

Graduate Student Financial Aid Programs

Financial assistance for graduate students is limited when compared with assistance available to undergraduates. Below is information about what types of aid are available and how to apply for aid. **See the reverse side for information on federal PLUS and private loans**, which require separate applications and are intended for students who need assistance beyond their financial aid package to pay for college costs. Also visit <https://finaid.umich.edu/graduate> for more information.

See <https://finaid.umich.edu/consumerinformation> for **consumer information** such as how eligibility for financial aid is determined and how aid is awarded, continued eligibility for aid, terms and conditions of aid, disbursement information, financial aid for study abroad, satisfactory academic progress, refund and repayment policies, accreditation, and services for students with disabilities.

For information on the University of Michigan's **installment payment plan**, which allows students to pay their bills in 5 or 10 installments for a fee, visit finance.umich.edu/finops/student/um-payment-plan.

Scholarships/Fellowships and Grants: OFA administers only the scholarship and grant programs for graduate students that are listed on our website (<https://finaid.umich.edu/scholarships-and-graduate-students>.) The primary source of information about graduate scholarships/fellowships is the academic department or professional school in which you plan to enroll. Deadlines for graduate awards vary. Because many deadlines occur early in the academic year, it is important to obtain information and application materials as early as possible. See our website for information on scholarships: <https://finaid.umich.edu/scholarships-at-U-M> (Step 5).

Rackham Students: The Rackham Graduate Fellowships and Recruitment Office administers a number of fellowships and coordinates fellowship competitions. Visit www.rackham.umich.edu/funding for more information.

Applying for Financial Aid:

Prospective Students: **Fall/Winter Aid:** Submit a free Application for Federal Student Aid (FAFSA) to the federal processor in the spring prior to the year of enrollment. Applications are available online at available online at <https://fafsa.ed.gov>. Students are strongly advised to apply early. U-M Office of Financial Aid must have your completed FAFSA by April 30 in order to be considered for all aid programs. Students are notified by email when their financial aid awards are available to view online on Wolverine Access (<https://wolverineaccess.umich.edu>). If you do not have a U-M unqiename, request a Friend Account (guest account) to view your awards online (visit <https://finaid.umich.edu/Wolverine> for details.)

Current U-M Students: Visit <https://finaid.umich.edu/graduate>

Financial Aid Applicants Are Considered for the Following Federal Programs:

- **Direct Stafford Unsubsidized Loan:** Long-term, low-interest loan, not based on financial need, that must be repaid. Interest rate is a fixed 6 percent effective July 1, 2017 and changes each July 1.* Interest is NOT subsidized by the federal government; interest accrues immediately but may be paid periodically or capitalized. Repayment of principal and accrued interest begins six months after enrollment drops below half-time status.
- **Work-Study Employment:** Need-based, not repaid. Award amounts vary, based on available funding. Provides students with employment opportunities not available to other students. Positions are available with eligible employers. Federal Work-Study funds pay for a portion of the student's wages and employers pay the remaining amount. Work-Study wages are earned by a student in the form of paychecks. Visit the Student Employment Office website (<https://studentemployment.umich.edu>) for job listings.

See our website (<https://finaid.umich.edu>) for detailed information, including loan deferment/cancellation provisions.

* See <https://studentaid.ed.gov> for current interest rate information (under Types of Aid > Loans) and a repayment estimator (under How to Repay Your Loans). Navigate to Repay Your Loans > Forgiveness, Cancellation and Discharge and see "Public Service Loan Forgiveness" in the chart for information about this program for grads who work in the public sector.

Additional Borrowing Options for Graduate Students:

FEDERAL GRAD PLUS LOANS

The **Federal Direct Grad PLUS Loan** program has favorable loan terms and is backed by the federal government, which has a record of good service. Also, graduate students with Grad PLUS Loans have the option to consolidate the Grad PLUS Loan with Federal Direct Stafford Loans. Several types of repayment plans are offered.

For more information about PLUS Loans, including how to apply, visit the OFA website: (<https://finaid.umich.edu/PLUS>)

The Grad PLUS program offers a number of distinct advantages:

- Stability of federal funding
- May be consolidated with other federal loans
- Fixed interest rate
- Will not be sold
- A 0.25% interest rate reduction for electronic payment
- Deferment option until after graduation

PRIVATE LOANS

Private student loans are offered through a variety of banks and other lenders. The best rates on private loans generally are offered to borrowers who have good credit and/or who have a co-signer with good credit. When shopping for a private loan, it is important to look for a loan you can live with long term. You may be repaying it for years to come.

