

Frequently Asked Questions About Financial Aid In Today's Economic Crisis

1. Can I still apply for aid for this year? If so, how?

Yes! Complete the Free Application for Federal Student Aid (FAFSA) so Ohio State can determine your eligibility for assistance. Federal Pell Grants and Federal Direct Student Loans are still available.

The preferred—and quickest—way to apply is on-line.

Get a federal PIN number: <http://pin.ed.gov>

File the FASFA: www.fafsa.ed.gov

Ohio State's school code is 003090

2. My family's financial situation has recently changed significantly. Is there anything I can do?

If you or your family has experienced a significant change in financial situation, please bring it to our attention and we will see whether we are able to make an adjustment to your aid. Such reviews are counselor-assisted, so you will need to discuss the situation in person or over the phone with a member of our staff. You can reach us at (614) 292-0300 or (800) 678-6440. This should be done prior to completing the appeal form, which is available on our website. Filing an appeal does not guarantee changes to your eligibility will result. Documentation is required including materials requested through the verification process.

3. My family's financial situation has not changed, but my aid isn't sufficient—what can I do?

First, are you utilizing all the aid that was offered to you? Some students do not take advantage of the loans and work-study opportunities made available to them.

Second, you might want to consider employment options on or off campus if you have not already done so. We maintain a student employment job board on our website (<http://sfa.osu.edu/jobs/index.asp?tab=e>), and The Lantern runs classified ads as well.

Finally, make sure that you are using your money wisely. We provide a budget worksheet on our website to help you understand the costs associated with enrollment at Ohio State (<http://sfa.osu.edu/awardguide/index.asp?tab=e>).

If you believe you need additional help with monetary issues, please consider contacting the Student Wellness Center in the RPAC. You'll find a financial specialist for all Ohio State students. One-on-one counseling is available to students at no cost. Staff and volunteers can assist with banking basics, budgeting, credit card selection and use, debt repayment planning and more.

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4. Because of caps on the amounts students may borrow, the dollar amount of loans available to me is less than my cost of education. Why are Direct Loan limits so low?

Loan limits are set by federal law. Institutions are not permitted to award loans that exceed either annual or aggregate loan limits. Private student loans often fill the gap between federal loan, other financial aid, and the total cost of education.

5. How can I be sure I have all aid I'm entitled to?

Aid programs are described thoroughly on our website, and whether a program is based on need or not should be clear. If you have confirmed your awards on your Status Page and have met application and (where applicable) verification deadlines, please check with our office if you believe something for which you are qualified has not been awarded.

6. My parents believe they won't qualify for a PLUS Loan. What should we do?

It is a good idea for your parents to apply for the PLUS Loan (Parent Loan for Undergraduate Students), even if they think they may not qualify.

Beginning this summer and on a temporary basis, standards for PLUS Loan borrowing have loosened somewhat. If a parent borrower is no more than 180 days tardy on a medical bill or a mortgage payment (between 2007 and 2009) it is still possible to be considered for a PLUS Loan. That consideration is for medical bills and mortgages only. If an applicant is more than 90 days delinquent on other obligations it will affect the decision. Additionally, effective for loans first disbursed on or after July 1, 2008, parents may begin repayment either a) 60 days after last disbursement of the award year or b) six months after the student is no longer enrolled on at least a half-time basis.

The PLUS Loan denial rate at Ohio State is approximately 18.5% this year at this point, the same as the same time period last year. If your parents' PLUS Loan application is denied, they should consider asking the Loan Servicing Center to take a second look at the decision. While there is no guarantee the result will be changed, it may be possible that an issue in a credit report could be resolved. A parent could also seek a credit-worthy endorser (co-signer).

A student whose parent borrower is denied a PLUS Loan may apply for additional Unsubsidized Loan (borrowing limits apply.)

7. What can I do if my parents refuse to file a FAFSA on my behalf?

We may be able to award you a Federal Direct Unsubsidized Stafford Loan without their information. The amount you can receive will vary based on your rank and may not cover the entire amount of tuition and room & board (if applicable). File the FAFSA without your parent information, and we will determine your eligibility.

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Additionally, since you will not be eligible for most other federal, state, and institutional aid, we suggest that you explore other resources such as university loans, external scholarships, and private loans. Please visit our website at <http://sfa.osu.edu> for more information.

8. What other options are out there for students besides federal financial aid?

The university offers a 7% Short-Term and Long-Term loan program. Loan amounts are relatively small (\$500 and \$1000), and students are limited to one long-term \$1000 loan per year. More information is available on our web page (<http://sfa.osu.edu/loans/index.asp?tab=i>).

You might want to consider signing up for the Tuition Option Payment Plan (TOPP) in order to split your quarterly fee payment over two months each quarter. An application fee and terms and conditions apply. See the Bursar's web site for additional information (www.treasurer.ohio-state.edu).

9. Are private loans available? How would I apply?

Yes. If you have considered all other resources, you may want to apply for a private loan. We encourage you to be a discriminating consumer and borrow only what you need, because the private loan programs are generally more expensive than federal student loans.

