Students: Consider options to taking additional loans

U-M WILL CHANGE LOAN PROCESS FOR SOME UNDERGRADUATES

Much has been written nationally about the amount of debt being incurred by students pursuing a college education. Although average undergraduate borrowing at U-M is below the national average, there remains a collective concern about our students’ future debt.

The University has a long-standing commitment to meet the full demonstrated need of all Michigan residents who apply by our deadline and accept all aid offered. Even with the University’s significant commitment of need-based grant funds, some borrowing is necessary to meet the full financial need of many of our applicants.

The types of loans students choose can have a significant impact on the amount of debt students owe when they graduate.

Need-based loans have lower interest rates and subsidies that cover interest that accrues while a student is enrolled. Loans that are not need based, such as Unsubsidized Federal Direct Loans or loans through private lenders, typically have higher interest rates and interest accrues during periods of enrollment. (Borrowers of Unsubsidized Federal Direct Loans may defer payments during years they are enrolled, but interest is added to the loan principal when students finish school and begin repayment.)

Beginning with the 2013 Spring/Summer terms, initial financial aid offers for some undergraduates will not include Unsubsidized Federal Direct Loans, although these loans will be available to eligible students through a new process. Information about applying for unsubsidized loans will be provided with your Award Notice.

The new process will include an online tutorial, calculating cumulative student debt and considering what it will cost to take out an additional loan. If these students request an unsubsidized loan for Spring/Summer, they must also meet with an aid officer.

This new approach will afford us more opportunities for individual student attention and counseling on matters relating to education and living costs.

Graduate and professional-level students will continue to be awarded unsubsidized loans.

We’re asking all students to Be Smart About Borrowing. Students should consider options that could reduce the need to borrow and borrow only what is necessary to achieve the goal of a U-M college education:

- Use personal or family assets when possible before considering a loan
- Consider the U-M Payment Plan for Fall/Winter which helps families spread costs over 5 months for each semester
- Consider part-time employment to stretch your dollars without borrowing
- Review your lifestyle choices and expenses for ways to trim costs
- In Spring/Summer, consider taking classes closer to home where you will incur fewer costs

Upcoming Financial Aid Deadlines

MARCH 15, 2013
Priority deadline for Spring/Summer 2013 aid
For students attending Spring/Summer terms, we must receive your application by this date to consider you for all aid. Financial aid, especially grant aid, is limited for these terms. Consult with your academic advisor and consider whether you need to attend.

Although you may apply after this date, aid availability may be limited. No applications will be accepted after:
- May 17 for Spring Term
- July 12 for Summer Term and the 16-week Spring/Summer Term.

APRIL 30, 2013
Priority Deadline for Fall/Winter 2013-2014 aid
We must receive your FAFSA by April 30. (Allow 3–4 weeks for processing so that your FAFSA arrives at U-M on time.) Visit www.fafsa.gov.

JUNE 1, 2013
U-M Secondary Deadline for Fall/Winter 2013-2014 aid
If we ask you to submit additional documents for your application, we must receive them no later than this date to consider you for all aid.

INSIDE

2 Spring/Summer forms available, process changing in 2013
2 Studying abroad? Fill out a new form
3 Don’t wait to apply for Fall/Winter 2013-14 aid
4 Consider education tax credits when filing
5 Apply for PLUS Loans in Mid-May
It’s time to apply for 2013 Spring/Summer financial aid
Request financial aid before the priority filing deadline of March 15

Materials are now available for students to apply for financial aid for the 2013 Spring/Summer terms at U-M.

Unless you are studying abroad, students requesting aid must file a Request for Funds Form, available online at www.finaid.umich.edu/Forms/RequestforFundsForm.aspx. Paper versions of the form and instructions may be found at www.finaid.umich.edu/CurrentStudent#spring. File only one RFF; multiple submissions may delay processing of your aid.

Addendums are required if you are in a Social Work practicum or applying for a Spring/Summer TEACH Grant. Complete the necessary addendums and submit them to the Office of Financial Aid in addition to filling out the Request for Funds form.

Students studying abroad have a new process for financial aid starting this spring. A new study abroad form has been created that students must fill out in order to be considered for aid. Students will not complete an RFF as they have in the past. Instead, they will complete a 2013 Spring/Summer Study Abroad Financial Aid Request, available in PDF form at www.finaid.umich.edu/Abroad.