The chart below shows the range of terms typically offered by private lenders compared to the terms of the federal Grad PLUS Loan.

Comparison Chart (and Questions to Consider):

Loan	Federal Direct Grad PLUS Loan	Private Lenders	Questions to Consider
Program/Sponsor	U.S. Department of Education (federally funded) For information, visit https://finaid.umich.edu/PLUS or https://studentaid.ed.gov/types/loans/plus . To apply online, visit StudentLoans.gov .	Various banks and loan companies	Will the company sell your loan to another company? How long has the company been offering student loans?
Eligible Borrower and Loan Amount	Graduate student who is a U.S. citizen or eligible non-citizen enrolled at least half-time in a degree program. Must be making satisfactory academic progress . Borrower must complete the Free Application for Federal Student Aid (FAFSA) to be eligible. Loan amount: Cost of attendance minus financial aid offered; no cumulative loan maximum.	Student who is a U.S. citizen or permanent resident Loan amounts often are cost of attendance minus financial aid offered. Sometimes set by school. Often include a yearly and/or cumulative cap.	
Interest Rates and Fees	7% variable-fixed interest rate (<i>effective for loans originated July 1, 2017. Rates change each July 1.</i>) 0.25% interest rate reduction with electronic auto-debit payments 4.264% origination fee (<i>effective for loans originated Oct. 1, 2017 change each fall due to federal budget sequestration.</i>) Interest begins accruing immediately and may be paid periodically or capitalized.	Fees range from 0% to 12%, depending on borrower's credit. Some have origination fee. Interest rates generally PRIME -1% to +7.75% or LIBOR +1% to +8%.	What is the interest rate of the loan? Is it fixed or variable? If it is variable, does it have a cap? How is the interest rate calculated? Does the lender charge any fees?
Repayment Terms	Repayment period up to 25 years No penalty if prepaid Multiple repayment plans are available Loan is deferred while you are enrolled at least half-time and for an additional six months after you are no longer enrolled at least half-time. Interest accrues during deferment; you may pay accrued interests or allow it to capitalize when deferment ends. Details at the U.S. Dept. of Education: https://studentaid.ed.gov/types/loans/plus .	Ranges from 0 to 25 years, often depending on amount of loan	When does repayment begin? If payments begin immediately, can you afford to make the monthly payments? If payments begin later (deferred), do you understand how the interest will be calculated and capitalized?
Other Information	Basic credit check required: Borrower cannot be 90 days or more delinquent on the repayment of any debt or the subject of a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV student aid debt during the last five years. Can be consolidated with other federal loans.	A co-signer may be required and/or may reduce interest rate and loan fees. Interest rates, fees, and loan limits depend on credit history of borrow/co-signer, loan options, and repayment schedule.	What do student blogs say about the company? This is one of the best ways to gauge a company's customer service reputation. Customer service might not be important to you now, but it will be when you begin repaying the loan.

Typical loan payments are shown in the example below:

ANNUAL PERCENTAGE RATE (APR) EXAMPLE

Interest Rate	APR	Monthly Payment
Prime + 0.00%	8.10%	\$80.82
Prime - 0.50%	7.62%	\$77.13

This APR example is based on borrowing an \$8,000 graduate loan with a 27-month deferral period followed by a 240-month repayment period. The Prime Rate is assumed to be constant at 8.25 percent.

Interest rates indexed to the Prime Rate as published in *The Wall Street Journal* will vary. As of Feb. 8, 2018, the published Prime Rate was 4.50 percent. The APR will increase if the Prime Rate increases and would result in a higher monthly payments, an increase in the number of scheduled payments, or both.

■ COMPARING PRIVATE LOAN PROGRAMS

In a typical year, University of Michigan students borrow from more than 20 private lenders. For a list of lenders who have provided 10 or more loans to U-M students and for more information about private loans, visit our website under the Aid Types section. Students must apply through an individual lender to obtain a private loan.

■ A WORD OF CAUTION PRIVATE LOAN BORROWERS

U-M students should avoid lenders that do not require U-M certification of their loan application and, in general, should be suspicious of unsolicited loan offers.

The **Michigan Student Financial Aid Association** (www.msfaa.org) cautions students that: *"loan debt can accumulate quickly and result in a lifetime burden of high payments and credit denials for automobile purchases, credit cards, and home mortgages. Private loans also can reduce eligibility for more desirable federal, state and college aid programs. To avoid these problems, read and understand the terms and conditions of all loans."*