

Types and Sources of Financial Aid

1. **Grants/Scholarships:** These are “gift aid” or free funds, which means that you don’t have to repay them. Your letter may include grants and scholarships from the federal government, your state government, or the college itself.

Federal Pell Grant

A federal grant for undergraduate students with financial need
(StudentAid.gov)

Federal Supplemental Educational Opportunity Grant (FSEOG)

A federal grant for undergraduate students with exceptional financial need
(StudentAid.gov).

Teacher Education Assistance for College and Higher Education (TEACH) Grant

A federal grant that provides up to \$4,000 per year to students who agree to teach for four years at an elementary school, secondary school, or educational service agency that serves students from low-income families and to meet other requirements. If the service obligation is not met, the grant is converted to a Direct Unsubsidized Loan (StudentAid.gov).

2. **Federal Work-Study:** These are funds that are available for you to earn during the academic year through part-time employment.

Federal work-study allows students to work part time on or near campus while in college. Students are paid work-study funds throughout the academic year for the hours that they work, and they can use the earnings for living expenses, books and supplies, and other indirect educational expenses. Work-study earnings *are* taxable, but they are excluded from the student’s total income within the financial aid calculation.

3. **Student Loans:** These are funds that you borrow, to be repaid after you leave school. Your letter may include several types of loans with varying features.

Federal Direct Loan: Every eligible student who submits a FAFSA (Free Application for Federal Student Aid), is qualified to receive a Federal Direct Loan. The current maximum Federal Direct Loan amounts are:

Annual Limits for Sub/Unsub Loans	Subsidized	Total (subsidized & unsubsidized)
Dependent undergraduates (excluding dependent students whose parents can't get PLUS)		
First Year.....	\$ 3,500	\$ 5,500
Second Year.....	\$ 4,500	\$ 6,500
Third Year and Beyond.....	\$ 5,500	\$ 7,500
Independent undergraduates & dependent students whose parents can't get PLUS		
First Year.....	\$ 3,500	\$ 9,500
Second Year.....	\$ 4,500	\$ 10,500
Third Year and Beyond.....	\$ 5,500	\$ 12,500
Graduate & Professional Students (all years).....	\$ 0.....	\$20,500
<i>Note: All undergraduate annual loan amounts are subject to proration.</i>		
Aggregate Limits for Sub/Unsub Loans	Subsidized	Total (subsidized & unsubsidized)
Dependent undergraduates (excluding those whose parents can't borrow PLUS).....		
.....	\$ 23,000	\$31,000
Independent undergrads & dependent students whose parents can't get PLUS.....		
.....	\$ 23,000	\$ 57,500
Graduate & Professional students.....	\$ 65,500**	\$ 138,500*
<i>See guidance later in this chapter on additional unsubsidized eligibility for students in certain health professions programs, special loan limits for preparatory & teacher certification coursework, and the 150% subsidized eligibility limitation.</i>		
<i>Graduate and professional students are no longer eligible for Direct Subsidized Loans.</i>		
* Note that graduate and professional students are no longer eligible for Direct Subsidized Loans, but may have existing balances on such loans, which count toward the student's aggregate loan limit.		

Direct Subsidized Loans—for eligible undergraduate students. Generally, no interest is charged on subsidized loans while a student is in school at least half-time, during the grace period, and during deferment periods.

Direct Unsubsidized Loans—for eligible undergraduate, graduate, and professional degree students. Interest is charged on unsubsidized loans during all periods.

Direct PLUS Loans—for eligible parents of dependent students. Graduate and professional degree students also may receive Direct PLUS Loans. Interest is charged during all periods.