Students who have young, dependent children in child care may be eligible for the U-M Child Care Subsidy Program, which helps students with the cost of licensed child care. To apply for Spring/Summer terms, students must meet several eligibility criteria and must file a 2012-2013 federal Free Application for Federal Student Aid (FAFSA) and an application for the subsidy. Visit www.finaid.umich.edu/ChildCare for more information.

A few additional Spring/Summer tips:

• Register for Spring/Summer classes during your enrollment period. Register for classes at least half time in order to receive aid.
• Aid is awarded based on the assumption of full-time enrollment. If you enroll less than full-time, your aid will be reduced after drop/add.
• Your enrollment level will be monitored throughout the award period. Changes may result in a reduction or cancellation of aid, or you may be required to repay funds already paid to you.

Priority filing deadline is March 15, 2013 for students to be considered for all Spring/Summer financial aid.

How financial aid is packaged for Spring/Summer has also changed this year. The Office of Financial Aid will determine your aid package based on your enrollment; you do not need to notify us of planned changes in your attendance.

• If you register for Spring Term only, the 16-week Spring/Summer Term or Spring Term and Summer Term, you will receive an Award Notice including financial aid for both Spring and Summer terms. Award Notices will be sent beginning in April. If you do not enroll for Summer Term, your aid will automatically be reduced in May or June.

• If you register for Summer Term only, you will receive an Award Notice with aid for Summer only. Your aid will be processed in late May.

First disbursement of financial aid will be on May 3, 2013 for Spring and Spring/Summer terms and on June 24, 2013 for Summer Term.

Contact us if you have questions at 734-763-6600 or email us at financial.aid@umich.edu.

Explore scholarship opportunities

Now is a great time to look for scholarships for Fall/Winter 2013-2014.

U-M SCHOLARSHIPS:

Although students are automatically considered for most U-M scholarships, a few scholarships have special eligibility criteria and/or require a separate application. To ensure you’re considered for all scholarships for which you are eligible:

• Complete or update your scholarship profile in Wolverine Access. Log in to Wolverine Access and select My Scholarship Profile in the Campus Finances section. Submit information about yourself to be used in identifying your eligibility for certain university scholarships. Completing your scholarship profile does not mean you qualify for the scholarships, but it ensures that you will be in the pool for consideration when the supplemental information is needed.

• Check the OFA Scholarship Listing on our website (www.finaid.umich.edu/ScholarshipsandGrants) for scholarships that require a separate application. Apply for any for which you are eligible.

PRIVATE SCHOLARSHIPS:

You can also apply for private scholarships through non-university organizations and businesses. Information on how to find and apply for private scholarships can be found on the Private Scholarships page of our website (www.finaid.umich.edu/PrivateScholarships). The site also includes a listing of many private entities that offer scholarships to college students.

STUDYING ABROAD? FILL OUT A NEW AID FORM

Students studying abroad have a new process for financial aid starting this spring. A new study abroad form has been created that students must fill out to be considered for aid.

Students studying abroad will not complete a Request for Funds for Spring/Summer or Applicant Data Form for Fall/Winter as they have in the past. Instead, they will complete the Study Abroad Financial Aid Request, available in downloadable PDF form at www.finaid.umich.edu/Abroad.

Spring/Summer study abroad forms are available now, Fall forms will be available June 1 and Winter forms on Nov. 1. Contact Mike Ross at 734-763-6600 if you have questions.

IN BRIEF

First disbursement of financial aid will be on May 3, 2013 for Spring and Spring/Summer terms and on June 24, 2013 for Summer Term.

Contact us if you have questions at 734-763-6600 or email us at financial.aid@umich.edu.
Apply Now for Fall/Winter 2013-2014 Aid!

Continuing U-M students who want to apply for financial aid for next year must submit a 2013-2014 Free Application for Federal Student Aid (FAFSA). Complete and submit the FAFSA at www.fafsa.gov.

WHEN TO APPLY:
- We must receive your FAFSA by APRIL 30 in order to consider you for all federal and institutional aid.
- Remember to allow 3-4 weeks for processing! Applying early will ensure that you can still meet the U-M deadline if your FAFSA is rejected and you need to resolve a problem. Check your Student Aid Report to see if corrections are needed.
- If OFA receives your FAFSA after April 30, you will still be considered for financial aid. However, funding may be limited and you could miss out on grant funds or Work-Study.
- Award notification typically begins in June for continuing students. Students are notified in the order in which they apply for aid.