Private loans are available from many lenders. We maintain an updated list of lenders on our website: see <http://sfa.osu.edu/loans/index.asp?tab=g>. Although you are not limited to using one of the lenders listed, we have successfully worked with them in the past.

10. Are private loans generally a good resource?

Since Ohio State participates in the federal government's William D. Ford Federal Direct Loan Program, we encourage parents and students alike to borrow from it. Students may qualify for both Direct Subsidized and Direct Unsubsidized loans and parents may qualify for PLUS Loans (Parent Loans for Undergraduate Students.) Complete information is on our website.

If your parents do not qualify for a PLUS Loan or if they choose not to borrow a PLUS Loan, you may want to apply for a private loan. Many lenders have pulled out of the student loan market, so you may not be able to secure a loan from the lender of your choice, but if you are otherwise qualified, you should be able to secure a private loan. Most if not all private loans will require a credit-worthy co-signer.

11. Are private loan interest rates likely to continue to increase?

Unfortunately, they will continue to increase for now. Currently, lenders are having difficulty securing money to lend due to the lack of liquidity in the market. Some lenders have already gotten out of the private loan business due to the lack of funds available to lend. In addition, the cost of higher education and cost of living are expected to increase due to the poor economy. This will increase the amount of money that students will need to borrow which will again increase the cost of liquidity, which will cause lenders to be even less able to lend.

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There are several things you can do to get the best rate. The first is to submit an application to more than one lender to find the best rate available to you. Pay attention to fees that might be assessed to the loan either upon disbursement or repayment. Also, by using a credit-worthy co-signer with more established credit, you could qualify for a lower rate. Keep in mind that it is always best to exhaust all federal loan possibilities before seeking a private loan. Federal student loans are guaranteed by the federal government, and have fixed interest rates which are normally less than that of a private loan.

12. My private loan lender has now cancelled remaining disbursements. It was hard to get the loan to begin with. How can I find another lender?

It may likely be difficult to find another lender if it was difficult to find the first one. Persistence may be essential. Follow the same path you used the first time—use the same co-signer, for example. If your parent is not able to consider a home equity line of credit, or if one is not available, check to see whether your parent has a membership in a credit union which offers a private loan.

13. Can I postpone loan repayment?

It is possible to postpone repayment in certain cases. Check with the servicer(s) of your loan. To find out if you qualify for an economic hardship deferment or forbearance for your federal loans (to suspend or reduce your monthly payments), use the hardship calculator at www.finaid.org.

14. Can I use all my financial aid for the year in one quarter?

No. Federal regulations require us to disburse aid equally across terms of enrollment unless there are uneven expenses (e.g., study-abroad expenses).

15. If my parents don't support me, why must I report their income on the FAFSA?

The instructions on the FAFSA reflect rules set by Congress. If you have extenuating circumstances, such as parental abuse or abandonment, or if both parents are deceased or incarcerated, please file an appeal (form available on our website) so we can determine the next step. Documentation is required. We are not able to consider appeals to become independent for financial aid purposes just because you live on your own and are self-sufficient, you are not claimed by your parents as a tax exemption, your parents refuse to provide information on the FAFSA, or your parents do not support you.

16. Why can't I be considered independent for financial aid purposes at the age of 21?

The age for independent status was written into law by Congress. It is based on the average age at high school graduation (18) plus approximately 5 years for the average student to get through an undergraduate program. It is expected that parents will provide for a student's undergraduate education to the extent they are able. When a student enters a graduate or professional program, he or she is considered independent for financial aid purposes.

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17. How much can I borrow?

Loan Program	Annual Maximum	Terms and Conditions
Federal Direct Subsidized Loan 6% fixed interest for undergraduates; 6.8% fixed interest for grad/professionals	Students with need: \$3,500 – Rank 1 \$4,500 – Rank 2 \$5,500 – Rank 3+ \$8,500 – Grad/ Professional	Need-based Interest and repayment begin 6 months after the student is no longer enrolled on at least a half-time basis
<i>Students can borrow up to the rank maximum in subsidized, unsubsidized or a combination of the two, depending on the student's need and other aid received.</i>		
Federal Direct Unsubsidized Loan 6.8% fixed interest	Students without need: \$3,500 – Rank 1 \$4,500 – Rank 2 \$5,500 – Rank 3+ \$8,500 – Grad/ Professional Additional amount for dependent students regardless of need: \$2000 Additional for Independent Students \$6,000 – Rank 1 & 2 \$7,000 – Rank 3+ \$12,000 – Grad/ Professional	Interest accrues while the student is in school; repayment begins 6 months after the student is no longer enrolled on at least a half-time basis
Parent Loan for Undergraduate Students (PLUS) 7.9% fixed interest	Parents of dependent students can borrow up to the cost of education less any other financial aid received	Interest accrues immediately; repayment begins either 60 days after final disbursement for the year or after the student is no longer enrolled on at least a half-time basis. Credit check required
Graduate PLUS Loan (Grad PLUS) 7.9% fixed interest	Graduate students can borrow up to the cost of education less any other financial aid received	Interest accrues immediately; repayment begins 60 days after the student is no longer enrolled on at least a half-time basis. Credit check required
University Long Term Loan 7% fixed interest	\$1,000	Requires minimum 2.0 GPA undergraduate; 3.0 graduate student. Interest accrues from date of disbursement; repayment begins 3 months after graduation

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18. I have applied for a private loan and have been denied. I already have all the other aid that I qualify for and still am not able to fund my education expenses. Do I have any other alternatives?

