

NEWS FROM

KHEAA–Alabama

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Financial Aid Tip of the Month, February 2010

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. Here are capsule views from KHEAA–Alabama describing some of the more common federal grant and loan programs. Grants don't have to be repaid, but loans do.

- Academic Competitiveness Grant. These grants provide up to \$750 for college freshmen and \$1,300 for college sophomores. Sophomores must have at least a 3.0 GPA to qualify.
- Federal Pell Grant. Pell Grants provide up to \$5,350 for undergraduates.
- Federal Supplemental Educational Opportunity Grant. These provide up to \$4,000 per year for undergraduate students who have exceptional financial need.
- SMART Grant. These grants are available to college juniors and seniors in certain areas of science, math, and foreign language. They provide up to \$4,000 a year.
- Federal Perkins Loan. These loans are for students with exceptional financial need. Undergraduates can get up to \$4,000 per year, while graduate students can get up to \$6,000 per year.
- Federal Stafford Loan. Stafford Loans are available to undergraduate and graduate students. How much 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 students can receive PLUS Loans if they have exhausted all their Stafford Loan eligibility.

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

Students interested in Stafford and PLUS Loans and parents interested in PLUS Loans should be smart consumers. Lenders may charge different fees and have different repayment incentives. Picking the right lender can save students and parents thousands of dollars in fee and interest payments.

For more information about financial aid and college planning, visit www.alstudentaid.com; write KHEAA–Alabama, 100 North Union Street, Suite 390, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.