TIPS ON FILING:
- Read the complete financial aid application instructions at: www.finaid.umich.edu/CurrentStudent.
- You do not need to submit a CSS/Financial Aid PROFILE application if you have submitted one in the past.
- If your family has not filed a 2012 tax return or plans to request an extension, complete the FAFSA using estimated data so that you can meet the FAFSA deadline. If necessary, estimated data can be corrected later, after your 2012 tax return is completed.
- Students and parents can use IRS data from tax returns to automatically populate their FAFSA. Visit www.fafsa.gov for information about the IRS Data Retrieval Tool and how to use it.
- The federal processor will reject a FAFSA if information is missing or incorrect. If your FAFSA is rejected, your application will not be processed and you must resolve the problem before the deadline. Avoid this unfortunate scenario by applying soon!

After you apply: Check Your Student Aid Report (SAR)

After you submit your FAFSA, the federal processor will review your information, calculate your Expected Family Contribution (EFC), and send a record of this information to our office. In addition, the federal processor will send you a record of your FAFSA information, called a Student Aid Report, or SAR.

Be sure to review your SAR information carefully! If corrections are needed, be sure to make them as soon as possible and submit the updated information. Confirm that the record will be sent to University of Michigan-Ann Arbor, federal school code 002325.

Here are four common reasons that FAFSAs are rejected:
1. Parent/Student signatures are missing
2. Social Security Number is incorrect
3. Date of birth is incorrect
4. Student’s name has a misspelling

A note about signatures: When completing or correcting your FAFSA, include your signature and the signature of one of your parents (a parent signature is required if you are a dependent student or if you are a Pharmacy or Dental student applying for Health Professions Loan funds). If you forget a signature, your FAFSA will be rejected and you might miss the priority deadline date to be considered for all aid programs.

You and your parent can provide your signatures electronically with separate Personal Identification Numbers (PINs) at www.fafsa.gov (select “Sign Electronically with your PIN”). To request a PIN, or if you have forgotten your PIN, visit www.pin.ed.gov. Alternatively, if you received a paper SAR, you and your parent can sign and return your paper SAR to the federal processor.

Fall/Winter aid deadline is April 30: IRS Data Tool is an option, but don’t wait to apply

If income taxes have been filed and data is available, most students and families will be prompted to allow tax data to automatically populate fields on the FAFSA using the IRS Data Retrieval Tool. The Office of Financial Aid advises students and families to use the data retrieval tool if prompted, but not to wait to file their FAFSAs in case there are questions or items that need to be clarified.

“We want to ensure that students and families file their FAFSAs so that we receive them by our April 30 deadline,” said Associate Director for Client Services Vickie Crupper. “If families wait too long, or there is an error or delay in the FAFSA, they may not be considered for all types of aid.”

The tool uses information from applicants’ tax returns to populate fields in the FAFSA. Crupper said the tool is helpful, but students and families should not wait, especially if they won’t file their taxes until April.

The 2013-14 FAFSA is now available and must be filed and submitted to U-M Office of Financial Aid on or before April 30, 2013. This priority deadline ensures that students are considered for all available aid, including grant money which is a direct gift to students.

Crupper said sometimes FAFSAs have errors that must be corrected before they are sent to U-M. The university will not receive your FAFSA record if there are errors.

Another possible wrinkle this year: The IRS delayed accepting 2012 tax returns until Jan. 30 because of tax law changes related to the so-called fiscal cliff, according to information from the National Association of Student Financial Aid Administrators. This is about one week later than usual and may delay the availability of data IRS Data Retrieval Tool for those filing the 2013-14 FAFSA.

Crupper stresses: “Don’t wait. Get those FAFSAs filed in a timely way so you can be considered for aid.”

The University of California at Santa Barbara offers a step-by-step online guide to completing the FAFSA, which they are sharing with families around the country. Visit www.finaid.ucsb.edu/ffasasimplification/
**Filing Your Taxes?**
**Don’t forget your education tax credits**

The American Opportunity Credit, approved for education expenses paid through December 2012, allows eligible taxpayers to claim up to $2,500 per student per year on their 2012 tax returns. Families with incomes up to $90,000 ($180,000 for joint filers) may claim the credit for students who are enrolled in their first four years of college. Books and course materials are included among the eligible expenses.

