8%.**

- Subsidized loans for which the first disbursement is on or after July 1, 2012, will have a 6.8% fixed interest rate. Note: In the President's FY2013 budget request, the Administration has proposed maintaining the interest rate on subsidized loans at the current rate of 3.4% for the 2012-2013 school year.

**Graduate and professional students are no longer eligible to receive [subsidized loans](#).**

- Effective for loans made for payment periods that begin on or after July 1, 2012, graduate and professional students are no longer eligible to receive subsidized loans. However, if you are a graduate or professional student, you may still qualify for up to \$20,500 in unsubsidized loans each year.

**The U.S. Department of Education can no longer offer borrowers repayment incentives.**

- Effective for loans first disbursed on or after July 1, 2012, the Department of Education is prohibited from offering any repayment incentives to Direct Loan borrowers, except interest rate reductions to borrowers who agree to have payments automatically electronically debited from their bank account).

If you have any questions about how these changes could impact you, please contact the financial aid administrator at your school or call 1-800-4-FED-AID.