FEDERAL AID CHANGES FOR THE 2012-2013 ACADEMIC YEAR

(Effective July 1, 2012)

DIRECT LOANS

- **ALL DIRECT LOAN BORROWERS**
  - Direct Subsidized loans will begin to accrue interest during the six-month grace period. Previously, interest did not begin to accrue until after the grace period.
  - Loan origination fees will no longer have a rebate.
    - Subsidized and Unsubsidized loan origination fee = 1% (previously 0.5% with a 0.5% rebate)
    - Parent and Graduate PLUS loan origination fee = 4% (previously 2.5% with a 1.5% rebate)
  - The fixed interest rate on all NEW Federal **Subsidized** loans disbursed after July 1, 2012 will increase from 3.4% to 6.8%.

    NOTE: In President Obama's FY2013 budget request, there has been a proposal to maintain the current Subsidized loan interest rate of 3.4% for the 2012-2013 year. *This may still be subject to change by July 1, 2012*.

- **GRADUATE STUDENTS**
  - Graduate students will no longer be eligible to receive Direct *Subsidized* loans. NOTE: If you enrolled or will be enrolled in a summer course which begins PRIOR to July 1, 2012, you may still be eligible for a Subsidized loan.
  - The annual loan limit for graduate students remains unchanged at $20,500, but will be limited to Direct Unsubsidized Loans only.

FEDERAL PELL GRANT

- The U.S. Congress has established a lifetime limit on the amount of Pell Grants a student may receive. The limit applies to all Pell Grant recipients, *including existing students who have received Pell Grants in the past*. Students will be limited to receiving a full-time Federal Pell Grant for 12 semesters, or 6 years.

FAFSA NEWS

- The **IRS Data Retrieval Tool** is available for individuals submitting the 2012-2013 FAFSA electronically through the FAFSA website www.fafsa.gov. The Retrieval Tool provides FAFSA applicants the ability to transfer (auto-fill) their income information

directly from the IRS to the FAFSA. This adjustment in the FAFSA process will allow applicants to complete their FAFSA more easily and accurately.

- ALL students and parents who indicate they have filed a 2011 tax return will be given the opportunity to use the **IRS Data Retrieval Tool**. If you have just recently completed your federal tax return, allow at least 2 weeks to utilize the **IRS Data Retrieval Tool.** IMPORTANT: You may file the FAFSA using information you currently have or use estimate figures before the Data Retrieval Tool is available to you.
- Students and parents who indicate(d) they will file a federal tax return will likely receive an email communication from Federal Student Aid (a U.S. Department of Education government agency) directing you to use the Retrieval Tool to update your income information once you have filed your 2011 taxes.

FAFSA VERIFICATION

- Students selected for the verification process may choose to use the IRS Data Retrieval Tool **OR** request an **IRS Tax Transcript*** directly from the IRS.
  IMPORTANT: *NO copies of 2011 tax returns will be accepted by universities for verification purposes.
- IRS Transcripts may be requested FREE through the IRS website at: www.irs.gov or by calling 1-800-908-9946. Be sure to request a tax transcript not a tax account transcript.
- Students and parents who received state food stamp benefits (Supplemental Nutrition Assistance Program) in 2010 or 2011 are required to submit a CNPE 'Proof of Eligibility' Form. For further details on how to obtain this documentation, please visit one of the following websites:
  https://odjfsbenefits.ohio.gov/SelfServiceSplash.jsf, OR
  https://communityportal.fcdjfs.franklincountyohio.gov/Home, OR call 614-233-2000.

For further information on the above changes, go to www.studentloans.gov, "Learn More" and select "Recent Changes to the Student Aid Programs" or call 1-800-FED-AID.