The Lifetime Learning Credit allows families to claim up to $2,000 for qualified education expenses paid for students enrolled in eligible educational institutions. Families with incomes of up to $62,000 ($124,000 for joint filers) qualify and it is available for all years of post-secondary education. However, a taxpayer cannot claim both the American Opportunity Credit and the Lifetime Learning Credit for the same student in one year. (The Lifetime Learning Credit may be particularly helpful to graduate students, students who are taking only one course, and students who are not pursuing a degree.)


### Table 1. Comparison of Education Credits (Source: irs.gov)

<table>
<thead>
<tr>
<th></th>
<th>AMERICAN OPPORTUNITY CREDIT</th>
<th>LIFETIME LEARNING CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum credit</td>
<td>Up to $2,500 credit per eligible student</td>
<td>Up to $2,000 credit per return</td>
</tr>
<tr>
<td>Limit on modified adjusted gross income</td>
<td>$180,000 if married filing jointly; $90,000 if single, head of household, or qualifying widow(er)</td>
<td>$124,000 if married filing jointly; $62,000 if single, head of household, or qualifying widow(er)</td>
</tr>
<tr>
<td>Refundable or nonrefundable</td>
<td>40% of credit may be refundable; the rest is nonrefundable</td>
<td>Nonrefundable – credit limited to the amount of tax you must pay on your taxable income</td>
</tr>
<tr>
<td>Number of years of postsecondary education</td>
<td>Available ONLY if the student had not completed the first 4 years of postsecondary education before 2012</td>
<td>Available for all years of postsecondary education and for courses to acquire or improve job skills</td>
</tr>
<tr>
<td>Number of tax years credit available</td>
<td>Available ONLY for 4 tax years per eligible student (including any year(s) Hope credit was claimed)</td>
<td>Available for an unlimited number of years</td>
</tr>
<tr>
<td>Type of program required</td>
<td>Student must be pursuing a program leading to a degree or other recognized education credential</td>
<td>Student does not need to be pursuing a program leading to a degree or other recognized education credential</td>
</tr>
<tr>
<td>Number of courses</td>
<td>Student must be enrolled at least half time for at least on academic period beginning during the year</td>
<td>Available for one or more courses</td>
</tr>
<tr>
<td>Felony drug conviction</td>
<td>As of the end of 2012, the student had not been convicted of a felony for possessing or distributing a controlled substance</td>
<td>Felony drug convictions do not make the student ineligible</td>
</tr>
<tr>
<td>Qualified expenses</td>
<td>Tuition, required enrollment fees, and course materials that the student needs for a course of study whether or not the materials are bought at the educational institution as a condition of enrollment or attendance</td>
<td>Tuition and required enrollment fees (including amounts required to be paid to the institution for course-related books, supplies, and equipment)</td>
</tr>
<tr>
<td>Payments for academic periods</td>
<td>Payments made in 2012 for academic periods beginning in 2012 or beginning in the first 3 months of 2013</td>
<td></td>
</tr>
</tbody>
</table>

**IN BRIEF**

**MOVING OFF-CAMPUS WON’T AFFECT AMOUNT OF FINANCIAL AID**

Students choosing to live off-campus will still receive financial aid budgeted for housing, based on living on campus in a double room in a dorm.

The difference: Off-campus students must pay their own rent directly to a landlord unlike those living on campus when aid is applied against the student bill. Off-campus students use their financial aid refund for rent.

Be sure to plan accordingly, as you will have four months’ rent in your refund to pay for the entire semester.
IN BRIEF

CONSIDER AID THAT SCHOLARSHIPS, GRANTS AND FELLOWSHIPS MAY BE TAXABLE

When filing 2012 taxes, be aware that part or all of your grant, scholarship or fellowship may be considered taxable even if you do not receive a W-2 form.