We know that with the current economic situation, some students will not be able to secure funding through a private loan to make enrollment at Ohio State feasible. Unfortunately, if you have all federal, state, and institutional aid for which you are qualified, there may be no realistic way for you to stay enrolled at Ohio State right now. Your options at that point would be to leave Ohio State and enroll at a less expensive institution or to stop out and work for a while to save money for future enrollment.

19. What if I have to leave Ohio State and enroll at another institution for a while?

The hard reality is that you may have to consider other schools which are cheaper or closer to home, at least for a temporary period of time. We want you to continue your education, even if it is not at Ohio State. If you cannot afford to stay at Ohio State right now, you may want or need to be enrolled at another school in order to keep your loans in deferment. Often you can take courses at another institution that will transfer back to Ohio State when you return, so your time enrolled at the other school will not be wasted.

Don't miss out on aid when you return! Be sure to file on time:
<http://sfa.osu.edu/howtoapply/index.asp?tab=d>.

20. What if I have to take a quarter off and work for a while?

There are a couple of things to bear in mind if you decide to take a quarter or more off ("stop out" of school). Your grace period will begin for your Federal Direct Loans and Perkins Loans, and you will have to complete exit counseling for both Direct Loans and Perkins Loans. The in-school deferments of Federal Direct Loans and Perkins Loan payments are only applicable when you are enrolled at least half-time. At the point you are enrolled for less than 6 credit hours (5 credit hours for graduate or professional students), your grace period begins on those loans, and repayment will start in six months for Federal Direct Subsidized and Unsubsidized Loans and in nine months for Perkins Loans.

If you do decide to stop out of school, do finish the quarter if you are currently enrolled. Withdrawal can have heavy consequences, including the repayment of aid you have received for the quarter and Satisfactory Academic Progress (SAP) consequences. See <http://sfa.osu.edu/howtokeepit/index.asp> for more information.

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<http://sfa.osu.edu/howtoapply/index.asp?tab=d>.

21. What if I need to work more hours and have to drop a class?

Depending on the point in the quarter that you drop your class and how many hours for which you still are enrolled, you may have your financial aid adjusted for the term, which could result in your owing money back to the university. See

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<http://sfa.osu.edu/howtokeepit/index.asp?tab=h>. If you drop the class after the refund period, you will likely not have your aid adjusted, but you will have Satisfactory Academic Progress consequences. See <http://sfa.osu.edu/howtokeepit/index.asp?tab=f>

Please be aware that if dropping a class takes you to less than half-time enrollment, the loan consequences described in question 20 will be applicable.

22. I am concerned that my financial aid won't be available for winter and spring. Is that a valid concern?

Your federal, state and institutional aid will be in place. If you are using funds from a private lender, you will be notified if there is a change in your loan.

23. I'm a parent of a high-school senior. Will I have to write a check for my child's entire school year next year because of the current credit crunch?

No. We anticipate that aid will be available from all federal, state, and institutional financial aid programs next year.

24. What can a graduate or professional school student do if Subsidized and Unsubsidized Loans do not cover all expenses?

Consider applying for a Graduate PLUS Loan. You could potentially borrow up to the cost of attendance minus other aid received. The Grad PLUS requires a credit check, and you may need to have a credit-worthy co-signer. We recommend you apply for a Grad PLUS before considering private loans.

25. I have heard in the news that the future of the student loan market is grim since banks are dropping out of the private student loan business. What government assurances are there that loan funds will still be available for students?

There is a possibility that Congress will include student loans as part of their bailout plan. Please check back to our website for more information, and make sure you consider all possibilities before changing your educational plans. Don't rely just on information you hear on the news to make a decision about your education!

26. Can my credit history impact my chances of going on to graduate or professional school?

Ethics standards prevent Admission offices from using a student's credit history as a factor in making an admissions decision. However, some graduate and professional schools in the U.S. are requiring admitted students to submit credit reports so they can determine students' ability to finance their education and to be proactive in helping students keep their debt low. Some schools even go so far as to defer admission for a year to allow students with significant debt to improve their credit profile and perhaps work so they can earn money to help pay down their existing debt.

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27. Should I take out a private loan to pay off my credit card bills?

It is not a good idea to do this for several reasons. First, it is never a good idea to pay off one debt with another debt. This perpetuates a cycle of debt that will become increasingly difficult to extricate yourself from. Second, interest rates on private loans are going up and could be comparable to a credit card interest rate. Third, the amount that you will end up repaying on a private loan could end up being more than your credit card bill because of the interest that is accruing during the in-school deferment period.

The best thing to do is to put your credit cards away and then pay the minimum balance each month on your credit card bill. If you are finding it difficult to keep up with your monthly bills, consider meeting with a counselor at Scarlet and Gray Financial Services in the Student Wellness Center. Visit their website at <http://swc.osu.edu/for-students/financial> for more information.