- If enrolled in a degree program, aid funds used for expenses other than tuition and course-related fees are taxable. To determine the taxable amount, add up grant, scholarship and fellowship awards for a calendar year and subtract tuition, fees and books/supply expenses. If the remaining amount is a positive number, report it as income when filing your income taxes and on your 2013-2014 FAFSA.
- If you are not in a degree program, the full amount of grant, scholarship or fellowship is taxable.
- You must report Work-Study earnings as income on your taxes and on your 2013-2014 FAFSA. You should receive a W-2 form from your employer detailing your earnings.

ON JULY 1, SUBSIDIZED LOAN RATES MAY INCREASE, GRACE PERIOD SUBSIDY ENDS

The interest rate for Federal Direct Subsidized Loans for undergraduate students is scheduled to increase from 3.4 percent to 6.8 percent for undergraduate students beginning with loans first disbursed on July 1, 2013 or later. The College Cost Reduction and Access Act of 2007 allowed a temporary reduction in rates which expired on June 30, 2012. Congress extended the 3.4 percent rate for another year and it is scheduled to revert to 6.8 percent effective July 1, 2013, barring additional Congressional action.

Also effective July 1, the interest subsidy during the grace period before loan repayment will end. Both subsidized and unsubsidized Direct Loans have this grace period which allows student borrowers six months to begin repaying their loans. The subsidy will end effective for loans first disbursed on July 1, 2013 or later.

Find details about the Federal Direct Loan program at www.studentaid.ed.gov

APPLY FOR PLUS LOANS IN MID-MAY

Unsubsidized Direct PLUS Loans are available to parents of dependent undergraduates or graduate students who:

- are not eligible for other types of aid
- have unusual costs above standard student expense budgets
- have remaining financial need after other forms of financial aid have been awarded
- wish to borrow all or part of their Expected Family Contribution.

The U-M Office of Financial Aid begins accepting applications for 2013-2014 PLUS loans in mid-May. (If you apply earlier, your application will not be accepted.) If you have questions, visit www.finaid.umich.edu/PLUS for information or contact us at financial.aid@umich.edu or 734-763-6600.

DO YOU PARENTS NEED A PIN OR A FRIEND ACCOUNT?

Get a PIN: A U.S. Department of Education Personal Identification Number enables you to apply for financial aid and make corrections to your Free Application for Federal Student Aid (FAFSA) online. You can also use it to obtain information about your federal loans. Parents are strongly encouraged to get their own PIN to use in place of a signature for the online FAFSA. Visit pin.ed.gov.

Set up a friend account: Students may authorize up to four persons to view a bill and financial aid information. Under student business, visit the Student Center and select Parent/Family Authorization. Students can also sign up their Friends & Family to receive this Office of Financial Aid newsletter.

Parents/family with this access may view student information in this way:

- Go to Wolverine Access (https://wolverineaccess.umich.edu/)
- Under the “Parents & Family” tab, select “My Student’s Information”
- Login using Friend logon or U-M uniqname.
- Select student from “Select a Student” drop-down box. (Note: If parent/family member has access to more than one account, each student will be listed.)
- Click the invoice number for the invoice to be viewed/printed.

HOW YOUR FINANCIAL AID IS PAID AND APPLIED

All financial aid funds, except Work-Study wages, are applied against charges on student accounts. Any amount beyond what is owed on your account is paid or refunded to students.

If you have direct deposit, your refund will be deposited directly into the bank account you have on file with the university. If you do not have direct deposit, your refund will be sent as a check to your local address on file.

To enroll in direct deposit, click on the “Direct Deposit” link in your Student Center in Wolverine Access (https://wolverineaccess.umich.edu).

If you have a credit balance on your account because you have made a cash payment, you must request a refund from Student Financial Services, the department that handles your student bill. Contact them at 734-764-7447 (www.finops.umich.edu).

TAKE SURVEY, BE ENTERED TO WIN $100 GIFT CARD

The Office of Financial Aid is seeking student feedback about your contact with our office. Complete this Student Customer Satisfaction Survey by the end of February and be entered for a chance to win a $100 gift card (only one entry per student, please.)

The Office of Financial Aid handles university funded grants, some scholarships (not coordinated through schools and colleges) and federal aid including Work-Study and loans. Our questions are related to these services. (Please note that student bills are handled by Student Financial Services, a different department.)

Visit www.surveymk.com/s/MJZGDLJ to take this survey. It will remain open through the end of February 2013. Thank you for helping us to better serve you.